

ESSAY
William Safire

Office
Pool,
1985

WASHINGTON

Here, for the high rollers of punditry, is the office pool in Cassandra's Casino. Nobody ever gets more than four correct, but when you hit on a big one, all the predictions that went awry are washed away.

1. White House chief of staff at 1985's end will be (a) James Baker; (b) Michael Deaver; (c) Richard Darman; (d) Robert McFarlane; (e) William Clark.

2. The juiciest political scandal of 1985 will involve (a) illegal eavesdropping; (b) money under the table; (c) leak-plugging lie-detection excesses; (d) sexual favoritism.

3. The real increase in defense-budget authorization will wind up (a) 7 percent or over, as President Reagan seeks; (b) a compromise between 4 and 6 percent; (c) under 4 percent for the first time since Jimmy Carter.

4. The amendment that will pass is the (a) balanced budget; (b) school prayer; (c) anti-abortion; (d) none.

5. The Administration will succeed in getting (a) funding for contras; (b) substantial tax simplification; (c) big cut in Medicare costs; (d) funding for the MX missile; (e) none of these.

6. Economy at year's end will be (a) recovering from recession; (b) headed into recession; (c) recession-free.

7. Mr. Reagan's most controversial decision will involve (a) commitment of U.S. troops abroad; (b) powerful response to terrorist attack; (c) international restraint that will be attacked as failure of nerve; (d) hanging tough for an aide who let him down.

8. Biggest letdown of the year will be (a) heart-transplant surgery; (b) Halley's comet; (c) Wall Street; (d) Flutie.

9. Democrat leading for Presidential nominee in the early surveys of party officials will be (a) Gary Hart; (b) Ted Kennedy; (c) Mario Cuomo; (d) Joseph Biden; (e) Bill Bradley.

10. Israel will (a) have a new government; (b) adopt the austerity-free market ideas that will trigger massive U.S. aid; (c) neither; (d) both.

11. The faction within the Reagan Administration that will emerge as predominant will be (a) Weinberger-Clark-Casey-Kirkpatrick; (b) Shultz-Baker-Baldrige-McFarlane; (c) Mike Deaver and Nancy Reagan; (d) a continuing standoff among these three.

12. The Strategic Defense Initiative (a) will still be hooted at as "Star Wars" and will not be funded; (b) will be used as a bargaining chip to reduce Soviet land-based missile advantages; (c) will be the centerpiece of U.S. defense planning.

13. The Soviet leader at year's end will be (a) Chernenko; (b) Gorbachev; (c) Romanov; (d) Grishin; (e) Ogarkov.

14. The People's Republic of China will (a) make a surprise deal with Taiwan; (b) dispense with chopsticks; (c) have a rapprochement with the Russians; (d) continue on the capitalist road; (e) have this decade's upheaval.

15. The new Justice of the Supreme Court will be (a) Paul Laxalt; (b) Robert Bork; (c) Antonin Scalia; (d) William Clark.

16. The price of a barrel of oil at year's end will be (a) at the current level; (b) between \$25 and \$22; (c) below \$22.

17. The most significant book to be published in the coming year will be (a) David McCullough's biography of Harry Truman; (b) Dominique La Pierre's book about Calcutta; (c) Arianna Stassinopoulos's biography of Picasso; (d) the first volume of Fred Cassidy's Dictionary of American Regional English.

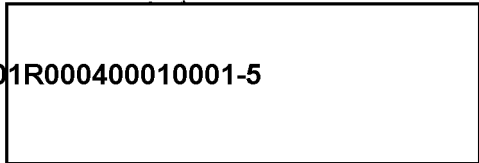
18. Replacing Paul Volcker at the Fed will be (a) Alan Greenspan, continuing anti-inflation policy; (b) Preston Martin, modified supply-side policy; (c) Walter Wriston, expansionist; (d) nobody — Volcker won't quit.

19. The ally to give the U.S. the most trouble will be (a) Japan, refusing to lower trade barriers; (b) Spain, pulling out of NATO; (c) West Germany, turning Green; (d)

Mexico, dumping its citizens across our border; (e) Pakistan, developing the Islamic Bomb.

20. Leading the polls of registered Republicans for 1988 Presidential nominee at 1985's end will be (a) George Bush; (b) Bob Dole; (c) Howard Baker; (d) Jeane Kirkpatrick; (e) Jack Kemp.

My own choices, betting on many longshots, are e,c,b,d,b,a,b,b,c,d,d,c,c,e,b,c,d,b,a,a. (That should be hard to read.) Next year, when you send in those "And you call yourself a pundit?" cards, be sure to include your own selections: If you don't play, you can't win.



STAT

U.S. INTELLIGENCE: HOW GOOD IS IT?

By TOM POLGAR

Breaking ground for a new CIA building earlier this year, President Reagan had warm words for the world's most publicized intelligence agency:

"The work you do each day is essential to the survival and to the spread of human freedom."

And he told the assembled CIA personnel:

"You remain the eyes and ears of the Free World; you are the trip wire over which the forces of totalitarian rule stumble in their quest for global domination."

The president's speech made it clear that the intelligence process is an important and serious business of government. It is also big business. The U.S. intelligence community, of which the CIA is not the largest but certainly the most influential member, employs some 100,000 people at an annual cost in the \$5-10 billion range.

Taxpayers are entitled to ask if they are getting their money's worth. Just how good is U.S. intelligence?

There is no simple answer. The work of our intelligence and the results are as complex as the world itself. There is plenty of sunshine but there are areas of deep shade, too. At all times — and this is in the nature of the business — there is more trumpeting about the failures than about the successes, the very continuity of which depends on secrecy.

In several vital areas the U.S. intelligence effort is clearly excellent in terms of quality and quantity. For example:

- The CIA has been generally correct in reporting and assessing the situation in the industrialized countries.

- The CIA's economic and agricultural reporting has greatly strengthened the U.S. government's hand in international negotiations.

- The CIA did well in Vietnam, even if it earned political unpopularity with Presidents Johnson and Nixon in the process.

- American intelligence gave seven years' warning on the development of Moscow's antiballistic missile system.

- American intelligence pinpointed Soviet intercontinental ballistic missiles and evaluated their characteristics years before the missiles became operational.

- Major Soviet submarine programs were anticipated well before the first boats slid down the ways.

- U.S. intelligence reporting on Soviet troop concentrations in 1979 and the interpretation of those troop movements as a signal of planned aggression against Afghanistan were timely and uncannily correct.

- Several secretaries of defense and knowledgeable senators stated that the United States could enter armament limitation talks with the Soviets only as long as they had confidence that U.S. intelligence could monitor Soviet compliance.

Other great successes include the acquisition of Khrushchev's secret speech to the Soviet Party Congress, the intelligence contribution to the resolution of the Cuban missile crisis and the

excellent record of monitoring and predicting trends in world oil markets.

If the above were the complete story, CIA Director William J. Casey would be fully justified in claiming, as he did in October, that the intelligence community has never been in better shape. Among the good signs, he counted new buildings, bigger budgets and improved morale. The intelligence community, he said, was fit, healthy and rededicated to the community-wide exercise of excellence.

Chiefs of American intelligence have often claimed that under their particular tenure "things have never been better." This was a regular refrain when Richard Helms was director in the 1960s, when it might even have been true. In October 1980, Adm. Stansfield Turner, Casey's predecessor at the CIA, was confident that American intelligence was providing "the best quality of intelligence" and took credit "for important procedural and organizational accomplishments" affecting the long-term health of the intelligence community.

At the same time, Lt. Gen. Eugene Tighe Jr. — then director of the Defense Intelligence Agency — wrote that "the health of the U.S. military intelligence structure has never been better. Its work force is more professional than at any previous time . . . The traditional jobs are being done well."

Nevertheless, each administration since the days of President John F. Kennedy found itself dissatisfied with the intelligence performance. From Kennedy through Reagan, each president dismissed at least one CIA director.

In November 1977, President Jimmy Carter complained about the quality of political intelligence reaching him and sent his national security adviser to the CIA with a list of some 30 countries where he wanted collection improved.

Continued



Get Smart, CIA

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WITH a sordid twist here and a surreal turn there, the tale of the CIA's primer on terrorism continues to unravel. CIA Director William Casey and his subordinates have been at pains to explain away the infamous manual on guerilla warfare, prepared for the edification of U.S.-backed rebels in Nicaragua, ever since its existence became public. Their performance so far recalls the old *Get Smart!* routine in which Agent 86, asked to account for his latest miscue, tests a series of implausible excuses ("Would you believe...?") before offering a credible explanation.

First came the denials, then the protests that the manual's prescription for "neutralizing" Nicaraguan officials had been misinterpreted, then the disingenuous apologies for the excesses of overzealous underlings. Would you believe Mr. Casey didn't know a thing about it? The CIA's congressional overseers remained skeptical, as well they should.

Now, in secret testimony before the House Select Committee on Intelligence, CIA officials have offered yet another version of the guerrilla-warfare manual's origins. Acknowledging that the *contras* have committed atrocities against hundreds of Nicaraguan civilians, the agency now insists that the manual was intended to moderate the rebels' behavior.

In recent weeks senior CIA officials, rebel leaders, and private organizations that monitor human-rights abuses in Nicaragua have described rebel-instigated abuses as horrific as those committed

at My Lai. Their reports have included accounts about groups of civilians, including women and children, who were raped, burned, dismembered, blinded, or beheaded. One rebel official testified that the Nicaraguan Democratic Force, the largest rebel group, has documented "several hundred cases" of rebel atrocities against civilians.

Most observers perceive all this as another CIA public-relations disaster and a powerful argument against renewing American aid to the rebels. To the CIA's twisted way of thinking, however, it's just another demonstration of the need for continued U.S. support. Think the guerrilla-warfare manual's prescription for assassinating elected officials, blackmailing ordinary citizens, and arranging the "martyrdom" of fellow rebels is rough stuff? the agency's argument runs. Well, wait and see what the rebels do when we're not there to moderate their behavior!

What bilge! It may well be, as one rebel leader candidly has acknowledged, that "it is very difficult to control an irregular army," and the Sandinistas may well have committed acts equally as heinous. But it's insane to imagine that either side may hope to win the hearts and minds of the Nicaraguan people through a campaign of terror, however well-disciplined.

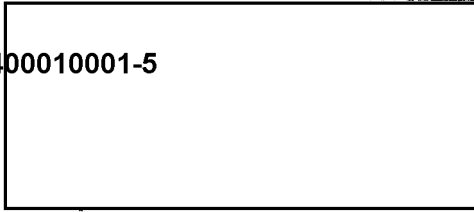
The stabilization of Nicaragua can be achieved only in negotiations. The United States ought to expend more of its energies on that front and less on trying to refine murderous thugs into disciplined terrorists.

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NATION

29 Dec. 1984-5 Jan. 1985



DISPATCHES.

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■ UNITED STATES: Wick's Last Tapes

Aside from Labor Secretary Raymond Donovan, the Administration official who has caused President Reagan the greatest embarrassment is Charles Z. Wick, director of the United States Information Agency. In Reagan's first term, the press reported that Wick had given jobs to the children of Cabinet members, had secretly tape-recorded his telephone conversations and had ordered the U.S.I.A. to maintain a blacklist of liberals who would not be sent abroad under the agency's auspices (among those banned, Senator Gary Hart and Walter Cronkite).

Wick most likely will remain director during Reagan's second term, even though the agency is "a shambles," as one official there told "Dispatches." Wick's attitude is one of the major problems, as revealed in the transcripts of his dictaphone notes recently obtained by Scott Armstrong of *The Washington Post* under the Freedom of Information Act. The transcripts cover most of Wick's tenure in office, and though heavily sanitized, they amount to a daily diary of his misadventures. Here are some highlights:

§ In April 1981 Wick noted that he had had a long talk with Attorney General William French Smith about the "internal threat to our security" posed by "liberalism."

§ Three months later, in all seriousness, Wick reminded himself to contact "Arnaud de Borchgrave pursuant to Al Bloomingdale's [the late crony of the President] suggestion that we should have a reporting system from the various college campuses, who are at the scene [sic] now of revolutionary cells being established."

§ After Amnesty International issued a report critical of human rights in El Salvador, Wick asked, "How can we get some investigations of Amnesty International to see whether they can or should be discredited?"

Wick is convinced that criticism of U.S. foreign policy stems from clever Soviet propaganda and disinformation campaigns. "My own view is that as one Southeast Asian leader remarked 'the Communists know how to use our media better than we do,'" he told his dictaphone. It is easy to understand why he thinks that way. As the transcripts make clear, Wick's world is largely inhabited by the likes of Rupert Murdoch, William Casey, Axel Springer, Roy Cohn, Richard Mellon Scaife, the Heritage and Olin Foundations, the Hoover Institution—a veritable Who's Who of the moneyed right.

■ SAUDI ARABIA: The Oil Money Runs Out

Since the 1950s, whenever dissatisfaction was brewing in the kingdom, Saudi monarchs have sought to defuse it by promising to create a representative body to help them govern. Now that the Saudis are facing their first recession in thirty years and the political pot is beginning to perk, King Fahd al-Saud has made the ritualistic pledge to temper his absolute rule with an elected "consultative assembly."

"It is not necessary to be a radical to see room for progress and reform in the Kingdom," wrote the U.S. Embassy's political officer in Jidda in a confidential Airgram to the State Department dated May 21, 1979. The officer's analysis is as accurate today as when it was written. It and other classified documents can be found in Volume 35 of *Captured Documents*, published by the Iranians who seized the U.S. Embassy in 1979:

Recent measures intended to preserve the Islamic traditions of Saudi Arabia are mostly ineffective attempts to stop a stronger and deeper current in the opposite direction. . . . The government has responded to these threats by a series of temporizing measures which will not deal with the forces for change but which will, it hopes, placate the religious conservatives.

. . . it will need to do much more than install darkened glass on girls' school bus windows.

Some thoughtful Saudis are asking whether they (the Saudis) should become a permanently unproductive class whose main function will be signing checks for foreigners.

Corruption is still a problem. . . . it is not certain that the [royal] family possesses enough internal discipline to control the acquisitiveness of some of its members.

The letter was written at the height of concern among U.S. officials that a wave of Khomeini-inspired radicalism might sweep through the conservative states of the Persian Gulf. That did not happen, but King Fahd's ability to maintain the status quo has declined as the Saudi economic pie has shrunk. In the last three years, his country's oil revenues have fallen from \$110 billion annually to \$40 billion, and several hundred Saudi companies have closed their doors. With the economy sputtering, some of the "poorer" princes, not to mention millions of commoners, are sure to look with increased resentment on the immense wealth of the few major business families.

(Note: Volumes of *Captured Documents* are on file with the Washington-based newspaper *Iran Times* and in the Library of Congress.)

SHULTZ THWARTED ON PROPOSED NOMINEE FOR HONDURAS
WASHINGTON

Opposition by conservatives has thwarted an effort by Secretary of State George P. Shultz to appoint a key adviser on Central America policy as ambassador to Honduras, U.S. officials say.

Shultz's suggestion that L. Craig Johnstone replace a fellow career diplomat, John Negroponte, in Honduras had generated heated controversy, these officials said Friday.

Among those opposed to Johnstone's nomination were Rep. Jack Kemp, R-N.Y., CIA Director William Casey and private conservative groups, said the officials, who spoke only on condition they not be identified.

But one senior State Department official told a reporter, "I would fall on swords for Craig Johnstone. More important, George Shultz would fall on swords for Craig Johnstone."

Shultz' backing, however, was not enough to defeat opponents who believe that Johnstone is too much of a "pragmatist" to be entrusted with a post as sensitive as that of ambassador to Honduras.

The officials said Johnstone is expected to be appointed to an ambassadorship "outside Latin America." He currently is deputy assistant secretary responsible for Central America.

A number of American ambassadors in Latin America are scheduled to be replaced or reassigned, and the Johnstone recommendation is not the only one by Shultz that has drawn opposition from conservatives.

During Negroponte's three-year stay in Tegucigalpa, the United States has developed close military ties with that country, reflected in numerous joint exercises conducted by U.S. and Honduran armed forces.

Honduras also has served as a springboard for rebel groups fighting Nicaragua's Sandinista government. The rebels received CIA funding until last May.

Negroponte, who is expected to be nominated as assistant secretary of oceans and international environmental and scientific affairs, is well liked by conservatives.

Johnstone, 42, has come under criticism from some colleagues who say he has not shown sufficient concern about the situation in Nicaragua. Johnstone's supporters say he has no illusions about the Sandinistas.

Officials said a successor to Negroponte has been selected but they declined to identify him.

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A-1WASHINGTON POST
27 December 1984

\$14 Million in Medical Aid Funneled to Central America

By Joanne Omang
Washington Post Staff Writer

A private humanitarian organization called the Americares Foundation, working with the Order of the Knights of Malta, has channeled more than \$14 million in donated medical aid to El Salvador, Honduras and Guatemala over the last two years.

The bulk of the supplies, worth about \$10 million, has gone to hospitals and clinics in El Salvador, according to Americares' founder and president, Robert C. Macauley. But part of \$680,000 in aid to Honduras went to Miskito Indians linked to U.S.-backed rebels fighting the leftist government of Nicaragua, according to a Knights of Malta official in Honduras.

Much of the \$3.4 million in Americares' medical aid to Guatemala has been distributed through the armed forces as part of its resettlement program of "model villages" aimed at defeating leftist insurgents, said the official, Guatemalan businessman Roberto Alejos.

Prominent in the U.S. end of the operation are businessman J. Peter Grace, head of the W.R. Grace conglomerate and chairman of the American division of the Knights of Malta; attorney Prescott Bush Jr., brother of Vice President Bush; former treasury secretary William E. Simon, and Macauley, a New Canaan, Conn., businessman.

Among the 1,750 U.S. members of the Knights are CIA Director William J. Casey, former secretary of state Alexander M. Haig Jr. and former secretary of health, education and welfare Joseph A. Califano, although they apparently are not involved in the Americares effort. Former national security affairs adviser Zbigniew Brzezinski is honorary chairman of Americares' board of directors.

