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WASHINGTON POST
31 March 1982

Casey Tied to Energy Firm's Bid for U.S. Backing

By Thomas B. Edsall

Washington Post Staff Writer

A group of five current and former top federal employees, including William J. Casey, director of the Central Intelligence Agency, owns a company that is part of a consortium seeking loan and price guarantees from the U.S. Synthetic Fuels Corp.

The company, Energy Transition Corp., is the managing partner in the consortium that was chosen last week by the synfuels agency as one of five finalists competing for varying types of loan and price supports. The consortium wants to set up a plant in North Carolina for the conversion of peat into methanol.

A spokesman for the CIA, Dale Peterson, said Casey is a "small, inactive stockholder" in Energy Transition and "knows nothing about the workings of the company."

The other partners in the firm are: Robert W. Fri, former deputy administrator of the Energy Research and Development Administration; Charles W. Robinson, former deputy secretary of state; Frank G. Zarb, former administrator of the Federal Energy Administration, and William Turner, former U.S. representative to the Organization for Economic Cooperation and Development.

All five of the partners served together during the Ford administration. During the administration, Casey served both as head of the Export-Import Bank and at the State Department as undersecretary for economic affairs. Before that, he was chairman of the Securities and Exchange Commission.

There is no suggestion of any impropriety in connection with Energy Transition's application.

Fri said the five own roughly equal shares, but profits, if and when they occur, would be distributed unevenly, the bulk going to the two

owners who actively run the firm. They are Fri, the president, and Robinson, the chairman.

Casey did not include his interest in Energy Transition in his initial financial disclosure statement filed Jan. 9, 1981, when his prospective nomination was under consideration by the Senate Select Committee on Intelligence. The firm was formed in early 1979.

In August, however, Casey amended his disclosure statement to include 10 additional holdings, including his interest in Energy Transition. In the amended statement, he described the value of his stock at somewhere between \$5,000 and \$15,000.

Unlike many other Cabinet-level officials, Casey did not put his assets into a blind trust.

Fri declined to disclose how the companies in the consortium would benefit if the project is successful.

The consortium, called Peat Methanol Associates, wants to build a plant near Creswell, N.C., that would be capable of converting 676,500 tons of peat a year into 67.5 million gallons of methanol. The principle source of financial backing for the project is the Koppers Co., acting through a subsidiary called North Carolina Synfuels Corp.

Fri said the consortium is not seeking a loan guarantee covering the cost of the entire project. Instead, it wants a limited loan guarantee that would protect the consortium in the event interest rates rise higher than anticipated in the proposal.

In addition, the consortium wants the Synthetic Fuels Corp. to provide price supports for the methanol. This would protect the consortium if prices of natural gas or crude oil, the principle competing fuels, fell below methanol prices, making the plant's product uncompetitive.

The federal support would function to "insulate us from abnormal events" in the area of interest rates, oil prices and gas prices, Fri said.

Fri said the question of Casey's involvement with the firm comes up regularly—"we've discussed this at board meetings"—but the group has been unable to resolve the question: "Should we ask him to turn in his shares?"

Casey does not, Fri pointed out, attend board meetings or participate in the operation of the firm in any way. Before his appointment as CIA director, Casey served as the secretary of the board.

Fri said the group shared a common entrepreneurial spirit, and, "We set out to see if an entrepreneur could succeed in the synfuels business."

In a brochure, the firm said it specializes in determining new markets and technology; obtaining financing for projects, and, in the area of government policy, the anticipation of "the course of future government policy," the securing of "necessary cooperation and approvals," and the encouragement of government "to create the climate in which the private sector can operate successfully."

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THE BOSTON GLOBE
31 March 1982

Casey holds share in firm asking US aid

By Robert Healy
Globe Staff

WASHINGTON — CIA director William J. Casey is a one-fifth shareholder in a synthetic fuels company with an application before the government-sponsored US Synthetic Fuels Corp. It was learned yesterday.

The company, Energy Transition Corp., seeks loan and price guarantees from the agency for a \$350-million project in Creswell, N.C. Called First Colony, the project would be the first to gasify peat to produce a fuel called methanol.

Others associated with Casey in the venture are former members of the Nixon Administration, in which Casey served.

Through a CIA spokesman, Casey acknowledged his interest in the venture. The one-line statement said: "Mr. Casey is a small, inactive stockholder and knows nothing about the activities of the company."

Casey is the first CIA director in at least three Administrations who maintains direction of his own financial affairs. He has not put his financial transactions into a blind trust, as did George Bush under President Richard M. Nixon, and Stansfield Turner in the Carter Administration, according to Spencer Davis of the Senate Intelligence Committee.

Robert W. Fri, a Washington businessman and a former deputy administrator of the Energy Research and Development Administration, which later became part of the Energy Department, is the head of Energy Transition Corp. Fri said yesterday that Casey's involvement in the operation is about zero.

Fri said that the corporation was formed 3 1/2 years ago with five shareholders. Casey was one of the original guys in the venture, said Fri. Fri said that when Casey was appointed director of CIA, he got out of the business actively and his only interest now is that of a shareholder.

The partners in the firm are Casey; Fri; Charles W. Robinson, former deputy Secretary of State; Frank G. Zarb, former administrator of the Federal Energy Administration, and William Turner, former US representative to the Organization for Economic Cooperation and Development. The men served together during the Ford and Nixon administrations.

Under President Gerald Ford, Casey served both as head of the Export-Import Bank and at the State Department as undersecretary for economic affairs. He was Nixon's chairman of the Securities and Exchange Commission.

The First Colony venture has as its principal sponsors, in addition to Energy Transition Corp., Koppers Co., Inc., and J.B. Sunderland.

This consortium, called Peat Methanol Associates, wants to build a plant near Creswell, N.C., that would be capable of converting 676,500 tons of peat a year into 67.5 million gallons of methanol. The principal source of financial backing for the project is the Koppers Co., acting through a subsidiary called North Carolina Synfuels Corp.

Financing for the venture would all be private, if it wins approval from the Synthetic Fuel Corp. Where the government-sponsored agency's role would come into play, according to Fri, is in a complicated set of guarantees involving the price of the methanol fuel and in the interest rates paid on the \$350-million loan.

The agency would subsidize the price of what Fri referred to as "uneconomic" methanol fuel, or fuel whose cost of production exceeds what it could get in the world market. Fri said it would also subsidize the corporation temporarily for fluctuating interest rates on the capital investment of the project. Without such a subsidy, he said, the project would be "uneconomic."

Casey, according to a source who has searched the Senate Intelligence Committee records, did not file with the committee a disclosure of his involvement with the First Colony project, or his role as one of the sponsors with Energy Transition Corp. According to the same source, he did file an amended statement last summer when the entire confirmation process of Casey was reopened.

Casey did not include his interest in Energy Transition in his initial financial disclosure statement filed Jan. 9, 1981, when his prospective nomination was under consideration by the Senate Intelligence Committee. The firm was formed in early 1979.

Last August, however, Casey amended his disclosure statement to include 10 additional holdings, including his interest in Energy Transition. In the amended statement, he described the value of his stock at somewhere between \$5000 and \$15,000.

The Synfuel Corp. was established as part of President Jimmy Carter's energy program to encourage the national production of alternative

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31 March 1982

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CIA Director William Casey and four former top government employees own a company that is part of a consortium seeking loan and price guarantees from the U.S. Synthetic Fuels Corp., it was reported Wednesday.

The Washington Post reported Casey is a part owner of Energy Transition, the managing partner of a consortium that would like to set up a plant near Creswell, N.C., for the conversion of peat to methanol.

CIA spokesman Dale Peterson told the Post, Casey is a "small, inactive stockholder" in the firm and "knows nothing about the workings of the company."

The Post said there is no suggestion of impropriety in Energy Transition's application.

The consortium is one of five finalists chosen last week by the corporation in a competition for varying types of loan and price supports for synthetic fuel projects.

The paper said the other owners include: Robert Fri, former deputy administrator of the Energy Research and Development Administration; Charles Robinson, former deputy secretary of state; Frank Zarb, former administrator of the Federal Energy Administration; and William Turner, former U.S. representative to the Organization for Economic Cooperation and Development.

The five served together during the Ford administration, with Casey the head of the Export-Import Bank and undersecretary for economic affairs at the State Department.

Casey, the Post said, did not reveal his holdings in his initial financial disclosure statement of Jan. 9, 1981 when his CIA nomination was under Senate consideration. In August, however, he amended his statement to include 10 additional holdings and listed the value of his Energy Transition stock between \$5,000 and \$15,000.

Fri told the paper that Casey, who served as secretary of the board prior to his appointment as CIA director, does not now attend board meetings or participate in the operation of the firm in any way.

Fri said the consortium, called Peat Methanol Associates, is seeking limited loan guarantees that would protect the consortium in the event interest rates rise higher than anticipated in the proposal.

In addition, the Post said, the consortium wants the Synthetic Fuels Corp. to provide price supports for methanol. This would, Fri told the Post, "insulate us from abnormal events" in the areas of oil prices, gas prices and interest rates.

31 March 1982

CIA Director William Casey is financially involved in a consortium that was tapped to compete for synthetic fuel subsidies from the government, but an associate says he does not have an active role in it.

Casey, whose business dealings were investigated last year by the Senate Intelligence Committee, is one of five stockholders in Energy Transition Corp., but "is not active" in the firm, Robert W. Fri confirmed Tuesday night.

Fri is president of the corporation, which is the managing partner of the consortium Peat Methanol Associates. The consortium is one of five finalists selected Friday by the government's Synthetic Fuels Corp. to compete for different types of loan and price supports.

The government corporation was created by Congress in 1980 to distribute billions of dollars in various types of financial incentives _ but not direct aid _ to spur construction of synthetic fuels plants.

Peat Methanol Associates proposes to build a \$350 million plant at Creswell, N.C., to convert peat to methanol.

Casey played no role in the synthetic fuel project, said Fri.

"Mr. Casey is a small, inactive stockholder," said CIA spokesman Dale Peterson. "He knows nothing about the workings of the company."

All five principals in Energy Transition served together in the Ford administration, The Washington Post reported in today's editions.

Fri was deputy administrator of the Energy Research and Development Administration. Casey served as head of the Export-Import Bank and as undersecretary of state for economic affairs and before that was chairman of the Securities and Exchange Commission.

The others were identified as Charles W. Robinson, former deputy secretary of state; Frank G. Zarb, former head of the Federal Energy Administration; and William Turner, former U.S. representative to the Paris-based Organization for Economic Cooperation and Development.

The Senate Intelligence Committee concluded a four-month investigation of Casey's business dealings last December. It issued a six-page report which gave him what was considered a backhanded endorsement, saying that "no basis has been found for concluding that Mr. Casey is unfit" to stay in his CIA post.

The committee's report said Casey had omitted large amounts of information on his initial disclosure forms both to the committee and to the Office of Government Ethics.

CONTINUED

In his initial disclosure to the committee in January 1981, Caszy omitted at least nine investments, valued at more than \$250,000, the report said.

Casey did list his holdings in Energy Transition in an amended financial disclosure statement he filed last August. He put the value of the stock at between \$5,000 and \$15,000, according to the Post.

Regarding Energy Transition Corp., Fri said the five principals own roughly equal shares, but said that most profits, if any, are to be distributed to the two principal managers of Energy Transition - Fri, the president, and Robinson, the chairman.

Peat Methanol's principal backer is Koppers Corp.

Fri told the Post that the project sponsors seek limited loan guarantees to protect them from increases in interest rates and price supports for the methanol output.

The Synthetic Fuels Corp. said in its Friday announcement it was not certain that any of the five companies would win a subsidy.

Foreign Lobbyists—the Way They Operate in Washington

With expert American advisers and millions to spend, nations from Australia to Zaire know how to get what they want from Uncle Sam.

Casting aside traditional diplomacy, one nation after another is plunging into American politics with multi-million-dollar lobbying campaigns aimed at swaying official U.S. policies.

Reaping the benefits of such spending—estimated at more than 100 million dollars annually—are scores of former high U.S. officials, including senators, House members and cabinet secretaries, whose political savvy and access to power are increasingly being sought by foreign governments and businesses.

Even relatively poor countries are spending heavily, often hosting lavish parties, grinding out press releases and underwriting junkets in an effort to impress American policymakers.

For many "hired guns" of foreign governments, the aim is simply to create good will for the country they represent. Increasingly, however, the goals are more specific: To win for their clients more U.S. aid, trade concessions, technical assistance or military hardware—or to block another country from obtaining such favors.

Among recent examples—

- President Reagan's proposed sale of AWACS radar planes to Saudi Arabia, which Israel opposed, was snatched from apparent defeat in the Senate by an intense lobbying effort orchestrated by a Saudi prince and his U.S. advisers.

- The impoverished nation of Zaire paid the Washington-based law firm of Surrey & Morse \$208,524 over two years to plead its case for more foreign aid.

- DGA International, a specialist in representing foreign interests, was paid \$927,855 by Morocco to portray that country as a "stable influence" in Africa and to reverse a ban on the sale of arms to Morocco.

- Former Defense Secretary Clark Clifford and law partner Paul Warnke, formerly of the U.S. strategic-arms negotiating team, received \$200,000 to help the Australian meat industry gain access to the

American market. They later helped resolve a dispute over the discovery of horse and kangaroo meat in a shipment of Australian beef to the U.S.

Justice Department records show 701 persons now registered as required under the Foreign Agents Registration Act, compared with 452 in 1970. However, no one is certain how many such agents are actually at work.

After studying the situation last year, the General Accounting Office found that registrations represent "only the tip of the iceberg" as a gauge of foreign-lobbying activity. Most agents, encouraged by lax enforcement of the law, do not comply, officials believe.

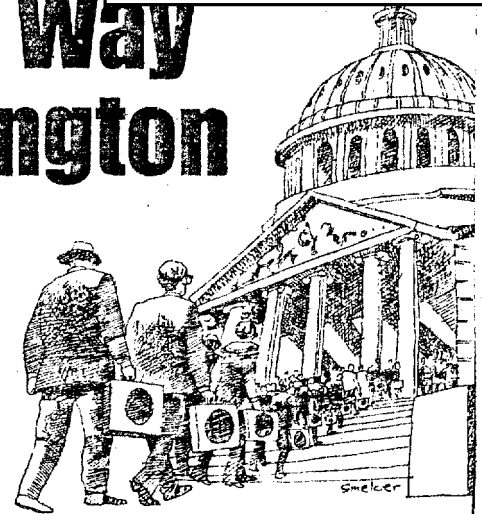
Need for close watch. The GAO report urged Congress to provide closer monitoring of all foreign agents, especially in light of the so-called Abscam cases, in which seven members of Congress were convicted of accepting illegal payments from persons they believed were Arab businessmen, but who, in fact, were disguised Federal Bureau of Investigation agents.

The expanding use of direct lobbying by foreign governments and industries is beginning to worry many lawmakers. "So much money is available that it's corrupting our governmental system," says Representative Benjamin Rosenthal (D-N.Y.). "Foreign powers are able to hire very distinguished Americans with fine records to do their bidding—frequently when those interests are contrary to American interests."

DGA Vice President Lloyd Preslar



Senators and other guests at a lavish Saudi dinner party got silver spoons as mementos.



An army of Japanese lobbyists is besieging Washington to fight for open trade.

disagrees. "Our Moroccan activity was more purely political than most of what we've done," he says. "Our firm thinks long and hard about what American interests are before we take on any client."

Adds DGA Chairman Charles E. Goodell, a former Republican senator from New York: "Most nations can't afford large embassy staffs. They are limited in resources and understanding of our legislative process. Our system is very different. Americans who know the nuances of the establishment can bridge the gulf."

Most Americans registered as foreign agents are attached to a relatively small number of large law or public-relations firms in Washington and New York. Such firms often have several foreign clients at a time. The Washington law office of Arnold & Porter is on file as foreign agent for 12 clients.

Foreign representation has become big business, with fees often topping a half-million dollars a year per client.

DGA, for example, has been paid a total of 1.8 million dollars by the Moroccan government since 1978. Former Senator Goodell reported 253 meetings, lunches and phone calls he made to State Department, congressional and other officials to promote arms sales to that country.

When noise problems threatened to keep the Concorde supersonic jet out of the U.S., its French manufacturer, Aérospatiale, turned to DGA for help in winning landing rights. The firm spent thousands of hours in preparing reports and testimony and contacting U.S. officials. For its successful effort, DGA received 1.9 million dollars over five years.

Included in the work performed by lawyers Clifford and Warnke for

the Australian Meat & Livestock Corporation were the filing of comments with the House Agriculture Committee on meat-import problems and telephoning members of the House international-trade subcommittee.

Later, when horse and kangaroo meat turned up in some Australian beef, Clifford and Warnke served as a bridge between Australian and U.S. officials. "We were helpful in finding a solution to the problem, and, as a result, a tighter set of rules and regulations are in effect," says Clifford.

An issue before the Senate last year underscored just how sophisticated in their understanding of American politics some nations have become. In weighing whether to approve Reagan's proposed AWACS sale, senators came under intense pressure not only from the White House but also from skillful Saudi and Israeli advocates.

Presenting both sides. "The Israelis put on a high-powered and quite legitimate full-court press," recalls Frederick Dutton, chief American strategist for the Saudis and a former aide to President Kennedy. "Our stance was designed to demonstrate a contrast—that this was an issue for the U.S. to decide based on its own interests."

Using previously effective techniques, the American Israel Public Affairs Committee, registered agent for the Jewish state, began cranking out mail, enlisting support from other Jewish groups and circulating petitions months before the vote. By July, a majority of senators had signed a letter indicating their support of the Jewish position.

The Saudi lobby held back until the vote was closer, then went to work.

Operating out of a Washington hotel, Prince Bandar bin Sultan of the Saudi

What Lobbyists Can, Cannot Do

Three laws regulate the activities of agents for foreign interests who are seeking to influence U.S. policy—

The Foreign Agents Registration Act requires lobbyists for foreign nations to register with the Justice Department and file semi-annual statements listing clients, activities or services rendered, money received and expenses incurred. When approaching a government official or member of Congress in behalf of a client, a lobbyist is required to identify himself or herself as an agent of a foreign government.

The Foreign Gifts and Decorations Act prohibits public officials or their relatives by "blood, marriage or adoption" from accepting gifts worth more than \$140 unless it appears that refusing the gift would offend the donor "or otherwise adversely affect the foreign relations of the U.S."

The Federal Election Campaign Act of 1976 prohibits any foreign national from contributing to federal office seekers and prohibits any American from accepting or soliciting such donations.

royal family met with a parade of senators whose support was considered winnable. Many were feted at receptions and dinners at the Saudi Embassy. At one black-tie affair, 12 senators, plus other guests, sipped wine, dined on Mideast cuisine and were given small silver spoons as mementos.

Other Saudi officials sought in press interviews to allay U.S. fears about the proposed sale. Some hinted of harsh Saudi reaction if the deal failed. When the Saudis suspended all contract talks with U.S. firms pending the AWACS vote, senators were deluged with calls from worried American businesses.

Was it Saudi lobbying or Reagan's appeal that turned the tide? No one knows for sure why so many lawmakers switched sides, but, on October 28, the sale was narrowly approved by the Senate, 52 to 48.

Few foreign-lobbying issues are as dramatic as AWACS. More typical are the low-key efforts of foreign clients simply to have their views laid before the American public. The government of South Africa, for instance, pays a \$300,000 annual retainer to the law

firm of former Senator George Smathers (D-Fla.) and former Representatives James W. Symington (D-Mo.) and A. Sidney Herlong (D-Fla.) to help counter American condemnation of that country's racial policies. Last fall, the firm contacted House leaders in an effort to defuse opposition to the U.S. visit of South Africa's Rugby team.

One technique foreign interests use to create good will is the offer of free junkets to lawmakers, journalists and others. In January, for instance, Senators John Danforth (R-Mo.) and John Chafee (R-R.I.) visited Japan as guests of the Japan Institute for Social and Economic Affairs, a registered agent.

Japan is, by far, the biggest spender on lobbying. One out of every 5 registered foreign agents in the U.S. works for the Japanese, a sign of the huge economic ties between the two countries. Over all, the Japanese spent more than 11 million dollars last year to stay abreast of and influence U.S. policies.

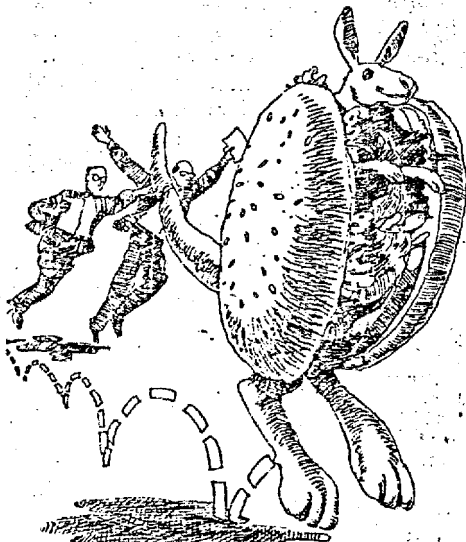
William D. Eberle, a former American trade representative, has been advising Nissan Motor Corporation, the No. 2 Japanese auto maker, which produces Datsuns, on U.S. trade matters since 1979. In the latest six-month reporting period, he received \$131,000 in fees from the company.

The Allen affair. Richard V. Allen, former national-security adviser to Reagan, also once provided consulting services for Nissan. Upon joining the administration, Allen sold his firm, Potomac International, to Peter Hannaford, a longtime Reagan campaign adviser. It was after questions had been raised about his continued contacts with Japanese business interests that Allen resigned from the White House staff in January.

Justice officials say they constantly battle to get more foreign agents registered, but claim that, with an enforcement staff of only 20, they have a hopeless task. Since 1975, the department has filed 15 civil suits to force bashful lobbyists into putting their foreign associations on record. In one well-publicized case, Billy Carter, younger brother of the former President, registered only after authorities threatened to cite him for accepting some \$220,000 in cash and gifts from the Libyan government. Carter claimed the money was a loan, not a payment for services.

Violations generally are hard to spot. For example, a lawyer hired to represent a foreign client before a federal agency is not required to register or report his activities as long as he makes no attempt to influence beyond the scope of agency proceedings. Yet, frequently his work involves lobbying.

Director William Casey of the Cen-



U.S. agents helped Australia when kangaroo meat turned up in a beef shipment.

tral Intelligence Agency has come under official scrutiny for his previous work in behalf of the Indonesian government, during which he allegedly lobbied for a tax-law change without registering as a foreign agent. Casey maintains that the New York law firm for which he then worked "made a good-faith determination in 1976 that no registration was called for."