The Knights, formally called the "Sovereign Military Hospitaller Order of St. John, of Jerusalem, of Rhodes and of Malta," was founded in 1099 to aid the wounded and to battle Moslems during the Crusades. Based in Rome, the devoutly Roman Catholic order has 10,000 members in 42 nations and is recognized diplomatically as the world's only sovereign nation without territory. It has ambassadors in 40 countries. Medical aid thus can be moved through diplomatic "pouches" into needy countries without going through customs, Grace said in an interview.

The Americares program is among the largest of dozens of private relief efforts in Central Amer-

ica. Under the Reagan administration, the U.S. Agency for International Development is trying to encourage private involvement in foreign aid worldwide, partly to bypass bureaucratic tangles in the receiving nation and partly to avoid the strings that Congress often ties to federal programs.

Alejos, co-chairman of the Knights of Malta in Honduras, said in a recent interview with freelance reporter Peter H. Stone that "some of the [Americares] aid went to the Miskito Indians" there. Congress has banned U.S. aid to Nicaraguan rebels, called "contras" and based in Honduras. The Miskitos are divided, but several tribes have joined the rebels.

Alejos said eight Honduran hospitals have benefited, including one in the Indian area called Mosquitia.

In Guatemala, Alejos told Stone, the Guatemalan army delivers Americares medicine to people in the model villages, which are along the Mexican border.

Alejos, a major sugar and coffee grower, lent his Guatemalan es-

tates to the Central Intelligence Agency in 1960 to train Cubans for the Bay of Pigs invasion.

But all officials contacted insisted that neither the Knights nor Americares has any political involvement in Central America. Both groups have extensive histories of charitable work, particularly with refugees in Pakistan, Afghanistan and Poland.

Grace said he started the medical shipments to Central America in 1983 by calling Macauley and suggesting that Americares and the Knights of Malta work together there. Bush and Simon, members of the Americares advisory committee, help to raise funds and obtain free medicine.

Grace, Bush and Macauley said there is no link between their effort and Reagan administration policy in the region.

Instead, they said, they "beg" free or nearly free medicines and equipment donations from major U.S. companies and wangle cut-rate shipping to Central America. The aid then is distributed to civilian hospitals, clinics and medical centers by local Knights of Malta members, who generally are well-to-do businessmen, lawyers, doctors or others with such facilities as warehouses, trucks or planes at their disposal.

Such people do not tend to be sympathetic to leftist guerrillas, and critics charge that medical and humanitarian aid helps the Salvadorans and the Guatemalan government fight the rebels by freeing other money to buy arms.

"On that basis you'd never be able to help anybody anywhere," Macauley said.

Medical companies whose officials have praised Americares as a low-overhead, efficient operation to which they donated medical supplies include the G.D. Searle & Co. of Skokie, Ill.; Sterling Drug Inc. of New York; Merck & Co. Inc. of Rahway, N.J., and Richardson Vicks Inc. of Westport, Conn.

Macauley said his foundation has received donations from the top 40 or 50 U.S. medical companies,

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Holier Than Thou

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"I am not an apologist for this or any other administration."

By Wayne Barrett

Archbishop John J. O'Connor has made God a registered Republican. O'Connor registered as a Republican himself in October 1980, just a month before Ronald Reagan's first election, using his sister's home in Pennsylvania as his address. Checks with half a dozen election boards in the cities where O'Connor has lived and a protracted stirring of O'Connor's vague memory suggest that the archbishop has, to the degree that he's been registered at all, stuck with God's Own Party since 1946. Two weeks after he caused such a fuss over Democratic vice-presidential candidate Geraldine Ferraro's abortion position, he registered in New York for the first time and changed his party affiliation to independent.

On the Campaign Trail

The focus on the Ferraro flap has obscured O'Connor's broader role in the national politics of 1984. In light of new facts, that chronology merits a detailed retelling:

O'Connor's mid-October timing could not have been better for the Republicans. A month earlier the archbishop had scheduled an October 15 major address in New York, responding to Governor Cuomo's Notre Dame speech and entitled, "Human Lives, Human Rights." He could not then have anticipated that Walter Mondale would at that same time decline his invitation to the annual Al Smith dinner and ask that Ferraro substitute for him. In view of what O'Connor had already said about Ferraro, it was no surprise that the archdiocese's dinner committee declined to let her speak. The two stories broke the same day: O'Connor made his strongest antiabortion pitch ever (87 references to abortion and 32 to the unborn in a 30-page speech) and the committee nixed Ferraro. Even the *Post's* headline juxtaposition of the two events was justifiable.

Four days later Reagan dominated a dinner that honors a Democratic governor but has become a rich Republican event. Sitting between Nancy and Ronald Reagan was industrialist J. Peter Grace, the archdiocese's leading Catholic layman, who is now spending millions on the baby-pays-for-the-deficit television ads to publicize his own fanatical, budget-bombing conservatism. A matter of some recent controversy because of his corporate ties to a Nazi war criminal and his much publicized description of food stamps as "basically a Puerto Rican program," Grace has long been associated with CIA-linked enterprises like Radio Liberty, Radio Free Europe, and the agency's Latin American conduit, American Institute for Free Labor Development. Grace now chairs a commission—the President's Private Sector Survey on Cost Controls—that has undertaken what Reagan calls "the largest effort of its kind ever mounted to save tax dollars."

Next to the archbishop was Clare Booth Luce, the matriarch of the Catholic right wing in America, a former ambassador to Italy and a current member of the president's Foreign Intelligence Advisory Board, which oversees covert operations. Grace and Luce were members of a board chaired by O'Connor since 1982—the Pope John Paul II Center of Prayer and Study for Peace. In addition to such prominent local Democrats as the governor and the mayor, O'Connor's head table also included current CIA director William Casey and former treasury secretary William Simon, one of the leading forces in the current Catholic laymen's attack on the national bishops' progressive pastoral letter on the economy.

"It's clearly a biased dinner," said Democratic historian Arthur Schlesinger Jr. "When Cardinal Cooke was there it was a very nonpartisan thing. But Admiral O'Connor is clearly a Reaganite and he's trying to transform a fairly nonpartisan event into a Reagan rally." In fact, the dinner had become increasingly Republican prior to O'Connor's arrival—GOP gubernatorial candidate Lew Lehman got top billing at the 1982 dinner—but the Ferraro rejection was the culmi-

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WASHINGTON POST
23 December 1984

Conservatives Suspicious of a Purge As Shultz Shuffles State Department

Moderate Envoys, Policy Makers Risk Hard-Line Challenge

By John M. Goshko and Lou Cannon
Washington Post Staff Writers

Senior State Department officials insist that it is nothing more than the normal personnel reshuffle at the start of a new presidential term. But Secretary of State George P. Shultz's plan to put a number of new faces in key embassy and policy posts is threatening to cause a major challenge from conservatives who suspect he is trying to gain total control over the administration's foreign policy machinery.

At issue is a projected series of changes that would install new ambassadors in about one-third of U.S. embassies. It also would enable

Shultz to replace roughly four to six officials at the assistant secretary level, most of them political appointees inherited when he took office 2½ years ago.

The big question is whether the conservative challenge can gather enough steam to force Shultz into abandoning this ambitious round of musical chairs within the State Department. Whatever the outcome, Shultz seems destined to be marked by conservatives as an adversary.

After meeting with Shultz Friday, President Reagan appeared to come down on the secretary's side. When reporters asked about complaints that Shultz is "stacking the State Department with moderates," the president replied:

"I have read all of that and, no, it is not true. He and I have met and discussed all of the changes that are being made and most of these are just rotations. The individuals are going from one place to another. It just isn't true . . . There's a limit to how long you prefer to leave, particularly the career ambassadors in one . . . place."

White House officials said the president's answer was in line with his usual approach of delegating considerable authority to his principal Cabinet officers and avoiding becoming involved in how they run their departments.

As a result, these officials said, it would be highly uncharacteristic for Reagan to countermand what are essentially middle-level personnel decisions. However, the officials also said that if the groundswell of conservative anger continues to build, the president could be confronted with a new ideological battle between the conservative and pragmatic wings of his administration.

In discussing the shifts last week, department spokesman John Hughes denied that the changes have any ideological motivation. He insisted that Shultz's "primary criterion . . . is getting the best possible people to carry out the implementation of the president's foreign policy."

But, in the view of conservatives, the secretary's real purpose is not to implement the hard-line policy stances on which Reagan twice campaigned successfully for the presidency but to bring them more into line with the views of those administration moderates with whom Shultz is identified.

In particular, the conservatives suspect the so-called Shultz faction of maneuvering to soften Reagan's approaches to arms control and the threat of communist penetration in Central America.

As a result, they have been complaining privately to the White House that Shultz's real aim is to change not personnel but policies, by purging the State Department of political appointees ideologically attuned to the president's wishes

and replacing them with career Foreign Service officers who have no special loyalty to Reagan and are more susceptible to the secretary's control.

The charges and denials have left a cloud of confusion. But conservatives clearly perceive important ideological issues at stake.

The controversy first broke into public view on Dec. 11 as Shultz was leaving to attend the NATO meeting in Brussels. On that day, syndicated columnist Joseph Kraft published an article saying that Shultz intended to control foreign policy with "professionals in the State Department—not superstars from outside."

Kraft detailed areas where Shultz allegedly is determined to have his own people in charge. They ranged from such top-priority subjects as arms control and the Middle East down through obscure corners of State Department business and even included a list of assistant secretaries who "came to State from competing power bases" and who, Kraft concluded, were "good bets . . . to be leaving soon."

The people he mentioned as ripe for being purged are largely unknown outside the department and foreign policy circles. But they shared the common bond of identification as staunch conservatives, and the Kraft column thus touched off a firestorm among like-minded figures in the administration and Congress.

In the ensuing days, while Shultz was in Europe, a counterattack was mounted through private calls to the White House and a public recourse to the press. Monday, a week after the Kraft report appeared, Rowland Evans and Robert Novak, whose syndicated column is a popular outlet for conservative-in-

spired leaks, wrote that Shultz, egged on by young Foreign Service officers, was purging Reaganites with a vehemence intended to make clear "that outsiders are no longer welcome at the State Department."

"With Shultz now in the close embrace of the Foreign Service, the president's diplomacy is likely to be turned away from his own strong ideological convictions on the world struggle," Evans and Novak concluded. Conservatives have since been making abundantly clear to other reporters their conviction that the ideological soul of the administration's foreign policy is at stake.

"This was a purge from top to bottom, not a normal personnel switch," said one important administration conservative in reference to what his allies are calling "the Christmas massacre." He added, "The impact of these moves would

be to change policy in Central America by putting in moderates who are opposed to the president's policy and who would undercut it."

This source said that in the past week "there have been lots of calls in protest from personal friends of the president and from congressmen and senators." Among those who have been most vehement in their protests, he said, were Sen. Jesse Helms (R-N.C.), the dean of Senate conservatives, and Rep. Jack Kemp (R-N.Y.), the ranking minority member of the House appropriations subcommittee that deals with foreign aid.

An aide to Kemp confirmed that "Jack has let the White House know that he has significant problems with this." The aide said Kemp was disturbed by the "entire panoply of the changes." As examples he cited Shultz's intention to replace James Theberge, the ambassador to Chile, who advocates coaxing the military government there toward democratization through friendship rather than confrontation, and John D. Negroponete, who is slated to be supplanted in the Honduras embassy by L. Craig Johnstone, deputy assistant secretary in charge of Central American affairs.

Kemp "sees people who have loyally followed Ronald Reagan's policies being summarily dismissed and

replaced by others who do not support those policies. So he can only conclude that Shultz has decided to engineer a shift of our policy in Central America," Kemp's aide said.

Such charges have caused both consternation and bemusement at the State Department, where senior officials scoff at the suggestion that Shultz is masterminding a surreptitious plot to delude Reagan into changing his foreign policy. While acknowledging that Shultz "intends to be in command of his personnel situation," they insist that the shifts have no purpose other than what has been stated publicly—more effective implementation of Reagan policy.

According to department officials, the changes involving ambassadors result from a number of considerations, including a plan proposed several months ago by Ronald I. Spiers, undersecretary for management, for more systematic rotation at three-year intervals of the heads of missions abroad.

Ambassadorial changes will be made because some individuals have requested new assignments, some have been in their posts for several years and some are serving in countries where local circumstances, such as changes in the political climate, make it advisable for the United States to be represented by a fresh face, officials said.

That, they noted, is the situation in Chile, where mounting discontent with President Augusto Pinochet's government is causing the administration to reassess the policies with which Theberge has been associated.

Regarding Honduras, the officials pointed out that Negroponete has served almost four years in what is regarded as a hardship post and, far from being cast aside, is slated to become an assistant secretary.

The contention that his tentatively designated successor, Johnstone, is being sent to Honduras to change policy evokes angry denials from department officials. They point out that Johnstone, as the operating boss in Washington of Central America activities, has been closely associated with the same policies for which the conservatives praise Negroponete and has been criticized frequently by liberals as an apologist for administration policy.

Department officials also insist that Shultz's decision to get rid of some political appointees was based not on their ideological convictions but on his feeling that they aren't doing their jobs satisfactorily. By contrast, they noted, several other political appointees with strong conservative credentials, among them William Schneider, undersecretary for security affairs, and Edward J. Derwinski, the counselor of the department, are given high marks by Shultz and remain firmly entrenched.

In hindsight, some department officials say the timing of the proposed personnel changes was unfortunate. It comes when the probable departure of such hard-liners as U.N. Ambassador Jeane J. Kirkpatrick and counselor Edwin Meese III will make it more difficult for those conservatives who remain, such as Defense Secretary Caspar W. Weinberger and CIA Director William J. Casey, to influence White House policy.

Shultz's recent success in having Paul A. Nitze chosen as his special adviser for the upcoming talks with the Soviet Union on arms control is widely regarded in conservative circles as the first signal of their waning influence. They regard Nitze as a Shultz agent, responsible to the State Department.

Shultz's essentially apolitical and pragmatic approach to choosing subordinates does not leave room for an ideological litmus test in making appointments. He has shown a preference for bright young officers from the career Foreign Service and trusted old cronies from the academic world.

"Shultz's predilection is for peo-

ple with a great deal of expertise in their subjects, people who can staff a problem, give him all the pros and cons of the various options for a solution and, once he's decided on a course, go back and implement it," one department official noted. "He doesn't ask if they're Republicans or Democrats or who they voted for in the last election. He figures that ultimately it's him, not his subordinates, who has responsibility for ensuring that what's done conforms to the president's wishes."

Continued

Given the convergence of all these factors, it probably was inevitable that conservatives would see the personnel reshuffle as a sinister grand design. And, some White House officials say privately, the State Department compounded the problem by not showing sensitivity toward conservative concerns.

During Shultz's absence in Europe, the officials say, Deputy Secretary Kenneth W. Dam did not consult and reassure those in the White House and Congress who were most likely to be concerned. The result was a barrage of conservative criticism.

Since then, Shultz has moved swiftly to repair the damage. In addition to meeting with Reagan, he talked at length with Sen. Richard G. Lugar (R-Ind.), incoming chairman of the Senate Foreign Relations Committee, to assure him that the personnel changes will not mean changes in policy. Lugar's

support could be critical if conservatives like Helms, the committee's second-ranking Republican, try to use the Senate confirmation process to obstruct new appointees.

Some administration sources said Shultz also might find it expedient to soothe conservative anger by making a tactical retreat on some of the proposed personnel changes. But, the sources added, it seems unlikely that Reagan will risk undermining Shultz's authority on the eve of his Geneva meeting with Soviet Foreign Minister Andrei A. Gromyko. Instead, they suggest that conservatives who are furious with the secretary will have to wait for a more opportune moment to try to rein in his authority.

HUMAN EVENTS
22 December 1984

Human Events from 1944 to 1984

On Feb. 2, 1944, the first regular weekly issue of HUMAN EVENTS made the light of day, and HUMAN EVENTS has not stopped publishing since. The core of the issue was built around a crisply reasoned essay written by prominent historian and journalist William Henry Chamberlin, titled, "Stalin, *Pravda* and Churchill" (see page 20).

A former Moscow correspondent for the *Christian Science Monitor*, Chamberlin was right on the button about Soviet perfidy, even at this early date. When so many of America's intellectuals and policymakers were still infatuated with communism.

He accurately depicted Stalin's cold and cruel character, noting that even Lenin had deeply distrusted him. He recounted how Stalin, feeling his oats during the war, had turned the British away from supporting in Yugoslavia "the Monarchist General Mikhailovitch" to backing "the Communist Marshal Broz [Tito]."

He showed how Stalin was eager to devour Poland, accusing the ruler of Russia of "treating Poland like a vassal state." Stalin, he noted, "is riding high in this period of Russian military success. Laying plans for dependent regimes in Poland, the Baltic and Balkan states," he allowed, just "one of his minor preoccupations."

Chamberlin, and by extension HUMAN EVENTS, can be considered remarkably prescient about the growing danger the Soviet Union posed to the West in this era of an earlier "detente," when the U.S. and the USSR were supposed to be bosom allies in the war against Nazi Germany.

This insight into the nature of the Soviet Union, an insight reflected in many other significant articles, must be considered one of the paper's important contributions to history, for there were fewer than a handful of publications in this time period that accurately portrayed the aggressive impulses of the Kremlin.

HUMAN EVENTS came off the press sharply challenging the "Soviets are sweet" policy pursued by FDR and his State Department, but within a few years it had also developed a reputation as a more broadly based conservative weekly. It was not only known for its vigorous anti-Communist views, but its pro-free enterprise positions, its sharp attacks on the growing power of organized labor, its skepticism of the United Nations, its abhorrence of the Socialist turn of the Democratic party, and its adamant opposition to the federal funding of the welfare state and increasing federal intervention in state and local affairs.

That HUMAN EVENTS would become a flagship for conservatives was not evident from the background and early inclinations of its founders. The moving spirit behind HUMAN EVENTS, Frank Hanighen, was a native of Nebraska and a graduate of Harvard in the 1920s.

A tall, impressive-looking man, he co-authored a book called *Merchants of Death* in the early 1930s, which lambasted the American munitions industry and took several swipes at the capitalist system. There was even a fuzzy-minded pitch for world government in the book, and it was a work that Hanighen himself did not boast of in his later years. Hanighen was associated with a number of other liberal causes as well.

He had also been a foreign correspondent for the old New York *Evening Post* and the New York *Times* in the 1930s, and held down a similar position for the *Reader's Digest* during the early years of World War II.

In 1954, Hanighen asked Jim Wick to come to Washington to become executive publisher of HUMAN EVENTS. Because Hanighen had become concerned over his health — he had developed signs of high blood pressure — he and Wick worked out an arrangement under which Wick would control HUMAN EVENTS should anything happen to Hanighen.

Wick's background itself is interesting. Born in Bowdle, S.D., on May 11, 1897 — he was two years older than Hanighen — he embarked on a lifelong career in the newspaper field shortly after graduating *cum laude* from the University of Minnesota in 1925.

Aside from owning with his brother Milton a number of small-town newspapers, Wick had been editor of a prominent Prentice-Hall newsletter, had been active in Republican politics (he was on Gov. Thomas Dewey's 1944 presidential research staff) and had even been enterprising enough to obtain an interview by cable with Joseph Stalin in 1952.

Wick arrived at HUMAN EVENTS in 1955 and, under his influence HUMAN EVENTS became even more activist, and through his promotional techniques, he eventually lifted the publication's circulation to over 100,000, although much of this was "soft" circulation that had been run up on "dollar trial" subscriptions and other promotional gimmicks.

Under Wick, HUMAN EVENTS held semi-annual political action conferences in 1961-63 and ran a summer journalism school. He expanded the size of HUMAN EVENTS in 1963, turning it from a newsletter into a 16-page tabloid that featured syndicated columns and focused on political races.

Both Hanighen and Wick died in 1964, and HUMAN EVENTS was then temporarily run by Jim Wick's brother, Milton. In 1966, with an assist from now CIA Director William Casey, Tom Winter, the editor, Allan Ryskind, the Capitol Hill Editor, and Robert Kephart, the Publisher, purchased HUMAN EVENTS from the Wick estate.

The hard-working Managing Editor, Robert F. Latham, joined the organization in 1963, having previously served with the Central Intelligence Agency from 1947 until his employment at HUMAN EVENTS. Latham, who arrives in his office at 6 a.m. every workday, has a host of duties, including responsibility for laying out the issue, proof-reading, contacting authors and cleaning up mistakes on the copy. Without his daily presence, the issue would never get out on time.

Shultz's rise as a policy-maker worries right wing

ANALYSIS

By Henry Trewhitt
Washington Bureau of The Sun

WASHINGTON — Slowly Secretary of State George P. Shultz is emerging at the forefront of a more flexible foreign policy — involving both personnel and strategic decisions — that conservatives regard as a betrayal of President Reagan's original goals.

A State Department official deeply committed to the secretary cites as evidence personnel changes that have favored career diplomats at the expense of political appointees. An arms-control specialist sees Mr. Shultz at the cutting edge — so far — in preparing positions for negotiations with the Soviet Union that “more and more take into account the interests of both sides.”

The two issues are at the heart of an intense internal struggle that is not yet settled and, in some respects, will not be for months, although Mr. Shultz is moving confidently. So far the public evidence is limited.

On the personnel front Mr. Shultz has fired only one shot across the bow of the right wing. It came in the appointment this week of career minister Morton I. Abramowitz — who until then had been marking time in a backwater of arms-control negotiations — as State Department director of intelligence and research.

The appointment, a senior one that does not require Senate confirmation, amounted to open defiance of Senator Jesse Helms (R, N.C.), a conservative pillar. Mr. Abramowitz in effect was exiled earlier after Mr. Helms blocked his assignment to a prestigious embassy.

State Department sources have leaked word of other pending changes. They will include the replacement of Curtis Winsor, Jr., and James D. Theberge, non-career ambassadors to Costa Rica and Chile, by career Foreign Service officers.

In arms control also, the most visible sign of Mr. Shultz's approach is in the movement of personnel. He has chosen Paul H. Nitze, a veteran negotiator known for pragmatism, to be his senior adviser when he meets Soviet Foreign Minister An-

drei A. Gromyko in Geneva next month. The bypassing of Edward L. Rowny, the negotiator favored by the right wing, was described by one conservative as “ominous.”

As preparations for the meeting continue, the secretary reportedly heads a group that favors maximum flexibility. That group would offer the Soviets at least a token inducement, a symbolic concession, to encourage serious negotiations and soothe world opinion.

Edwin J. Feulner, Jr., president of the Heritage Foundation, a conservative think-tank, worries that President Reagan has given Mr. Shultz too broad a mandate. The secretary, Mr. Feulner says, “knows this town as well as anybody” and is exploiting that mandate to the fullest.

For one thing, he argues, Mr. Shultz is moving at a time when some conservative officials are otherwise engaged: Edwin W. Meese III, the White House counselor, is preparing for hearings on his nomination to be attorney general; Defense Secretary Caspar W. Weinberger and CIA Director William Casey “have been isolated.”

Mr. Feulner is concerned that the president has given Mr. Shultz a free hand in personnel matters, telling him, “It's your shop.” Moreover, an aide to Mr. Shultz says he believes Mr. Reagan assured the secretary that Jeane J. Kirkpatrick, a conservative Democrat who is outgoing ambassador to the United Nations, would not reemerge in a position to challenge Mr. Shultz.

There is no public evidence that either Mr. Weinberger or Mr. Casey feels he has been skirted. Only two days ago Mr. Weinberger reaffirmed total support for the president's Strategic Defense Initiative (SDI), a concept emphasizing space defenses.

Mr. Reagan has been “eloquent” in favor of SDI, Mr. Feulner re-

marked. But he voiced concern that Mr. Nitze, and perhaps Mr. Shultz, “have less of a commitment to it.” In that light, he said, “the little things become important,” such as whether it is Mr. Nitze or Mr. Rowny who joins Mr. Shultz in the pending negotiations.

On all these issues, he said, “Personnel is policy.”

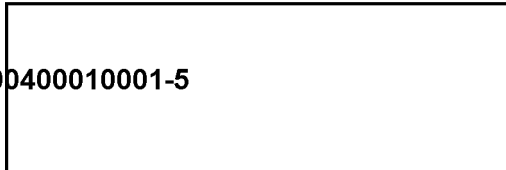
But Robert Hunter suggests that Mr. Feulner may be prematurely alarmed. Mr. Hunter was a foreign policy adviser to President Jimmy Carter and now is a scholar at the Georgetown Center for Strategic and International Studies.

“I wonder if we're not assuming too much too soon,” he says, in ascribing success to Mr. Shultz “at a number of things I would approve of.” He acknowledged that “in Washington scuttlebutt the secretary seems to be riding high.”

But he forecast a severe test of wills when Mr. Shultz's appointments go to the Senate Foreign Relations Committee — of which Mr. Helms is a member — and as terms for negotiations with the Soviets are refined. He also foresees a similar test when the administration decides whether its goal is to overthrow, or merely to contain, the leftist government in Nicaragua.

Mr. Shultz is widely assumed to favor containment. Many conservatives say that is not good enough, and Mr. Feulner, for one, is concerned that pending personnel changes mean the adoption of the softer line.

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STAT

Conservatives Assert State Dept. Changes Imperil Latin Policy

By BERNARD WEINRAUB
Special to The New York Times

WASHINGTON, Dec. 20 — President Reagan has been warned by some of his conservative advisers of a potential softening of the Administration's policies in Central America if plans by Secretary of State George P. Shultz for sweeping diplomatic changes in Latin America take effect.

At least a dozen ambassadors, mostly political appointees, are scheduled to be replaced by Foreign Service officers, Administration officials said today. The move, coupled with the planned departure of key State Department personnel who are also political appointees, has stirred an angry response from conservatives in the White House and elsewhere in the Administration as well as Congress.

'A Big Turning Point'

"George Shultz has decided to step out to see how much control he has," a ranking Administration official said. "It's really brutal. The President has no idea of the extent or depth of the changes."

The official added that Mr. Shultz's personnel moves were "a big turning point" and "a purge."

Another ranking official, sympathetic to Mr. Shultz, said, "Shultz has made a decision that he is going to run his department."

"He's been saddled with a lot of the Haig people and a lot of people Haig was saddled with," the official added, referring to former Secretary of State Alexander M. Haig Jr. "I suppose

there is a lot of resistance from people in the White House but I don't believe its going to be successful."

Mr. Reagan is scheduled to meet Mr. Shultz on Friday in part to discuss the shifts and their impact on policy.

Although the planned moves by Mr. Shultz involve personnel — at least a dozen ambassadors and three Assistant Secretaries — conservatives in the Administration and Congress view them as marking a turn in foreign policy, especially in Central America, because many of the departing officials are regarded as hard-liners who are being replaced by career diplomats. The scheduled departure of J. William Middendorf 2d, the delegate to the Organization of American States, has especially upset some conservatives.

'A Policy Purge,' Kemp Says

A senior Administration official said: "The President has talked to many people on this. George Shultz has spent all day today on damage control."

The official said that such Republican members of Congress as Senator Richard G. Lugar of Indiana, chairman of the Foreign Relations Committee, Senator Jesse Helms of North Carolina and Representative Jack F. Kemp of New York were especially upset at the possible softening of policy as a result of the planned moves.

"I've heard it called a personnel purge and I call it a policy purge," said Mr. Kemp, the ranking Republican on the foreign operations panel of the House Appropriations Committee. "I view what's going on with serious concern and alarm and if these changes take place I think it'll jeopardize the Administration's aid program."

Mr. Kemp said that his concern and that of other conservatives "has been conveyed to the President." One key Administration official, upset about the personnel moves, said William J. Casey, the director of Central Intelligence, had voiced displeasure over them and had expressed concern about their impact on Central American policy. But aides said Mr. Casey had not voiced his concern directly to Mr. Reagan.

An Ideological Dispute

Other Administration officials said that Edwin Meese 3d, counselor to the President, and Secretary of the Interior William P. Clark, a personal friend of Mr. Reagan and former national security adviser, had conveyed their worries to the President.

On one level, the dispute involves the manner in which many of the political appointees are being removed from their current jobs. "People were hearing in the corridors that they were being fired," an Administration official said. "They requested meetings with the Secretary and they were steered away."

On another level, however, the dispute is an ideological and political one, centering on the impact of the changes on policy in Central America.

What especially concerns Administration conservatives is the move to replace the Ambassador to Honduras, John D. Negroponete, considered a hard-liner, with L. Craig Johnstone, the Deputy Assistant Secretary for Central America. Mr. Johnstone, a career officer like Mr. Negroponete, is viewed, at least by some conservatives, as expressing views "not very tough" toward the Nicaraguan Government.

Mr. Negroponete is moving to the relatively low-profile job of Assistant Secretary of State for Oceans and International Environmental and Scientific Affairs.

Sharply Divided on Policy

Over the last year the Administration has been sharply divided over Central American policy, with such figures as Mr. Casey seeking a change in policy that would withdraw diplomatic recognition from the Sandinista Government of Nicaragua and extend political recognition to Nicaraguan rebels supported by the Reagan Administration. Mr. Shultz has argued for pursuing diplomatic negotiations with the Sandinistas, particularly since Congress refuses to grant more aid to the rebels.

"The entire pattern of the way this was done has stirred up concern," one Administration official said. "A lot of the changes happen to be concentrated in the Latin American and Central American region and happen to affect many of those ambassadors that have taken a position in support of the President's policy. Hence the concern."

Although another Administration official said the planned changes raised conservative concerns about an accommodation with the Sandinista Government — such as an agreement to halt supporting the rebels if the Nicaraguan Government agreed to "stop exporting revolution" — State Department and some Administration officials brush aside the notion of a shift in policy.

"I think this has gotten out of hand," said a senior State Department official. "I don't see any policy implications in this at all. With some people it's time for them to rotate to other jobs. Others are retiring or want to leave and with others it's a question of competence."

A high-ranking Administration official said: "Policy is not determined by a few ambassadorial changes. We are starting a second term and the remarkable thing in this is how few changes there have been until now. This is overdue and does not mean a change in policy."

But another official, noting that at least a dozen diplomats in Central and Latin America are scheduled to be replaced shortly as well as several key State Department officials, said: "Personnel means policy. Anybody who doesn't see these changes as having an influence on policy has got to be very naive or crazy."

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ON PAGE A-9WASHINGTON POST
20 December 1984

State Intelligence Chief Replaced

STAT

Conservatives Fear Shultz Launching Departmental Purge

By John M. Goshko and Lou Cannon
Washington Post Staff Writers

Career foreign service officer Morton I. Abramowitz yesterday was named the State Department's director of intelligence in what some conservatives fear is the start of a drive by Secretary George P. Shultz to purge the department of its more ideological political appointees.

Department sources revealed last week that Shultz was planning extensive shifts of ambassadors abroad and policy makers here at the assistant secretary level. Conservatives quickly discerned in this an effort by Shultz and career aides to dump some of the more zealous among the department's appointees.

The conservatives, who voiced their fears privately to the White House staff, were especially fearful that Shultz had targeted for removal four political appointees with assistant secretary rank.

One, Hugh Montgomery, a former Central Intelligence Agency employee, is the official to be replaced by Abramowitz as head of the bureau of intelligence and research.

The other three, whose status remains uncertain, are Richard T. McCormack, assistant secretary for economic affairs and a former aide to Sen. Jesse Helms (R-N.C.); Gregory J. Newell, assistant secretary for international organization affairs and a former White House assist-

ant, and James L. Malone, assistant secretary for oceans and international environmental and scientific affairs.

The purge charges were denied by department spokesman John Hughes. He refused to discuss the status of specific officials, but said:

"The primary criterion the secretary has utilized is getting the best possible people to carry out the implementation of the president's foreign policy regardless of where they come from, and he will do that."

Hughes also said that "in the recommendations made there is no change at the assistant secretary level in the present career versus noncareer ratio. As for presidential appointees, obviously the secretary makes recommendations to the president. Those recommendations are fully discussed in the White House and the president makes the ultimate decision on presidential appointments."

Despite the denials, several administration officials outside the department said yesterday that they believe that as President Reagan prepares to begin his second term next month, Shultz is maneuvering to gain control over the foreign policy machinery by putting career foreign service officers responsive to his control in those positions most able to influence policy decisions.

One conservative official who declined to be identified said Shultz "seems to be trying to deinstitutionalize the policy machinery by get-

ting away from the interagency method of making decisions and to personalize it by arranging things so that decisions will be made on an informal, personal contact basis between him and like-minded White House moderates such as chief of staff James A. Baker III and deputy chief of staff Michael K. Deaver."

This official expressed concern that the probable departure from White House policy councils of such hard-liners as U.N. Ambassador Jeane I. Kirkpatrick and counselor Edwin Meese III will make it more difficult for those conservatives who remain, such as Defense Secretary Caspar W. Weinberger and CIA Director William J. Casey, to influence the process.

Fueling the conservative anxiety was an article published last week by syndicated columnist Joseph Kraft.

It said that Shultz intended to control foreign policy with "professionals in the State Department—not superstars from outside," and, in detailing Shultz's preferences, specifically mentioned McCormack, Newell and Montgomery as those on the assistant secretary level who are "good bets to be leaving soon."

In response, a State Department senior official said yesterday, "It certainly is true that George Shultz intends to be in command of his personnel situation and has obtained the president's approval for that."

But, he said that the impending shifts are being made, not out of ideological considerations, but for a number of other reasons, including

ARTICLE APPEARED
ON PAGE A-1WASHINGTON POST
20 December 1984

STAT

Kirkpatrick Fights Back

She Calls 'Male Sexism' Her Real Foe

By Michael J. Berlin
Special to The Washington Post

UNITED NATIONS, Dec. 19—Jeane J. Kirkpatrick today called a claim by her White House foes that she is "too temperamental to hold higher office" a "classical male sexist charge" of Victorian vintage.

The U.N. ambassador, whose role in the second Reagan administration remains in doubt, told the Women's Forum, a group that encompasses the female power elite within the New York business and political community, that "sexism is alive in the U.N., in the U.S. government, in American politics—where it is bipartisan—but it's not unconquerable."

It was a speech described by aides as the first she has devoted exclusively to the issue of sexism. Members of her audience said afterward that they detected a determination to maintain her status as a presidential adviser on foreign policy. Kirkpatrick won a spontaneous burst of applause by saying:

"I'm sure [former secretary of state] Alexander Haig thought he was going to wipe me out in the first nine months—and he didn't."

Haig, who resigned in 1982 following public personality and policy conflicts with Kirkpatrick and others over such issues as Poland, Israel and the Falklands invasion, was the only official she mentioned by name,

but Kirkpatrick also has been critical of what she said was the political sniping against her as "temperamental," which initially was reported in Newsweek Magazine and attributed to unnamed "senior White House aides."

It has been reported by a number of syndicated columnists as part of an apparent conservative campaign to keep Kirkpatrick in the administration that White House chief of staff James A. Baker III was among those lined up against her. Included also on those lists has been Secretary of State George P. Shultz. Her conservative allies, said to include Defense Secretary Caspar W. Weinberger and Central Intelligence Agency Director William J. Casey, regard keeping her as crucial to maintaining the administration's internal balance of power, according to these reports.

In an interview with The Washington Times three weeks ago, President Reagan seemed resigned to her departure, saying he could not see a foreign policy post available "that would be worthy of her."

In response to a question today, Kirkpatrick made no comment on her future plans, saying she and President Reagan had agreed not to reveal the substance of their meeting on the subject last week. She confirmed earlier this week that she would stay at the U.N. until at least March or April, by which time a decision will have emerged from a postinauguration talk with the president.

Kirkpatrick, who had been asked earlier about the attacks in an interview with the Los Angeles Times, said then that there may be a "resentment of women in high politics in this country" and that some attacks on her had been motivated in part by that. But she refused at that time and again today to specify the attackers.

Today, however, Kirkpatrick elaborated on this theme. She conceded that part of the opposition to her stemmed from other factors, such as being an "outsider" and a Democrat in a Republican administration. "Still in all," she said, "I feel quite sure a significant portion of my experience was shaped just because I was a woman."

Referring to her status as the only woman in the Cabinet during the first years of the Reagan administration, she said there were "expressions of general male surprise and disapproval at the presence of a woman in areas where it is necessary for males to be assertive."

The reason that there are so few women in "high politics," Kirkpatrick said, is that the life style is "overwhelmingly male." These behavioral patterns, she went on, "are peculiarly unattractive to most women, and to me. A number withdraw from high politics by personal decision, not because they can't hack it but because they don't think it's worth it."