Among Washington's fast-growing public-relations firms is Gray and Company, owned by Robert K. Gray, co-chairman of the Reagan Inaugural Committee. Gray recently brought in two new associates—Bette B. Anderson, former U.S. Treasurer, and Gary Hymel, former aide to House Speaker Thomas P. O'Neill (D-Mass.). He also got a new client in February: The government of Guatemala, which hired the firm "for the purpose of improving Guatemala's image" in the United States.

Official records show the type of service that Gray and his associates perform. Hymel's registration statement notes that he accompanied Abdul Razzak Mohammed Mulla Hussain, deputy chairman of Kuwait Petroleum Company, at a meeting last October with Representative Rosenthal's Government Operations Subcommittee. The Gray firm was paid \$10,000 to prepare Hussain for the hearing and to deal with the press.

Hymel, Anderson and Gray, according to the report, "critiqued a videotape" of Hussain presenting his statement and anticipated potential questions from members of the House panel. Hussain had been called to testify on the acquisition by Kuwait of Sante Fe International Corporation, a prestigious American oil-drilling and engineering concern.

A jaundiced view. Says Rosenthal, whose committee was critical of the purchase: "The Kuwaiti government now owns some of the most highly respected engineering skills in the world, and the purchase was orchestrated by a lot of high-powered Washington lobbyists. Former President Gerald Ford is on the board of directors of Sante Fe International—that helped the deal go through speedily."

All this is entirely legal, but Fred Wertheimer, president of Common Cause, the self-styled citizens' lobby, believes that, by pouring so much money and resources into lobbying, foreign interests are distorting the American political process.

Argues Wertheimer: "Too much pressure is being brought to bear in influencing public-policy decisions." □

By KATHRYN JOHNSON

A Who's Who Among Foreign Representatives

Among those operating under the Foreign Agents Registration Act since 1980—

William McC. Blair, Jr. , former ambassador to Denmark and the Philippines	Zaire
Joseph H. Blatchford , former director of Peace Corps	Chile; Canadian oil interests; El Salvador; Mexican rail-car makers
Clark Clifford , former Secretary of Defense	Australian Meat & Livestock Corporation; Algeria; French aviation interests; European shippers
William Colby , former director of Central Intelligence Agency	Political Public Relations Center (Japan)
Marlow Cook , former senator (R-Ky.)	British tobacco and other interests; Australian sugar and cattle interests
William Fulbright , former chairman of Senate Foreign Relations Committee (D-Ark.)	United Arab Emirates; Saudi Arabia
Charles Goodell , former senator (R-N.Y.)	Morocco; French aircraft and weapons producers
A. Sydney Herlong , former representative (D-Fla.)	South Africa
Linwood Holton , former Republican governor of Virginia	United Arab Emirates; Saudi Arabia; Japan; Bahamas Ministry of Tourism
Robert Leggett , former representative (D-Calif.)	Somalia
Jack McDonald , former representative (R-Mich.)	Japanese motorcycles; Turkey
Wilbur Mills , former representative (D-Ark.)	British tobacco, food and cosmetics interests
James O'Hara , former representative (D-Mich.)	Central American Sugar Council; Korean Marine Industry Development Corporation
Endicott Peabody , former Democratic governor of Massachusetts	Haiti; Japanese fisheries
William P. Rogers , former Secretary of State	French aviation interests
Sargent Shriver, Jr. , former director of Peace Corps and Office of Economic Opportunity, and ambassador to France	French nuclear-power and other energy interests
James Symington , former representative (D-Mo.)	South Africa
Joseph Tydings , former senator (D-Md.)	Japan Atomic Industrial Forum; Antigua
Paul Warnke , former director of Arms Control and Disarmament Agency and chief SALT negotiator	Australian Meat & Livestock Corporation; Algeria; French aviation interests; European shippers



Clifford



Colby



Mills



Shriver



Warnke

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FOR PUBLIC AFFAIRS STAFF

PROGRAM	Face the Nation	STATION	WDVM-TV CBS Network
DATE	March 28, 1982	11:30 A.M.	CITY Washington, D.C.
SUBJECT	Senator Barry Goldwater		

GEORGE HERMAN: Senator Goldwater, the people of El Salvador are voting today, with the possibility of a victory by the extreme right. What do you feel should be the United States policy towards whoever wins the election in El Salvador?

SENATOR BARRY GOLDWATER: I think we ought to try to get along with them. I think we should do whatever we can in a noncombatant way to help the country. Central America is as important to us, I think, as any part of the world, probably. And I wouldn't want to see us go down there with armed forces if there's a chance of getting the whole thing to work. And I think maybe we can do it.

ANNOUNCER: From CBS News, Washington, a spontaneous and unrehearsed news interview on Face the Nation with Senator Barry Goldwater of Arizona, Chairman of the Senate Intelligence Committee.

Senator Goldwater will be questioned by CBS News congressional correspondent Phil Jones; by Jack Germond, syndicated columnist for the Baltimore Evening Sun; and by the moderator, CBS News correspondent George Herman.

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HERMAN: Senator Goldwater, it was your opinion in your first answer that we should get along with whoever wins the election in El Salvador. But supposing it should turn out to be the extreme right wing, Major D'Aubuisson, who says his first action would be to hang President Duarte, a man who's been -- D'Aubuisson has been called a psychopathic butcher. Should we get along with him, or should we put him in some kind of quarantine?

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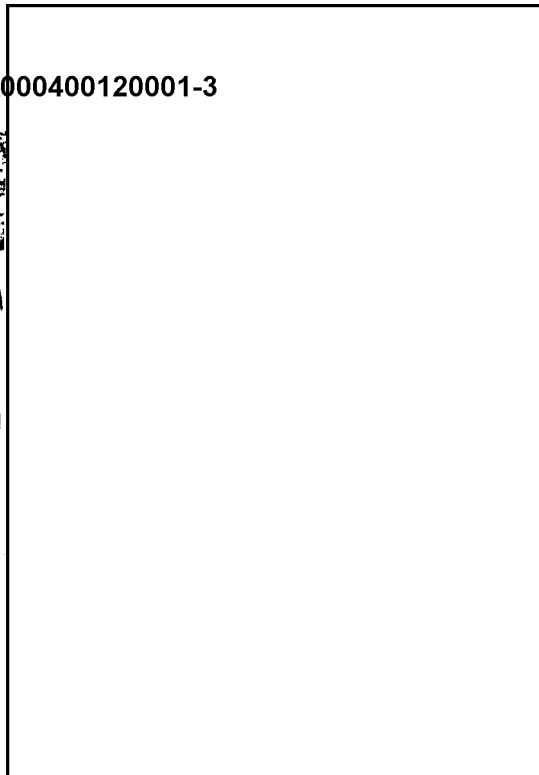
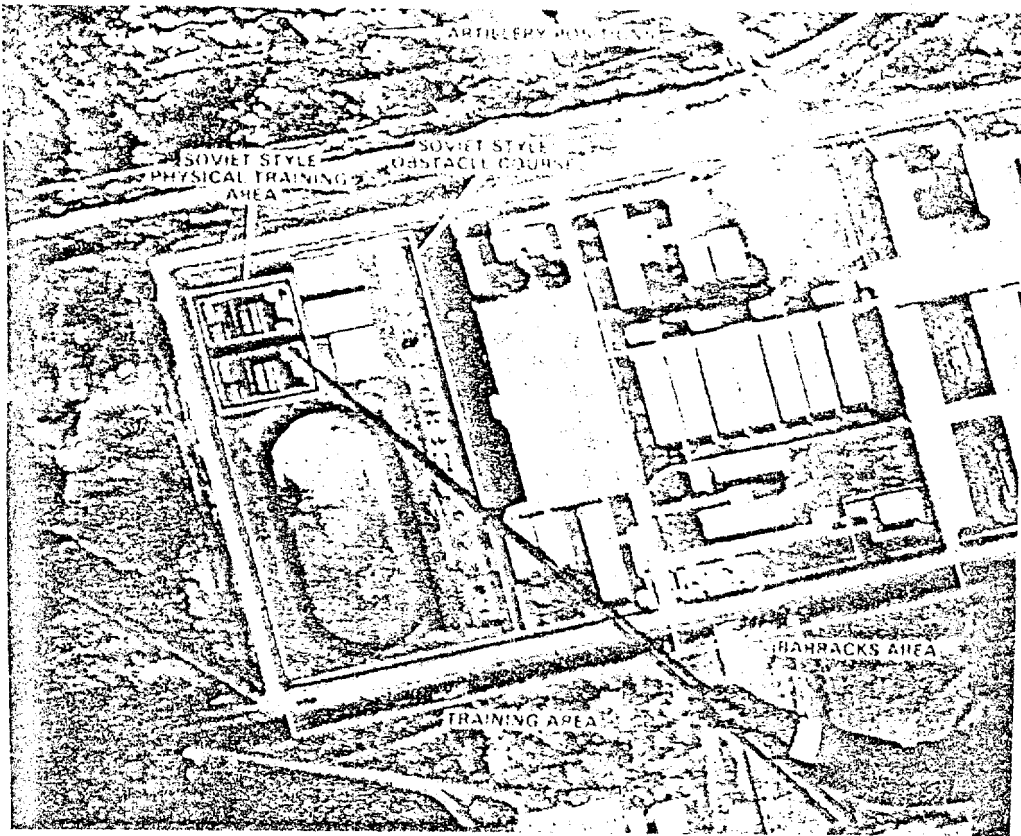
THE WASHINGTON POST
PARADE MAGAZINE
28 March 1982

Walter Scott's **PERSONALITY PARADE**

Q. Can you explain why William J. Casey, director of the Central Intelligence Agency, did not place his vast holdings, worth approximately \$10 million, in a blind trust when he was appointed to the job? Surely there is a possibility of Casey's obtaining secret information as CIA chief, which he could use to his financial advantage.—C.L., Chevy Chase, Md.

A. The law does not require the Director of Central Intelligence to place financial holdings in a blind trust, and William Casey chose not to do so. Some previous CIA chiefs, however—to avoid criticism and possible conflict of interest—voluntarily walked the blind trust road in the past.

NEWSWEEK
22 MARCH 1982



STAT

Hughes points out a military installation: Longer and louder alarms about communist meddling in America's backyard

Bruce Hoertel

Taking Aim at Nicaragua

The lights dimmed, the projector beamed and the screen filled with blown-up aerial photographs that conjured up an earlier time of confrontation. Before a packed house of reporters, John Hughes, the photo-intelligence expert who presented the evidence in the Cuban missile crisis twenty years ago, took a pointer last week and made the Reagan Administration's case against Nicaragua. Flipping through the grainy photographs, Hughes said the Sandinistas have built 36 new military installations in just two years. He pointed to new airfields, lengthened runways and a dramatic array of Soviet-made tanks, truck-drawn howitzers, helicopters and amphibious ferries. He showed Nicaraguan troops in training and put the total number of men under arms at 70,000—the biggest and most threatening army in Central America. "Who is helping the Sandinistas do this?" he asked. "The fingerprint we find, in every case . . . [belongs to] the Cubans."

The carefully orchestrated show-and-tell session was the most successful element in a ragged propaganda blitz last week. The offensive seemed to reflect the Administration's growing frustration over the limits of its ability to act in Central America. Neither Congress nor the public seems inclined to accept Reagan's warnings about Soviet meddling in the region. The public mood has all but ruled out direct military intervention.

As a result, the Administration has found itself with few alternatives other than sounding ever longer and louder alarms.

It was hard to say what the alarm bells foretold. Washington seemed to be playing a high-stakes game of psychological warfare designed to keep the Nicaraguans, Cubans and Soviets guessing about Reagan's ultimate intentions. One possibility was that the Administration was hoping to use its evi-

The Administration launches a frenetic propaganda campaign that leaves troubling questions unanswered.

dence to enlist other Latin American nations to help cut the flow of arms to Salvadoran leftists. Looming behind it all was the prospect of a darker plan: a CIA proposal to help paramilitary groups cut the flow of arms from Nicaragua to El Salvador.

There was no doubt about the earnestness of the Administration's concern, but its me-
answered. While the photo evidence demonstrated that the Sandinistas had been far

from candid about the size of their military buildup, nothing in the declassified material showed a direct conduit of arms into El Salvador. "I think most people were ready to believe that the Nicaraguans are building up their army," said one U.S. official, "but that was never the problem."

The Administration hoped to make the Nicaragua-Salvador connection with a parade of witnesses from the front—but the first step went disastrously awry. The State Department invited six reporters to interview Orlando José Tardencillas Espinosa, 19, a Nicaraguan captured in El Salvador. Tardencillas had "confessed" earlier that he had been sent to the war zone by the Sandinistas. But when the tape recorders started rolling, he stunned the reporters—and U.S. officials—by suddenly taking back everything he had said. He described himself as a free-lance revolutionary and said he had been tortured and beaten into collaborating with El Salvador and Washington. "The day before I came, an officer from the U.S. Embassy told me what I should say," he said. "He told me they needed to demonstrate the presence of Cubans in El Salvador. I was given a choice. I could come here and do what I'm doing—or face certain death."

Tardencillas's bizarre turnabout left the
ind. For weeks officials had been hinting that they had top-secret intelligence data on the Sandinistas'

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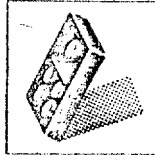
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ON PAGE 18

TIME
22 MARCH 1982

COVER STORIES

A Lot of Show, but N

The U.S. bungles its evidence of foreign subversion in El



There were briefings and consultations, complete with spy-plane pictures and closed-door revelations of secret intercepts. It may have been the most intense national security information campaign since President Kennedy went public with graphic documentation of the Cuban missile threat 20 years ago. The purpose of the blitz was to convince skeptics of the correctness of the Administration's approach to the critical problems of El Salvador and its neighbors—namely, that the struggles in Central America are not simply indigenous revolts but rather are crucial battlegrounds in a broad East-West confrontation.

Facing a credibility gap at home and abroad, the Reagan Administration sought to prove that the fire raging in El Salvador is primarily fueled by Soviet-sponsored subversion spread by Cuban surrogates and the Sandinista government of Nicaragua. In that extreme and simple form, their case is as yet unproved, and indeed—by the very nature of these conflicts—may never be. In a lesser form—that there is significant involvement by Cuba and Nicaragua—the case is almost self-evident.

The campaign, to say the least, had its problems. In fact, the inability of the Administration to line up convincing witnesses would have seemed farcical were the matter not so serious. First there was the so-called "smoking Sandinista," grandly touted as a captured Nicaraguan commando who had helped lead the insurrection in El Salvador. But when police let him loose to show the way to one of his purported contacts, he disappeared into San Salvador's Mexican embassy, which said he was only a student and granted him asylum. Then there were two Nicaraguan air force defectors who were scheduled to bear witness to their country's involvement in El Salvador but by week's end were judged "not ready" to face the press. Finally, there was a young Nicaraguan soldier who was produced by the State Department but then promptly repudiated his previous statements about being trained in Cuba and Ethiopia and having been sent into El Salvador by his government. The U.S. did have solid evidence of a major military buildup in Nicaragua, and former high national security officials were persuaded by still secret intelligence that the Sandinistas were helping the El Salvador rebels. Nonetheless, the blunders

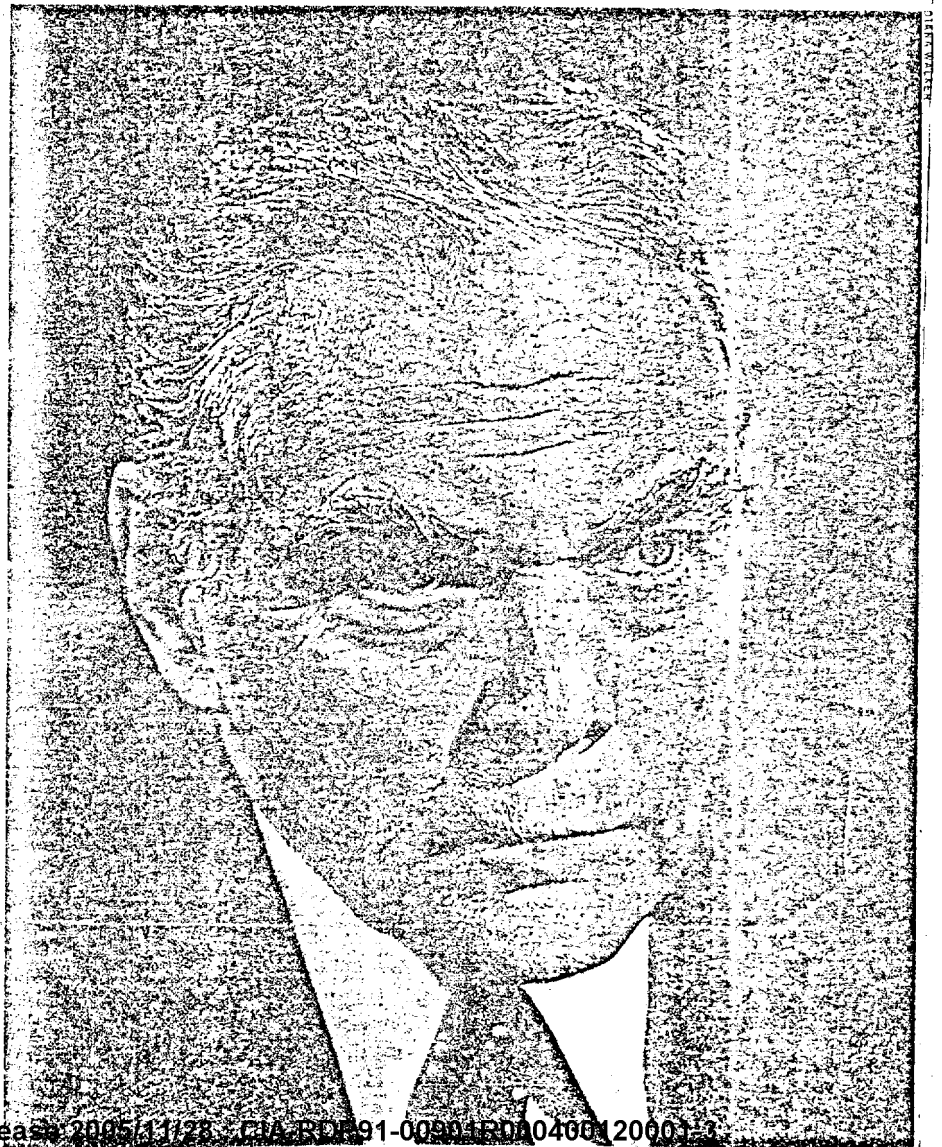
and bad luck over the live witnesses to that subversion greatly undermined the Administration's plausibility.

Presiding over this curious series of public presentations was the prime proponent of the Administration's us-vs.-them world view, Secretary of State Alexander Haig. "This situation is global in character," he told a Senate Appropriations Subcommittee last week. "The problem is worldwide Soviet interventionism that poses an unprecedented challenge to the free world. Anyone attempting to debate the prospects for a successful outcome in

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advisers who were reluctant to detract national attention from the President's economic program. Convinced that this battle would be cleanly and quickly won, the



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NEW YORK TIMES
22 MARCH 1982

Notes on People

Former Chief of C.I.A. Honored by O.S.S. Veterans

The William J. Donovan Award, named for the late major general who founded the Office of Strategic Services during World War II, is given by O.S.S. veterans each year to those who have rendered singular and distinguished service to the United States, though not necessarily in the intelligence field.

Previous winners, for example, have included the late Senator Everett Dirksen of Illinois, the Apollo 11 astronauts and Prime Minister Margaret Thatcher of Britain.

This year's winner, however, does have a background in intelligence. He

is John A. McCone, the California industrialist whose various government positions included a stint as Director of Central Intelligence. The Central Intelligence Agency, which he headed, was an outgrowth of the wartime O.S.S.

The award will be presented May 22 at a dinner in San Francisco, where the 80-year-old Mr. McCone makes his home. To help assure its success, the veterans organization has persuaded two former medal winners, former President Gerald R. Ford and William J. Casey, the current Director of Central Intelligence, to serve as chairmen of the dinner.



STAT

PERISCOPE

A Top Spook's Political Appearance

The scheduled appearance of Central Intelligence Agency director William Casey at a \$200-a-plate GOP fund-raising dinner next week has caused a stir in Washington circles. "It's outrageous," says one highly placed Administration official, since CIA directors have traditionally taken extra care to avoid partisan politicking. One Reagan hand who certainly knows that is Vice President George Bush. Before confirming his nomination to the top CIA job, Congress got assurances from President Gerald Ford that he would not pick Bush as his running mate in 1976.

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ON PAGE 35

TIME
22 MARCH 1982



Superpower chess: Reagan, center, with advisers in White House Situation Room

The Presidency/Hugh Sidey

Needed: Strength and Patience

From Ronald Reagan's first day on the job, photographs and clandestine reports have flowed across his desk every morning, convincing this President that a revolution in the Caribbean has been coaxed and fed by Moscow and Havana. The CIA gave the world a glimpse of that evidence last week. But documentation of a big military buildup in Nicaragua is only one fragment of the indoctrination the President has received in superpower chess.

He has listened to CIA Director William Casey narrate how the Soviet Union has exploited food, technology and credits from the free world; both men were astonished at how important these were to Soviet society. Lips pursed, head shaking in grim amazement, Reagan watched the agency's "horror show" of satellite pictures of Soviet ships and submarines coming down the ways, bow to stern, like compacts rolling off a Detroit production line.

Reagan has sat, wondering at the irony of it all, as his briefers have traced how captured American M-16s, their serial numbers clumsily altered, were shipped around the world from Viet Nam to the rebels in El Salvador. The President has observed the painstaking accumulation of evidence that Moscow's clients have used poison gas (the deadly "yellow rain") in Southeast Asia and that the Soviets have themselves employed it in Afghanistan—perhaps out of frustration that all their troops and equipment have been unable to break down a stubborn resistance by the mountain tribes to military occupation.

Reagan relished the accounts of how the CIA penetrated the Polish government and how informers, once discovered, were spirited out of the country along with their families—but not before they had disclosed Moscow's hand in the martial-law crackdown. Reagan has followed the cabled details of Leonid Brezhnev's tears and grief after the recent death of Mikhail Suslov, the hard-line ideologue of the Politburo. Some of those secret reports tell of instant "personality changes" of high Soviet diplomats when they were informed of Suslov's demise. Those diplomats grew distant, their minds back in Moscow, as they worriedly waited for the changes that inevitably follow any unexpected interruption in totalitarian authority.

Reagan has been tutored day after day by his experts that the Soviets are in a "historic decline" and a "systemic failure" that renders them, despite their power, more unpredictable and dangerous than ever. From all of this, and much more, he has concluded that we have entered two of the most perilous years of modern times and that in this period it is imperative for the U.S. to stay strong. This conviction explains why the President seems shrill about Central America and sometimes nearly fanatical in his refusal to cut defense spending. He believes that America's—and his—credibility, both with adversaries and friends, lies in the extra billions. Those dollars instantly translate in Reagan's mind into helicopters and guns, then into confidence and courage, and ultimately into victory for our side.

The danger—and it is a serious danger—is that the President may be a prisoner of his preconceptions, and that the selectively chosen evidence being shown him could simply reinforce his entrenched ideology in illusory ways. El Salvador and Viet Nam are not alike, in either geography or politics, but restraint and patience about America's commitments have been 20 years ago. If the Soviet empire is overextended, Reagan's challenge is to assist that "historic decline"—a long journey requiring quiet courage and extraordinary sensitivity.

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LOS ANGELES TIMES
21 MARCH 1982

Blurring Its Trail, the CIA Covers Covert

By DAVID WISE

WASHINGTON—“The United States does not condone the assassination of foreign leaders,” President Reagan’s press secretary, Larry Speakes, declared several months ago, “and we do not condone the overthrow of foreign governments by the U.S. government.”

Last week Washington was abuzz with reports, which were not denied by the White House, that the President had approved a number of covert operations designed to “destabilize” the Sandinista government of Nicaragua. One published report said that the Central Intelligence Agency had been given \$19 million to build a 500-man paramilitary force to operate against Nicaragua from Honduras. Another report said that the Reagan Administration was covertly funneling aid to moderate political and economic forces inside Nicaragua.

Despite Speakes’ disclaimer, the United States under Reagan—and under every chief executive since World War II—has engaged in a number of covert operations around the globe. Indeed, if Speakes’ statement that the United States does not overthrow other governments was to be taken literally, it would be big news, marking a major change in American foreign policy.

Although there have been some revisions in the laws and ground rules governing covert operations, the CIA is still free to conduct such operations if the President approves them. And by all accounts, the pace of covert action is increasing under the Reagan Administration. Aside from Nicaragua, it is widely believed here that the CIA is running covert operations in Afghanistan, Iran and Cambodia. And, sometimes, secret operations do indeed overthrow foreign governments. In 1953, the CIA was instrumental in toppling the Mohammed Mossadegh regime in Iran and restoring the shah to the throne. The following year, the CIA plotted the overthrow of the leftist government in Guatemala.

In all, the CIA has conducted about 900 major covert operations in the past 20 years, as well as thousands of smaller projects, according to a recent government report.

Covert operations, by definition, are supposed to be secret, or at least secret enough to permit “plausible denial” by the government. The term “covert operations” appears nowhere in the law, but the executive order on intelligence activities signed by President Reagan on Dec. 4 permits the CIA to conduct “special activities.” These are defined as operations in which “the role of the U.S. government is not apparent or acknowledged publicly.”

The 1947 law establishing the CIA authorized covert operations. When the law set up the CIA, it thought it would

collect and evaluate intelligence information. But the same law also authorized the CIA to perform “other functions” for the President, and the phrase has been used as the legal basis for covert operations. The CIA is divided into two parts—intelligence, which analyzes information, and operations, which conducts espionage and other covert action. Unlike the analysts, the covert operators seek to manipulate events, not merely to report on them.

Under Reagan, although the fact has largely escaped public notice, the White House committee that is supposed to approve covert operations has itself vanished into the mists of the national security bureaucracy. Over the years, the panel has had various names—the Special Group, 303 Committee, Forty Committee, and under President Carter, the Special Coordination Committee. Carter’s executive order on intelligence described the duties of the SCC and listed its members.

But when the Reagan executive order was published last year, the SCC had disappeared. The order contained no mention of the committee or of any successor panel. A White House official who declined to be identified said the SCC had been replaced by not one but three National Security Council committees, the “senior interdepartmental groups known as ‘SIGS.’” One group deals with foreign policy, another with military policy and the third with intelligence.

Jay Peterzell, who has been studying covert operations for the Center for National Security Studies, believes that the senior interdepartmental group for intelligence, known as SIG-I, may be the panel that approves covert operations. When that panel meets, its chairman is CIA Director William J. Casey. If so, the CIA would be in the position of approving its own operations.

But Peterzell said that another NSC panel, the National Security Planning Group, is also believed by some to be the unit that passes on covert operations—a belief shared by a spokesman for the House Intelligence Committee. The planning group is usually chaired by the President. It includes diplomatic and military officials and the CIA director, but it also includes the President’s three principal aides, Edwin Meese III, James A. Baker III and Michael K. Deaver.

Officials at the NSC are notably reluctant to discuss the machinery for approving covert operations. But a

CONTINUED

Top o' the Afternoon

By Donnie Radcliffe

The Bradys, Brennans, Caseys, Daileys, Delahantys, Kennedys, Murphys, O'Learys, Regans, Ryans, Shannons, Stantons and dozens of other sons and daughters of the old sod had lunch with two of their own kind at the White House yesterday. They were part of President Reagan's own St. Patrick's Day parade, invited in to meet Irish Prime Minister Charles Haughey.

Elected only a week ago, the 56-year-old leader of the Fianna Fail party, with his wife, Maureen, arrived Tuesday from Dublin with a special appeal for his host to urge Britain to begin "her final withdrawal" from Ireland.

Wearing a green necktie and a spray of shamrocks in his lapel, President Reagan did not touch upon Northern Ireland's political problems in his after-luncheon toast (although he did issue a statement during the day calling for reconciliation). Reagan touched on his own political problems, though, when he said Rep. Robert Michel (R-Ill.) had given him a shillelagh "and suggested I might use it to get legislation through the Congress."

The congressional delegation did not include the president's Irish nemesis on Capitol Hill, House Speaker Thomas P. (Tip) O'Neill, who sent his regrets because of "a prior commitment."

The pink cheeks of President Reagan, great-great-grandson of Michael O'Regan, who came from County Tipperary, glowed even brighter when Haughey presented him further documentation of his Irish beginnings.

"The Reagans were 'the defenders of the hills' and for more than seven centuries against all comers they held the only pass through their territory of Y Regan in the Slieve Bloom Mountains," Haughey told the president. "They held it against friend and foe and the English, at one stage of their long and unsuccessful efforts to conquer our country, paid the O'Regans a great compliment. Their commanders, methodical men, prepared and sent London maps on which were marked the names of the most redoubtable Irish chieftains—those from whom the strongest resistance was to be expected."

Holding up a framed photographic print of such a map dating from 1565 and showing the Reagan origins, Haughey said: "I present it to you, Ronald Reagan, 'defender of the hills,' president of the United States of America and friend of Ireland."

The president appeared moved by the presentation and then added, "Prime Minister, I realize I'll be threatened with investigation of my income tax unless I share it with [Treasury Secretary] Don Regan."

At the president's table were the Haugheys, First Lady Nancy Reagan, actress Maureen O'Hara, Sen. Paul Laxalt (R-Nev.), newly confirmed Ambassador to Ireland Peter Dailey Sr. and opera singer Eileen Farrell. At the next table with Vice President Bush was Sen. Edward M. Kennedy (D-Mass.).

Elsewhere was Sen. Charles Percy (R-Ill.), head of the Senate Foreign Relations Committee.

"I don't know what I'm doing on the list," deadpanned Percy, who said the only Irish connection his English ancestors had was "we fought 'em."

Guests at yesterday's luncheon:

Gérard Collins, T.D., minister of foreign affairs, and Mrs. Collins
Tadhg O'Sullivan, Irish ambassador to the United States, and Mrs. O'Sullivan
Dermot Nally, secretary to the government
Sean Donlon, secretary of the department of foreign affairs
Padraig O hAnnrachain, second secretary of the department of the prime minister
David Neilgan, assistant secretary, department of foreign affairs
Frank Dunlop, press officer
Walter Kirwan, assistant secretary of the department of the prime minister
Padraig O hUiginn, assistant secretary, department of the prime minister

Anthony Fitzpatrick, Government Information Services
James A. Baker III, White House chief of staff
Rep. Mario Biaggi (D-N.Y.) and Marie Biaggi
Rep. Edward P. Boland (D-Mass.) and Mary Boland
James S. Brady, White House press secretary, and Sarah Brady
Donald P. Brennan, senior vice president, International Paper Co.
Patrick Buchanan, columnist, and Shelley Buchanan
Vice President George Bush
William J. Casey, director of Central Intelligence, and Sophia Casey
William P. Clark, assistant to the president for national security affairs, and Joan Clark
Sen. Thad Cochran (D-Miss.) and Rose Cochran
Ray Coffey, Chicago Tribune, Washington bureau chief, and Holly Coffey
Philip W. Collins, Illinois state representative, and Donna Collins
John P. Cosgrove, Washington, D.C.
Walter Curley, former ambassador to Ireland, and Mary Curley
Peter Dailey Jr., staff assistant to William P. Clark
Peter Dailey Sr., U.S. ambassador to Ireland, and Jacqueline Dailey
Richard G. Darman, assistant to the president and deputy to the chief of staff, and Kathleen Emmet Darman
Michael K. Deaver, deputy chief of staff and assistant to the president, and Carolyn Deaver
Thomas K. Delahanty, Washington, D.C., Police Department, and Jean Delahanty
Anthony Dolan, special assistant to the president and chief speech writer
Monica Donlon
Louis H. Evans Jr., minister, National Presbyterian Church, and Mrs. Evans
Eileen Farrell, opera singer
Rep. Thomas S. Foley (D-Wash.)
Thomas W. Gleason Sr., president, International Longshoremen's Assoc.
James J. Gorman, Chicago, Ill.
J. Peter Grace, chairman, W.R. Grace & Co., and Margaret Grace
John Grimes, editor, Irish Echo, and Claire Grimes
Secretary of State Alexander M. Haig Jr. and Patricia Haig
Frank Hanley, secretary/treasurer, International Union of Operating Engineers
Bonnie Hartnett, wife of Rep. Thomas F. Hartnett (R-S.C.)
Edward V. Hickey Jr., assistant to the president and director of special support services, and Mrs. Hickey
Anne Higgins, special assistant to the president & director of correspondence
Rep. James J. Howard (D-N.J.) and Mariene Howard
John Hume, Social Democratic & Labor Party of Northern Ireland
Walter Kavanaugh, member, New Jersey State Assembly, and Carole Kavanaugh
Elisworth Kelly, artist
Robert Kelly, hockey player, and Heather Kelly
Sen. Edward M. Kennedy (D-Mass.)
Sen. Paul Laxalt (R-Nev.), and Carol Laxalt
Sen. Patrick J. Leahy (R-Vt.) and Marcelle Leahy
Eugene Leary, mayor of Bismark, N.D., and Bertha Leary
John F. Lehman Jr., secretary of the Navy, and Barbara Lehman
Edwin Locke Jr., president, Economic Club of New York
Rep. Edward R. Madigan (R-Ill.) and Evelyn Madigan
Sen. James A. McClure (R-Idaho) and Louise McClure
Rep. Joseph M. McDade (R-Pa.), and Tess McDade
Robert C. McFarlane, deputy assistant to the president for national security affairs, and Jonda McFarlane
Rep. Stewart B. McKinney (R-Corn.)
Judy McLennan, manager, Blair House
William McManus, treasurer, Republican National Committee
Edwin Meese III, presidential counselor
Rep. Robert H. Michel (R-Ill.) and Corinne Michel
James T. Molloy, doorkeeper of the House of Representatives, and Mrs. Molloy
John D.J. Moore, former ambassador to Ireland, and Patty Moore
Daniel Murphy, chief of staff for the vice president, and Mrs. Murphy
William J. Murphy, county executive, Rensselaer County, N.Y., and Susan Murphy
Thomas Nassif, acting chief of protocol
Maureen O'Hara, actress
Dr. Dennis O'Leary, George Washington University Hospital, and Margaret O'Leary
Jeremiah O'Leary, assistant to William P. Clark, and Mrs. O'Leary
Hugh O'Neill, White House Advance Office
Michael J. O'Neill, editor, New York Daily News, and Mary Jane O'Neill
Frank and Elizabeth Patterson, performers
Sen. Charles Percy (R-Ill.)
Arthur and Sharon Quinn, Washington, D.C.
Charles E. Quinn Jr., Chicago, Ill.
Secretary of the Treasury Donald T. Regan, and Ann Regan
Robert Reagan, husband of Eileen Farrell
Edward Reilly Jr., Kansas state senator
Richard Ryan, Detroit News, Washington bureau chief, and Mrs. Ryan
Jim Ryan, track athlete, and Mrs. Ryan
William Shannon, former ambassador to Ireland, and Elizabeth Shannon
John Smith, CBS News, Washington bureau chief
Rep. John P. Sweeney (D-N.J.) and Peggy Stanton
Rep. Charles Stenholm (D-Texas)

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ON PAGE C-6.

NEW YORK DAILY NEWS
18 March 1982

Brez' threat triggers study

By LARS-ERIK NELSON

Washington (News Bureau)—President Reagan said yesterday he is "studying the implications" of a murky Soviet threat to place the United States in new nuclear peril in retaliation for the planned deployment of U.S. missiles in Europe.

Soviet President Leonid Brezhnev warned in a speech in Moscow Tuesday that if the U.S. proceeds to install 572 medium-range missiles at West European bases, "this will compel us to take retaliatory steps that would put the other side, including the United States itself, its own territory, in an analogous position."

Asked whether Brezhnev was hinting at the placement of Soviet missiles in Cuba, Reagan told reporters yesterday, "We're studying the implications right now."

The 1962 Cuban missile agreement barred the Soviets from basing missiles or any other offensive weapon in Cuba in return for a U.S. pledge not to try to depose Premier Fidel Castro.

CIA DIRECTOR William Casey said in an interview two weeks ago that the Russians have violated the agreement for 20 years. But the Pentagon yesterday described as "ridiculous" recent reports that the Russians have actually established nuclear bases on the island.

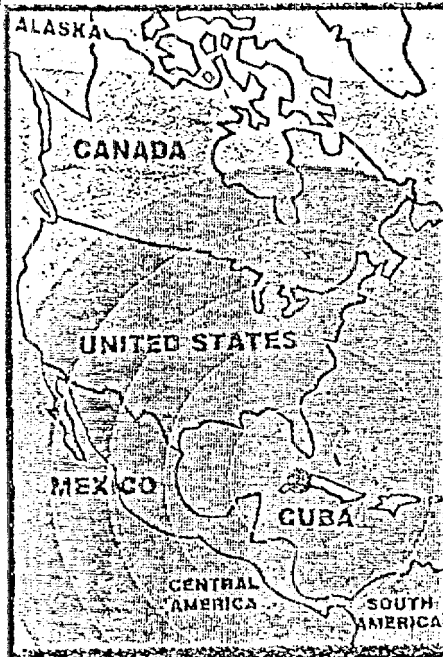
Administration specialists speculated that Brezhnev could be alluding to three possible courses of action:

- Breaking the 1962 agreement and placing SS-20 missiles in Cuba, an action that would immediately provoke a U.S.-Soviet crisis. The officials thought that this was unlikely.

- Deploying submarines carrying flat-trajectory missiles near the U.S.

coast. This would give the U.S. only between 6 and 15 minutes of warning time in the event of a surprise attack—about the same amount of time the Russians would have if the U.S. launched the Pershing-2 missile scheduled for deployment in Europe at the end of next year. The Soviets have not yet perfected a flat-trajectory missile.

- Breaking the current de facto agreement to observe the terms of the SALT-2 strategic arms agreement signed by Brezhnev and President Carter in 1979. "The Russians could just increase the number of land-based missiles they now have," one official said. Simply increasing the Soviet missile force would not create the "analogous position" Brezhnev referred to. A strict analogy would require the Russians to install land-based missiles on the soil of a third country close enough to the U.S. for a short-notice surprise attack.



ROBERT JUFFRAS DAILY NEWS

Range of Soviet missiles (shaded area) if they were placed in Cuba.

BALTIMORE NEWS-AMERICAN
15 March 1982

Nicaragua declassified

"I'm here this afternoon because I'm concerned and because I'm angry."

This may seem like an unusual way for CIA Deputy Director Bobby Ray Inman to open a briefing for reporters at the State Department, but his words were prompted by an unusual situation. Intelligence officials had been trying to tell Congress and the public for days that there is a threatening buildup of military strength in Nicaragua, and that it is made possible by assistance from Cuba and the Soviet Union.

The reports were treated with skepticism, in Congress and elsewhere, and that was the reason for Admiral Inman's concern and anger.

At the urging of the administration, intelligence officials declassified sensitive information that included reconnaissance photographs and statistics relating to the size of Nicaragua's armed forces. Release of secret information of this nature

is rare, but the administration felt the moment had arrived to tell the truth to a skeptical public.

The truth, sad to relate, is that Moscow and Havana are providing the arms and advice to give Nicaragua the largest military force in Central America. And Nicaragua, as CIA Director William J. Casey says, is fanning the flames of insurrection in El Salvador.

Admiral Inman was concerned about the need to inform Americans about what is going on on our doorstep to the south, "and what it portends for this country."

The administration is serving the best interests of the country by presenting its case with these briefings. It is an effort to open American eyes to the fact that the trouble in Central America is much more than an "internal affair," as some have insisted.

Approved For Release 2005/11/28 : CIA-RDP91-00901R000400120001-3

ARTICLE APPEARED
ON PAGE 10U.S. NEWS & WORLD REPORT
15 MARCH 1982

Washington Whispers.®

* * *

CIA Director William Casey surprised the White House with his public statement that shipment of Soviet MiG-23s to Cuba breaches the Kennedy-Khrushchev 1962 agreement barring the Kremlin from sending offensive weapons to the island. Presidential aides had been trying to tip-toe around that delicate issue.

* * *

The Central Intelligence Agency has found a compelling new reason why it should be exempt from disclosing documents under the Freedom of Information Act. CIA officials claim that, too often, they release classified material by mistake.

ARTICLE APPEARED
ON PAGE 17.NEWSWEEK
15 March 1982

John Birch: Beware The One-Worlders

Ever since its founding in 1958, the **John Birch Society** has campaigned against big government, high taxes and—above all—communism. It's not going to slack off just because a conservative is in the White House. President Reagan may be moving in the right direction, says society member Gary Allen, but he's taken "a 5-foot leap across a 9-foot ditch."

The society, named for a Baptist missionary and American spy who was killed in China in 1945, has widened its focus since the early days. Still headed by 82-year-old founder Robert Welch, it considers communism only one arm of a "master conspiracy" in which socialist American "insiders" are plotting to establish one-world government. Even the Administration has its share of insiders, says public-relations director John F. McManus—among them Secretary of State Alexander Haig and CIA director William Casey.

Youth Camps: To spread the word, the John Birch Society syndicates daily commentaries to 75 radio stations, publishes a newspaper column and deploys some of its 50,000 members to speak around the country. It has also set up a network of TRIM (Tax Reform Immediately) committees to inform Americans how their congressmen voted on tax bills and claims some credit for helping to defeat several liberal congressmen in the 1980 elections.

The society operates a chain of eleven summer camps for teen-agers. Along with sports, the camps offer seminars on topics such as "The United Nations—Get US Out" and "What Is Communism?" Birch officials say that at the end of each session, when counselors ask the youngsters to join the society, 75 percent usually do.

Once probably the best-known conservative organization in America, the society now shares the stage with such New Right groups as the Moral Majority. But Birchers believe that they have a deeper commitment to traditional American values than any newcomers, and that they remain a breed apart. As one member says proudly: "Not just anyone can be a Bircher."

EILEEN KEERDOJA with KIM FOLTZ
in New York and CHARLES GLASS in Boston

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ON PAGE A-10

NEW YORK TIMES
15 MARCH 1982

Selling a Policy to Public

U.S. Intelligence Data on Central America Has Not Translated Into Support for Plans

By PHILIP TAUBMAN

Special to The New York Times

WASHINGTON, March 14 — For the last two weeks, the Reagan Administration has conducted what senior officials acknowledge has been an intense public relations campaign designed to dispel doubts about its policies in Central America. The effort, which has relied heavily on the use of intelligence information, has produced mixed results.

News
Analysis

Until Friday, officials thought they were making significant headway. Some members of Congress, including several influential committee chairmen, came away from private intelligence briefings saying they were convinced that the Administration had strong evidence to support its charges of Soviet and Cuban involvement in Central America and of Nicaraguan aid to guerrillas in El Salvador.

The public was given a glimpse of the intelligence material when the Administration made public aerial reconnaissance photographs in an effort to show that Nicaragua, with Cuban and Soviet assistance, was assembling the largest military force in Central America.

Then on Friday, the campaign received a major blow when a young Nicaraguan captured last year while fighting with the guerrillas in El Salvador surprised the State Department at a news conference by denying, rather than confirming, Cuban and Nicaraguan involvement in the Salvadoran conflict.

Aides Reconsider Situation

That unexpected development has prompted a reappraisal of the public relations offensive among senior Administration officials who must decide Monday whether to proceed with additional intelligence briefings for Congress and the press tentatively scheduled for later in the week.

The pressure appears to be great to go through with the briefings. According to several senior officials, the initial decision to conduct the public relations campaign was considered long overdue. "We made a mistake," one senior official said last week. "We were pressing ahead with a policy before we had convinced either Congress or the public about the nature of the nation's vital interests in Central America."

State Department officials recently concluded that most of the opposition to the Administration's Central American policy was generated by what one official called "humanitarian" concerns.

By that, he said, he meant opposition was primarily coming from organizations and individuals whose main interest was to prevent further conflict.

Missing from this perspective, officials said, was an understanding of national security considerations. "We failed to make our case convincingly even in Congress," another senior Administration official said. "We decided to go back to square one, lay out the evidence we have and hope we could build the kind of broad-based support that has been lacking."

The campaign focused on Congress. Senior intelligence officials, led by William J. Casey, the Director of Central Intelligence, started briefing Congressional committees about what the Administration considers to be Cuban, Soviet and Nicaraguan interference in El Salvador.

According to members of Congress who attended the briefings, the Administration based most of these charges on intelligence collected through electronic surveillance of radio traffic in El Salvador and surrounding nations, including Nicaragua.

Collected largely by Navy destroyers that have been positioned off the coast of El Salvador and Nicaragua since late last year, this information included details of communications between Salvadoran rebels and command posts in Nicaragua, which they said showed that the Salvadoran insurgency was controlled in Nicaragua, Administration officials told the committees, according to several members. Similar briefings were given to a group of former senior Government officials.