Her ultimate message seemed to be, however, that "any woman adapts" to such a situation—"if one can avoid getting angry and wasting one's energies on rage. If you can hang in and prove yourself, you can have good relations based on mutual acceptance and respect with almost all your colleagues." There was a detectable accent on "almost."

Asked whether she had noted any moderation in sexism in the younger generation, she said

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ON PAGE A-12WASHINGTON POST
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Few Imported Soviet Products Found Made by Slave Labor

ITC Report Unlikely to End Dispute on Ban

By Stuart Auerbach
Washington Post Staff Writer

The Soviet Union is selling few, if any, products to the United States that are made by slave labor, the International Trade Commission said yesterday in a report that the Reagan administration is counting on to defuse a campaign by its conservative allies to ban imports of Soviet goods.

"The ITC report suggests that the United States is not importing large quantities of goods made by convict labor" from either the Soviet Union or China, said Sen. Robert J. Dole (R-Kan.), who requested the ITC study.

But it appeared unlikely that the report would end the year-long dispute, in which the administration was caught between its conservative allies who want strict bans on U.S. imports of Soviet products made with slave labor and the president's own desire to open new arms control and trade talks with Moscow.

Conservative groups pressing for the ban on imports said yesterday they would continue their fight, including a suit by the Washington Legal Foundation to force the administration to impose import bans under a rarely applied 54-year-old law.

Foundation attorney Paul D. Kamenar, noting that Customs Commissioner William von Raab ruled in September 1983 that as much as \$138 million of the Soviets' \$227.5 million in exports to this country were made by slave labor, said, "Von Raab made the determination, and the State Department has been trying to frustrate his carrying it out."

"The law's the law," he continued. "The operative determination by Customs has been made, and we are trying to get it enforced."

The Justice Department, in its defense against the foundation suit, contended that no determination on Soviet slave labor had been made by a federal agency, and that none would be until the Treasury Department gets the ITC report.

Treasury Secretary Donald T. Regan originally supported von Raab's plan to apply the forced labor ban against 36 Soviet products, but backed off after being told of its repercussions by Secretary of State George P. Shultz, Commerce Secretary Malcolm Baldrige, Agriculture Secretary John R. Block and U.S. Trade Representative William E. Brock.

Customs, which has since lowered its number substantially. The ITC said the value of goods made by slave labor exported to the United States would at most range from the new Customs estimate of \$10.9 million to one by the Commerce Department of \$27.6 million.

The major product in both estimates, however, is refined petroleum products, in which labor amounts to as little as 2 percent of the production costs.

"With labor comprising such a small part of the total," the ITC said, "the amount of compulsory labor used rather than regular labor may be negligible."

The ITC also found little likelihood that products made by forced labor in 22 other nations, including China and South Africa, were being exported to the United States.

The major export from China to the United States, gasoline, "is believed to involve little or no compulsory labor," the ITC said, although other exported products might use forced labor. As for South Africa, the ITC found no evidence but acknowledged "a potential" for American imports of farm products and precious metals to be produced or mined with slave labor.

The issue of Soviet use of slave labor for export products emerged in 1982 with allegations that forced labor was used to build the pipeline from Siberia carrying natural gas for sale to Western Europe. The administration, however, has softened its stance since a February 1983 report in which the State Department said the Soviet Union operates the world's largest "forced labor system," with an estimated 4 million workers in 1,100 camps.

A year ago, administration witnesses stressed to Congress that there was little "specific evidence" of the Soviet use of slave labor on exports. CIA Director William J. Casey reported last May that an intelligence search failed to develop information "sufficiently precise to allow us to determine whether and to what extent the products of forced labor are exported to the United States."

3

INQUIRY

Topic: THE CIA

William E. Colby, 64, was director of the Central Intelligence Agency in the 1970s. Born in Minnesota, he served in the U.S. Army during World War II, rising to major, and then joined the Office of Strategic Services, the forerunner of the CIA. He is the author of Honorable Men — My Life in the CIA. Colby was interviewed by free-lance journalist Phil Moss.



William E. Colby

Gathering intelligence means taking risks

USA TODAY: Do you think Iran was helping the hijackers who took the Kuwaiti jet to Tehran and murdered two Americans?

COLBY: It obviously had some relationship with the group that did the hijacking. But I don't think that group did it on Iran's orders or even with conspiracy. I think the Iranians were less than helpful in the way they handled it. They knew they had a basic sympathy with the people doing it, and they were slow to realize they had an obligation to straighten out the situation.

USA TODAY: Do you agree with Secretary of State George Shultz that the USA should launch pre-emptive strikes against terrorists, even if civilians might be harmed?

COLBY: Well, if I knew that somebody was cranking up a bomb and planned to move it

into the White House to blow it up, I would take such steps as I needed in order to stop that from happening. If that meant that I had to bomb something out of the air in order to do it, I would. The pieces of the plane would have to land some place. Somebody might get hurt. But I would protect the White House.

USA TODAY: What can be done to combat terrorism?

COLBY: One rule of terrorism is that if it gets serious, it gets suppressed. It usually gets suppressed through a combination of good intelligence, good security practices and public support because the terrorist becomes the enemy of the public. Then the public begins to help you to control it.

USA TODAY: As director of the Central Intelligence Agency, you had to be something of an expert on the Soviet Union. Can the Soviets be trusted at all?

COLBY: I have no trust in the Soviet Union. In 1962, the foreign minister of the Soviet Union (Andrei Gromyko), who is still the foreign minister, lied directly to President Kennedy when he assured him that he was not going to put any offensive nuclear missiles into Cuba. He said that at the very time he was doing it. I think we can watch the Soviet Union; we can tell through our own devices whether they will be complying with an agreement we reach between us or whether they'll be cheating on it.

USA TODAY: If we can't verify what weapons they have, is it worthwhile to reach any kind of arms agreement with them?

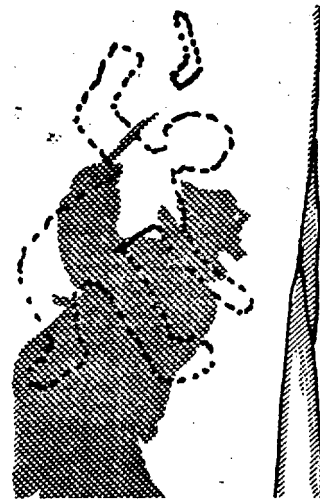
COLBY: It's not worthwhile if we can't verify it. But we can verify it. If you get into an arcane discussion of whether verification means you can identify the last quarter-inch of the fin of some missile, then you say no, it's not verifiable. But if you approach verification from what it really is, which is the protection of your country against strategic surprise, then you begin to realize that any kind of a strategic action on their side would be telegraphed years in advance, thanks to the intelligence technology we have with the satellites, the electronics, the acoustics. If you have any doubts, just look at what the Defense Department publishes about Soviet weapons.

USA TODAY: Are we ahead or behind the Soviets in arms?

COLBY: Both nations have the ability to retaliate absolutely against any use of nuclear weapons against them. We are ahead of the Russians in some weapons. They're ahead of us in some weapons, and the difference is inconsequential.

USA TODAY: Do you think President Reagan really wants an arms agreement?

COLBY: I think the president is quite resolved to achieve some kind of success in the arms control area. I think earlier he was very uninformed in it. But I think today he's resolved to achieve some results. I think he's taken exactly the right step of getting Paul Nitze to become the leading man to try to put together some kind of an agreement. I think the president's interest now is in the history books, rather than the next election.



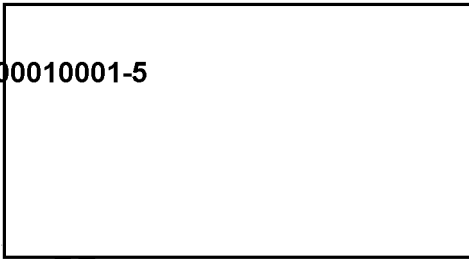
By Susan Harlan, USA TODAY

USA TODAY: Before heading the CIA, you served in Vietnam. Why haven't we been able to account for all of our men who are missing in action?

COLBY: The North Vietnamese have been incredibly cynical in their use of the remains of our people killed over there, handing them out one at a time to visiting delegations. I think that our relations with the North Vietnamese are going to be very bad for a long time. Whether there are any Americans still living in Vietnam, I just don't know. I think they probably, in most cases, died of natural causes or unnatural causes, and the North Vietnamese are afraid to admit responsibility.

Continued

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STAT

"Mr. Conservative" Sizes Up Challenges Reagan Faces

From trimming the cost of military weapons to getting along with the Soviet Union, one of the Senate's most respected members speaks his mind in a wide-ranging interview.

Q You're on the Senate committee that oversees the Central Intelligence Agency. How good is U.S. intelligence?

A We have the fourth-best intelligence system in the world—behind Israel, England and Russia. We could do better, and I think in a few years we'll move up to second or third.

We've been lucky—most of our CIA directors have been good ones. But I don't think that job should be politically appointed. I want to see the next selection come from men who have been in there 20, 30, 40 years and know their way around.

Senator Pat Moynihan and I have a bill that would take that office out of politics. Although Bill Casey is doing a great job, I don't know whom the President would pick as the next director. But it should not be political.

EXCERPTED

Interview With Senator Barry Goldwater

Barry Goldwater, Republican of Arizona, has been an outspoken advocate of conservative principles in the Senate for nearly 30 years. As the GOP presidential candidate in 1964, he lost to Lyndon Johnson. Now 75, he has announced plans to retire when his current term ends in two years.



World Report, Inc.

ARTICLE APPEARED
ON PAGE A-27

WASHINGTON POST
17 December 1984

*Rowland Evans
And Robert Novak*

Shultz Plays His Hand At State

George Shultz returned from Europe to confront senior administration colleagues poised to counterattack his State Department purge out of fear that a policy takeover will follow the secretary's takeover of personnel.

The counterattack may be too late. Shultz has diligently cultivated Ronald Reagan. He got the president's blessing last month to replace any political appointee he chose with Foreign Service bureaucrats, few of whom share Reagan's ideological toughness. A Cabinet-level Reaganite explained to us: "Shultz told Reagan if he wanted him to stay on, he must control personnel decisions at State." Not wanting a Shultz resignation, the president agreed.

Reaganites high in the president's confidence doubt that he fully understood what he agreed to. Not until last week was Reagan made fully aware that the immense power he had awarded Shultz was being exercised with a vengeance at the State Department, purging Reaganite assistant secretaries and ambassadors in preparation for the second term. "George has overplayed his hand," a critical official told us.

But it may be too late to prevent Shultz from continuing to play that hand. The question is whether old Reaganites will really fight. Three of them—presidential counselor Edwin Meese III, CIA Director William Casey and Interior Secretary William P. Clark—were scheduled to meet at the White House last Friday with one of the purged officials: Hugh Montgomery, director of intelligence and research.

Meese in private has used uncharacteristically strong language in describing Shultz's sweep. Clark and Defense Secretary Caspar Weinberger are also angry and have let their views be known to the president. Still, the hour is late and the odds long.

A focal point of the charge that Shultz is running away from Reagan's policy is the prospective firing of Richard McCormack, a former aide to Sen. Jesse Helms, as assistant secretary for economic affairs. Only last Aug. 8, the president sent McCormack a personal letter praising him as "one of those team players whose low-key efforts have contributed to the... success of our policies."

The secretary's critics inside the administration privately blame two young Foreign Service officers on Shultz's secretariat—Charles Hill and Jock Covey—for playing a central purge role, partly by their control of the paper flow. The fact that Daniel Terra, a rich Reaganite who is the unpaid ambassador at large for cultural affairs, is on the purge list fuels suspicions that outsiders are no longer welcome at the State Department.

But this is not entirely a Foreign Service putsch. The esteemed John Negroponce, a tough F.S. officer, is being replaced as ambassador to Honduras, a key Central American post, by Deputy Assistant Secretary L. Craig Johnstone. Reaganites call Johnstone soft on the president's policies.

The real battle against Shultz may come from Sen. Jesse Helms and his right-wing Senate colleagues. Unable to move in as chairman of the Foreign Relations Committee for home-state political reasons, Helms is eager to redeem his conservative credentials in the foreign policy area by blocking Shultz's new choices for top jobs. "The next diplomatic nominee able to win Senate confirmation may be a new secretary of state," an administration insider told us, only half in jest.

That all this may have less to do with policy—as of now—than the whims of George Shultz is suggested by his personal request to hard-line Undersecretary William Schneider to stay.

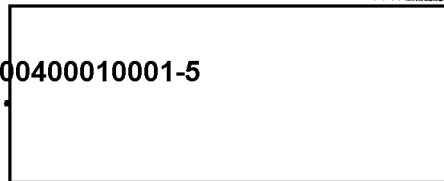
The eventual policy impact can only be dimly perceived. But with Shultz now in the close embrace of the Foreign Service, the president's diplomacy is likely to be turned away from his own strong ideological convictions on the world struggle.

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ON PAGE A22

Approved For Release 2006/01/17 : CIA-RDP91-00901R000400010001-5

NEW YORK TIMES
17 December 1984



STAT

Working Profile: Senator Barry Goldwater

Rattling the Pentagon's Coffee Cups

By **BILL KELLER**

Special to The New York Times

WASHINGTON, Dec. 16 — An old aviator named Barry Goldwater recently rattled the breakfast coffee cups in the suburbs surrounding the Pentagon. Military officials opened their morning paper to read that Mr. Goldwater, the incoming chairman of the Senate Armed Services Committee, favored a freeze on their budget and wanted the Reagan Administration to abandon the MX missile.

"I'm not one of these freeze-the-nuke nuts," Senator Goldwater said, "but I think we have enough, I think we have more than enough, and I don't see any big sense in going ahead building."

It was hardly the first sonic boom from the senior Senator from Arizona, who was the 1964 Republican Presidential candidate and is the father of Western conservatism. Mr. Goldwater has enjoyed a resurgence of public esteem and he seems to take a perverse delight in being provocative and unpredictable, usually in pungent language.

Dressing Down for Many

The Senator has dressed down William J. Casey, the Director of Central Intelligence, upbraided military contractors and issued a stern mind-your-own-business to politicking fundamentalist preachers, all targets accustomed to more reverent treatment from conservatives.

EXCERPTED

Nicaragua 'Secret War' Raises Unease in CIA

First of two articles

By Christopher Dickey
Washington Post Foreign Service

It began with Sunday afternoon training in the Everglades, political matches in Miami condominiums and stealthy raids by former Nicaraguan National Guard officers determined to rid Nicaragua of its new Sandinista rulers.

Three years and more than \$80 million later, the anti-Sandinista rebel movement has grown into a serious war pursued by thousands of guerrillas in the mountains of their Central American homeland. Because money and advice from the Central Intelligence Agency was responsible for much of the transformation, the rebellion also has become an important item on the agenda for President Reagan's second term in office.

The Reagan administration currently is wrestling with the question of renewing official U.S. support for the supposedly covert war, which has become increasingly overt in part because the administration has helped publicize some aspects of the operation in an evident effort to intimidate the Sandinistas and their Cuban supporters.

This, as well as the general conduct of the war, have produced a sense of unease within the CIA. Moreover, the debate around the agency's role in the conflict intensified this month when members of the House intelligence committee criticized it for exercising "extremely poor management" in running the program against Nicaragua.

That criticism, which centered on the production and distribution of a psychological warfare training manual for the *contras*, as the rebels are known, was a public echo of a growing chorus of similar criticisms and doubts about the agency's perform-

ance by intelligence professionals, U.S. military personnel and foreign service officers with firsthand knowledge of the effort to undermine the Marxist-led Nicaraguan government.

Controversy surrounding the management of the covert war has brought a renewed sense of vulnerability within the agency after a period of relative calm in which many there felt the CIA had won a hard-fought battle to regain an apolitical and professional image, according to intelligence professionals.

The debate also has left the *contras*, the men who do the fighting against the Sandinistas, fearful about being dumped by the United States in the way Cuban exiles, Kurdish mountain warriors and Angolan rebels have all felt they were abandoned over the past two decades when they became politically inconvenient for the United States. The *contras* and their concerns will be examined in a second article Monday.

"Casey's war"

"If you're going to overthrow anybody you have to do it pretty quickly," said one CIA veteran of Nicaragua's "secret war." "These operations always unravel—unless they take over the country—and they always make a mess."

While Congress comes in for some criticism, many intelligence professionals point fingers at Director of Central Intelligence William J. Casey.

"It's really Casey's war," one of them said.

Like other critics who have been involved in the operation, he spoke on condition that he not be identified. But David Atlee Phillips, a founder of the Association of Former Intelligence Officers and the CIA's Latin America division chief in the early 1970s, said that their general concerns are shared by a large part of the intelligence community.

—Phillips said there is no consensus, but "a significant portion of the intelligence community would be

just as happy to see secret wars that aren't really secret go away."

"It was the president's judgment that it was in the United States' interest to do it," said one senior intelligence official defending Casey's role in the operation. "Somebody's got to look at the national interest, not just CIA's interest. And when the president and the administration tell you to march, you march, after having had your say."

But much of the criticism of Casey centers on how he used his say. Casey is both CIA director and a personal confidant of President Reagan. He came to his present position after serving as Reagan's campaign manager in 1980.

With such credentials, Casey's critics in the intelligence community contend he was in a good position to defend his bureaucracy from ill-conceived administration policies.

Instead, Casey is said to have embraced and defended a paramilitary program pursuing the vague, protracted goal of "pressuring" the Sandinistas.

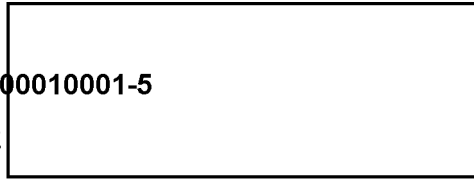
"It was nickel and dime," said one diplomat, speaking of the program as a whole and voicing a complaint that seems almost universal among those people who worked with it. If it was going to be done, "it should have been serious from the beginning. We should have put \$100 million into it at the start, not \$19 million," the first amount Reagan authorized in late 1981. "We should have pushed hard instead of drawing it out. But it was hubris; we were going to knock off these little brown people on the cheap."