'Convincing Intelligence'

The Administration was encouraged by the results. After a briefing given to the House Intelligence Committee, the panel's chairman, Representative Edward P. Boland, a Massachusetts Democrat who is considered a bellwether of moderate Congressional opinion, said that the use of Nicaraguan sites for command and control of Salvadoran insurgent forces was supported by "convincing intelligence." He added that "Cuban involvement, especially in providing arms, is also evident."

Senator Richard G. Lugar, Republican of Indiana, said, "The case of substantial involvement of outside forces is absolutely clear."

Even critics of the Administration's policy were persuaded that some external involvement exists. "I don't think that anyone disputes that there is some foreign involvement in El Salvador," said Senator Paul E. Tsongas, Democrat of Massachusetts. "The question is how much and how significant it is."

That question was apparently not resolved by the Administration's campaign. Critics, for example, pointed out that the photographs showing a major military buildup in Nicaragua did not prove that Nicaragua was aiding the Salvadoran guerrillas.

Senator Christopher J. Dodd, Democrat of Connecticut, a leading critic of Administration policy, said that "to suggest that Nicaragua is the only source of support for Salvadoran guerrillas is ridiculous." He said that the guerrillas received substantial amounts of arms and ammunition from sources within El Salvador, including distoyal army troops.

Nicaragua's Ambassador in Washington, Francisco Failles Navarro, responding to the intelligence made public about his country, charged in an interview broadcast by the Cable News Network today that the military buildup was forced because the Reagan Administration is threatening us all the time with the possibility of a military intervention.

Still other critics argued that the Administration was overemphasizing the military problem in El Salvador. "The problem in El Salvador is primarily an economic one," said Senator Claiborne Pell, Democrat of Rhode Island, the ranking minority member of the Senate Foreign Relations Committee.

Despite the lingering doubts and Friday's turnaround by the Nicaraguan captive, Orlando José Tardencillas Espinosa, senior Administration officials still believe in the power of their intelligence data. "Whenever we can sit down with someone and show them what we've got, we can persuade them Cuba and Nicaragua are involved," one official said.

What the Administration cannot do, top officials acknowledge, is translate intelligence information about outside interference in Central America into support for the Government's policy.

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NEW YORK TIMES
14 MARCH 1982

MONEY PROBLEMS PLAGUING SOVIET, FIGURES INDICATE

Debt and Trade Deficit Are Up, Foreign Reserves Down — U.S. Debates Reaction

By HEDRICK SMITH
Special to The New York Times

WASHINGTON, March 13 — Evidence is growing that the Soviet Union is having a cash-flow problem with the currencies used in international trade.

This has sharpened debate within the Administration's over how vigorously to apply economic pressure to try to force Moscow to ease repression in Poland and to slow military spending and overseas operations.

Over the past year, Government specialists report, the Soviet Union's short-term debt to Western banks increased \$2 billion as Soviet cash reserves in Western banks fell \$2 billion.

Gold Sales and Pleas on Debt

These specialists also calculate that the Soviet trade deficit with the West, widened by huge food imports and falling world oil prices, passed \$5.5 billion last year, double the 1980 deficit.

Under these pressures, the Kremlin has felt compelled to sell what is estimated to be 300 tons of gold, worth about \$3.5 billion, over the last six months. Soviet trading companies have also asked Western and Japanese companies to postpone collection of about \$1 billion in short-term debt.

Moscow's problems have encouraged some Administration policy makers, centered in the Defense Department and the Central Intelligence Agency, to believe that the West now has unusual economic leverage to influence Soviet policies.

Pressure Not Only on Poland

They see the situation in Poland not so much as the focus of policy as an opportunity to marshal support in Western Europe and Japan for an ambitious campaign to press the Kremlin not only to make concessions in Poland but also to make some hard choices on how to use its own resources and curb its Soviet foreign and military policies.

"Two things have been mixed up," said one senior Defense Department official. "One is the Polish sanctions. The other is a longer-term strategy to insure that the West does not become the source of aid and support for the Soviets to go on spending 13 to 15 percent of gross national product on defense. I think it's a benefit to the West to elevate the guns-versus-butter argument in the Soviet political hierarchy."

More concretely, Fred C. Iklé, Under Secretary of Defense for Policy, urged American banks on Friday not to extend credit to Moscow for grain purchases. "Requiring them to pay hard cash will work to limit their ability to maintain the military expansion program they have under way," he said.

Another camp, centered in the State Department and Treasury Department, contends that the Soviet economy is too large, too nearly self-sufficient and too accustomed to belt-tightening in times of stress for the Kremlin to be pressed into concessions on its vital interests or main lines of policy.

This group contends that for all its obvious cash-flow problems, Moscow has well over \$30 billion in gold reserves and hard-currency deposits in the West, more than enough to pay off its total Western debt of \$20 billion. Some officials also recall that Moscow resisted similar Western pressures in the early postwar period, and also recovered from a considerably worse foreign exchange problem in the mid-1970's.

"Hard" generally refers to those currencies that are freely convertible among themselves, such as the dollar or the French franc; "soft" currencies such as the ruble are not generally convertible.

"The Soviet financial position has deteriorated sharply — but from a very strong base," one State Department official asserted. "Don't confuse the idea of their 'scrambling around because everything has fallen apart' with 'scrambling around to get all they can now because they are anticipating an American policy of a credit crunch.'"

"There's a big difference between the difficulties the Soviets have and bringing the Soviet economy to its knees," added another civilian policy maker. "Economies that big don't collapse. The Soviet economy just shambles on. They're used to bottlenecks. They don't run their economy well in normal times. Now, they'll just run it less well. But they can pull in their horns a lot more if they get into a really tight foreign debt bind."

Possible Repercussions in West

The two groups generally agree, however, that Eastern Europe, especially Poland, is the economic Achilles heel for Moscow. They reason that even if Moscow were able to cope simultaneously with the growing credit squeeze on Poland,

Rumania and other East European countries.

If that persists, as expected, most policy makers believe, Moscow will eventually have to permit some liberalization in Poland and perhaps elsewhere. The problem for the West in applying economic pressures there, American bankers say, is that the West itself can be hurt economically.

Forcing a Polish default on Western loans "is a very bad strategy," says Leif Olsen, chairman of the economic policy committee at Citibank. "It would have repercussions for the West as much as it would for the Soviet. And I'm not at all sure that it heightens the pressure on the Soviet."

These are some of the indications of Moscow's cash-flow problems cited by Government and other experts:

¶ An increase in the Soviet Union's short-term debt last year to \$15 billion from \$13 billion.

¶ A drop in the level of Soviet hard-currency reserves in Western banks from \$8.3 billion at the end of 1980 to \$4.5 billion last Sept. 30 and, it is estimated, \$6 billion at year's end.

¶ Requests to West German and Japanese trading companies to permit delayed repayment of about \$1 billion in short-term debt.

¶ Moscow's purchase of 2.35 million metric tons of grain from Australia and the United States last month on 90- to 180-day credits instead of the usual cash payment, but then reportedly being turned down Friday by 90 American banks when it sought more 180-day credits.

¶ An increase in the commodity trade deficit with hard-currency countries from \$2.5 billion in 1980 to between \$5.4 billion and \$6 billion last year.

"The Soviet economy is in terrible shape," Marshal Goldman, professor of economics at Wellesley College, commented. "The Soviet cash-flow problem is an external manifestation of internal problems. Their grain problem is not just a theoretical exercise: It costs hard currency."

The major reason for the trade deficits was a big increase in Soviet food imports caused by the third bad grain harvest in a row. These imports increased from about \$9 billion in 1980 to \$12 billion to \$14 billion last year, a bit more than half of that grain and most of the rest meat and sugar.

The Polish crisis added a complication: Western experts estimate that the Soviet Union had to underwrite something close to \$1 billion for Polish imports from the hard-currency area, not to mention indirect subsidies of Poland's trade with other Communist countries.

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NEW YORK TIMES
14 MARCH 1982

The Evidence Keeps Flying Out the Window

"An official of the U.S. Embassy told me that they needed to demonstrate the presence of Cubans in El Salvador. They gave me an option. They said I could come here or face certain death. All my previous statements about training in Ethiopia and Cuba were false."

Thus recanting, Orlando José Tardencillas-Erginca, a bespectacled 19-year-old Nicaraguan guerrillero who had been captured in El Salvador, astonished listeners at a State Department briefing last week and compounded the Administration's difficulties in seeking credence for its Central American policy.

Administration officials said Mr. Tardencillas had told the Salvadoran Army and later the American Embassy that he was specially trained and dispatched to El Salvador by the Nicaraguan Government.

But as appalled State Department officials looked on, he insisted he had "obviously been presented for purposes of propaganda" and proceeded to retract the entire account. Yesterday he was handed over to Nicaraguan authorities and left for home.

Mr. Tardencillas was presented to reporters as part of Secretary of State Alexander M. Haig's effort to generate stronger support for the Administration approach, which he said "involves... multilateralism... that avoids the danger of big brotherism from the Colossus of the North."

It was a tall order in Central America, where reports of new Central Intelligence Agency covert operations stirred memories of the not-so-distant past. Unforgotten episodes included occupations by United States Marines (Nicaragua, most recently from 1928 to 1933), a Central Intelligence Agency-aided coup d'état (Guatemala, 1954) and nearby United States military intervention (Dominican Republic, 1965).

With the Salvadoran elections only two weeks away, turmoil in the region's small and weak but strategical-

cally situated countries was generating world-class concern.

In some developments last week:

El Salvador

Mr. Tardencillas presumably had been counted on to support Mr. Haig's claim to "overwhelming" and "irrefutable" evidence of Nicaraguan intervention in El Salvador. Mr. Haig and William J. Casey, the Director of Central Intelligence, did better with 28 presumably leakproof former senior officials called in for a classified briefing. They were impressed, calling the presentation "very persuasive." Mr. Haig also assured his critics that the Administration was pursuing efforts toward a negotiated solution, an option that might gain luster if right-wingers win on March 28. Today he was to meet again to discuss Mexico's proposals for regional peace moves with Foreign Minister Jorge Casteñada and, in separate meetings, Mr. Haig was planning to discuss the Administration's Caribbean economic initiative with the Foreign Ministers of Canada, Venezuela and Colombia.

In response to demands that the Administration clarify its intentions, the Chairman of the Joint Chiefs of Staff, Gen. David C. Jones, told a Congressional committee he did not "see any circumstances under which we would intervene with United States forces — I don't think that's necessary, and I don't think that would be the right course of action."

The insurgents' Radio Venceremos called for preparations for a general uprising timed to disrupt the March 28 voting. Guerrillas temporarily paralyzed San Vicente and San Miguel, provincial capitals in central and northeastern El Salvador, and killed 17 soldiers in an ambush near Chalatenango in the north.

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MEET THE PRESS ✓ file

Produced by Betty Cole Dukert

Live/Washington, D. C.

Sunday, March 14, 1982

GUESTS: REP. MICHAEL D. BARNES (D., Md.)
Chairman, Foreign Affairs Subcommittee
on Inter-American Affairs

REP. ROBERT K. DORNAN (R. Calif.)
Member, Foreign Affairs Subcommittee
on Inter-American Affairs

MODERATOR AND EXECUTIVE PRODUCER:

Bill Monroe - NBC News

PANEL:

Bill Monroe - NBC News
Ken Bode - NBC News
Barry Schweid - Associated Press
Marvin Kalb - NBC News

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vided for the information and
convenience of the press. Accu-
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THE WASHINGTON POST
13 March 1982

Senate Conducts Its Own Probe Of Latin Unrest

By Patrick E. Tyler
Washington Post Staff Writer

The Senate Intelligence Committee is conducting an independent review of a number of intelligence matters relating to Central America, and the committee's vice chairman, Sen. Daniel Patrick Moynihan (D-N.Y.), has endorsed a proposal to issue an unusual report on the region to the Senate.

The comprehensive review was first requested on March 4 by Sen. Patrick J. Leahy (D-Vt.) to determine whether intelligence information reaching policymakers in the Reagan administration is adequate and whether it proves administration assertions of Soviet and Cuban involvement in the region. The review also would provide senators better information about U.S. covert operations in Central America, Leahy said.

The committee staff began a full-scale intelligence review last week and on Monday the committee members will discuss whether to report to the Senate and to the public.

Monday's closed session will resume a detailed examination of intelligence that the administration maintains shows an alarming military buildup in Nicaragua and a Nicaraguan-supported arms supply line to the guerrillas in El Salvador. CIA Director William J. Casey, who conducted an initial three-hour briefing

Feb. 25, is scheduled to return Monday.

Following Casey's appearance, committee chairman Barry Goldwater (R-Ariz) issued a press release in which he said, "The briefing left no doubt that there is active involvement by Sandinista government officials in support of the Salvadoran guerrilla movement."

Leahy said yesterday that Goldwater expressed concern that the oversight committee not get involved in debating the administration's foreign policies in Central America. But, Leahy said, Goldwater expressed no opposition to compiling an objective and factual record of the intelligence data that could be supported by all members of the committee.

Another official said there was some concern among committee Republicans that a full-scale intelligence review of Central America could politicize the committee, which traditionally has avoided partisan politics in order to have a greater impact on executive branch intelligence operations.

Goldwater was in New York and could not be reached for comment.

"It may well be that such a report would be written in five parts, with volumes one, two and three made public and volumes four and five classified, but that would also be a major help," said Leahy. "Then, whatever debate there was on the policy down there could be stated with a certain touchstone, something the senators know they can talk about in public."

Moynihan, the committee's vice chairman and ranking Democrat, said Leahy's letter to Goldwater "was sent with my knowledge and concurrence," adding that he thought the report was "something the committee should do."

Rarely in its history has the committee issued a report to the Senate on intelligence matters. The last major report was issued during the 1978 debate on the Panama Canal Treaties.

The Reagan administration this week began a series of highly unusu-

al public displays of intelligence data to buttress its case that Nicaragua is serving as a command and control base for the guerrilla insurgency in El Salvador.

Also this week, The Washington Post reported that President Reagan had authorized covert operations against Nicaragua with a CIA-supported paramilitary force of Latin Americans, who are to operate out of commando camps spread along the Nicaraguan-Honduran border.

The White House has officially declined to comment about the covert operations, but senior administration officials have confirmed to the three major television networks the presidential authorization for the paramilitary force.

CBS News quoted sources saying that the CIA would use no U.S. citizens to direct the paramilitary force in the field.

ABC News reported that the commando force would comprise former members of elite U.S. military units and would engage in highly sensitive intelligence collection and demolition work.

NBC News said it had authoritative confirmation of the paramilitary force and quoted one White House official as saying the president was not especially upset about news leaks on the covert operations because the reports convey the president's determination to counter what he considers aggression in Central America.

The Reagan administration this week briefed a number of Democratic leaders and officials of former administrations on the classified intelligence relating to Nicaraguan activities.

Leahy said the administration appeared to be lining up "public relations" testimonials from these officials. "It may be a nice, courteous thing to do, but insofar as we [the Senate] are the ones who are going to vote on these matters—not the former government officials—it is relevant to have us informed," Leahy said.

NEW YORK TIMES

13 March 1982

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DEMOCRATS ASSESS REAGAN INTELLIGENCE POLICIES

BY ANDREW J. GLASS

4C. 1982 Cox News Service

WASHINGTON - A FRUSTRATED GROUP OF KEY DEMOCRATS ON CAPITOL HILL CONTEND THEY HAVE BEEN TOLD LITTLE OR NOTHING ABOUT WHAT PRESIDENT REAGAN INTENDS TO DO IN LATIN AMERICA.

THEIR COMPLAINTS FOCUS ON WHAT THEY SEE AS A DEARTH OF INTELLIGENCE DATA BEING SUPPLIED TO THE LEGISLATORS AS WELL AS A LACK OF CANDID BRIEFINGS ON THE ADMINISTRATION'S POLICIES IN THIS CRITICAL REGION.

THEIR GROWING RESTIVENESS, WHICH CAME TO LIGHT IN A SERIES OF INTERVIEWS LAST WEEK, APPEARS TO THREATEN ANY SEMBLANCE OF A COORDINATED BIPARTISAN APPROACH TOWARD MOUNTING PROBLEMS IN EL SALVADOR AND ELSEWHERE IN THE CARIBBEAN BASIN.

"THERE HAVE BEEN NO BRIEFINGS ABOUT LATIN AMERICA," SEN. GARY HART, D-COLO., SAID. "WHAT WE HAVE HEARD HAS BEEN CURSORY AND BLAND."

HART, A MEMBER OF THE SENATE ARMED SERVICES AND A POTENTIAL DEMOCRATIC PRESIDENTIAL CANDIDATE IN 1984, SAID: "A KIND OF ATTITUDINAL DISTRUST FOR CONGRESS EXISTS IN THIS ADMINISTRATION. AT BOTTOM, THEY REGARD ALL PEOPLE IN CONGRESS AS IRRELEVANT BUFFONS."

HART'S VIEWS, IF NOT HIS SHARP RHETORIC, WERE ECHOED BY ANOTHER SENATE DEMOCRAT, JOSEPH BIDEN OF DELAWARE. SPEAKING HERE TO THE GOVERNMENT AFFAIRS COMMITTEE OF THE AMERICAN NEWSPAPER PUBLISHERS ASSOCIATION, A GROUP OF LEADING NEWS EXECUTIVES, BIDEN REPORTEDLY CASTIGATED REAGAN'S ADVISERS FOR FAILING TO SHARE ANY HARD DATA ON THE INCREASINGLY VOLATILE SITUATION IN LATIN AMERICA WITH THE SENATE INTELLIGENCE COMMITTEE, ON WHICH BIDEN SERVES.

BIDEN SUGGESTED THAT THE ADMINISTRATION COULD END UP PAYING A HIGH PRICE FOR ITS LACK OF CANDOR. HIS REMARKS WERE CONFIRMED BY HIS PRESS SECRETARY, PETER SMITH.

ONE FOCAL POINT FOR THE DEMOCRATIC UNREST IS A RESOLUTION INTRODUCED LAST MONTH BY SEN. CHRISTOPHER DODD OF CONNECTICUT, A MEMBER OF THE INTELLIGENCE PANEL, CALLING FOR THE UNITED STATES TO ENCOURAGE UNCONDITIONAL NEGOTIATIONS FOR A CESS-FIRE IN EL SALVADOR. THAT APPROACH IS STRONGLY OPPOSED BY SECRETARY OF STATE ALEXANDER M. HAIG JR., WHO CONTENDS THAT GLASS SAID THE ADMINISTRATION IS TRYING TO PREVENT AN ANTI-AMERICAN MARXIST UPRISAL IN THE CARIBBEAN BASIN.

THE MAFIA AND THE RIGHT

By Dan E. Moldea

IN THE FEBRUARY 6, 1982, edition of *The Nation*, Bertram Gross, a professor of urban affairs at Hunter College, published a story entitled, "Some Anti-Crime Proposals for Progressives." The article appealed to the left to steal some of the right's thunder by recognizing the serious problem of crime in America and to offer innovative methods for its control.

But, like the Reagan Administration, Gross appears to be concerned only about street crime and, like most liberals, is not at all troubled by the more serious problem of organized crime—which Gross implied was something less than organized.

Considering this attitude, shared by both the right and the left, it is no wonder that the underworld has an uncanny ability to thrive under either conservative or liberal governments. Conservatives—as we are seeing now through Reagan's "New Federalism" policies—decentralize power, making it easier for organized criminals to buy and sell state and local officials within their own jurisdictions. Meantime, liberals continue to be inflexible in their defense

of personal privacy, and balk at the suggestion of electronic surveillance—which, unfortunately, is the most effective means for gathering crucial intelligence on organized crime activities. Bottomlined, because of the general unpopularity of the organized crime issue among most politicians—the mob can and does support right-wing causes and civil liberties at the same time.

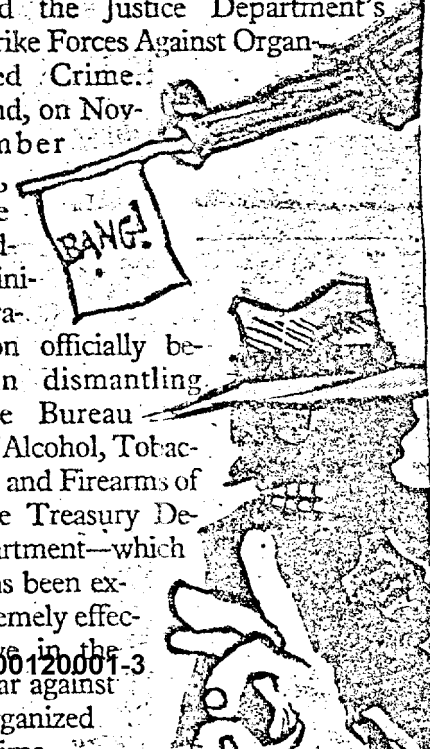
Organized crime continues to be America's fastest-growing business, and thus far during the Reagan Administration, its opportunities for future growth have been enhanced. According to a report prepared by the General Accounting Office last December, "Organized crime is flourishing... (It) is a billion-dollar business which affects the lives of millions of individuals and poses a serious problem for law enforcement agencies. The effects of organized crime on society are pervasive."

Yet, in the President's budget revisions last September, he imposed a one-third cutback of the FBI's investigations of gambling, prostitution, arson-for-profit, gangland murders, and pornography, according to an analysis prepared by Mary Thornton of *The Washington Post*. In

new undercover operations will be authorized" in fiscal 1982 against organized crime or white-collar crime. All of this came in the wake of a hiring freeze and dramatic staff reductions within the FBI.

Further, the administration has severely curtailed the investigative and enforcement abilities of the Securities and Exchange Commission, the Internal Revenue Service, and the Justice Department's Strike Forces Against Organized Crime.

And, on November 12, the Administration officially began dismantling the Bureau of Alcohol, Tobacco and Firearms of the Treasury Department—which has been extremely effective in the war against organized



THE BALTIMORE EVENING SUN
12 March 1982

Convincing photos make case against Nicaragua

By Cord Meyer

WASHINGTON

THE REAGAN ADMINISTRATION has irrefutable proof that the Sandinista regime is lying when it denies that Nicaraguan territory is being used, with Cuban help, to funnel large amounts of arms and trained guerrilla manpower into the Salvadoran insurgency.

But in the face of widespread public skepticism both here and abroad, the administration delayed until this week in revealing the aerial photography that shows the extent of the internal Nicaraguan military buildup. The Reagan team is still wrestling with the dilemma of how to disclose the equally hard evidence of extensive Sandinista support to the Salvadoran guerrillas, without blowing intelligence sources and methods.

The recent inadvertent use by Secretary of State Haig of a phony photograph to prove the Sandinistas guilty of atrocities made it appear that the administration was grasping at straws to prove its case. But, in fact, long before this week's public showing of the photography, the State Department had been extraordinarily successful in using this evidence behind the scenes to make true believers

of even the most hardened skeptics in foreign countries.

Last year, Haig was quick to recognize the critical importance of the European and Latin American social democratic parties in forming opinion toward events in Central America. Since these parties had initially celebrated the Sandinista overthrow of Somoza as a democratic liberation, they were reluctant to believe that hard-line Marxists had taken over, and Haig assigned his brightest aides and best ambassadors to changing minds. In a series of secret briefings over many months, what most impressed socialists-like Felipe Gonzalez of Spain and Carlos Andres Perez of Venezuela was the American overhead photography, some of which was finally shown the American public this week. The skeptical socialists could see with their own eyes how Nicaragua was being steadily transformed into a menacing arsenal.

The Russian and Cuban derivation of the armament was so clear in the photography that Sandinista denials of dependency on Soviet arms lost all credibility. Aerial photographs showing burned out Miskito indian villages corroborated charges of extensive repression.

To the question of why such convincing evidence has been secretly shown to foreigners but withheld so long from the American public, Reagan officials reply that in private briefings photographs can be shown and then retrieved, while once published in the press they become available to everybody, including the Soviets.

The guardians of the most advanced American satellite technology remain convinced that the U.S. still has a commanding lead in the precision of its high-resolution photography. To expose to the Russians the full extent of that advantage by allowing them to study actual photographs would, it is feared, give them invaluable help in refining their deception and camouflage techniques. It is for this

reason that none of the advanced satellite photography was included in this week's public briefing.

Since it is less accurate, the photography from high-flying U-2 planes does not have to be withheld from Soviet scrutiny. Its release to the American public was long delayed because of State Department concern that its publication might be taken as an admission that the U.S. has engaged in unauthorized flights over Nicaragua. With his credibility now on the line, President Reagan finally moved to break this impasse and to order release of the U-2 photographs.

As the administration has clearly implied in its accusations that the logistical flow and battlefield strategy in El Salvador are being controlled from sites in Nicaragua, the arcane and super-secret National Security Agency must have some access to Sandinista lines of communication. This irrefutable proof of Sandinista command and control has been closely held for obvious reasons, but CIA Director William Casey has presented it in detail recently to the House and Senate intelligence committees.

These two bipartisan committees, with their specially-cleared staffs and full access to all intelligence information, come close to being an impartial court of last resort on intelligence matters. However, the American and foreign media gave little coverage last week to the significance of the fact that the chairmen of both committees reported that there was "convincing" evidence that the Sandinista government is training, arming and supporting the Salvadoran insurgents with Cuban help.

With this bipartisan congressional finding clearly on the record after an impartial review of all the evidence, there is plenty of room for debate among Americans as to what to do about Nicaraguan intervention but no reasonable doubt that this intervention is a massive and continuing reality.

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PHILADELPHIA INQUIRER
12 MARCH 1982

Secret briefing shows Salvador arms route

By James McCartney
Inquirer Washington Bureau

WASHINGTON — A top-secret Reagan administration briefing on El Salvador provided hard evidence of a gun-running operation from Nicaragua to Salvadoran guerrillas, according to a participant.

But it failed to establish direct Cuban or Soviet involvement in the operation, he said yesterday.

The participant, a former high-level government official who asked not to be identified, said the evidence indicated a "fairly sophisticated, relatively well-financed, and supplied" system with advanced communications facilities and an impressive organizational structure.

He said he found the administration's evidence that arms were being shipped from Nicaragua to El Salvador to be well-documented and "convincing."

But he said there was no evidence in the briefing of direct Cuban involvement. "The Cuban tie," he said, "is only by implication." No evidence at all was presented of a Soviet connection, he added.

Nor does the administration know for certain, he said, whether Nicaraguans or Cubans are running the operation — only that Salvadorans probably are getting substantial outside help.

The former official was one of 26 members of a group, including prominent officials of past Republican and Democratic administrations, who were invited Wednesday to view evidence of Nicaragua's role in supplying Salvadoran insurgents.

The group was briefed by Secretary of State Alexander M. Haig Jr. and CIA director William J. Casey in what seemed an obvious effort to bolster the credibility of administration contentions that Nicaragua and Cuba, with Soviet encouragement and support, are supplying the guerrillas.

Haig said last week that the administration has "overwhelming and irrefutable" evidence of Nicaraguan and Cuban roles, but he has declined to make the evidence public, saying that to do so would compromise intelligence sources.

Nicaragua has denied repeatedly that it is supplying arms to the Salvadoran guerrillas.

The former official said the administration's presentation did not seek to show the origin of arms that have arrived in Nicaragua. Presumably, he said, they could be coming from Cuba or from some other communist country, but no attempt was made in the briefing to document arrival routes.

But after the arms reached Nicaragua, he said, the administration briefing showed they were being redirected into El Salvador largely on the ground, most of them through Honduras but some through Guatemala.

According to the administration, a small portion is going by sea, he said, almost none by air. He described most of the shipments as small arms, light enough to carry. He said the evidence presented at the briefing suggested that it would be extremely difficult, because of rough terrain, to cut off the flow.

He said that as nearly as he could tell, the administration was unable to provide accurate estimates of the volume of the arms involved but could document that arms were flowing.

He would not discuss intelligence techniques that were used, but he said they were familiar to anyone who had worked at high levels inside the government.

He said the administration's case is "not fundamentally built on people" — meaning intelligence agents — or on photography, although there are some photographs showing "camps and things like that."

Critics of the administration, such as Rep. Clarence Long (D., Md.), argue that the guerrilla movement is largely home-grown, a result of centuries of economic oppression.

The administration argues that the movement has been inspired largely by forces in Cuba, supported by the Soviet Union. Haig has said the fight against the Salvadoran guerrillas is part of a global struggle against communism.

Critics have sought to cut off military aid to the Salvadoran government, but yesterday a House subcommittee postponed action on the first congressional challenge to a presidential action that opened the way for continued military aid.

A Foreign Affairs subcommittee

was to have voted on a resolution to nullify President Reagan's declaration that the Salvadoran government "has taken explicit action to end human-rights abuses." That declaration, made Jan. 28, was necessary, under a law passed last year, before any military aid could be given to El Salvador.

But Rep. Daniel A. Mica (D., Fla.) obtained agreement to postpone action until after the March 28 election in El Salvador, arguing that action now could touch off increased violence in the Central American country.

The administration is asking \$165 million in the next fiscal year for economic and military assistance to the Salvadoran junta.

Sen. John Glenn (D., Ohio), charging that "our current policy is a dead end," announced yesterday that he was co-sponsoring a resolution calling for the United States to encourage unconditional negotiations for a cease-fire.

The Associated Press contributed to this article.

STAT

11 March 1982

STAT NOTE FOR: ER

STAT FROM: OEXA

SUBJECT: 18 February 1982 DCI Interview
with Joe Fromm, U.S. News and
World Report

STAT

Attached is the 18 February transcript
of the DCI's interview with Joe Fromm.

This copy has the Director's corrections;
the original was returned to Joe Fromm for
final publication.

Please call if you have any questions.

STAT

Attachment

cc: C/PAD/OEXA w/att. ✓
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Haig Cautions Hill Against Ending Aid To El Salvador

By John M. Goshko
Washington Post Staff Writer

Secretary of State Alexander M. Haig Jr., speaking against a background of mounting controversy about U.S. policy in Central America, told Congress yesterday that cutting off military aid would be "a fatal blow" to the government of El Salvador in its struggle against leftist guerrillas.

"I think it would be a catastrophe," Haig said. "In practical terms, the guerrillas are not about to overwhelm the country. But American arms are a crucial factor, even more in political and psychological terms than in actual material terms."

The secretary's testimony before a Senate subcommittee came on a day that saw a rapid-fire series of developments continue to push the debate over El Salvador and Nicaragua to the forefront of congressional and executive branch attention. Among events yesterday and last night were

• Twenty-six prominent officials of past Republican and Democratic administrations emerged from a classified intelligence briefing at the State Department to say they had been given convincing evidence that the Salvadoran guerrillas are being aided, supplied and guided from outside by Cuba and Nicaragua. However, the former officials also agreed that the evidence is so "sensitive" that it cannot be made public without causing serious damage to U.S. ability to collect intelligence in the future.

• Haig, Defense Secretary Caspar W. Weinberger and some other senior administration officials refused to comment on a report yesterday in The Washington Post that President Reagan has approved a \$19 million program to destabilize the revolutionary Sandinista-dominated government in Nicaragua. Instead, they took the position, described by Haig as "consistent and longstanding policy," that the government does not comment publicly on covert activities, but they added that their silence should not be interpreted as confirmation of the report.

However, White House counselor Edwin Meese III told a journalism seminar here last night that The Post report placed the administration in a "totally untenable position." Meese said: "Here is a situation in which the security of the country is seriously affected, whether the article be true or false. If it is true, then very important secrets vital to our national interest and vital to the success of any such mission have been revealed. If it is false, then you have given an adversary a great opportunity for propaganda."

• Haig said the administration has not rejected Mexican President Jose Lopez Portillo's offer to act as a mediator in trying to end the Salvadoran civil war and ease the tensions between the United States and Nicaragua. The secretary said he would continue discussing the idea with Mexican Foreign Minister Jorge Castaneda in New York this weekend; in another hint that Washington wants to keep alive the possibility of eventual negotiations, Haig expressed hope that after the March 28 elections for a constituent assembly in El Salvador, the guerrillas might be induced to lay down their arms and participate in a process that would express the will of the Salvadoran people.

• Weinberger and Jones, chairman of the House Foreign Affairs Committee, reiterated, before the House Foreign Affairs Committee, that the administration has no plans or intentions to send troops to El Salvador to end its support

of the civilian government there to increased military and economic aid.

The administration, obviously concerned that its policy toward Central America could be derailed by persistent questions about whether the United States is heading for a new Vietnam-type involvement, this week mounted a campaign to swing public opinion behind its approach.

The effort began Tuesday when senior intelligence officials gave reporters a detailed briefing, including the display of blowups of aerial reconnaissance photographs, designed to show that Nicaragua is building a sizable military establishment with Cuban and Soviet help. The second stage came yesterday with the briefing aimed at enlisting the support of former officials and with Haig's appearance before a Senate Appropriations subcommittee that oversees foreign aid.

Under heavy questioning from Republican and Democratic members, Haig reiterated his past charges that the Salvadoran guerrillas are "largely controlled" from the Nicaraguan capital of Managua. He said the principal flaw in the Mexican peace initiative, which he asserted is basically the same plan proposed by the United States and rejected by Nicaragua last year, is the lack of a requirement that Nicaragua "commit itself to cease and desist" in its involvement with its neighbors.

"We are exploring every feasible means possible to bring about a negotiated settlement," Haig said. "But this is a two-way street, and it requires reciprocal obligations by those who

HOUSTON POST
11 March 1982

Information never to be public often influences foreign policy

Whatever one's opinions are about the United States' role in El Salvador, they almost inevitably must rest on the answer to a single question: Is the dissidence in El Salvador a true indigenous rebellion with mass popular support, or is it directed and controlled by foreign — Nicaraguan, Cuban and Soviet — elements?

In the absence of concrete evidence in the public domain, the answer to this question tends to split on political grounds. Those condoning the administration line accept the administration statement that the foreign elements are in control. Those opposing the line reject the statement and demand "proof."

Secretary of State Alexander Haig has now stated "the operations of the guerrilla forces inside El Salvador are controlled from external command," the evidence for this is "overwhelming and irrefutable." CIA Director William Casey also briefed the Senate Intelligence Committee, leaving no doubt there was active involvement by Nicaraguan officials, including the use of Nicaraguan territory to move arms, munitions and personnel, with guerrilla HQ elements in Nicaragua.

Haig would give no further details in public, stating it could jeopardize U.S. intelligence sources. This is understandable, because the sources are unquestionably COMINT — communications intelligence — and while the situation is hardly analagous to the wartime security surrounding our ability to read the Japanese Purple code (Haig would not even have hinted so broadly were it so), the United States still does not wish to confirm publicly that it makes use of COMINT.

There are, actually, two forms — traffic analysis and cryptanalysis. Even if codes cannot be read, the nature of the traffic gives massive information. Even unbroken codes can be identified. Message headings include the originating command and the recipients.



Donald Morris

These indicators are not difficult to puzzle out. The originator's location can be pinpointed by direction-finding — DFing — and in short order chains of command can be worked out, with their locations and relationships. It is no problem, for example, to trace a message originating in Havana, relayed by a Nicaraguan station to an element in El Salvador.

Code-breaking — cryptanalysis — is touchier. The major powers use machine-generated codes that can't be broken, but such installations are only found in permanent diplomatic compounds and can't be used by the military in the field. Portable cipher machines today are extremely sophisticated — but not unbreakable and, while many can be read, the United States is not about to confirm which ones.

Britain's ability to read the German Enigma machine codes in World War II (thanks to brilliant work by pre-war Polish cryptanalysts) was a major help in winning the war. The British refused to declassify that triumph until 1974. Hundreds of Enigma machines had gone to dozens of smaller countries, which, to the delight of Britain and the United States, happily continued to use them for decades.

All manner of intelligence can be milked from COMINT. The Cuban command struc-

ture in Nicaragua — its ciphers, networks, traffic (and even the "fists" of specific operators) might, for example, be paralleled elsewhere — say in the traffic linking the Cubans in Angola and the SWAPO guerrillas striking at Namibia, an exact parallel to what is happening in El Salvador.

Access to COMINT, produced and distributed daily by the National Security Agency, requires a special clearance — not superior to, but quite distinct from, a Top Secret clearance. COMINT goes to senior officials in the White House, the Pentagon, the State Department and the CIA. It also goes to analysts who require such information in their duties.

It was COMINT that produced the Libyan hit team furor. It is COMINT that has convinced the administration El Salvador is the target of a Soviet-induced and Cuban- and Nicaraguan-supported attack, disguised as a popular rebellion.

If domestic pressure mounts, the administration will almost unquestionably rely more heavily on COMINT to support their stand — congressional foreign relations and intelligence committees have already been briefed. The danger is not that the enemy will "change the codes" — the keys are changed daily in any event and instituting a complete system change, with new equipment, is a major undertaking, impossible to effect in an active combat situation.

COMINT — its progress and immediate fruits — will never enter the public domain. Distribution of the fruits is severely restricted even within the government. It does exist, though, and government's job — for any administration — would be far easier if the public accepted the fact policy is often shaped by intelligence that can't be disclosed.

Morris served 17 years with the CIA before retiring in 1972.

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THE WASHINGTON POST
10 March 1982

STAT

U.S. Approves Covert Plan In Nicaragua

By Patrick E. Tyler
and Bob Woodward
Washington Post Staff Writers

President Reagan has authorized covert operations against the Central American nation of Nicaragua, which, administration officials have charged, is serving as the military command center and supply line to guerrillas in El Salvador.

According to informed administration officials, the president has ruled out the use of U.S. military forces in direct anti-Nicaraguan operations. But the authorized, covert plan directs the CIA to begin to build and fund a paramilitary force of up to 500 Latin Americans, who are to operate out of commando camps spread along the Nicaraguan-Honduran border.

The officials stressed that it will take months for the paramilitary force to be recruited, trained and positioned to begin operations. They did not say precisely when the cross-border operations are scheduled to begin.

As part of this plan, the commandos eventually would attempt to destroy vital Nicaraguan targets, such as power plants and bridges, in an effort to disrupt the economy and divert the attention and the resources of the government. CIA strategists believe these covert operations inside Nicaragua will slow the flow of arms to El Salvador and disrupt what they claim is a Soviet- and Cuban-controlled government in Nicaragua.

Operating under a \$19 million CIA budget, the planned 500-man force could be increased in size if necessary, officials said. The CIA force would be supplemented by another Latin American commando force of up to 1,000 men—some of whom currently are undergoing training by Argentine military officials.

This is the plan for CIA covert operations first reported in The Washington Post on Feb. 14 as part of the Reagan administration's strategy in the region. At the time, it could not be determined whether the president had authorized the CIA's plan to build a paramilitary force against Nicaragua.

Several informed sources now say that the president did formally authorize the proposal, but the precise timing of his authorization could not be determined. It may have occurred late last year.

The covert action proposal was developed by the CIA and first presented in detail to President Reagan by CIA Director William J. Casey at the Nov. 16 meeting of the National Security Council. It was supported by Secretary of State Alexander M. Haig Jr. and Defense Secretary Caspar W. Weinberger, according to knowledgeable officials.

Administration officials familiar with the CIA covert program stressed that the decision to focus on economic targets was based on a desire to disrupt the Nicaraguan arms supply line to El Salvador in a manner that is relatively inexpensive and least threatening to the civilian population.

"If you blow up a dam, you cause a lot of trouble, but you're not killing people," one high-level official said.

In his Feb. 18 press conference, Reagan was asked if the United States was planning covert operations in Nicaragua, but he declined to comment.

Nicaragua currently is ruled by the Sandinista National Liberation Front, whose guerrilla forces overthrew the government of dictator Anastasio Somoza in July 1979.

Honduras has a close military relationship with the United States, and Honduran officials fear that the political upheaval in El Salvador and Nicaragua will spill into their country. As a separate part of the U.S. strategy in the region, the U.S. military currently is engaged in two operations in neighboring Honduras to indirectly support anti-Nicaraguan efforts, informed administration officials said.

According to NSC records, the proposal was first authorized in November 1981 and conducted military operations against Cuban presence in Nicaragua and elsewhere. The CIA, in a separate authorization for military force program show that funding force described.

Covert operations proposal, according to records, are in

- "Build paramilitary force in Central America"

opposition front that would be nationalistic, anti-Cuban and anti-Somoza.

- "Support the opposition front through formation and training of action teams to collect intelligence and engage in paramilitary and political operations in Nicaragua and elsewhere."

- "Work primarily through non-Americans" to achieve these covert objectives, but in some cases the CIA might "take unilateral paramilitary action—possibly using U.S. personnel—against special Cuban targets."

After the initial presentation, the CIA proposal was turned over to the national security planning group, a subcommittee of the NSC, as a draft "presidential finding," which states the need for specific covert operations. Under national security statutes, no funds can be expended for covert actions "until the president finds that each such operation is important to the national security of the United States."

Senior U.S. defense and intelligence officials have said in recent weeks that without a slowdown in the arms supply to El Salvador by air, land and sea routes from Nicaragua, the position of government forces in the war-torn country could deteriorate rapidly, potentially prompting an escalation of Salvadoran requests for U.S. military assistance. Such requests are likely to run into strong congressional and public resistance.

U.S. Shows Photos To Back Charge of Nicaragua Buildup

STAT

By John M. Goshko
Washington Post Staff Writer

The Reagan administration, seeking to swing public opinion behind its Central America policies, yesterday staged a display of blowups of aerial photographs to bolster its charges that Nicaragua is engaged in a massive military buildup that poses a threat to its neighbors.

The photographs, projected onto a giant screen in the darkened large auditorium of the State Department, were the highlights of a lengthy press briefing given by Adm. Bobby R. Inman, deputy director of the Central Intelligence Agency, and John Hughes, deputy director of the Defense Intelligence Agency.

As described by Hughes, the photographs purported to show Nicaraguan military installations built according to an alleged Cuban model, airfields with runways lengthened to handle Soviet Mig jets that the United States claims are earmarked for Nicaragua, and Soviet tanks and artillery in place at some of these installations.

The two officials also showed a series of before-and-after photographs showing Indian villages near Nicaragua's border with Honduras that allegedly were burned by Nicaraguan authorities. The administration has charged Nicaragua with repression and forced relocation of the Miskito Indians and other tribes that lived in the area.

Except for the photographs, collected by unspecified aerial reconnaissance methods, the briefing was largely a reiteration of information that the administration previously made public.

Its main point, which Inman and Hughes tried to drive home with a drumbeat of tough rhetoric, was the allegation that Nicaragua's revolutionary, Sandinista-controlled government, with Cuban and Soviet help, is building an army whose size

needs for legitimate self-defense. Inman said the intelligence community believes Nicaragua's goal is to create a standing army of 25,000 to 30,000 and a ready-reserve militia of between 100,000 and 150,000.

He added that while the purpose wasn't clear, he believes the "pattern of Cuba" is being repeated in Nicaragua and that "the military infrastructure is there to turn the country into a Soviet bastion" from which campaigns of political intimidation or outright warfare can be waged against the rest of the Central American isthmus.

"This time, the ocean barriers aren't there," Inman said. "They can move much more easily into Central American countries."

What set yesterday's briefing apart from previous administration attempts to make its case about communist penetration of Central America was the almost theatrical flair with which it was staged. Administration officials also made clear it was only the opening salvo in a major effort to influence public opinion and counter the mounting opposition in Congress and elsewhere to President Reagan's backing of the military-civilian government in El Salvador and his hostility to Nicaragua.

The session yesterday was limited to presenting evidence about the Nicaraguan arms buildup and did not deal with the charge made by Secretary of State Alexander M. Haig Jr. that the leftist guerrillas in the Salvadoran civil war are controlled and supplied by such outside forces as Cuba and Nicaragua. Haig's accusation caused several members of Congress who advocate negotiating with the Salvadoran guerrillas and Nicaragua to ask him for proof.

Inman said evidence about the so-called "Salvador-Nicaragua connection" is being presented to Congress in closed briefings that will continue through Thursday. He also said a similar briefing will be given today at the State Department for a bipartisan group of distinguished former government officials, and he added that another press briefing on the subject is likely Friday.

The tone of the administration's approach was set by Inman, who opened the briefing by saying he was "concerned" and "angry" because the public has not been getting "a clear idea of what is concerning us in the intelligence community" and because government officials have been inhibited in responding to congressional interrogation by the need to protect intelligence sources.

For that reason, he continued, CIA Director William J. Casey had declassified the aerial photographs made public yesterday. To explain them, Inman then called on Hughes, whom he described as "the premier photo interpreter in the intelligence community." He also noted pointedly that Hughes had conducted the briefings during the 1962 Cuban missile crisis dealing with aerial reconnaissance of Soviet missile sites there.

Hughes said there are 49 active military garrisons in Nicaragua, 36 of them built since the Sandinistas won power in 1979. He then showed aerial photos of several that he said were built on the Cuban pattern of a rectangle divided into three parts: a motor pool, a barracks area and a training area containing what he contended were "Soviet-model" obstacle and physical training courses.

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BOSTON GLOBE
10 MARCH 1982

Nicaragua:

US says arms balance in area 'upset'

By William Beecher
Globe Staff

WASHINGTON — Top American intelligence officials charged yesterday that the military buildup in Nicaragua has already "upset the military balance" in Central America and appears aimed at supporting revolutionary movements or threatening direct intervention in the future.