When asked for comment, CIA spokesman George Lauder said the agency was not giving briefings on Central American questions at this time. After a point-by-point review of the criticisms raised in this article, Lauder said that "none of the senior officers of the agency share the views of the anonymous critics. Moreover, last week in the agency's auditorium, Mr. Casey addressed an overflowing audience of employes on such matters and received a standing ovation."

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IN PAGE 1

CHRISTIAN SCIENCE MONITOR
14 December 1984



Shultz acts to position career policymakers

STAT

By Charlotte Saikowski
Staff writer of The Christian Science Monitor

Washington

As the second Reagan term gets under way, Secretary of State George P. Shultz appears to be working quietly to professionalize the making of foreign policy and lay the groundwork for pragmatic policies and solid achievements.

Diplomatic observers see recent and prospective personnel changes as a sign that Mr. Shultz is moving assertively to dominate the foreign policy scene despite continuing differences of view and bureaucratic squabbling within the administration. He is managing to put knowledgeable people in important posts and, according to State Department sources, is planning further changes of lower-level positions.

According to administration officials, Shultz has also established a close and effective working relationship with Robert C. McFarlane, the President's national-security adviser. While both must still take account of Defense Secretary Caspar W. Weinberger and CIA Director William J. Casey views, they now have more weight in the decisionmaking process.

ARTICLE APPEARED
ON PAGE 5 PT 1LOS ANGELES TIMES
12 December 1984

STAT

Kirkpatrick, Reagan 'Talk About Future'

By DON SHANNON, *Times Staff Writer*

WASHINGTON—U.N. Ambassador Jeane J. Kirkpatrick met with President Reagan on Tuesday and "talked a bit about the future" but failed to resolve the long suspense over whether she has any future in the second Reagan Administration.

After the half-hour session with the President, Kirkpatrick told reporters that "we agreed to talk further sometime after the inauguration" Jan. 21. But she declined to be more specific.

Although Kirkpatrick has announced that she will step down from her U.N. post, White House spokesman Larry Speakes said he assumed that she would still be at the United Nations when she and Reagan next meet.

Others Asked to Stay

The ambassador, who long has made known her interest in playing more of a policy-making role in the Administration, originally had said she wanted to discuss her job prospects with Reagan after the Nov. 6 election. In the interim, however, Reagan asked Secretary of State George P. Shultz, National Security Adviser Robert C. McFarlane and CIA Director William J. Casey—whose jobs Kirkpatrick most likely would prefer—to stay in his Cabinet.

At a news conference last month, the ambassador said she wanted to quit after four years at the United Nations and resume teaching government at Georgetown Universi-

ty. But she volunteered that she had acquired a unique range of experience in dealing with heads of government and U.N. officials—particularly those from the Third World. And aides recalled that she had said in a magazine interview: "There are things I'd like to see done in U.S. foreign policy and, for that reason, I would consider staying on."

But Speakes then disclosed that, although the President is satisfied with Kirkpatrick's performance at the world organization, he believed that no other job "worthy of her" is available.

Percy Mentioned

Kirkpatrick's friends say privately that they believe she will remain at the United Nations until a successor is chosen and then return to her Georgetown professorship, possibly in March or April. A half dozen candidates for her job have been mentioned in rumors, including Charles H. Percy (R-Ill.), outgoing chairman of the Senate Foreign Relations Committee, who last month lost his bid for reelection.

Although Kirkpatrick remained a Democrat even after she became part of the Reagan Administration, she quickly became a popular spokeswoman for the right wing of the Republican Party, and her tough foreign policy speech at the Republican National Convention in Dallas last summer won a standing ovation second only to the Presi-

dent's. But, in Washington, White House aides see her as abrasive and disruptive.

The ambassador professed puzzlement at the reasons for White House hostility and, in an interview that appeared in *The Times* last month, she declared her confidence that the President was unaware of the criticism by his top aides.

'Special' Resentment

"I do believe that there still may be some special sort of resentment of women in high politics in this country," she said.

Meanwhile, State Department and White House officials said Tuesday that U.S. ambassadors in several key Latin American nations are scheduled for moves to new diplomatic posts early next year.

Among those reported moving are Thomas R. Pickering, envoy to El Salvador for the last 16 months, and John D. Negroponte in Honduras, whose ardent support of rebels fighting the Sandinista government in neighboring Nicaragua has brought criticism from the host government. Pickering is expected to become ambassador to Moscow, while the officials did not know what post Negroponte might get.

Other ambassadors involved in the diplomatic rotation are Lewis Tamb, Colombia; Edwin Corr, Bolivia; Curtin Windsor, Costa Rica, and James Theberge, Chile.

ARTICLE APPEARED
ON PAGE A-19WASHINGTON POST
11 December 1984*Joseph Kraft*

Shultz on the Offensive

George Shultz plans to conduct most of the arms control negotiation with Russia himself. If obliged to delegate responsibility, in arms control or regional hot spots, he will look to professionals in the State Department—not superstars from outside. New appointments as ambassador to the United Nations and at the assistant secretary level will be made in keeping with that principle.

Those are gleanings from an interview with the secretary of state the other day. Since Shultz doesn't like to talk about personnel, the ostensible subject was organization. But a reading between the lines shows that Shultz is on the offensive in the bureaucratic warfare that lies at the heart of American government.

Early in the interview Shultz was asked whether he would be spending more time on Soviet relations and arms control business. "I have to," he replied. Then he said:

"History certainly shows that the major political discussions of the subject have taken place above the level of the formal negotiations, and I accept the fact that that's probably very likely. We have said to Gromyko—the president has said to Gromyko and to Chernenko, in effect—that this is a presidential-level issue. He recognizes that, agrees with that, and tends to weigh in on it, and looks to me to spend a lot of time on it, and I intend to do that, . . ."

After the opening of talks with Gromyko in Geneva next month, to be sure, the secretary may have to pass negotiation of details to a lower level. But he wants an official clearly responsible to the State Department. Hence the designation of Paul Nitze as special assistant to Shultz.

Ambassador Nitze, an ex officio professional by virtue of his long experience, had shared negotiating duties with Edward Rowny, a general with roots in the Pentagon. If the Russians accept the president's proposal for "umbrella talks," as seems likely, Nitze will be Shultz's man at the head of a single American delegation. Rowny will be downgraded, as will Kenneth Adelman, the arms control director. While the Pentagon will still carry weight, Assistant Secretary Richard Perle will have to make his case without help from inside the arms control community.

That same model asserts itself in two other areas once dominated by everybody but the State Department. In Central America the Pentagon, the CIA and a commission headed by Henry Kissinger were at one time all playing roles.

Now the main negotiator in Central America is Harry Shlaudeman, a career Foreign Service officer and former ambassador to Venezuela. He has been meeting regularly with Nicaraguan officials in an effort to square the security of neighboring states with the proposals of the four Contadora countries. Of Shlaudeman's mission, Shultz says: "He knows more about the area than I do . . . although there are times when I can help him a lot . . . because I have a little more clout . . ."

In the Middle East, former defense secretary Donald Rumsfeld was the chief negotiator between Israel and the Arab states. Previously that job had been assigned to such notables as former Democratic Party chairman Robert Strauss and the former Panama Canal treaty negotiator, Sol Linowitz. Now Assistant Secretary Richard Murphy, a career diplomat, quietly makes the rounds.

The United Nations post lends itself very little to full control by State. The U.N. ambassador has had Cabinet status and a great theater for voicing personal views. Several highly independent figures are being touted for the job, which will be vacated by Jeane Kirkpatrick. The list includes Richard Stone, the former Democratic senator from Florida; and Max Kampelman, a former aide to Hubert Humphrey who has been serving as American delegate to the talks on European security in Madrid.

But Shultz acknowledges that "like all secretaries of state I would just as soon" the U.N. ambassador "reported directly to me." State has in mind a candidate who would be more disciplined even while continuing in the Kirkpatrick tradition of standing up strongly against verbal abuse by Third World radicals. He is Gen. Vernon Walters, the linguist who served President Eisenhower as translator and subsequently became a roving ambassador for Alexander Haig and Shultz.

As to the assistant secretaries, Shultz acknowledged room for improvement in three places. He mentioned international economic policy, dealings with international organizations and participation in the intelligence community. The assistant secretaries in those areas all came to State from competing power bases. Richard McCormack, the assistant secretary for economic affairs, had worked in the office of Sen. Jesse Helms. Greg Newell, the assistant secretary for international organizations, came out of the White House. Hugh Montgomery, the director of intelligence and research, is a CIA veteran. A good bet is that all three will be leaving soon.

During the Nixon administration Shultz was so skilled at bureaucratic warfare that he became known as the Vacuum Cleaner. After a sluggish start as secretary of state, the Vacuum Cleaner is humming again.

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ON PAGE A-2

WASHINGTON POST
11 December 1984

MARY McGRORY

STAT

Jilting the MX, Jolting Reagan

EXCERPTED

It is that memory that constrains the joy of MX foes, who could hardly be more pleased than if Defense Secretary Caspar W. Weinberger had joined them.

"Will he stick with it?" both sides ask.

The most recent charge-and-retreat episode in Goldwater's long history concerns the CIA mining of Nicaraguan harbors. As chairman of the Senate Intelligence Committee, Goldwater sent a scorching letter to CIA Director William J. Casey, pronouncing himself "pissed off" by Casey's actions. But soon afterward he voted against a resolution condemning the mining and subsequently has found public occasion to speak kindly of Casey.

But according to Rep. Thomas J. Downey (D-N.Y.), one of the organizers of House resistance to the MX, "the damage has already been done—waverers can get cover by saying that if MX is too much for even Barry Goldwater, it's too much for them. If he takes it back, he will look senile."

Goldwater wasn't shooting from the hip this time.

EXCERPTED

In other words, Reagan wants the MX no matter what the Soviets think of it. But with Goldwater walking out on him, he might do better to put the thing up for private funding. The "contra" war in Nicaragua has been "privatized," and if he made MX contributions tax-deductible, he might be able to deploy the full 100 he has in mind. It might be easier than battling it through Congress again.

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ON PAGE A-1

NEW YORK TIMES
11 December 1984

Shultz-Weinberger Discord Seen In Nearly All Foreign Policy Issues

STAT

By HEDRICK SMITH
Special to The New York Times

WASHINGTON, Dec. 10 — As President Reagan prepares for a second term, his two top foreign policy advisers, Secretary of State George P. Shultz and Secretary of Defense Caspar W. Weinberger, are reported at odds on virtually all foreign policy issues, often to the frustration and concern of the White House.

A proponent of Cabinet Government, Mr. Reagan has often said that he welcomes listening to top Cabinet officials and other advisers argue out policy differences to help him set the direction of policy.

But senior officials in every major foreign policy agency say that the disputes between Mr. Shultz and Mr. Weinberger have gone well beyond this positive notion, causing stalemates in the Government and feeding bureaucratic rivalries at lower levels.

In the last few weeks, the two secretaries have clashed openly with contradictory speeches on the proper use of American military force abroad. Other officials say that this issue is simply the most visible dispute between them and that their disagreements touch virtually all major aspects of policy, including arms control, terrorism, Central America, the Middle East, and how hard to press the Atlantic alliance to improve its conventional forces.

~~ENCIPHERED~~

The Areas of Dispute

On some of the key issues, this is how the two men have differed:

~~ENCIPHERED~~

¶Central America — This fall, the Pentagon, joining with William J. Casey, the Director of Central Intelligence, advocated a change in American policy that would withdraw diplomatic recognition from the Sandanista Government of Nicaragua and extend political recognition to Nicaraguan rebels long backed by the Reagan Administration. But Mr. Shultz and Mr. McFarlane have argued for continuing present policy and pursuing diplomatic negotiations with the Sandanistas, particularly while Congress refuses to grant more aid to the Nicaraguan rebels.

~~ENCIPHERED~~

¶Technology — Mr. Weinberger and

other senior Pentagon officials have had a running battle with the State and Commerce Departments over the sale of American high technology to the Soviet Union and Eastern Europe. After Rumania decided to take part in the Los Angeles Olympics, Mr. Shultz advocated granting a licence for the sale of American computers to Rumania, but this fall, just before the election, Mr. Weinberger took the case to President Reagan and blocked the sale, officials said.

¶Terrorism — Mr. Shultz has made a strong public case for this country to be ready to launch pre-emptive strikes against terrorists and to retaliate against terrorists even if it led to the killing of American servicemen and innocent civilians abroad. Mr. Weinberger, siding with Vice President Bush, has urged restraint.

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The Use of Force

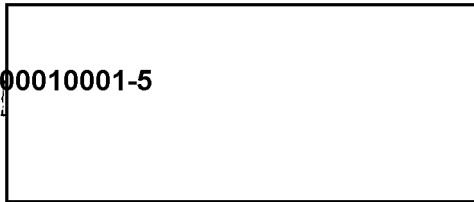
In two major speeches, last spring, and on Sunday night, Secretary Shultz argued that the United States had to be ready to use its military might to give leverage to American diplomacy and that it was "the burden of statesmanship" to be ready to use force even when there was no guarantee of public support.

In an address to the National Press Club on Nov. 28, Mr. Weinberger gave his view, openly sounding "a note of caution," reflecting the views of many senior military officers since the public's disillusionment with the Vietnam War.

Despite such contradictory language, high Administration officials say there is no situation now where Mr. Shultz is advocating sending in American troops while Mr. Weinberger refuses. Indeed, both men are said to back such displays of American power in the third world as highly visible military exercises in Central America or sending Awacs reconnaissance planes to Saudi Arabia.

Occasionally, some officials say, the policy frictions between the two Secretaries have taken on an air of personal tension.

10 December 1984



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ON PAGE 23

FILE ONLY

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INSIDE WASHINGTON



BY NILES LATHEM

Regan was ready to quit

WARM words from President Reagan last Friday about the Treasury Department's tax plan headed off a resignation by Treasury Secretary Donald Regan.

Furious at the way he had been treated by White House staffers since he presented his blockbuster tax reform plan, Regan was ready to quit.

But when word of his frustration reached the Oval Office, the President broke a two-week silence to say that the Treasury plan is "the best proposal for changing the tax system that has ever occurred in my lifetime."

The Treasury Secretary had been upset by the surprisingly hostile reaction from Reagan's staff to his proposals to reform the tax code.

He had been ordered by the President to formulate the proposals and went public with the plan two weeks ago thinking that he would have support of the White House.

But the day before his big announcement, White House aides leaked the plan to the press with a series of scathing criticisms of it and of Regan.

Aides then apparently convinced the President not to endorse the package until political reaction to it had been gauged.

This left Regan alone to battle the increasingly large numbers of special-interest groups who lined up against it.

Associates say the Treasury Secretary felt he had been "hung out to dry" by the White House. He was so angered that he secretly got word to the President that he was ready to resign.

Regan's strategy was similar to that of CIA Director William Casey when he was under fire from the White House over his agency's activities in Nicaragua.

And UN Ambassador Jeane Kirkpatrick is also trying, although less successfully, to get another administration position by blaming her current troubles on White House backstabbers.

★ ★ ★

Time Reagan cried halt to his staff's backbiting

Reading newspaper and magazine reports about President Reagan's Cabinet these days is a little like being back in San Francisco at the Democratic National Convention.

We read that United Nations Ambassador Jeane Kirkpatrick is "too right wing," too easy to anger and too difficult to get along with to receive the promotion she both covets and deserves.

We read about CIA Director William Casey being a "cowboy" who is running an operation in Nicaragua that is dangerously out of control.

We read about Defense Secretary Caspar Weinberger spending all his time trying to sabotage President Reagan's main objectives — arms control and reducing the deficit.

We read about poor old Don Regan, the Treasury Secretary, who was ordered to formulate a tax reform plan to cut tax rates and tax loopholes — only to find out that he messed things up and proposed a plan that could never, ever, get through Congress.

It would be one thing if these reports were generated from those Democrats in San Francisco. After all, last July they were trying to win an election and could be expected to be unreasonably negative.

But nowadays it isn't the Democrats who are singing that siren song. In fact, House Speaker Tip O'Neill said in a speech to the Center for National Policy the other night:

"If the President is willing to reduce the growth of defense spending, then he will find that we will be helpful... if the President is sincere in his desire to make the tax system fairer, we will help him do it."

No. The reports are not coming from the Democrats. They are coming from the not-so-anonymous cabal of aides in the White House led by White House Chief of Staff James Baker, who is still trying to "consolidate" his power even though there is no one there left to challenge him. They are coming from his deputy Michael Deaver, who appears to be doing little more these days than playing tennis and throwing hand grenades at members of the Cabinet.

After the campaign, staffers on Reagan's reelection committee — perhaps the most talented group of profession-

als ever seen in presidential politics — fled for the private sector.

Not one of them wanted to take a job in Jim Baker's White House.

"It's a snakepit," said one.

Even the President's son, Michael, is not immune from the sharp tongue of the ubiquitous White House aide. When news of the family feud broke over Thanksgiving, instead of being discreet, one aide, who insisted of course on remaining anonymous, remarked that the President's son needed "therapy." Michael, with some perception, replied: "They're treating me like a Cabinet guy, they are trying to ease me out."

While all this makes rather titillating reading and gives the Washington cocktail circuit something to chatter about, it is doing incredible harm to the Presidency.

It harms Reagan's efforts to reform the tax code when the details of his Treasury Dept. plan are selectively leaked out a day early with appropriate quotes from within the White House saying it will never work.

It is equally harmful when an articulate, forceful spokeswoman like Jeane Kirkpatrick is trashed by aides who know next to nothing about foreign policy.

Jeane Kirkpatrick for the last four years has been more of a symbol of this Administration's determination to stand up to the Soviets and their Third World counterparts than any other member of the Administration.

Now, when the U.S. is about to sit down with the Soviets to talk about arms control — when the same kind of firmness of voice and purpose is needed more than ever — she is being railroaded out of the Administration. How's that for sending the wrong signal to the Kremlin!

It is a little over a month since Ronald Reagan was reelected with one of the most impressive and far-reaching mandates in history. In that short time the things that Ronald Reagan promised, the values that he so forcefully articulated during the campaign, all are being slashed to bits by a staff that thinks it knows better than everyone else what direction the nation should be going in.

While disagreements are common in any administration, they are being highlighted and magnified as Reagan approaches his second term.

Reagan, of course, with his detached managerial style, is uncomfortable dealing with these issues.

But — just as he took control of the budget process these last few weeks — it is time for him to step in and stop the sniping and the backbiting and gain control of his staff before more harm is done. And before his talent pool is completely depleted.

Restrain Casey

OF COURSE the CIA's manual instructing guerrillas how to assassinate Nicaraguan officials violated Congress's ban against U.S. attempts to overthrow the Sandinista regime. That conclusion, now reached officially by the House Intelligence Committee, is only slightly gratifying, since it only states the obvious.

The committee concludes that the CIA murder manual was the product of "negligence" by senior CIA officials, who should have prevented it but were unaware of it. CIA Director William Casey acknowledged as much. Having concluded the obvious, the committee now says that the matter is over.

It is not over, not by a long shot. As far as this murder-manual imbroglio goes, Mr. Casey should be held accountable; it is yet another example of his negligence. Last spring Mr. Casey neglected to inform the Senate, as law requires, that his agents were mining Nicaragua's harbor. He got away with that too.

This murder-manual scandal is loathsome, but attention should not focus excessively upon it. To focus on the manual is to focus on the flea; attention instead should dwell upon the dog — the CIA's "covert" guerilla war against Nicaragua.

On the same day that Congress troubled itself with its dismissive report about the murder manual, Mr. Casey's guerrillas ambushed a truck in Nicaragua and killed 22 civilian coffee pickers.

This is now the favored tactic employed by Mr. Casey's thousands of guerrillas in their war against the Sandinistas. In an effort to cripple Nicaragua's economy further, they attack coffee farms and trucks carrying humble coffee pickers. They hope thereby to cause an uprising that will topple the Sandinistas.

When leftist guerrillas employ such economic warfare to try to topple El Salvador's government, America condemns the immorality of the violence and can't send enough millions to crush the insurgents. Yet in Nicaragua the CIA's rightist guerrillas do the same thing, and Americans evidently are not supposed to object.

Americans — particularly those in Congress — must object. The United States is not at war with Nicaragua. Congress ordered Mr. Casey not to try to overthrow the Sandinista regime, yet his *contras* clearly are trying. Nicaragua alleges that 7,000 of its citizens have been killed fighting the *contras*. If true, that is a higher proportion of Nicaragua's population than America lost in Vietnam.

If Nicaraguan exiles mount a war, that's their business, but for America to underwrite it and train their guerrillas is immoral. Mr. Casey did that, a fact that the manual merely underscores. He must be restrained, and if he again breaks his leash, Congress should do all in its power to persuade the President to remove him.

NEW YORK DAILY NEWS
9 December 1984

CAN WE HIT BACK? STAT

Latest hijack offers limited possibilities STAT

By BARBARA REHM

Washington (News Bureau)—The ability of the United States to retaliate against terrorists such as the hijackers of the Kuwaiti jetliner in Tehran is limited—but not impossible.

In the view of administration officials, "There is a growing consensus" among Americans for retaliation against terrorists who attack U.S. citizens or property.

"Depending on the depth of Iranian involvement in the crisis, the U.S. can respond in several ways," a U.S. official said. "We can even respond, I think, if the fingerprints aren't as clear as we might like."

If Iran has collaborated with the terrorists, the United States will push for international isolation of Ayatollah Ruhollah Khomeini's regime—"politically, economically and diplomatically," the official said.

But Iran still wields considerable economic clout with its oil revenues and it is unlikely that Japan and Western Europe, dependent on Iranian oil, will agree to drastic sanctions.

IF THERE is evidence that the hijackers were trained and paid through the Iranian terror network that

operates out of the eastern Bekaa Valley in Lebanon, the United States still has options, the official said.

For example, when the United States received word that terrorists, identifying themselves as the Islamic Jihad, planned to strike a major American target in Lebanon before the Nov. 6 U.S. elections, the administration moved quickly to develop a "menu of targets" for retaliation.

Among them were suspected terrorist camps in the Syrian-held Bekaa. The United States sent word that it would retaliate, and no terrorist attack was mounted.

"That menu still exists," said the official. "A strike there may be our best option."

But is retaliation an effective response?

CIA DIRECTOR William Casey said in a recent interview, "There's a question of deterring terrorism by sending a message—that, if the terrorists attack, there will be retaliation."

"It's not necessarily a matter of striking back directly at terrorists ... I think you will see more ... retaliation against facilities connected with the state sponsoring the terrorists or retaliation that just hurts the interests of countries which sponsor terrorism."

But even the Israelis have their doubts. Brig. Gen. Yehoshua Saguy, former chief of Israeli intelligence, says the danger in retaliation is that "it always leads to escalation. You have to hit back a little more vigorously each time." It becomes a war of attrition. But, he adds quickly, terrorism must be fought.

The drama on the ground at Tehran airport underscored just how difficult retaliation, much less a rescue, can be.

"UNDER those circumstances, given the logistics, any rescue attempt is virtually impossible," said a State Department official. "Not even minimum conditions exist."

He stressed that the hostility of the Iranian government precluded any cooperative or joint mission. Tehran is 700 miles from any feasible staging ground. Even the spectacular 1976 Israeli raid on Entebbe in Uganda in East Africa to rescue Israeli hostages was easier, the official said.

"In the case of Entebbe, there was a hostile government, all right, but the hostages were being held in a building—not aboard a dynamited airliner. Even the flight and refueling logistics were simpler," he said.

The only option open to the United States was President Reagan's personal pleas to leaders in the Middle East to exert pressure on Khomeini. It was of little avail.

Firm Allegedly Claimed Ties to Administration

By Howard Kurtz
Washington Post Staff Writer

A Washington consulting firm has solicited business from several U.S. Indian housing authorities by saying it has ties to top officials in the Reagan administration and can obtain federal housing grants for its clients, according to Indian officials the firm has approached.

The firm is called Gnau, Carter, Jacobsen & Associates. Its partners include President Reagan's 1980 campaign chairman in Michigan and a former chairman of the District of Columbia Republican Party.

In a letter to one Indian housing authority in Minnesota, the firm cited as references CIA Director William J. Casey, White House counselor Edwin Meese III and deputy chief of staff Michael K. Deaver; Housing and Urban Development Secretary Samuel R. Pierce Jr.; Air Force Secretary Verne Orr, and U.S. Information Agency Director Charles Z. Wick.

Gnau, Carter did not ask the Indian tribes for a fee. Instead, several Indian housing officials said, the firm urged them to hire one of its clients, the John Cooley Construction Co., to build the federally financed housing.

In one case, HUD officials in Washington awarded \$600,000 in supplemental grants to a Michigan reservation, Keweenaw Bay, that had retained Gnau, Carter. The consulting firm later took credit for this in its letter to the Minnesota reservation, saying that the firm has directed housing units from HUD to the Keweenaw Bay Indian Community.

The General Accounting Office is investigating Gnau, Carter's involvement with the Indian housing program, according to officials familiar with the case.

A senior HUD official said last week that it was "absolutely untrue" that the firm had ever "directed housing units to any tribe; he said the company had nothing to do with awarding Indian housing grants.

Gnau, Carter officials said last week that they never meant to imply that their firm had special influence with HUD and that they never promised Indian authorities that they could deliver federal grants.

Casey, Meese, Deaver, Pierce, Orr and Wick said through spokesmen that they had not given permission for the firm to use them as references.

The Indian agency in Minnesota, the Fond du Lac housing authority, was first contacted by Gnau, Carter last spring. Minnie Porter, its executive director, said she was called by Gerry Blanchard, then a vice president of Gnau, Carter.

Blanchard said "he could get me 25 homes if I would come down to Washington to see him," Porter said in an interview. She recalled that Blanchard said his firm "had been given this allotment of 400 homes . . . by HUD in Washington."

In an April 18 letter to Porter, Blanchard said his firm was formed in March 1981, and that "the partners and associates have advised and assisted presidents of the United States, Cabinet secretaries, senators and members of the House of Representatives, governors, foreign governments, national trade associations and major Fortune 500 companies."

An attached resume said that company chairman John R. Gnau "has enjoyed a personal relationship and friendship with the president of the United States and his key aides and advisors for many years." It said Gnau chaired Reagan's 1976 campaign in Michigan; he also was chairman in 1980.

Roy T. Jacobsen, company president, was described as a political consultant who "drafted the original strategy for President Reagan's

Robert S. Carter was described in the letter as manager of the 1980 Republican convention, chairman of Reagan's transition team on the arts, head of the 1981 Presidential Inaugural Concert Committee, and the current secretary of the President's Advisory Committee on the Arts. He is a former chairman of the D.C. Republican Party.

Blanchard is an Indian from Michigan who was formerly on the staff of Rep. Robert W. Davis (R-Mich.).

Blanchard's letter said the firm worked with federal agencies and Congress for clients ranging from Continental Airlines to the Haitian government to John Cooley Construction.

Cooley Construction also sent Porter a letter that included "an agreement and letter of intent" for the firm "to assist in the procurement of housing units" and to build the housing. The letter from Cooley vice president Dale N. Scrace said that "working with the Department of Housing and Urban Development I believe we can be of great assistance to your tribe in your effort to secure housing units."

Jeffrey T. Wallace, an attorney for Fond du Lac, told HUD in a letter last April that Gnau, Carter had proposed to "acquire additional housing units for Fond du Lac Reservation above and beyond the normal allocation. . . . As I am sure you are aware, federal law prohibits Fond du Lac Reservation Housing Authority from entering into any contract of which a fee, gratuity or other consideration is being paid for in return for the delivery of federal funds.

"This linking . . . of a contract with John Cooley Construction Co. and the receipt of additional 20 units by the Fond du Lac Reservation Housing Authority is in violation of the federal law."

Wallace's letter also noted that Cooley Construction had asked the authority to sign a contract that had not been put up for competitive bids, as HUD regulations require.

Wallace said in an interview that when the reservation insisted its own construction company should handle the job instead—HUD regulations allow reservations to give preference to their own firms—Gnau, Carter suggested that Cooley Construction and the reservations could enter into a joint venture.

Despite this dispute, Porter later agreed to meet with Blanchard and Jacobsen in Washington. She said Blanchard told her that "I'd better hurry because the homes were being given away."

At the July 17 meeting, Porter said, the executives pressed her to sign a contract and did not satisfactorily answer some of her questions about the arrangement. She said she left the meeting and had no further contact with the firm.

HUD neither began an investigation nor took any other action against Gnau, Carter on the basis of Wallace's letter, department officials said last week.

Officials at four other Indian housing authorities say they received similar letters in which Gnau, Carter offered to help them obtain federal housing grants and urged them to hire John Cooley Construction as their developer. Only one, Keweenaw Bay, said it had retained Gnau, Carter.

The \$600,000 in grants for Keweenaw Bay came from a special discretionary fund controlled by the HUD secretary. The department has set aside 400 of the program's 2,000 housing units for discretionary awards this year, more than twice as many as in 1982.

Gnau, Carter officials said they made no improper representations to the Indian authorities.

Jacobsen said it had been "bad judgment" to use administration officials as references and the practice had been stopped.

He said that although Blanchard handled most of the discussions with Indian officials, "We never promised anybody anything. You can't guarantee anything in Washington." The firm's role, he said, was "to bring people together . . . to do the paperwork, to find out if there was a problem—the normal representation that one would do if one is in Washington."

Jacobsen said the firm never charged the Indians and that "as far as I'm concerned, it's a marketing effort that didn't take off." He said the firm is being dissolved.

Blanchard said he never promised Indian authorities that he could deliver HUD housing. He said he

told them that he had "been successful in the past" and that it was "logical" to assume that he could succeed again, but that he "can't guarantee anything."

Blanchard said it was "unfortunate" that he had claimed in writing to have directed housing units from HUD, and that he was disturbed to hear that several Indian officials believed that he had promised he could deliver the grants.

"I will take the blame that obviously something was interpreted that way," said Blanchard. "Obviously it must have come across a certain way that I didn't mean . . . I didn't explain it clearly."

Blanchard also said he told John Cooley Construction to send proposed contracts to Indian authorities because he mistakenly believed that the housing could be built without competitive bidding. "It's an honest mistake that anybody can make," he said.

After learning of his error, Blanchard said, he asked Indian officials only that Cooley Construction's bids be carefully considered. "It was never a condition" that Cooley be hired, Blanchard said, although he hoped that his efforts would make it more likely that Cooley would "be favorably looked at."

Scrace of Michigan-based Cooley Construction declined to be interviewed.

Other Indian officials said they also had received letters in which Gnau, Carter offered to help them obtain federal housing grants and asked that they hire John Cooley Construction:

■ Nate Young, formerly counsel to the Cherokee housing authority in Oklahoma, said: "They made some strong allegations that they could do some things for you, that they had a special pipeline in with the secretary [of HUD]. They alleged that they're strongly wired in with the administration." Young said he threw the letter away.

■ George Nolan, director of the Sault St. Marie Tribal Housing Authority in Michigan, said the firm appeared to suggest "that they could guarantee discretionary housing funds, that they could guarantee you 25 units. . . . It looked like they were circumventing the process the rest of us have to go through. . . . The firm "backed off" after he questioned Blanchard extensively.

3

■ Brenda Welsh, executive director of Keweenaw Bay Housing Authority in Michigan, said her agency retained Gnau, Carter about a year ago. HUD officials in Washington later awarded her agency 15 discretionary housing units.

Welsh said Blanchard told her that "if it wasn't for him, we wouldn't be getting this money I can't understand how come we had never been able to get into this program, and all of a sudden 15 units were placed in our lap."

Welsh said that local firms did not have much information about the project and that Cooley Construction submitted the winning bid. But she said Gnau, Carter "was being so pushy" that key HUD requirements were not met, and that HUD has directed her agency to seek new bids.

■ William Deragon, executive director of the Bad River housing authority in Wisconsin, said Blanchard told him that through the firm's "political maneuvering in Washington, they had 300 units at their discretion." Blanchard said "We can help you out in getting the units" and "offered us 40 to 50 units," according to Deragon.

After receiving a proposed contract from Cooley Construction, Deragon said, he felt that he "was being pressured. They were dangling the carrot in front of the rab-

bit, saying we can get you 50 units if you hire Cooley."

Deragon said he met twice with Blanchard last spring. HUD later awarded the authority 50 discretionary housing units.

Deragon said he does not credit Gnau, Carter for the funding, but that Blanchard told him, "Just remember who got the units for you when it comes time to pick a contractor." According to Deragon, Blanchard also said that "if Reagan gets reelected, this could be an ongoing thing. We will always have these discretionary units at our hands."

Blanchard said he did not try to take full credit for the Bad River and Keweenaw Bay awards.

Warren T. Lindquist, HUD's assistant secretary for public and Indian housing, said the discretionary awards are based on such factors as special needs and cost-cutting efforts.

"Nobody has any kind of an inside track," Lindquist said. "The allegation that some consultant could produce HUD units . . . is just absolutely untrue. I can unequivocally say that nobody has any kind of an arrangement at all to peddle units that might be available from my reserve fund."

9 December 1984

FILE ON

CIA's manual

STAT

Casey's charmed life slips him loose from responsibility

CIA Director William J. Casey and other high agency officials have slipped neatly from the noose of a troublesome manual for Nicaraguan rebels. It's amazing how the CIA escapes responsibility for its escapades.

Back when CIA employees showed the Nicaraguan counterrevolutionaries (contras) how to mine harbors and hand made the devices to do it, CIA officials tried to wriggle out of that too. At first, President Reagan tried to minimize the damage by claiming the mines were homemade. Then administration officials had to admit that the CIA had made them.

America's super-spy agency got so far out of hand earlier in Central America that Congress passed a law in 1982 specifically barring the agency from trying to oust the Sandinista government in Nicaragua. But the administration kept winning money for its so-called "freedom fighters," the contras, until Congress had to cut it off.

Then came the infamous manual prepared by a CIA employee in Latin America. It instructed rebels in Spanish how to assassinate selected gov-

ernment officials, hire criminals to arrange the murder of fellow rebels in order to create martyrs, and blackmail Nicaraguan citizens into joining the rebel cause. The manual not only violates the Boland law, it also violates a 1981 order by Reagan that bans CIA participation in assassinations.

A House Intelligence Committee last week verified the manual's illegality but found it came about through CIA "negligence, not intent to violate the law." The committee refrained from accusing Casey and said it planned no further action.

Earlier, five mid- and junior-level CIA officials were disciplined over the manual and its author was allowed to resign. It's difficult to imagine how no higher level officials knew about the caper since all 3,000 copies of the book were printed right at CIA headquarters in Langley, Va.

Casey and company lead charmed lives. The zealous excesses of employees under them only reflect the kind of misplaced instruction they're getting from their bosses. That takes the blame right back where it belongs — with Casey.

How and Where Did the CIA Go Wrong?

By HARRY HOWE RANSOM

ONCE again the Central Intelligence Agency is in trouble.

In 1981, Ronald Reagan issued a directive confirming earlier chief executive orders prohibiting CIA participation in foreign assassinations. In 1982, Congress passed a law barring any CIA effort to overthrow Nicaragua's government. Last Week, the majority on the House Intelligence committee reported that the CIA-sponsored manual for contra rebels violated both prohibitions.

THE HEART of the House Intelligence Committee's report was that the CIA training manual for Nicaraguan insurgents was prepared with unintentional disregard for federal law. The committee also pointed to a lack of CIA command and control procedures. The agency was charged with "negligence."

Many Americans may be wondering whether the CIA is a "rogue elephant" after all, or whether the Reagan administration is pursuing a secret foreign policy with the agency as fall guy.

After a decade of efforts by presidents and Congress to restrict its activities and bring it within the law and the Constitution, the CIA still shows signs of being a state within a state. CIA accountability remains elusive. With regard to recent Central America escapades, Reagan appears to evade responsibility and CIA Director William Casey continues to live a charmed political life.

WHY IS the CIA perceived as the problem child of American government, the juvenile delinquent of American foreign policy? As a long-time academic observer of the CIA, I suggest the following answers: serious organizational mistakes at the beginning of the CIA's development, presidential misuse of covert operations, congressional timidity in its watchdog role and recent tendencies to politicize the CIA.

Two other complications can be cited. One is constitutional. The United States is the only nation that attempts to manage secret operations by separating executive and legislative institutions while having them share authority.

This invites presidential-congressional conflict over who is to determine policy and control secret operations.