One of the officials, Adm. Bobby Inman, deputy director of the Central Intelligence Agency (CIA), said it appears to be following "exactly the same pattern" as occurred in Cuba after the rise of Fidel Castro.

In a briefing at the State Department, complete with aerial reconnaissance photos taken as recently as two weeks ago, officials from the CIA and Defense Intelligence Agency (DIA) attempted to document publicly for the first time evidence of the military buildup in Nicaragua as well as of alleged Nicaraguan destruction of Miskito Indian villages on the Nicaragua-Honduras border.

Administration officials are expected to follow later this week, possibly Friday, with their long-promised evidence of outside military supplies to the guerrillas in El Salvador and of command and control of their activities from Nicaragua.

The public briefings, which supplement classified sessions on Capitol Hill this week, are aimed at the rising tide of skepticism that the Administration may be overstating the case for Cuban and Soviet interference in Central America.

"I've watched over the past couple of weeks public servants trying to grapple with the difficulty of conveying information while protecting critical intelligence sources and methods," Inman said, "find-

ing that they're standardly greeted with 'How can we believe you unless you show all the detailed evidence?'"

CIA Director William Casey exercised his authority to declassify some of the intelligence in order to make a public case, Inman said.

A series of reconnaissance photos were flashed on a screen in a State Department auditorium and analyzed by John Hughes, a deputy director of DIA who first came to public attention in 1962 when he briefed on photos of Soviet missiles in Cuba.

The photos were detailed enough to show what Hughes described as troops in the field in Nicaragua training with Soviet anti-aircraft and antitank guns.

Since the rise of the Sandinistas in Nicaragua, Hughes said, regular army garrisons have been expanded from 13 to 49, and 14 new airfields have been built, including four with runways long enough to accommodate MIG21 fighter-bombers.

Inman said the intelligence community believes that Nicaraguan pilots now undergoing "advanced" flight training in Bulgaria and Cuba will return home later this year and that MIG21s probably will be delivered shortly thereafter.

The scope of facilities being constructed, Inman added, probably means that another 50 to 75 Soviet tanks will be added soon to the 25 T55 tanks now in Nicaragua. By way of comparison, he said, Guatemala has only five World War II tanks.

Besides infantry and armored battalion garrisons, which he said were built on the Soviet-Cuban model, Hughes showed photos of a training facility near Managua where he said troops were getting commando-type training in how to attack airfields and destroy planes with small explosive-satchel charges. He noted an effective attack of that sort occurred recently in El Salvador, but he stopped short of tying Nicaraguans to that raid.

In answer to questions, Inman said the scope of facilities under construction suggest plans for a Nicaragua standing military force

militia of 100,000 to 150,000. Such a force, he said, was much larger than Nicaragua would need for de-

fense against any combination of its neighbors. The intelligence officials said there are more than 6000 Cubans in Nicaragua, including about 2000 military and security advisers. Another 50 to 75 Soviet officers, they said, were on hand to advise senior Nicaraguan military officers on force planning and tactics.

Inman said after a marked difference in tactics during the 1960s when Cuba actively supported guerrilla movements in Latin America while the Soviet Union concentrated on established Communist Party political organizations in the region, the two countries now appear to be coordinating efforts to actively support, supply and advise guerrilla movements.

Asked what was behind the buildup in Nicaragua, Inman said he could recall a time when the United States regarded Castro as merely an "agrarian reformer" and withdrew support from Fulgencio Batista, the Cuban dictator. But when Castro assumed power, Inman said, he built Cuba into a military bastion for the export of revolution in the Western hemisphere.

"I believe we're seeing exactly the same pattern in Nicaragua," he declared.

Hughes showed before-and-after photos of several Miskito Indian villages on the Nicaraguan side of the border with Honduras, which he said showed the systematic burning down of all homes, churches and other structures in January and February. Some 10,000 Indians have been forcibly relocated in Nicaragua, he said, and another 12,000 have fled to Honduras.

Asked why this was going on, Inman said he could only speculate that the Nicaraguans might want to clear the area preparatory to moving a Cuban military unit into a nearby facility under construction.

Other sources suggested the Miskitos had opposed some of the Sandinista programs and the latter may have feared they would make common cause with Nicaraguan exiles in Honduras.

Jaime Wheelock Roman, a member of the nine-man Sandinista Directorate, which rules Nicaragua, claimed in a news conference last week in Washington that the forced removal was

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NEW YORK TIMES
10 MARCH 1982

U.S. OFFERS PHOTOS OF BASES TO PROVE NICARAGUA THREAT

HUGE BUILDUP IS CHARGED

Intelligence Agencies Declare Forces Are 'Vastly Beyond Any Defensive Need'

By PHILIP TAUBMAN
Special to The New York Times

WASHINGTON, March 9 — The Reagan Administration made public today aerial reconnaissance photographs that intelligence officials said proved Nicaragua, with Cuban and Soviet assistance, was assembling the largest military force in Central America.

The Administration asserted that the military buildup posed a threat to Nicaragua's neighbors and has upset the military balance in the region.

Charging that Nicaraguan leaders had lied about the extent of the military growth, Adm. Bobby R. Inman, the Deputy Director of Central Intelligence, said: "It's time to get some concern in this country about their military buildup. It's vastly beyond any defensive need."

Pilots Reported Under Training

At a press briefing at the State Department, Admiral Inman said the United States believed Nicaragua's Sandinist Government was building a standing army of 25,000 to 30,000 men, equipped with Soviet tanks and helicopters. The nation's total military force, including militia, is nearly 70,000, easily the largest in Central America, Administration officials said.

In addition, they said, Nicaragua is soon to receive advanced jet fighter planes from the Soviet Union and has 50 pilots training in Bulgaria to fly them.

"Based on the pace of new airfield construction, and the development of new ground force installations, it is evident to us that the Sandinistas are achieving military force levels in excess of those normally required purely for defensive purposes," said John T. Hughes, Deputy Director of the Defense Intelligence Agency.

Soviet Influence Charged

Nicaragua is governed by a nine-member Sandinist National Directorate made up of the leaders of the revolution that overthrew the Government of Gen. Anastasio Somoza Debayle in 1979. A three-man junta administers the country. According to the Reagan Administration, the Sandinists, who describe themselves as Marxist reformers, have moved increasingly into the orbit of the Soviet Union and Cuba since seizing power.

The Administration has accused Nicaragua of serving as a staging area and command center for the guerrilla movement in El Salvador. Nicaraguan leaders have denied the charges.

Today's presentation, Admiral Inman said, was the first of a series of intelligence briefings scheduled for this week by the Reagan Administration to inform Congress and the public about Soviet and Cuban involvement in Central America. External support for the guerrilla movement in El Salvador will be the focus of one of these briefings, Admiral Inman said.

Public Doubts Are Noted

According to senior Administration officials, the decision to declassify some intelligence information about Central America was made this morning by Secretary of State Alexander M. Haig Jr. and William J. Casey, the Director of Central Intelligence. It ended several weeks of internal debate about whether to disclose the information, they said.

The Administration, the officials said, hopes the release of the raw intelligence data will help dispel public doubts about Administration assertions of outside interference in Central America.

The aerial photographs made public today were taken in recent months during manned reconnaissance flights over Nicaragua and show evidence of major military construction, according to Mr. Hughes, who was described by Admiral Inman as the Government's "premier photo interpreter."

Mr. Hughes, who conducted a similar briefing in 1962 about the introduction of Soviet missiles in Cuba, said today that the Nicaraguan Army had 49 garrisons, 36 of them constructed since the Sandinists gained power.

He also said that improvements were being made at Nicaraguan air bases, including the extension of runways, to accommodate advanced MIG aircraft built in the Soviet Union.

Photographs Are Displayed

To support those assertions, Mr. Hughes displayed a series of enlarged photographs showing military installations in operation or under construction in Nicaragua. "Most of these garrison areas are built along Cuban design," he said.

For example, Mr. Hughes presented a photograph of a garrison at Villa Nueva. He said that the

configuration of the style and placement of the vehicle storage areas and obstacle course, closely resembled garrisons in Cuba and the Soviet Union.

"This is the pattern we see time and time again in Nicaragua," he said. "It's the pattern we've seen time and time again in Cuba."

At one point, to underscore the comparison, Mr. Hughes juxtaposed a black and white photograph of a Nicaraguan garrison with a photo of a military compound he said was in Cuba. He noted the similar design and construction features.

One of the bases shown was designed for the training of special army forces, he said. The base, on the shore of Lake Managua, contains a sawdust pit that he said was used for training in hand-to-hand combat, as well as a miniature airfield used to rehearse sabotage attacks against airfields.

Tank Placement Noted

At several garrisons, Mr. Hughes noted the placement of what he said were Soviet T-54 and T-55 tanks and Soviet anti-aircraft guns. He said that Nicaragua at present has 25 Soviet tanks armed with 100-millimeter guns.

In addition, he said, the United States has evidence of the presence of two Soviet Hip helicopters, 12 BTR armored personnel carriers and several heavy amphibious ferries capable of transporting the Soviet tanks across rivers.

The construction of new garrisons has been accompanied by the improvement and expansion of at least four air bases, according to Mr. Hughes. He said that at Bluefields air base, for example, on the Caribbean coast of Nicaragua, aerial photographs taken in January showed construction of a new 6,600-foot runway. The old runway, he said, was 3,100 feet long, far too short, he added, to handle a fully armed MIG fighter.

"This is the kind of airfield expansion for an air force that claims to have only a few old airplanes?" he asked.

The overall Cuban presence in Nicaragua, Mr. Hughes said, totals more than 6,000 advisers: 2,000 military and security advisers, 500 medical advisers, 600 government advisers, 2,000 teachers and 750 construction workers.

Admiral Inman said that there were 50 to 75 Soviet advisers in Nicaragua, involved primarily in advising the Nicaraguans about military organization and tactics.

Today's presentation also included a series of photographs showing Miskito Indian villages in northeast Nicaragua on Jan. 4, 1982 and again on Feb. 23. The first photographs, Mr. Hughes said, showed populated, functioning villages. The second photos showed the same villages with all buildings destroyed, he said, the result of a systematic effort by the Sandinist Government to displace the Indians.

At the briefing, said that in a visit to Washington last week, Nicaragua's Minister of Agriculture, Jaime Wheelock Román, lied

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NEW YORK TIMES
10 MARCH 1982

Transcript of Statements at on the Military Buildup in Nicaragua

Following is a transcript of the statements on the military buildup in Nicaragua given yesterday at the State Department by Adm. Bobby R. Inman, Deputy Director of Central Intelligence, and John T. Hughes, Deputy Director for Intelligence and External Affairs for the Defense Intelligence Agency, as recorded by The New York Times through the facilities of the Cable News Network:

Mr. Inman: I'm Bob Inman. I'm here this afternoon because I'm concerned and because I'm angry. I'm concerned about insuring that you, and through you the public, has a clear understanding of what's been worrying those of us in the intelligence community for months now. That's the military buildup in Nicaragua and what it portends for this country.

I'm angry because I've watched, over the past couple of weeks, public servants trying to grapple with the difficulty of conveying information while protecting critical intelligence sources and methods and finding that they're standardly greeted with, "How can we believe you, unless you show us all the detailed evidence."

And over the weekend, we were treated to the occasion of the visit of Minister Jaime Wheelock from Nicaragua, who used the platform given him to talk at substantial length about what wasn't happening in Nicaragua.

And as you will see from what we have to say, he lied directly, and no one seemed to challenge that process, at least not in the stories that I read.

And today we're not going to deal with El Salvador and the events there. That will be coming, a series of events later in the week. But we are going to respond today with some declassified intelligence on the nature of the buildup that we've been watching for some time.

Director Casey has responded to our request that he exercise his authority to declassify some manned reconnaissance imagery, or photography, which I believe you will find makes a very substantial, different case from that which you heard from Mr. Wheelock over the past weekend.

We're privileged to have with us today, to present the evidence to you, John Hughes. John has been in the intelligence business now for slightly over 30 years. He is the premier photo interpreter in the Appleton community. And those of you with a historical interest may recall in 1962,

when John Hughes briefed the evidence, from photography, of the introduction of missiles into Cuba.

I will field your questions after John has finished within the degree that I can. And I'll be assisted by Jim Williams, the director of D.I.A. John, over to you.

Mr. Hughes: Thank you. Ladies and gentlemen, our purpose this afternoon is to review some of the sensitive intelligence available to us on the continuing Nicaraguan military buildup. In this review, we will exhibit reconnaissance photography of Nicaraguan military installations and military equipment.

We will also show comparative coverage — that is, before and after — of Indian villages along the northeast border, which have been systematically destroyed by the Sandinistas.

This presentation has two basic objectives, with respect to the Nicaraguan military buildup: first, to describe the nature and growth of Nicaraguan military facilities over the past two years, and the inherent Cuban design they represent; and second, to review efforts on the part of Cuba and other Communist nations to provide modern and upgraded military equipment to the Sandinistan ground — armed forces.

Could we put the lights down please?

Prior to the overthrow of Somoza by the Sandinistas, Nicaragua maintained a National Guard with the strength of about 10,000 men. This force was widely dispersed throughout the country in an internal security role and had very little heavy military equipment.

Size of Military Force

When the Sandinistas came to power, they immediately began organizing regular military forces and a strong internal security police force.

The Sandinista police, similar in purpose to Somoza's National Guard, gradually have been built to a force of five to six thousand men.

The regular military forces have grown even more quickly from a small initial force of 5,000 to a large, active-duty army supplemented by even larger militia and reserve elements.

This combined military force is now

the largest in Central America and totals up to 70,000 men.

Based on the pace of new airfield construction and the development of new ground-force installations, it is evident to us that the Sandinistas are achieving military force levels and capabilities that are in excess of those normally required purely for defensive purposes.

We believe that they have already upset the military balance in Central America. This is especially true since their neighbor to the south, Costa Rica, maintains no standing army.

Let me now share with you the evidence that is available to us.

First graphic please. In any discussion on the Sandinista military buildup, one has to talk about Nicaraguan military facilities. At the present time, we have confirmed from aerial photography and other sources 49 active military garrisons. The amazing thing about that figure is that 36 of them are new military garrisons since the Sandinistas have taken power. Thirteen of the garrisons to make up the total of 49 are old Somoza garrisons that have been refurbished to accommodate the Sandinistan military units.

Most of these garrison areas are built along Cuban design. In fact, we have evidence of facilities in Cuba that we'll exhibit today that are seen in Nicaragua.

14 Installations

The installations we're going to talk about are shown, or highlighted, here. Fourteen are the ground-force installations. They are not all of them there, some of the main ones, here marked by the military symbol a standing soldier. Fourteen of them, plus four new airfield activities, we're watching very carefully at Puerto Cabezas, Bluefields, Montelimar and near Managua itself. And, by the way, this inset of Lake Managua is enlarged in the upper left, where you can see the town of Managua and the newly established ground-force garrison that we're going to be discussing in the context of today's presentation.

This is Sandino Airfield, the main international field.

As I mentioned a moment ago, all of these take on a Cuban design and character. Let me show you what we are saying on the reconnaissance photography. Next graphic.

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NEWSDAY (NY)
10 March 1982

CIA Aide Seeks LI Business Support

By Daniel Kahn

Newsday Long Island Business Editor

Woodbury—A Central Intelligence Agency official yesterday shared some of the agency's concerns with members of the Nassau-Suffolk business community, and took the opportunity to do some lobbying.

J. William Doswell, the CIA director of external affairs, called attention to two "crucial issues" now before Congress: Public identification of CIA agents and easy access to sensitive material through the Freedom of Information Act.

The proposed Intelligence Identities Protection Act would bar the publication of the names of agents, he said, without threatening penalties for "inadvertent disclosures."

The Freedom of Information Act "galls me," Doswell said. "The KGB can—and does—request information which we must provide by law," he said, and the CIA "loses information" from potential sources that are dried up by the possibility of future disclosure. The CIA and the National Security Agency should be exempted from the act, he said.

Doswell invited the 200 businessmen attending the Long Island Association's World Trade Club luncheon at the Crest Hollow Country Club to express their support of the CIA positions to their congressmen.

The appearance apparently marks an effort by the

CIA, under new Director William Casey, to reach out to the public. A similar invitation from the LIA 18 months ago was rejected by the CIA as not in keeping with its policies. Doswell, a former newspaper publisher and head of his own public relations firm in Richmond, Va., joined the CIA in July.

In his address, Doswell touched on what he termed three areas of major concern:

• Terrorism as a tool for political action is growing rapidly worldwide. Since 1980—and for the first time—terrorism has been "sponsored by a national government on a large scale." (He later identified the government as Libya.) Primary targets are U. S. citizens or their properties. Americans—particularly businessmen and diplomats—are the targets in two of every five incidents. Latin America and the Mideast are the major areas of terrorism, with Europe "not far behind."

• A low self-sufficiency of such critical resources as cobalt "may spell trouble" for the United States, since any loss of the resources "would bring a shock to the economic system." The United States "can't determine its own fate when foreign hands are on the throttle."

RADIO TV REPORTS, INC

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FOR PUBLIC AFFAIRS STAFF

PROGRAM	The Today Show	STATION	WRC TV NBC Network
DATE	March 8, 1982	7:00 AM	CITY Washington, DC
SUBJECT	Colonel Muammar Qaddafi Interviewed		

JANE PAULEY: Chris Wallace spent this weekend in the Middle East, where he got an exclusive interview with Libya's Muammar Qaddafi. Chris is in Rome this morning with the story.

CHRIS WALLACE: Jane, we are just back from Libya, where on Saturday night we spent an hour talking with Colonel Muammar Qaddafi. In the interview the Colonel said that there was no justification for a U.S. ban on Libyan oil imports. He also criticized Saudi Arabia, saying that it should cut oil production by two to three million barrels a day, and that failure to do so might destroy OPEC. And we asked him what he will do if U.S. warships return to the Gulf of Sidra, where last summer two U.S. planes shot down two Libyan jets.

COLONEL MUAMMAR QADDAFI: We will defend our country till the last drop of our blood and the last man and woman. We know we are a small country and America is a superpower. That is our duty. We don't want to invade America. We are not going to make war on the shores of America. But America is coming here. What we will do on this? We will do our duty.

WALLACE: And that is to fight?

COLONEL QADDAFI: Of course. If anyone comes to your country, in your home, what do you do in that case? When we attack your home, what you will do?

WALLACE: Qaddafi said throughout the interview that he wants good relations with the U.S. But he accused President Reagan of using Libya to distract the American people from U.S. economic problems.

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WARREN K. LEFFLER—USMWR



Interview With CIA Director William J. Casey

The Real Soviet Threat in El Salvador—And Beyond

In a rare and unusually candid discussion, the nation's intelligence chief spells out a Kremlin strategy for conquest by subversion and for building Russian military power by using secrets stolen from the U.S.

Q. Mr. Casey, there's a great deal of concern that this country might be dragged into a Vietnam-like quagmire in El Salvador. In your view, is that fear warranted?

A. No. I don't think El Salvador or what we're likely to do there bears any comparison to Vietnam. In the first place, El Salvador is on our doorstep. And we're not just talking about El Salvador; we're talking about Central America—Costa Rica, Honduras and Guatemala. The insurgency is beamed at all those countries. Furthermore, this is part of a worldwide problem.

Q. Worldwide in what sense?

A. Around the middle of the '70s, the Soviets assessed the impact of Vietnam on American public opinion and decided we probably would be restricted in our ability to respond to low-level insurgency operations. In the last seven years, starting with the dispatch of sophisticated weapons to join up with Cuban troops in Angola, they have developed a very innovative and brilliant mix of tactics: Political, diplomatic, destabilization, subversion, terrorists and support of insurgencies. And they have applied this around the world.

Over this past year alone, you've had insurgencies in North Yemen, Chad, Morocco, Kampuchea, El Salvador, Guatemala. You have incipient insurgencies in many African countries. The Soviets work in some concert with Cuba, Libya and North Korea. They work with Angola against Namibia and Zaire; with Ethiopia against Somalia, and with Libya and Ethiopia against the Sudan.

Q. How are the Soviets involved?

A. What happens in these insurgencies is that the Soviets go in and exploit the underlying social and economic discontents, which are plentiful. That gives them a base. They feed it with trained men and with arms. That drives away investment. The insurgents sabotage economic targets, and so economic discontent grows. And as the discontent grows, more people go over to the insurgents' side.

It's almost a no-lose proposition for the Soviets. They can stay in the background. They sell their arms and get up to 20 percent of their hard currency from Libya and other countries that can pay for the arms. It's something we have very great difficulty coping with.

Q. What is Cuba's role in all this?

A. Here's a country of 10 million, with 50,000 people around the world—military and civilian. Besides the Cuban troops in Angola and Ethiopia, there are 12,000 technical

trainees in East Germany and Czechoslovakia and 5,000 to 6,000 students in the Soviet Union. They have 50 people here, 60 people there—in Africa, in the Middle East and in Latin America.

They can do this because of the demographics that led them to get rid of 120,000 people in the Mariel sealift. There has been a 50 percent jump in the 15-to-19 age group in the Cuban population. That's quite a latent force that Castro has no work for at home and can use for mischief abroad. He said in a speech just a few months ago that he would like to send 10,000 young Cubans to Siberia to chop down trees for construction projects in Cuba.

Q. Do you have evidence that matériel is being supplied by Cuba to the guerrillas in El Salvador on a significant scale?

A. Oh, yes. Without it the guerrillas wouldn't be able to sustain an insurgency.

Q. And Nicaragua? What part does it play?

A. This whole El Salvador insurgency is run out of Managua by professionals experienced in directing guerrilla wars. You've got to appreciate that Managua has become an international center. There are Cubans, Soviets, Bulgarians, East Germans, North Koreans, North Vietnamese, representatives of the PLO. North Koreans are giving some weapons they manufacture. The PLO provides weapons they've picked up around their part of the world. There are American weapons that the Vietnamese brought in in substantial quantities—mostly small arms that were left behind in Vietnam.

Q. How large are these foreign groups operating in Managua?

A. In the case of the Cubans, 6,000 are in the country, of whom 4,000 are in civil work and maybe 1,800 or 2,000 are in military and security work. The East Germans and Soviets each have somewhere between 50 and 100. The Bulgarians, the North Koreans and the Vietnamese are fewer. They all have their little function: The East Germans work on the security system; Cubans work on the general strategy, and the Soviets work, for the most part, on the large weapons that have come in. The North Koreans and Vietnamese are good at caching arms and digging tunnels and things like that.

Q. Why is the administration apparently so concerned about the arrival in Cuba of crates presumably containing a squadron of MiG-23s—a plane that already is operating there?

A. Well, Cuba has the biggest air force in the hemisphere next to ours. The new planes are just part of a buildup. But I don't know that we are that concerned. Jimmy Carter made it an issue when MiG-23s arrived in Havana, and he didn't do anything about it. I think this President has been rather careful not to make it an issue—although I wouldn't say we're unconcerned.

Q. Does what is happening now in Cuba violate the 1962 Kennedy-Khrushchev agreement ending the missile crisis?

A. Oh, sure it does because the '62 agreement said the

Soviets would **Approved For Release 2005/11/28 : CIA-RDP91-00901R000400120001-3** there would be no export of revolution from Cuba. The agreement has been violated for 20 years.

Q So the aircraft coming to Cuba now are attack planes—

A They're attack airplanes, yes.

Q Are they nuclear capable?

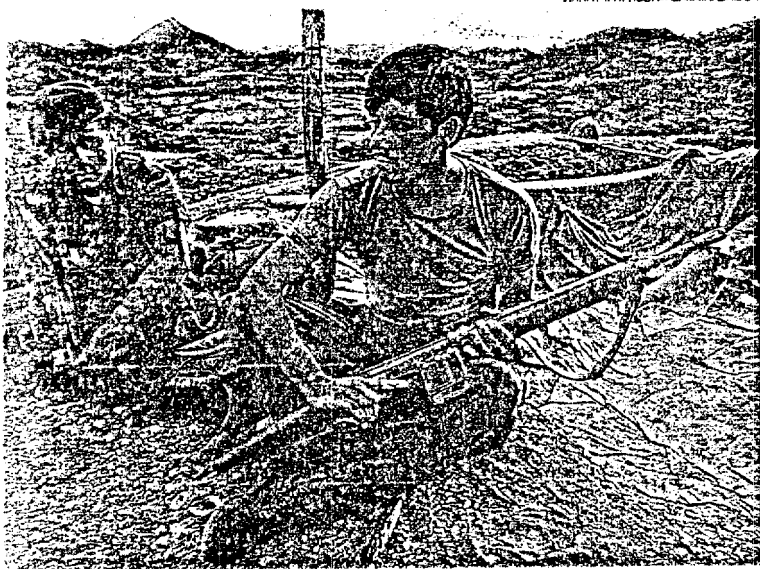
A They can be made nuclear capable. There's an export version which is not nuclear capable. We haven't seen these planes yet. They're not out of the crate. The probability is they're the export version, but it just takes a little bit of wiring and a little bit of work and some pilot training to make them nuclear capable.

On the other hand, the Soviets have better ways to hit us with nuclear bombs. It's more likely these planes are for the purpose of building Cuba up militarily, modernizing their Army, probably paying them for their work in Africa—to keep their forces in Angola and Ethiopia. Their Army probably feels happy if it gets modern equipment, and they probably wangled these planes out of the Soviets.

Q Could these MiGs be destined ultimately for Nicaragua?

A We think that Nicaragua is lengthening its runways at three airports for the purpose of being able to take this kind of fighter. It probably hasn't been determined whether the

HARRY MATTISON—GAMMA/LIAISON



Salvadoran soldiers. "The notion that all massacres of civilians are perpetrated by the government, not by guerrillas, is false."

planes will go from Cuba to Nicaragua or whether additional planes will go directly from the Soviet Union.

Q Is there a point at which the United States says to the Soviet Union and Cuba, "This far and no further"?

A That's the \$64 question. I don't think the American public generally perceives the threat in as serious a light as we may perceive it at this stage. I think we'll come to our senses and face up to it. But you've got a problem not only of American public opinion but of Latin American public opinion. It's the gringo problem: They don't want us down there.

When we go down there, we play into the hands of the Marxists to a degree; we give them a rallying point. The President has made it clear that there is no intention of sending troops there. Exactly what to do to help these countries defend themselves is a very difficult, complex political, diplomatic, military decision: You can't make it without public understanding and public support.

Q Is there any sign that Latin American opinion is changing and becoming more supportive of the United States?

A A year ago no Latin American country was greatly concerned about what was happening in El Salvador. Yet when

insurgents several months ago, 12 Latin American countries dissented. That shows growing concern. At the OAS meeting in St. Lucia a couple of months ago, there was a 22-to-3 vote in support of orderly elections in El Salvador. The three dissenters were Nicaragua, Mexico and Grenada. Just two or three weeks ago, Costa Rica, El Salvador and Honduras got together and called upon Venezuela, Colombia and the United States to help protect them against Nicaragua.

Increasingly, the Colombians and the Venezuelans are getting concerned. The Mexicans should be concerned because they could be the next target. I read now that they've got at least the beginnings of a quick-reaction force. So maybe they're coming around. Also, there is dissidence in Nicaragua. A lot of Nicaraguans think that the Sandinistas are betraying the revolution. They resent having the country taken over and run by Cubans.

So we can hope that developments in Central America will breed a reaction. You say "Halt" to all this when you're not saying it alone, when you're not perceived to be behaving in Central America the way the Soviets behave in Poland and when you have enough Latin American participation so that you're helping them instead of doing the whole thing for them.

Q Concretely, what threat do these developments in Central America pose for the U.S.?

A Well, just look at what is happening down there. Nicaragua, a country of 2½ million people, has an Army twice the size of El Salvador's, which has twice the population and is fighting for its life. Nicaragua is sitting there with a big Army that's getting bigger, with Soviet tanks and airfields being extended and pilots being prepared for Soviet supersonic planes. When and if that happens—I think it will happen in six months—Nicaragua will have military dominance over the rest of Central America, with a population 7 times theirs.

If Cuba, with 10 million people, and Nicaragua, with 2½ million people, take over the rest of Central America and build up the armies on the scale of their own, you would have a very large army down there on our doorstep. Mexico is sitting there with a military force of about 150,000 today and never thought of having anything more.

Q Are the persistent reports true that government troops are responsible for most of the massacres of civilians in El Salvador?

A Nobody knows where all these casualties come from. This is civil war. Sometimes they come from the government, and sometimes they come from the guerrillas. We are satisfied that the government is sensitive to the importance of disciplining its forces and is making a genuine effort to do so. But that's going to be very slow and not entirely satisfactory to our public opinion. El Salvador has a violent society, and the law is kind of slow. A man can't be convicted of murder without a witness under their law. And those who sit in judgment risk their lives because the society is violent. So judges have a tendency to duck the responsibility.

But the widely propagated notion that all the massacres of civilians are perpetrated by the government and not by the guerrillas is clearly false. In the final analysis, you have to make up your mind whether you would prefer a Marxist-Leninist dictatorship to a society that is capable of reform.

Q Turning to Russia: The CIA and the Defense Department recently stressed the need to limit Soviet access to American scientific and technological research. Why the sudden concern?

A You need to be concerned about it. We have established a technology-transfer center at the CIA that has taken a very comprehensive look at the whole question of the degree to which American research and development—and Western technology generally—has contributed to the increased accuracy, sophistication, precision, power and countermeasure capability of the Soviet arsenal.

Key Points Made by Casey

- **El Salvador as another Vietnam.** El Salvador bears no comparison to Vietnam. It "is on our doorstep [and] is part of a worldwide problem."
- **1962 Kennedy-Khrushchev agreement.** The accord barring Soviet offensive weapons from Cuba and prohibiting Castro from exporting revolution "has been violated for 20 years."
- **Havana's role in El Salvador.** Without arms from Cuba "the guerrillas wouldn't be able to sustain an insurgency."
- **Threat from Nicaragua.** "Managua has become an international center" for subversion—harboring 6,000 Cubans, plus Russians, East Germans, Bulgarians, Vietnamese, North Koreans, PLO. Three airports are being developed to take advanced Soviet warplanes.
- **Qadhafi—a madman?** "You could say that." He was driven to retaliate with assassination squads for the U.S. downing of two Libyan planes.
- **Continued threat to Reagan.** Qadhafi's hit teams still pose a danger to the President. "You don't call those things off."
- **Russia's reliance on U.S. technology.** "Soviet strategic advances depend on Western technology to a far greater degree than anybody ever dreamed of," and the KGB has a large organization working exclusively to get these secrets.
- **CIA mandate.** To overcome the effects of years of rundown, the agency has a "general go-ahead to carry out a buildup . . . in line with the defense buildup."

We have determined that the Soviet strategic advances depend on Western technology to a far greater degree than anybody ever dreamed of. It just doesn't make any sense for us to spend additional billions of dollars to protect ourselves against the capabilities that the Soviets have developed largely by virtue of having pretty much of a free ride on our R&D. They use every method you can imagine—purchase, legal and illegal; theft; bribery; espionage; scientific exchange; study of trade press, and invoking the Freedom of Information Act—to get to this information.

We found that scientific exchange is a big hole. We send scholars or young people to the Soviet Union to study Pushkin poetry; they send a 45-year-old man out of their KGB or defense establishment to exactly the schools and the professors who are working on sensitive technologies.

The KGB has developed a large, independent, specialized organization which does nothing but work on getting access to Western science and technology. They've been recruiting about 100 young scientists and engineers a year for the last 15 years. They roam the world looking for technology to pick up. Back in Moscow there are 400 or 500 assessing what they need and where they might get it—doing their targeting and then assessing what they get. It's a very sophisticated and far-flung operation.

Q Can you give examples of how U.S. research has directly contributed to the development of Soviet military capabilities?

A Yes. The Soviet ability to MIRV their weapons—to develop multiple, independently targetable warheads for their missiles and to achieve the accuracy of their missiles that threaten the survivability of our fixed-site land-based systems came largely from their hooking on to the technology behind our guidance systems and from the use of high-precision grinding equipment they were able to get from us. I'm not saying they might not have made these advances sometime anyway. But they got them on the cheap and quick.

to gain access to American technology?

A This is something which needs to be looked at across the board in terms of our export controls in terms of the openness of information and in terms of scientific exchanges. I think there probably will be a panel of the National Academy of Sciences that will look carefully at the question of scientific exchanges and determine how far one might go to control damaging leakage. But you're not going to shut these down. We want to preserve an open society. We're not going to alter that. But, at the same time, we are entitled to protect our scientific and technological secrets.

Q Early in the Reagan administration there was much talk of Soviet involvement in international terrorism. Is there evidence that Russia orchestrates the activities of these terrorist groups?

A We believe they export them more than orchestrate them. Terrorism has become a great industry. It was always a false issue whether the Soviets directed and controlled world terrorism. World terrorism is made up of a bunch of freebooters, and they're all, more or less, in business for themselves. The Soviets have supplied weapons and trained the Palestinians and other terrorist groups. They have training camps in South Yemen. That was part of their getting influence and edging their way into the Middle East.

But if anybody orchestrates them, it's Libya's Qadhafi. He has made many of them dependent on him. After the '73 war, when the Arab world was in disarray, Qadhafi was looking for leadership. The only thing he had was money—and nothing to spend it on. So he found all these Palestinian organizations wanting to stir things up, and he started to put money in them. And then he started to train them and so on. There are over 25 terrorist and guerrilla training camps in Libya. Training guerrillas and terrorists is the second largest industry there—second only to oil.

When Qadhafi wants to send hit teams out to get his own dissidents or to retaliate for the downing of two of his planes in the Gulf of Sidra by the United States, he uses mostly Libyans, but he'll also go to Palestinian and other terrorist organizations and sign them up to help.

The capitals of terrorism are Tripoli and Beirut. The money comes out of Tripoli, and the infrastructure and the false documents—the headquarters—are in Beirut. It's a big business today. They need money, and Qadhafi provides it.

Q What is Qadhafi's aim?

A He's striving for ego satisfaction. He wants to be a big figure in the world. He wants leadership.

Q Is he a madman?

A You could say that. When he's confronted, he has to retaliate. He has that kind of ego drive. He has to show that he's as big as anybody else, and if the United States knocks two of his planes out of the air, he's got to do something about it. He talks about it, and then he's under greater pressure to do something about it. He wants to spread his influence across Africa, and his money reaches Muslim groups as far away as the Philippines.

Q It's your view that the hit squads we heard so much about were sent by Qadhafi to assassinate U.S. leaders in retaliation for the downing of the two Libyan planes—

A I think that's when it started. Of course, we had previously broken diplomatic relations and taken other steps against Libya. Qadhafi is a little guy feeling he's being kicked around by the big guy, and he thinks he's really bigger—and he's going to show it.

Q Do those hit teams still pose a danger to the President?

A I think they do. You don't call those things off. Qadhafi sent somebody to say, "We're going to call them off." And then he said he was firing people out of his intelligence organization, but we find they're still there. We keep getting reports that people are being recruited, moving around. It's

interesting that the American colonel, the de Gaulle attaché in Paris—who was killed at his home was at the highest level below those provided with security. I think that so much security was laid on to protect the President and other top Americans that the Libyans may have pulled back for a while. But you don't know when they're going to resume.

Our Paris embassy believes that a large number of their personnel are under surveillance. We see people casing the homes of ambassadors in other countries. There's clearly still a threat, and you've got to be concerned with it.

Q. Does the rescue of Brig. Gen. James L. Dozier from Italy's Red Brigades imply that the terrorist threat is receding?

A. Oh, no. It's growing. I think we're just seeing the beginning of it.

Take the Red Brigades. People who take up that activity are not normal, and their egos are easily bruised. When they suffer a setback, they want to come back to regain their reputation and status. They bungled the Dozier affair from their point of view, so their reputation recedes. Like any other business, when their reputation recedes, their ability to recruit and to get money diminishes. If they want to stay in business, they've got to do something again. They've got to score a hit. They do this to make an impression or to get attention.

The reason I say it's going to increase is that the opportunity to inflict real damage and to really influence public opinion hasn't been scratched yet. The opportunities to score propagandistic hits are so much greater than has been exploited. That's why I think we're going to have more terrorism before we get less of it.

Q. If you were to name the half-dozen most dangerous spots in the world for the U.S. in the coming period, what would they be?

A. Iran, Central America, the Middle East, the other side of the Persian Gulf, Germany and East Europe, Morocco and the Strait of Gibraltar.

Q. Do you mean East Germany—or West Germany and Eastern Europe?

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Then, too, I think, you've got to look at southern Africa. There's the danger of that area being cut off and ultimately falling into the Soviet sphere of influence. That could put a squeeze on the minerals and other resources that are so important to the West. That may not be an imminent threat, but it's something you have to worry about.

But let me emphasize this: We're not the only people at risk. The Soviets have their problems, too.

Q. What sorts of problems are most serious for the Soviets?

A. I would make three points:

First, the Soviets have been able to carry on the biggest military buildup in the history of the world and somehow manage to make us the warmongers. We're portrayed as the threat to peace because we're responding. If we tell our story right, we can turn that tide. We're not very good at it, but we can make the world more concerned about the Soviets as a threat to the peace.

Second, the Poland development should be proof of the failure of the command economy and the Communist system. They can't work in the long run without brutal repression. I don't know how Poland and Romania, which is also in a mess, are going to pull out.

Finally, the Soviet economy is in very bad shape. The leadership was a year late with its five-year plan. And in order to increase military spending, they had to make an enormous reduction in their investment program. The poor economy has led to a social malaise, alcoholism, labor unrest and strikes in the Baltic states. I'm told that Solidarity buttons were bringing \$20 apiece in the Ukraine before December 15.

At some point, the bottom of the barrel is going to emerge in the Soviet Union. There are real constraints on the Soviets—real constraints. They're only able to carry on their activities around the world because they've learned to use other people so well. □



Under Way: A Big Buildup for the CIA

Q. What have you done to strengthen the agency after its years of buffeting?

A. The basic intelligence-gathering capability can't be changed overnight. It had run down over a seven or eight-year period largely because of a 40 percent drawdown in funds and a 50 percent drawdown in people. Over the past two years, starting with the last year of the Carter administration, there has been an increase in resources.

We have completed a broad examination of the challenges that the intelligence community will face during the rest of this decade—and the available technologies. We have defined the capabilities needed to meet those challenges, and we now have a general go-ahead to carry out that buildup.

Q. Does that mean a big increase in funding and staff?

A. Yes, but I can't be specific about either as they're classified, but the buildup is roughly in line with the defense buildup. We also have introduced a number of other improvements to integrate more effectively the intelligence process with the administration's policy-making machinery and to improve coordination within the intelligence community. We now have a fast-track procedure that can produce an estimate in a week or two when policymakers need something quickly.

Q. How important are covert operations, which were virtually suspended during the Carter administration?

A. The Carter administration did virtually discontinue these for about two years, but in the final two years they undertook increasing numbers of special activities. These can be important. We don't talk about these activities, and they're undertaken only if they're authorized by the executive branch and reported to Congress.

Q. Are you seriously hampered by legislative constraints?

A. No. We tell the congressional intelligence committees our plans. They raise questions, and this can help us to improve and fine-tune what we are doing.

Q. Do you tell Congress of these operations beforehand?

A. I can't think of any time that we haven't.

Q. Does the President's recent executive order defining the role of the CIA permit it to engage in operations in this country or spy on Americans abroad, as critics have alleged?

A. Despite the fuss made over the executive order, it doesn't alter the situation. We don't spy on Americans in this country. All counterintelligence, law-enforcement and antiterrorist activity in this country is the province of the Federal Bureau of Investigation.

But since these problems don't stop at the water's edge—they flow in—the new executive order permits the CIA to operate to the extent of supporting and coordinating with the FBI under rules laid down by the Attorney General. In pursuit of foreign-policy objectives abroad, we can work with Americans who want to help or with foreigners here in this country.

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ON PAGE E-1

NEW YORK TIMES
7 MARCH 1982

Rising Revolt

Volume Rises On El Salvador

Victory in El Salvador, from the Reagan Administration's point of view, will take a lot more fighting there and a lot of explaining in Washington. Last week, despite stepped-up activity on both fronts, Reagan officials were claiming no big advances.

One Presidential aide acknowledged "the success of the El Salvador insurgents in the past couple of months." President Reagan was told that the guerrillas might succeed in disrupting March 28 elections, a crucial element of Administration strategy to gain legitimacy for a centrist government. Without explanation, the Salvadoran Army cut short a major offensive against guerrilla strongholds 20 miles from the capital.

On the home front, White House mail was running more than 10-to-1 against Administration policy and 106 members of Congress urged Mr. Reagan to switch to the negotiating strategy backed by President José López Portillo of Mexico. Secretary of State Alexander M. Haig Jr., who has reacted without enthusiasm to the Mexican proposals, met yesterday with Jorge Castañeda, Mexico's Foreign Minister, in New York.

Perhaps the most dramatic episode of the week came when Mr. Haig, challenged by skeptical Congressmen to share some of his touted "overwhelming and irrefutable" proof of foreign control of the Salvadoran insurgency, announced to a House subcommittee that "for the first time, a Nicaraguan military man was captured in Salvador." He had been sent by Nicaragua's Sandinist Government "to participate in the direction" of guerrilla operations, Mr. Haig said. But the Nicaraguan, it turned out, had somehow given his captors the slip and vanished into the Mexican Embassy, which thereupon requested safe conduct for him to leave the country. The Mexican Government identified the man as a 19-year-old student at a university in Monterrey, Mexico, and said he had been detained as he was on his way

Salvadoran security forces told a different story. They said the man had been trained as a terrorist in Mexico and had been sent to El Salvador to command a guerrilla platoon in a major offensive planned to disrupt this month's elections.

The State Department was concerned that the controversy detracted from other "compelling" evidence it says it has to implicate Nicaragua and Cuba in the Salvadoran insurgency. Mr. Haig has refused to produce the evidence on the ground that could compromise intelligence sources. (Navy destroyers standing off the Nicaraguan coast are equipped with electronic equipment presumably capable of eavesdropping on signals from Nicaragua to El Salvador.) William J. Casey, the Director of Central Intelligence, briefed the Senate and House Intelligence Committees, and their chairmen issued statements generally supporting the Administration.

Despite some anxieties among his boosters in Washington, Salvadoran President José Napoleón Duarte appeared unruffled. He complained that foreign reporters and Congressional critics were distorting Central American events, but he said victory March 28 would give him leverage to correct human rights violations. "Order and discipline will start coming back," he promised, when the Government gets its "power from the people by the vote."

7 March 1982

John Sears on good terms

Ex-Reagan aide now foreign campaigner

Chicago Tribune Press Service

WASHINGTON — Business was good last year for John Sears, President Reagan's onetime campaign manager and now a senior partner in the law firm of Baskin & Sears.

On Jan. 6, two weeks before Reagan's inauguration, Sears registered with the Department of Justice as a foreign agent for the controversial government of South Africa.

His fee from South Africa was set at \$125,000 every three months — \$500,000 a year.

SEARS INFORMED the U.S. government that he would earn that fee through preparing propaganda and lobbying. His services to the South Africans would include assisting in preparing "communications and presentations for consideration by Congress, The Executive and Executive Agencies," noted the former Reagan confidant.

On April 8, 1981, Sears registered as the agent for the Japan Auto Manufacturers Association of Tokyo. His job was to head off trade quotas.

The fee for the Japanese automakers was set at \$10,000 a month — \$120,000 a year.

ON MAY 22, 1981, Sears registered as an agent of Korea's Poongsoon Metal Corp. His duties were "to monitor and report any and all significant United States administrative and executive actions and policies bearing on the interests of the Poongsoon Metal Corp. To advise and counsel the Poongsoon Metal Corp. as to any possible ramifications and consequences which administration and executive policies may have in the arms industry."

Poongsoon relies on American Defense Department patents to make small arms and ammunition. The Korean company agreed to pay a monthly retainer of \$5,000 — a total of \$60,000 a year.

On July 6, 1981, with the South Africans, Japanese and Koreans signed up as clients, the Sears operation hired out to the Partido Reformista of the Dominican Republic, the ruling party in the Latin American nation.

IN A LETTER to the Dominicans, Sears wrote, ". . . the history of your party and its accomplishments in the Dominican Republic makes it a great pleasure to undertake this responsibility.

"The terms," Sears continued, "which we would require would be payment of a monthly retainer of Five Thousand Dollars (\$5,000), plus any out-of-pocket expenses."

The Reformista party signed up at a rate of \$60,000 a year.

The next foreign business to come Sears' way surfaced last Oct. 14, when he signed a contract to represent Japan Air Lines; a carrier eager to expand its landing rights at U.S. airports.

The fee to JAL was set at \$60,000 a year plus expenses, the same rate as for the Koreans and the Dominicans.

Sears, 41, was dismissed as Reagan's campaign manager on the day of the 1980 New Hampshire primary, which Reagan won. He was replaced by William Casey, who now directs the Central Intelligence Agency.

Justice Department files indicate that the South Africans, Japanese and Dominicans remain convinced that he continues to enjoy effective contracts within the Reagan administration.