A second problem is that America is perhaps the only major nation that takes its ideals seriously in the realm of foreign affairs. Americans are uneasy in peacetime with the secrecy, deception and illegal actions inherent in clandestine operations. These may be indelible; so we must look to those parts of the system that can be repaired.

BETWEEN 1948 and 1952 separate organizations existed for foreign espionage, clearly a CIA role, and covert action, which Congress never directly assigned to the CIA.

A separate "Office of Policy Coordination" was created in 1948 and controlled by the State and Defense Departments to carry out secret foreign political interventions incompatible with diplomatic and military practices. Espionage and covert action were combined under the CIA roof in 1952 to avoid duplication. That was a mistake. Clandestine activities became the CIA's dominant function. Intelligence analysis suffered.

The CIA takes its assignments from the National Security Council on which only one person has a vote, its chairman, the president. In reality, the CIA is the president's secret weapon, to be used at his discretion.

SOME presidents, notably Lyndon Johnson, Richard Nixon and Reagan, have misused the CIA as an expedient, usually in the absence of foreign policy consensus. The hope was to evade public and congressional debate. On occasion, the CIA has even been directed to violate its legislative charter prohibiting domestic spying. And presidents have ordered the CIA into foreign interventions that Congress would not approve.

Controversies that have ensued from exposed covert actions have politicized the CIA. Jimmy Carter made the CIA a major issue in his 1976 presidential campaign. He was the first President to treat the CIA directorship as a partisan appointment in his incoming administration.

Did the CIA's Casey hoodwink Congress?

STAT

In clandestine intelligence or covert action against another country, the doctrine of "plausible denial" is cardinal. Plausible denial means that if the activity is uncovered, links to the United States must be tenuous enough that national leaders can deny responsibility. People and governments familiar with the situation may suspect that the United States is involved, but no one must be able to prove that. The doctrine was intended to deny enemies of the United States an advantage in the court of world opinion. But in the case of the CIA training manual prepared for Nicaraguan rebels, a variant of plausible denial seems to have been used effectively on the U.S. House Intelligence Committee.

Last week, after a closed-door session with CIA director William Casey, the committee issued a statement on the manual episode. The committee found that the manual violated U.S. law by advocating the overthrow of Nicaragua's Sandinista government. The committee said that the manual's reference to "neutralizing" Sandinista officials "would suggest assassination" and that the manual's comments about "shooting civilians trying to leave captured towns, blackmailing others to work for the contras (rebels), and endangering innocent people by inciting violence in mass demonstrations ... raise the issue of whether (these activities) are consistent with U.S. policy."

Nevertheless, the committee concluded that "negligence, not intent to violate the law, marked the manual's history," because "CIA officials up the chain of command either never read the manual or were never made aware of it."

The committee's conclusions read like plausible denial at work. If senior officials were unaware of the manual, why did such strong, uncharacteristically public reactions come from several junior

CIA employees who were disciplined over it? They said they were made scapegoats for higher CIA officials. Maybe the junior employees were unwilling to admit that only they were at fault. But if their finger-pointing were a lie, the agency would have fired them. It hasn't.

Another reason to suspect that Casey has plausibly denied responsibility is his aversion to congressional oversight. The most dramatic illustration was his failure to adequately inform the Senate Intelligence Committee of CIA involvement in mining Nicaraguan harbors. Suspicion arises, too, because of Casey's ethical lapses in both business and government. The man appears to believe that he is exempt from normal rules of conduct.

Even if the House committee was right in finding negligence rather than deception among top CIA officials, that conclusion is nothing to celebrate. Another conclusion is equally distressing: So long as Casey remains CIA director, Congress is unlikely to monitor the CIA effectively. Sen. Barry Goldwater called for Casey's resignation more than a year ago. Sen. Dave Durenberger, who will succeed Goldwater as head of the Senate Intelligence Committee, last month strongly criticized CIA involvement in covert activity against Nicaragua. That involvement, Durenberger said, damages both the intelligence process and congressional oversight. We agree.

Rep. Norman Mineta, a member of the House Intelligence Committee, dissented from that panel's gentle judgments of the Nicaraguan manual episode. "It's time for Casey to resign," Mineta said. "Mr. Casey's stewardship is doing more damage than good in terms of what the goals and the character of the CIA are." We agree with Mineta too.

GREENSBORO NEWS
9 December 1984

FILE ONLY

STAT

Much ado about what?

The House Intelligence Committee has concluded that a CIA manual advocating assassination of public officials and the overthrow of the Sandinista government in Nicaragua was illegal.

That's in addition to what was already known about the manual: that it was an embarrassment to the Reagan administration, that it undermined credibility in the United States' efforts to stabilize Central America and that it was just one more sign of the utter confusion that seems to pervade the Reagan administration foreign policy in Latin America.

The manual, which surfaced in October, recommended that Nicaraguan rebels resort to "selective violence" to "neutralize" leading figures of the leftist Sandinistas. It also suggested creating martyrs by killing certain rebel allies in orchestrated, violent demonstrations. So much for the moral high ground.

Not least of the problems with the manual was the fact that it directly violated a U.S. law forbidding U.S. personnel to participate in any effort to overthrow the Nicaraguan government. So much for the legal high ground, too.

The CIA was quick to say that the pamphlet was written by a low-level contract employee and had not been formally approved for use in the field. But copies of it found their way to the administration-backed Contra rebels — and into the world news, too.

President Reagan at first vowed to hold the CIA responsible for the manual, but after reviewing it the president

pronounced that it was "much ado about nothing."

That raises questions about the president's judgment in siding with the contras in Nicaragua. That's the same group accused of ambushing a carload of coffee bean pickers in northern Nicaragua the other day and leaving 20 of them dead by a roadside. Any U.S. manual recommending further bloodshed in Nicaragua, it seems to us, is much ado about everything that is going on in that country.

The House Intelligence Committee firmly disagreed with the president's position. Committee Chairman Edward Boland, who sponsored the law prohibiting American personnel from trying to overthrow the Sandinistas, was highly critical of the CIA management, and a committee report called the document "repugnant" and an "embarrassment to the United States."

Boland also said it raises questions about the judgment of the CIA's leadership in allowing its employees to come up with recommendations for violating U.S. laws. As one committee member put it, "We're allowing them (the CIA) to pick and choose which laws they want to obey." But the committee did not recommend any specific actions against CIA employees, including CIA Director William Casey, who nominally accepted responsibility for the manual.

So that pretty much leaves the Reagan administration and the CIA free to continue doing what they want to do in Nicaragua. But the central question should be, what is the administration doing there? And why?



In from the cold

STAT

The Central Intelligence Agency has gotten off the hook of the Nicaraguan "contra's" guerrilla-warfare manual on a sort of technicality it can hardly consider a vindication. The Democratic-majority House Intelligence Committee has concluded that the CIA had "no intent to violate the law" and was guilty simply of incompetence — "negligence" was the diplomatic term.

The law is the 1982 Boland amendment to a measure financing CIA support of the Nicaraguan rebels; it forbade the CIA to attempt thereby to overthrow the Marxist Sandinista government of Nicaragua. Violation carries no penalty, and the committee did not call for any punishments beyond the CIA's disciplining of five lower-level officials (some of whom have reacted sharply against what they consider being made to take the rap for higher-ups).

The whole hair-splitting argument over the contras has been something out of "Alice in Wonderland." The Reagan administration's explanation is that the contras are interdicting Nicaraguan aid to the Salvadoran guerrillas and putting pressure on the Sandinistas to stop exporting leftist revolution and moderate their dictatorial manner in Nicaragua. But the contras are anti-Sandinista Nicaraguans whose basic interest is not securing El Salvador or forcing the Sandinistas to behave, but throwing the Sandinistas out — a consummation, whether officially admitted in Washington or not, that is devoutly to be wished.

But let that go. The CIA now stands congressionally accused of as serious a charge as can be leveled against an intelligence/espionage service: hamhandedness. Few in the agency but its author

apparently paid much attention to the writing, printing and distribution of the manual, although it is axiomatic in the trade that one does not write down anything one does not want the other side to read and reveal. The manual incident, said the committee, "illustrates once again . . . that the CIA did not have adequate command and control of the entire Nicaraguan covert action."

The committee forbore to call for the removal of CIA Director William J. Casey, for while he "ultimately probably would be responsible," it would be unfair to expect him to know about all agency activities. That is a reasonable judgment. But one member did call for Mr. Casey to resign, saying, "Mr. Casey's stewardship is doing more damage than good."

How well an intelligence director is doing is impossible for anyone not privy to his secrets to judge, but one could well suspect that Mr. Casey could be a liability in this particular area of operations. His gruff, Sly Old Fox manner seems to alienate even many — most crucially, in Congress — who support his goals. One thinks wistfully of Mr. Smooth Bobby Inman, the former deputy director who should have been offered the directorship and cajoled into accepting it. We doubt whether he would have mined Nicaraguan waters or let a how-to-kill-them manual be distributed in the field. His reputation among the congressional overseers was for candor and credibility.

But let that go, too. The agency and Congress are now more or less back to zero on the subject of Central America. Mr. Casey and the CIA are in from this spell of cold, and the next time they go out we hope they button up their trenchcoats.

'Lack of control'

Central Intelligence Agency director William Casey continues to represent disaster waiting to happen, as is made clear by what may be the final chapter in the case of the notorious CIA manual for fomenting counter-revolutionary terrorism in Nicaragua.

The House Intelligence Committee this week concluded that the manual which, among a host of other dirty tricks, advocates the assassination of Nicaraguan officials, was prepared without regard for federal law. The committee cited CIA negligence, lack of command and control and "extremely poor management." Committee Chairman Edward Boland, D-Mass., found it "incredible" that no one in authority at the CIA read the document before its publication one year ago.

Casey himself was spared direct criticism, although his management of the CIA's entire Nicaraguan operation reportedly has further eroded his support among members of both political parties in Congress. Well it should. The erosion process is long and uninterrupted.

Last spring Casey acknowledged failure to inform Congress of the CIA's sponsorship of the mining of Nicaraguan harbors, an ineffectual exercise that has embarrassed the United States before the World Court. Earlier in his tenure as CIA chief Casey has been in and out of hot water for various financial shenanigans, including involvement in millions of dollars of stock transactions while having access to the government's most sensitive economic data, and failure to disclose fully his financial holdings at the time of his appointment.

Casey's far-reaching financial and political connections seem to make him impervious to calls for his removal from CIA leadership, and President Reagan has remained unbendingly loyal to his appointee. Loyalty is a commendable trait up to a point, but it needs reassessment when bestowed upon a loose cannon capable of serious damage not only to the Reagan administration but also to the nation at large.

STAT

Teaching rebels

STAT

The Central Intelligence Agency has long been helping anti-government rebel forces in Nicaragua in various ways, some plainly illegal.

Now there are persuasive indications that the CIA has even gone so far as to coach rebels on lobbying members of the United States Congress.

Such interference in our domestic political affairs cannot be tolerated. If allegations about what the CIA is up to prove accurate, Congress should insist on strong disciplinary action—and that might very appropriately include the dismissal of William J. Casey as Director of Central Intelligence.

There is a convincing air of plausibility about the reports thus far. Judgment must be reserved, however, pending investigation of what has been going on.

Such an inquiry has been called for by Sen. Daniel Patrick Moynihan of New York, the vice chairman of the Senate Intelligence Committee. This comes very soon after Sen. Moynihan's scornful branding, as a veritable whitewash, of the agency inspector general's report on the CIA-produced insurgency manual used in Nicaragua.

That venture in teaching the rebels the uses of blackmail and murder in their fight against the Sandinista government makes it all the more urgent that the full story of CIA lobbying instruction be made public.

For such conduct by the nation's primary foreign intelligence apparatus would run counter to law in two respects: it would constitute an illegal domestic operation, and it would flatly violate the legal requirement that Congress be kept informed about any "significant" CIA activities.

NEW YORK DAILY NEWS
7 December 1984

LIZ SMITH

STAT

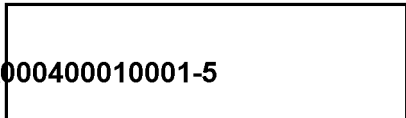
THE BIG "in" and highly unpubli-
cized Christmas party for the White
House administrative staff was the one
tycoon Roy Pfautch gave last week with
a famous mystery Santa Claus. The
latter turned out to be Bill Casey,
director of the CIA, and he kept insist-
ing that he was "totally undetectable" in
his bearded disguise.

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Approved For Release 2006/01/17 : CIA-RDP91-00901R000400010001-5

PHILADELPHIA INQUIRER
6 December 1984



STAT

CIA manual flouts law, panel says

J By Alfonso Chardy
Inquirer Washington Bureau

WASHINGTON — The House intelligence committee concluded yesterday that a CIA manual for U.S.-backed Nicaraguan insurgents violated a 1982 law prohibiting attempts to overthrow the Sandinista government and revealed a lack of "adequate command and control of the entire Nicaraguan covert action."

In a one-page report, the committee said preparation of the manual, which referred to "neutralizing" Nicaraguan officials, was marked by negligence, incompetence and confusion. But it said there was no intentional violation of either the 1982 law or a presidential prohibition against promoting assassinations.

Committee chairman Edward P. Boland (D., Mass.) said the panel would not seek further action against the CIA or its director, William J. Casey, but insisted that Casey bore indirect responsibility for the manual.

Last month, President Reagan concluded an internal investigation by ordering formal reprimands of six mid-level CIA employes for their role in overseeing the manual.

"One can say that Casey ultimately probably would be responsible for it," said Boland, "on the basis of the

fact that the program was poorly managed and run very unprofessionally."

However, at least one committee member, Rep. Norman Y. Mineta (D., Cal.), called for Casey's resignation and blamed the panel's refusal to be "tougher on the agency" on its desire to preserve "good relations" with the CIA.

Another member, Rep. Wyche Fowler Jr. (D., Ga.), stopped just short of demanding Casey's dismissal, declaring that the CIA director had admitted the agency was "negligent" in failing to properly supervise preparation of the manual.

The report concluded two days of closed-door hearings on the 90-page manual, titled "Psychological Operations in Guerrilla Warfare." The document's existence was revealed in the news media in mid-October, causing a pre-election furor.

The manual advocated the "selective use of violence" to "neutralize" some Nicaraguan officials, and one segment also contained the word "derrocamiento," which is Spanish for overthrow. Administration critics argued that *neutralize* was a euphemism for assassination.

The document was written by someone using the pseudonym "Tacyan," who later was identified as an American named John Kirkpatrick, a CIA contract employe. However, it is not clear if that is his real name.

The report said that the manual "was written, edited, distributed and used without adequate supervision. No one but its author paid much attention to the manual ..."

"The entire publication and distribution of the manual was marked within the agency by confusion

about who had authority and responsibility for the manual," the committee said. It added that the manual illustrated "once again to a majority of the committee that the CIA did not have adequate command and control of the entire Nicaraguan covert action."

The committee said it also learned that high-ranking CIA officers, such as Casey, never reviewed the manual — a fact that Boland termed "incredible" — and that not all CIA officers were aware of the existence or significance of the 1982 law prohibiting efforts to overthrow the Sandinistas or even Reagan's own prohibition against assassination.

"The committee believes that the manual has caused embarrassment to the United States and should never have been released in any of its various forms," the panel report said. But, it concluded, "Negligence, not

intent to violate the law, marked the manual's history."

Boland said that Casey disagreed with the committee finding that the CIA had violated the prohibition against attempts to overthrow the Sandinistas, which is contained in an amendment Boland himself sponsored.

"He read into the Boland Amendment that the agency had to have the intent to overthrow the Sandinista government and that that is not the intent of the United States," Boland declared.

However, he said, the existence of the manual reinforced the committee's belief that the Reagan administration was seeking to topple the Sandinistas, and he repeated his call for Congress to cut off all U.S. aid to the insurgent contras when the issue came before Congress again next month.

CONTINUED



United Press International

Casey arrives at the Capitol for a closed hearing on the manual



BENSON—ARIZONA REPUBLIC

More than a squabble over the First Amendment: An end to truth in the skies?

Pentagon Versus Press

When it comes to manned missions, NASA has always followed a policy of freedom in space—allowing reporters almost unlimited access from liftoff to landing. But the era of truth in the skies is coming to an abrupt halt with the space shuttle's first overt military mission—a Jan. 23 flight designed to place a sophisticated spy satellite into orbit. Last week at a NASA press briefing, Air Force spokesman Brig. Gen. Richard Abel declared that reporters would be allowed no contact with the crews, no audio or video signals from the shuttle in orbit and no information whatsoever about the cargo. Defense Secretary Caspar Weinberger, Abel said, had already intervened with three news organizations to suppress stories on the shuttle's payload. Abel also threatened to investigate if the press even *speculated* about its significance. "It was like waving a red flag in front of a bull," groused one top Reagan official. Sure enough, two days later The Washington Post cobbled together what it could on the satellite. And on national television, Weinberger bitterly denounced the newspaper for "giving aid and comfort to the enemy."

The fact that the Defense Department was putting a highly classified cargo aboard shuttle flight 51-C was no secret. Aviation Week (sometimes referred to by the Air Force as Aviation Leak) had reported as early as last April that the Pentagon planned to launch a device known as an Inertial Upper Stage (IUS) from the shuttle. Since the IUS has only one use—to put heavy payloads into high, stationary orbit along the equator—that fact alone revealed that the shuttle would probably be carrying a spy satellite of some importance—probably able to tune in on a wide variety of Soviet radio, telephone, microwave and satellite transmissions. In a way, the new satellite is the son of

the Iranian revolution. The fall of the shah cost the United States a top-secret mountaintop monitoring station that for more than a decade stared right into the heart of the main Russian test range. Since then, U.S. intelligence agencies have invested hundreds of millions of dollars in developing the new generation of spy satellites, of which the shuttle cargo is merely the first to go into orbit.

NBC radio reporter Jay Barbree, who has covered NASA since the 1950s, may have been the first newsman to decipher the shuttle's secret mission. Barbree was ready to air his scoop in mid-November but was forced by the network to wait almost two weeks so his counterparts in television could prepare a story of their own. When NBC Pentagon correspondent Fred Francis called the Air Force on Nov. 28 for a routine confirmation of Barbree's exclusive, he triggered a major damage-control operation. The network agreed to quash the entire story after Weinberger phoned Lawrence Grossman, the president of NBC News. According to Grossman, Weinberger stressed that "this was a matter of utmost national security." The defense secretary's apparent reasoning was that the more information the Soviets had, the more easily they could track the shuttle launch and the satellite. CIA Director William Casey also made a separate plea to NBC executives.

Cooperation: A senior Pentagon official compared the next few days "to trying to keep a chicken-house quiet next to a busy highway." Weinberger interrupted a meeting with West German Chancellor Helmut Kohl to dissuade CBS News from running the story. Top Pentagon officials won similar cooperation from The Associated Press. NEWSWEEK decided not to print details about the shuttle mission at the request of senior administration and military officials. The Washington Post had not been tracking the story at all—and had not even sent a reporter to the Abel briefing. "What we really did was put it together from what was known," says executive editor Benjamin Bradlee. "It [gave] a semblance of hot news, but it wasn't, really."

So had the Post actually harmed the national security? No, says Bradlee—and Senate Intelligence Committee vice chairman Daniel Moynihan agrees: "In my judgment and in [committee chairman] Barry Goldwater's judgment, there is nothing in that story that was not already public knowledge." That in itself puzzles many in Washington. The volume of leaks on the shuttle has been so great, in fact, that some speculate that the Air Force itself may be responsible—perhaps trying to discredit NASA in order to win support for its own new fleet of unmanned satellite launchers. Whatever the truth, it is hard to believe that so many could know so much about a "secret" without the Soviet Union's knowing most of it, too.

WALTER SHAPIRO with KIM WILLENSON in Washington and LUCY HOWARD in New York

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PAGE D-1

WASHINGTON TIMES
5 December 1984

STAT

DIANA HEARS

EXCERPTED

A MERRY LITTLE CHRISTMAS . . . Mike Deaver tickled the ivories onstage, again. Charlie Wick led the carolling, again. Warbling elves were Sue Block, Joan Clark, Carolyn Deaver, Ursula Meese, Jean Smith and Mary Jane Wick, some again. (Midge Baldrige, wife of the CommerceSec, was to warble along. But Mac had cut his hand roping calves, and had to flee home in pain.) Maggie Heckler, the HHSer, read from St. Luke; White House Personnelmeister John Herrington did "Night Before Christmas;" And there, darlings, stood the pride of the CIA, Bill Casey, in full Santa get-up and mega-beard, giving gifties to the Administration's good boys. (White House counsel Fred Fielding said he'd meet the bad ones at Yankee Stadium.) It was, of course, superlobbyist Roy Pfautch's third annual Christmas dinner for his intimate chums. (He now has 430 of them, so it had to be in the Departmental Auditorium.) New this year: "Four More Years" sung to the tune of "Jingle Bells;" and everybody at Ear's table ate his very first star-fruit. There's always some kind of First, darlings, no matter how long we hang around Washington. Tomorrow: Something new!

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ON PAGE A-28

WASHINGTON POST
5 December 1984

Panel Starts Hearings on CIA Manual

House intelligence committee members yesterday began two days of closed-door hearings on whether a CIA-produced guerrilla warfare manual for use by rebels fighting the leftist government of Nicaragua violates an executive order banning assassinations.

The committee was given a staff briefing on the matter, after which one Republican member said it appeared that some versions of the 90-page manual, which advocated the "selective use of violence" to "neutralize" some Nicaraguan officials, violated the executive order.

But he said few copies of that version were distributed to the rebels fighting the Sandinista government. Most received a more strictly edited edition.

The panel is expected to hear from Central Intelligence Agency Director William J. Casey and other agency officials today.

An investigation by the CIA inspector general concluded that the manual did not violate the executive order or a law that prohibits the CIA from trying to overthrow a government.

The inspector general's report, however, said six employes involved with the manual had shown bad judgment and should be disciplined.

5 December 1984

TOP SECRET
EYES ONLY

Casey's reign of error

STAT

From the beginning, CIA Director William Casey has been an embarrassment to the Reagan administration. Now, Casey is more than an embarrassment and he should be asked to resign.

Controversy has dogged Casey since he was appointed in 1981. Late in the summer of that year, questions about Casey's business dealings surfaced during a Senate Intelligence panel investigation of Casey's decision to appoint the clearly unqualified Max Hugel as his No. 2 man.

Hugel's hasty and forced departure and some charity toward the Reagan administration from Sen. Barry Goldwater kept Casey's financial dealings from becoming a scandal at that time, but questions about them were to arise again and again.

Not three months later, Casey was accused of conflict of interest when he refused to put his multimillion-dollar stockholdings in a blind trust. After a good deal of political pressure, Casey first agreed to make his financial holdings public and, after nearly two years and a series of accusations that he was using CIA information to pump up his bank account, he finally put his holdings in a blind trust. Even then, there were accusations — and denials — that Casey still was manipulating the trust. But no proof.

These unsavory incidents cast a shadow over Casey's personal integrity and should have been reason enough for his resignation. Yet he wasn't forced to resign.

Now, on the basis of two Casey decisions within the past year, he should be.

In January, Casey authorized the

mining of Nicaragua's harbors — a questionable policy decision in itself. The decision provoked world criticism and landed the United States in front of the World Court. Last week, the court ruled the actions were illegal.

What made Casey's authorization worse still was that he did so without notifying members of the Senate Intelligence panel, including senators who were firm supporters of the Reagan administration's policies in Central America. It was a major political gaffe and it revealed that Casey had little regard for the proper channels of government.

Now comes news that Casey authorized the CIA-prepared "terrorist" manual to help the Nicaraguan rebels foment unrest and unseat the Sandinistas. Casey probably was not aware that the manual would evolve into a primer on murder and other violent terrorist measures, but he should have been. He authorized its preparation and publication and he should have known what was going into the manual. If he had seen the final copy, he should have stopped publication immediately. He did not and he must assume responsibility for it.

The President has already mentioned a fair penalty for Casey's mistake. In the second presidential debate, President Reagan promised to fire whoever was responsible for the preparation and distribution of the manual.

The President should hold himself to his promise. In his time as director of the CIA, William Casey has damaged his own credibility, that of the CIA and that of the United States. It is time for him to go.

4 December 1984

STAT

How the CIA, Casey sacrificed the truth

She came in early to our offices on a Monday morning to talk about the American role in Central America. She represents U.S. Out of Central America — USOCA — a group based in San Francisco with offices throughout the country and sponsored by several well-known American liberals. The woman's point was two-fold: The problems in Central America are caused by the extreme poverty of the region and the United States should withdraw its military aid from El Salvador and from the contras trying to overthrow the Nicaraguan government.

We share her basic analysis, except for one important point. We do not believe citizens of those countries would necessarily solve their own problems if the United States got out altogether, which seems to be the view of USOCA. But where does the notion that the American government is behind many of the problems in Central America come from? The answer is, in part, from the American government.

An excellent case in point is the conduct of the CIA. Without express congressional approval, it aided in the mining of Nicaraguan harbors. The Reagan administration refused to honor the request of the World Court to justify the mining — historically regarded as an act of war. Only a furor over the incident in Congress put an end to the mining.

It's easy to see why Nicaragua has persuaded some reasonably thought-

ful Americans that the U.S. government is the real threat in the hemisphere. The administration has been only too eager to play the role of aggressor.

Consider, also, the guerrilla manual, prepared by a CIA employee and distributed to contra fighters. Some versions advise political assassinations and terror, and the CIA already has admitted the production of the manual was a mistake. A few weeks ago, CIA director William J. Casey ordered six mid-level employees of the agency disciplined. Now, it develops, Casey himself was reportedly involved in the early planning that led to the manual.

Again, the conduct of our government has reinforced the view that the United States is the preeminent troublemaker in the region.

For our part, we would still like to believe that the Reagan administration is committed to a peaceful, democratic solution to the conflicts in both El Salvador and Nicaragua. We still believe the administration simply is mistaken about the best way to achieve that solution.

But we also understand those who believe the administration is not acting on good faith, that it's really interested in U.S. dominance in Central America, not a trade and cultural relationship of free nations.

Casey and the CIA have strained U.S. credibility severely. It's time for a major, fundamental change.



William J. Casey

CASEY REPORTEDLY OK'D NICARAGUAN PSY-WAR PROGRAM
ROBERT PARRY
WASHINGTON

The decision to hire a psychological warfare expert manual for Nicaraguan rebels emerged from a mid-1983 meeting of officials, including Director William J. Casey, according to officials.

But the officials said the initial decision by senior officers is not examined in a still-secret CIA inspector general's report that recommended disciplining six mid-level agency officials, some of whom claimed they were being made "scapegoats."

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The government officials also said that investigations into the manual have found no evidence that Casey or other top CIA officers specifically ordered that a booklet be written or knew about its advice on the "selective use of violence" to "neutralize" Nicaraguan government officials.

The officials spoke only on condition that they not be identified by name.

But one official said some of the punished CIA officials contend the manual reflected a "command-and-control problem" and that some blame should fall on the "people who recruited (the expert) and dispatched him" without adequate guidance.

According to that view, the decision to conduct a psychological warfare program represented a poorly designed, high-level order given to an overzealous operative to carry out, the official said.

The inspector general's report, however, concluded that mid-level officials were to blame for failing to properly supervise the psychological warfare expert, known by his pseudonym John Kirkpatrick, and production of the 90-page manual, entitled "Psychological Operations in Guerrilla War."

After being recruited during the summer of 1983, Kirkpatrick wrote the manual in October of last year. Besides the "neutralize" section, the original version called for hiring professional criminals to carry out "selective jobs,"

creating a "martyr" for the cause, and coercing Nicaraguans into carrying out rebel assignments.

The House Intelligence Committee has scheduled a hearing Tuesday on whether the manual violated a presidential executive order barring U.S. involvement in assassinations or a 1982 law prohibiting the CIA from trying to overthrow the leftist Nicaraguan government.

Four government officials, who discussed the steps that led up to Kirkpatrick's hiring, said the decision came out of a June 1983 meeting in Tegucigalpa, Honduras.

The officials said the meeting, chaired by Casey, also involved deputy director John McMahon; Duane Clarridge, then head of the CIA's Latin American Division; and senior officials of the agency's International Affairs Division, which oversees paramilitary operations.

None of the high-level officials reportedly involved in the decision to hire a psychological warfare expert was disciplined, and CIA spokesman George Lauder said none of them would comment publicly on the manual.

Continued

ARTICLE APPEARED
ON PAGE D-7WASHINGTON POST
2 December 1984

STAT

Joseph Kraft

Leadership That Isn't There

Here's a scenario for quick relief from the country's most acute foreign and domestic problems:

Start with progress on arms control. Easing of tension with Moscow frees Congress to do what it wants to do anyway—cut the defense budget. Reductions in military outlays make it fair to cut social spending. With social and military spending being chopped, taxes can be raised as a measure of last resort in closing the deficit.

A main problem with that formula happens to be the president. Ronald Reagan wants to reduce the deficit almost exclusively by squeezing social spending and thus restricting the role of government. He opposes cuts in military spending and tax hikes with a zeal approaching dottness.

But Reagan is a special kind of president. He is laid back, at times even inert. He pays little attention to detail. His skills as an actor enable him to play almost opposite roles. He can be General Custer one day and Sitting Bull the next.

Moreover, he cares about ideology. Like others with that bent, he sustains his purity, when unable to get his way, by backing utopian schemes. For example, since he can't stop abortion by statute, he goes to the never-never land of a constitutional amendment.

Finally, Reagan's right-wing followers are themselves divided. Inside the conservative movement, traditionalists (such as Barry Goldwater) war with populists (such as Rep. Jack Kemp) on practically all issues except ideology. So in dealing with real-life problems, there is scope within the administration for people who are not ideological soul mates of Ronald Reagan. Indeed, by a process easier to feel than to understand, moderate problem-solvers have been rising to the top of the administration on the very morrow of the Reagan landslide.

In foreign policy, Secretary of State George Shultz and the national security adviser, Robert McFarlane, have asserted new primacy. Both favor a serious approach to Moscow on arms control. They kept the subject warm during the campaign, and Shultz will take it up anew with Foreign Minister Andrei Gromyko in early January.

The Shultz-Gromyko dialogue, now shaping up, provides a good forum for making progress. Already the elements of a deal are obvious—trading U.S. restraint in anti-missile defense in space for Soviet restraint in offensive nuclear weapons. A summit in, say, May is a distinct possibility.

Even as Shultz and McFarlane take charge, those more ideologically akin to the president find themselves doing less business. Jeane Kirkpatrick is resigning as ambassador to the United Nations. William Casey has got himself, and the CIA, into trouble with Congress for playing unauthorized dirty tricks in Nicaragua. Defense Secretary Caspar Weinberger is fighting last year's war with the State Department on sending troops to Lebanon.

A similar pattern works in domestic affairs. Moderates prepared to close the deficit by both spending cuts and tax hikes have taken the command posts in the Senate. Bob Dole of Kansas, the new majority leader, put through the tax increase of 1982 over White House opposition. He is a Senate man with a healthy worry about deficits long before he is an ideological ally of Ronald Reagan. He knows how to work with the Democrats—both across the aisle and in the House.

Most of the other new Senate Republican leaders—Alan Simpson of Wyoming who is whip; John Chafee of Rhode Island, the Policy Committee chairman; and John Heinz of Pennsylvania, the chairman of the campaign committee—fit the same mold. So does Bob Packwood, the Oregon senator who will replace Dole as chairman of the Finance Committee.

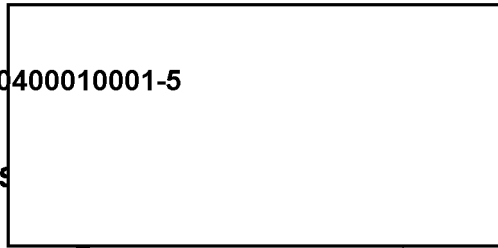
But those in closest sympathy with the Reagan outlook find themselves away from the action. Sen. James McClure of Idaho went down on the first ballot in the contest for majority leader. Treasury Secretary Donald Regan had hooked himself and his department on fundamental tax reform. Whatever the merits of the case, that approach is not going to reach pay dirt for a long time.

A dim aura now envelops the process of government in America. A bold leader with a master plan and a brain trust in the background is not making things happen. On the contrary, the recent developments have not been orchestrated or choreographed or structured in advance. They are a supreme example of events taking charge, of music being made without a Toscanini.

For precisely that reason, to be sure, the moderates may not succeed. A lot of things have to fit themselves together in a complicated way. The odds are against an early fix of the big problems. When it comes to easing tensions with Moscow and closing the deficit, Shultz and Dole and their backers may well arrive with too little too late.

But at least there is a gleam of hope, a way out. Sensible people—and Democrats—will stop moaning about the leadership that isn't there, or the tax reform that won't happen soon. Instead, they will lend themselves to the process in the hope the progress that is possible will be allowed to happen.

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Too often, we have seen the enemy's technology and it is ours.

STAT

MOSCOW'S Technology Parasites

BY EDGAR ULSAMER
SENIOR EDITOR (POLICY & TECHNOLOGY)

THE MOST productive, booming Soviet industry bends no metal and engages in only one kind of engineering, "reverse engineering," meaning the art of figuring out how somebody else's weapon systems are being produced and integrated. The sole function of this "industry" is the systematic, no-holds-barred acquisition of US and other free-world technologies with direct or indirect military application. Orchestrated by the Kremlin's all-powerful Politburo, this massive, parasitic dragnet employs untold thousands of Soviet and other East European agents, hundreds of ostensibly legitimate business fronts, and hordes of Western collaborators whose commitment to the profit motive is not swayed by laws, loyalties, or even logic.

Sen. William Proxmire (D-Wis.), hardly an alarmist on defense matters, thundered at a recent Senate committee hearing that "I will not quietly accept a situation in which we spend tens of billions [of dollars] to develop critical technologies and then, through feeble export controls, allow the Soviets to obtain these technologies for next to nothing." Sen. William L. Armstrong (R-Colo.) was also dead serious when he complained that the US economy is "groaning under the strain of financing two military budgets—our own and a significant portion of the Soviet Union's."

The bitter irony, according to senior intelligence and other government experts, is that major portions of US defense spending are required just to offset Soviet weapons made possible by US technological breakthroughs. The CIA's Deputy Director, John N. McMahon, bemoans the demoralizing effect on the US intelligence community "when we spend a lot of our effort to find out about Soviet weapon systems [only to discover that they are actually] ours."

The purloining of Western technology is deeply rooted in Soviet doctrine and history. Vladimir Ilyich Lenin bragged with considerable prescience more than sixty years ago that the capitalists . . . and their govern-

ments will shut their eyes to the kind of activities on our side . . . and will in this manner become not only deaf mutes but blind as well. They will open credits for us. . . . They will supply us with the materials and technology which we need for our future victorious attacks upon our suppliers. In other words, they will work hard in order to prepare their own suicide."

CIA analyses stress that Moscow's piracy of Western technology started to mushroom in the years immediately following World War II, when the Soviets stole Western nuclear secrets that led to the development of their own nuclear weapons. At about the same time, the Soviets copied a US bomber in its entirety and put it into production as their Tu-4. The pattern has remained the same since then: To achieve major improvements in their military capabilities quickly, they resort to a combination of espionage, stealing, and copying Western systems.

A \$100 Billion Heist

Conservative estimates presented to Congress indicate that what is euphemistically called "technology transfer," meaning the overt and covert hemorrhage of Western technology to the Soviet Union, has demonstrably saved the Kremlin far in excess of \$100 billion in military research and development costs. According to the CIA, the acquisition of these technologies is well-organized, highly centralized, and under the direct supervision of the highest organs of the party and the state, including the Politburo of the Communist Party and the Council of Ministers. The CIA's congressional testimony suggests that primary control over technology acquisition and exploitation rests with the VPK, the Soviet Military Industrial Commission. This organization—which has been around in one form or another since the 1930s—is meant to ensure that the Soviet military gets the resources it needs.

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ON PAGE 10

WASHINGTONIAN
December 1984

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Editor's Notes

Best moves President Reagan could make early in 1985: Bring in Drew Lewis as White House chief of staff, send Jim Baker over to run the CIA, and retire Bill Casey. Then bring Jeane Kirkpatrick back from the UN to run USIA, and retire Charlie Wick.