At the end of 1981, according to Justice Department files, the firm of Baskin & Sears was billing its various foreign clients at a rate of \$800,000 a year.

The year 1981 was a very good one for John Sears.

James Coates

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THE WALL STREET JOURNAL
 5 March 1982

In From the Cold Long Out of Fashion, Spy Agencies Now Get Priority in Washington

Administration Adds Agents And Analysts, Pays Heed To Once-Ignored Nations

But Is It Politicizing CIA?

By GERALD F. SEIB

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—Radio listeners in Atlanta may have been startled recently to hear a mellifluous voice saying, "We're the Central Intelligence Agency, looking for very special people to train for a career with us."

The announcer explained that if listeners could "make on-the-spot decisions, have initiative and self-reliance, are willing to live abroad," they could qualify for a job. The ad closed with these instructions: "Get in touch if you believe you are special enough for a career with the Central Intelligence Agency."

That ad and a similar one run in Salt Lake City represent the CIA's first effort to recruit new employes with broadcast advertising. And the Atlanta experiment, in particular, was a big hit. "It absolutely swamped us with responses," a CIA official says.

The commercials are just one sign that the Reagan administration has begun trying to make good on its promise to rebuild America's intelligence system. Both in radio and newspaper ads, the CIA is recruiting full-time analysts for duty either at its headquarters near here or at posts abroad. Overall, the administration has begun quietly increasing the intelligence system's secret budget by roughly the same rate as the Pentagon's 18% rise for fiscal 1983. Meanwhile, the CIA is assembling a five-year master plan for beefing up the intelligence community, which many in Congress now agree was worn thin by staffing and budget restraints during the 1960s and 1970s.

Emphasis on People

The Reagan administration's plans will make some broad changes in the way the U.S. intelligence system does its work in the 1980s. The emphasis will be on adding analysts and clandestine agents, after the recent heavy dependence on spy gadgetry for budgetary reasons. Many of the new people will be used to build up the CIA's knowledge about developing countries that promise to be the world hot spots in the 1980s. "If there is a broad, general underlying approach, it says you have to devote a lot of time and attention to understanding in depth countries that haven't been centers of attention in the 1970s," a senior U.S. intelligence official says.

At this point Congress and the public seem willing to support the administration's plans. But some lawmakers sound a warning. They say the new congressional consensus for rebuilding intelligence could be threatened by what some consider another trend: the Reagan administration's inclination to "politicize" the intelligence community to fit its policies.

Some lawmakers think politics, rather than a desire for objective intelligence, lies behind the appointment of some intelligence officials. And they charge that some recent CIA work has been tailored to fit administration views. Democratic Sen. Paul Tsongas of Massachusetts recently stormed out of a closed-door briefing on Central America, charging that the session had turned into a political harangue rather than a presentation of intelligence information.

The meeting was given by Constantine Menges, a conservative Latin American expert hired by the Reagan administration as the CIA's national intelligence officer for Latin America. Afterward, Sen. Tsongas and two other Democratic Senators sent a letter to CIA Director William Casey complaining that the meeting "bordered on policy prescription rather than a straightforward analysis of available intelligence data."

Some Senators suspected that the CIA's analyses of the administration's proposal to sell Awacs radar planes to Saudi Arabia were shaded to push the sale. Likewise, they objected when Mr. Casey ordered CIA analysts to rewrite a report on terrorism to include more emphasis on the Soviet role in international terrorism.

"It goes back to the whole question of whether we're going to have an agency giving what we need—unvarnished, unembellished, straight facts," says Democratic Sen. Joseph Biden of Delaware, a member of the Senate Intelligence Committee.

Consensus

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a long and steady decline in 1967. By the mid-1970s, he says, almost one-third of the personnel devoted to intelligence in the 1960s had been lopped off.

Ray Cline, a former high CIA official, adds that from 1970 to 1974 U.S. spending on intelligence increased little if any. As a result, he says, inflation cut the real investment in intelligence by 33% to 50%.

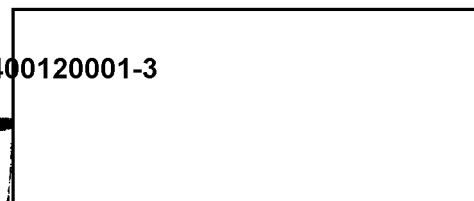
Some of the reduction resulted from the end of the Vietnam war, which had required an intelligence buildup. But other factors were at work, too. Revelations of abuses by the CIA undercut congressional support for intelligence spending. Also, the intelligence agencies were hurt by the government-wide slashing of overseas personnel in the early 1970s in an attempt to stem the flow of dollars out of the U.S.

Both Democrats and Republicans now find large gaps in the nation's intelligence capabilities. "The U.S. intelligence system isn't able to deal with multiple crises, as we have experienced recently, without diverting resources from other high-priority missions," the Senate Intelligence Committee said in a recent report. "Moreover, in many areas of the Third World, coverage by the U.S. intelligence system is either marginal or nonexistent."

The CIA has suffered a "brain drain" of top analysts, Sen. Biden says. Its language abilities have declined; during the upheaval in Iran, a community-wide search turned up only two Farsi-speaking employes who could be put to work analyzing events there, a former official says. And because few new agents have been joining up, some two-thirds of the higher-up in the CIA's clandestine services are technically eligible for retirement because they are more than 50 years old.

One area in which the U.S. intelligence system remains unparalleled is in spy technology. For example, the U.S. has satellites with cameras that can spot cars and trucks moving down roads; and it has spy planes with cameras that can easily distinguish objects less than a yard in diameter.

Under the Reagan administration's plans, this electronic wizardry will be developed further. But the initial emphasis will be elsewhere. "The intelligence program is trying to wean itself off the pattern of heavy investment in technical resources and deni-



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Seek jet bases on Latin soil

WASHINGTON—President Reagan is about to negotiate agreements that would let United States fighter-bombers operate from bases in Honduras and Colombia against leftist insurgents in Central America, administration officials disclosed yesterday. The Pentagon is planning to spend \$21 million to upgrade airfields in the two countries so that they could accept U.S. warplanes on short notice, an official said.



Lars-Erik
Nelson

Setting up the capacity for U.S. air-raids over Central America somewhat softens Reagan's repeated statements that he has no plans to send U.S. forces into combat in Central America. The administration went so far as to withdraw a U.S. military adviser who was

spotted in El Salvador carrying an M-16 rifle, on the grounds that he had violated the guidelines for the limited U.S. military presence there.

The State Department said Wednesday the U.S. was seeking access to the facilities for training, search-and-rescue missions and relief flights, as well as "other arrangements or activities" that may be agreed upon.

An official yesterday amplified that what was intended was a capability to deploy U.S. tactical aircraft — fighters and fighter-bombers — against leftist insurgents, if need be. He gave no indication that such operations would actually be undertaken, but said, "You'd like to have some choices." No U.S. planes would be permanently based in either country, he said.

The administration's move puts teeth into President Reagan's warning on Feb. 24 that the U.S. will do everything "prudent and necessary" to maintain peace and security in Central America. But it is also likely to raise the question of whether a visible U.S. military presence is "prudent and necessary," or whether it will simply confirm Latin fears that the U.S. is only trying to protect right-wing dictators from their own people.

The three major threats in the region are:

- A guerrilla insurgency in El Salvador that has destroyed the nation's economy and threatens to thwart elections scheduled for later this month. The U.S. has charged and instructed by outside Communist forces—believed to be Soviets and Cubans in nearby Nicaragua.

- A major arms buildup in Nicaragua and the formation of a 30,000 to 50,000 man army that U.S. officials fear could become a Communist expeditionary force against other countries in the region.

- A continuing Soviet and East European arms flow to Cuba, including the arrival on the island of Mig-23 fighters. A Pentagon official said this week that the leftist government of Grenada has also made an airbase available to the Russians.

One reason for seeking access to the bases in Honduras and Colombia, an official said, was that the U.S. does not have an aircraft carrier to spare for the Caribbean. The continuing threat of instability in the Persian Gulf—and the risk that U.S. oil supplies might be disrupted—has stretched the Navy's capacity by forcing it to keep a carrier task force on station in the Indian Ocean.

Latin American nations have traditionally been hostile to the idea of U.S. bases on their soil. The only U.S. military facilities now in the region are Howard Air Force Base and a variety of Army and Navy installations in Panama; the Roosevelt Roads Naval Base in Puerto Rico, and the Guantanamo Bay Naval Base in Cuba.

The Reagan administration has voiced concern that if the El Salvador insurrection is successful, Communists will intensify their pressure on the military governments in Guatemala and Honduras and completely overrun Costa Rica, which has no regular army. The guerrillas, CIA Director William Casey said in an interview this week, could make Mexico their next target.

Casey told U.S. News and World Report that the administration faced a major public relations problem, both in the U.S. and in Latin America. "It's the gringo problem," he said. "They don't want us down there."

Some Reagan officials have argued that the administration is losing the public relations battle in the U.S. because it has been reluctant to release evidence that, officials insist, will prove that the El Salvador insurgents are armed and led by dedicated Communists. Thus far, however, the evidence has not been released for fear that it would jeopardize intelligence sources.

In a column on this page yesterday, William F. Buckley Jr. suggested that Jessica Savitch of NBC News and Michael Kilian wrote as though they were sponsored by the Democratic National Committee. It should be noted that Buckley is currently an unpaid consultant for the Reagan Administration, according to a spokesman for National Security Director William Clark.

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ON PAGE 29.

WALL STREET JOURNAL
4 March 1982

El Salvador, Vietnam and Central American Policy

El Salvador is not Vietnam, but America's Indochinese trauma dominates the thinking and emotions of those on both sides of U.S. debate on the Salvador question. One side fears another gradually deepening U.S. involvement on the side of a corrupt, brutal dictatorship which has lost the support of its own people and is destined for defeat. The anti-involvement lobby thinks that Cuban, Nicaraguan or even Soviet support for the leftist opposition is a secondary factor in the revolt, and that a guerrilla victory might not be so bad for U.S. interests, provided we do not add

Viewpoint

by Morton M. Kondracke

to the bitterness and bloodiness of the civil war and treat the successor government charitably.

The other side of the debate, the great power lobby, views outside Communist aid as the essence of the matter. Because we lost Vietnam, this group thinks, Havana and Moscow have decided that the U.S. is a pitiful, helpless giant that won't defend its interests. So, the world is for the taking—even America's own underbelly in Central America. If the U.S. does not stop the Communist tide in El Salvador, this group thinks it won't be able to do so in Guatemala, Honduras or Costa Rica, either, and both Mexico and the Panama Canal will be in danger. The great power lobby hopes that military aid and advice will be sufficient to contain the threat, but some of its members would go on, if necessary, to direct U.S. involvement.

The two sides are so consumed by Vietnam memories that they are like neurotics unable to stop repeating disastrous old behavior patterns.

The Reagan administration, locked into the great power syndrome, refuses to rule out use of American forces in the belief that this option needs to be kept open. Democrats in Congress, terrified by the specter of deepening involvement, are gearing up to pull the plug even on military aid. The administration insists it has "irrefutable proof" that the insurgents are armed and directed from the outside, but refuses to part with its evidence on "national security" grounds. Congress and the press guffaw, doubting that the evidence exists.

As things are going, we will repeat our experience in Vietnam, all right, but without a single American soldier's firing a shot. American public opinion will be increasingly polarized and policy immobilized. Aid will be cut off. **Approved For Release 2005/11/28 : CIA-RDP91-00901R000400120001-3**
fall, and so, probably, will other Central

American dominoes. One country or another—Guatemala would be a good bet—may even repeat the savage experience of Cambodia.

So, to protect our domestic tranquility as well as our national interests in the hemisphere, it's imperative that the U.S. find a policy its people can agree upon. I suggest the following elements:

(1) A solemn presidential pledge not to use American ground forces except in the event of a proven massive outside aggression. President Reagan may as well make this promise and get what he can out of it—the possibility that, its fears eased, Congress will support continued military aid—because the fact is that the American people simply will not support introduction of U.S. troops. A Newsweek poll shows opposition at 89%.

I think that the great power lobby has to face the fact that Vietnam has caused the U.S. public to revert to its traditional reluctance to send troops abroad except when the U.S. is attacked. Television probably has made it impossible even to send in Marines for longer than a week. The Newsweek poll shows that 60% of the public opposes even military aid and 54%, military advisers, so the administration will have to work hard to sustain support for the policy it has.

(2) As much as security will possibly permit, an open and frank information policy by the administration. On Feb. 25, CIA director William Casey briefed a Senate Intelligence subcommittee and reportedly provided satellite photos demonstrating both that extensive supplies of arms are entering El Salvador from Nicaragua and Cuba and that Miskito Indian villages in Nicaragua have been systematically destroyed. The administration also is said to have signal intelligence showing that guerrilla operations in El Salvador are being directed from Nicaragua.

Now is the time for the administration to make public what it has, before more Democrats in Congress become locked into their stance of pooh-poohing claims of outside interference and of regarding Nicaragua merely as an innocent bystander terrified into hostility by gringo threats. U.S. policy toward Nicaragua ought to be one of extravagant forbearance. While calling attention to what is happening there, the U.S. should avoid any hint of threat and should keep aid trickling in, so that if the Sandinistas decide to become a full-fledged Marxist-Leninist dictatorship aligned with Moscow and Cuba, the world (and Congress) will put the blame on them, not us.

(3) A policy of U.S. aid conditioned on improvements in human rights and land distribution. U.S. law requires this policy, but the administration seems to be fighting it, thereby damaging its credibility. The

U.S. officer or soldier guns down a civilian, he swells the ranks of the guerrillas. The administration should put the army on notice that if its atrocities don't cease, U.S. support will.

(4) An attempt at negotiations once the March 28 elections are over. It's ironic that liberals who opposed U.S. policy in Vietnam because our side did not permit elections in 1954 now oppose U.S. policy in El Salvador because we are promoting elections. Obviously, the administration should support the election process. El Salvador's Roman Catholic church does, its biggest labor unions do and so, of course, does President Duarte, who is a torture-tested democrat. Three top labor leaders who were in Washington last week predicted that a large majority of the population would vote in spite of leftist threats to kill or maim participants.

The labor leaders also predicted that the election outcome would produce a democratic government, not a right-wing one. I don't know why no newspaper or TV network reported their statements, but if they are right, the Salvadoran public does not support the guerrillas and does think the government has improved its human rights record. Even they, however, don't view the elections as the end of the democratic process in their country. The Reagan administration, instead of blocking negotiations with democratic elements of the left, ought to encourage them—at least so that no one can say that the U.S. didn't try to achieve a peaceful outcome.

(5) The Krauthammer doctrine. My New Republic colleague, Charles Krauthammer, has suggested this variation on the Monroe Doctrine: In the event that all else fails and Marxist-Leninist dictatorships come to power in Central America, we announce that the U.S. will tolerate any social system that countries in this hemisphere choose, but not Soviet bases for offensive weapons. If such weapons appear, we reserve the right to destroy them.

Some members of the great power lobby say we should be prepared to go to war in El Salvador, if necessary, to forestall the necessity of having to fight a bigger conflict later. Some members of the anti-involvement lobby say that if we pack it in now, regimes will come to power which don't hate us enough to line up with the Soviets. It seems to me that we can't adopt either alternative, but have to find a better one that involves protecting our national interests by promoting our democratic values.

Mr. Kondracke is executive editor of The New Republic.

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LOS ANGELES TIMES
3 MARCH 1982

Haig Sees Outsider Role in El Salvador

Tells House Panel Rebels Are Directed by 'External Command and Control'

By OSWALD JOHNSTON, *Times Staff Writer*

WASHINGTON—Declaring that the outcome of conflicts in Central America is "of vital interest to the American people," Secretary of State Alexander M. Haig Jr. told Congress on Tuesday that the guerrillas in El Salvador are directed from "command-and-control" centers outside the country.

Haig said this control is by foreigners and that "evidence is overwhelming and uncontroversial" to prove it. But he refused to describe the evidence further, saying that to do so in public would jeopardize intelligence sources.

While again insisting that the Reagan Administration has no plans to introduce U.S. combat troops in El Salvador, Haig seemed intent on driving home to the House Foreign Affairs Committee his conviction that the insurgency there is not merely a home-grown revolution, but a Moscow-inspired subversion that endangers "vital interests" of the United States in the Caribbean and Central America.

"The operations of the guerrilla forces inside El Salvador are controlled from external command and control," Haig said.

CIA Director's View

While Haig and others have accused Cuba and the Soviet Union of arming and supporting the Salvadoran guerrillas, Haig has not previously asserted that the guerrillas' military activities are directly controlled by outsiders.

CIA Director William J. Casey, however, recently charged that "this whole El Salvador insurgency is run out of Managua by professionals experienced in directing civil wars." He described the Nicaraguan capital as an "international center" and said in an interview with U.S. News and World Report that "Cubans, Soviets, Bulgarians, East Germans, North Koreans, Chinese, Vietnamese, and representatives of the Palestine Liberation Organization" are operating there.

evidence of Nicaragua's role as a command center for the Salvadoran guerrillas has become sharper as a result of a stepped-up U.S. intelligence effort in recent months. A key element in that effort has been deployment of a Spruance-class destroyer fitted with electronic surveillance equipment off the west coast of Nicaragua.

Haig was less specific than Casey, but equally emphatic in insisting that "irrefutable" evidence has been placed in the hands of the House and Senate intelligence committees.

House Demands Talks

Hours after Haig's testimony, the House voted 396 to 3 in favor of a non-binding resolution calling for "unconditional discussions" among El Salvador's major political factions to assure "a safe and stable environment" for elections, to be held March 28 for a national constituent assembly.

The Reagan Administration did not oppose the resolution, and a State Department spokesman said it was considered parallel to Administration policy. Haig has told the Foreign Affairs Committee that "termination of violence is a precondition for the electoral process."

"We must not be misled by the myth that the (Jose Napoleon) Duarte government has refused to negotiate an end to the trouble in El Salvador with the guerrillas," Haig declared Tuesday, without expressing opposition to the resolution. "President Duarte has offered to negotiate on the electoral process so that elections can proceed peacefully and the people of El Salvador can choose their own leaders without fear."

So far as negotiations on a broad peace settlement in El Salvador are concerned, the Reagan Administration has said that guerrilla attacks must cease before such talks can begin.

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3 MARCH 1982

HAIG CLAIMS PROOF OUTSIDERS DIRECT SALVADOR REBELS

PREDICTS PUBLIC SUPPORT

Evidence of Foreign Control Is
'Overwhelming, Irrefutable,'
He Tells House Group

By BERNARD GWERTZMAN

Special to The New York Times

WASHINGTON, March 2— Secretary of State Alexander M. Haig Jr. said today that the United States had "overwhelming and irrefutable" evidence that the insurgents in El Salvador were controlled from outside that country by non-Salvadorans.

Testifying before the House Foreign Affairs Committee, Mr. Haig sought to rebut the contention of the Salvadoran guerrillas that their insurgency was an autonomous Salvadoran effort without external assistance but he did not specify who the non-Salvadorans were.

Mr. Haig, in a vigorous defense of the Administration's approach to the Central American and Caribbean regions and in the face of some skeptical and hostile questioning, also predicted that Americans would support the Administration's policies so long as they were convinced "that we are going to succeed and not flounder as we did in Vietnam."

Comments on Poland

On other matters, Mr. Haig made these points:

"The Administration will be ready in a few weeks to open negotiations with the Soviet Union on strategic arms reduction but will do so only when the "climate, the conditions" for such talks existed, by which he meant after the situation in Poland improved.

"The United States will not do business as usual with either Poland or the Soviet Union "while repression in Poland continues," and further sanctions will be undertaken if the Polish situation did not improve.

Although selling Hawk mobile anti-aircraft missiles to Jordan could poison relations with Israel, it is important to keep such moderate Arab countries from becoming buyers of Soviet arms. He did not say whether he favored such sales to Jordan.

He Denies Plan to Intervene

Although the hearing was supposed to concentrate on East-West relations, much of the questioning was about the Caribbean region.

Mr. Haig said that preventing Communist domination of the Caribbean and Central American region was "in the vital interest" of the United States, but he tried to reduce apprehension that the Administration was planning any direct military move.

When Representative Stephen J. Solarz, Democrat of Brooklyn, asked if he meant that he favored using military force to prevent armed Communist takeovers, he replied: "No, not at all. I don't know of any official of the executive branch who has suggested for a moment that consideration was being given for the direct involvement of American forces in Salvador."

In answer to a question from Representative Lee H. Hamilton, Democrat of Indiana, Mr. Haig said the United States had "overwhelming and irrefutable" evidence that the insurgents in El Salvador were controlled and directed by non-Salvadorans outside the country.

He declined to provide details, however, saying it would jeopardize intelligence sources. Later, however, Senator Barry Goldwater, Republican of Arizona, chairman of the Intelligence Committee, said that on Feb. 25 William J. Casey, Director of Central Intelligence, and others briefed his committee and "left no doubt that there is active involvement by Sandinista Government officials in support of the Salvadoran guerrilla movement."

"This support," he said, "includes arrangements for the use of Nicaraguan territory for the movement of arms and munitions to guerrillas in El Salvador, the continuing passage of guerrillas in and out of Nicaragua for advanced training in sabotage and other terrorist tactics and the presence of high-level guerrilla headquarters elements in Nicaragua."

Mr. Casey, in this week's issue of U.S. News & World Report, is reported to have said that the insurgents were being directed from Nicaragua with the help of Cuba, Vietnam, the Palestine Liberation Organization and the Soviet Union.

The magazine quoted Mr. Casey as saying that "this whole El Salvador insurgency is run out of Managua by professionals experienced in directing guerrilla wars."

Mr. Haig went to some lengths to rebut the argument that El Salvador

"I think much has been done to suggest there are strong parallels between the American approach today to Salva-

dor and to Vietnam some years ago," Mr. Haig said. "I think this is a terrible distortion of reality and one which overlooks a number of fundamental differences."

He said that "first and foremost" was the "strategic importance" of Central America to the United States because of its prominence in American trade and the fact that half of American oil moves through the Caribbean and the Panama Canal. In time of trouble in Europe, the area would be crucial, he suggested, to shipping supplies overseas.

"So this is a vitally important region and it is a region today that is plagued by two extremely urgent dangers," he said. "One is social-economic resulting from the inflated cost of energy to those governments, sometimes twentyfold, and the simultaneous decline in the remuneration for their one or two-product economies.

"Secondly," he said, "it is the willingness of the Soviet Union and Cuba to manipulate these human tragedies in the interest of spreading totalitarian Marxist-Leninist ideology."

Mr. Haig said that the trouble during the Vietnam era was that the Government never decided if that region was or was not vital to American interests. If it had decided it was, he said, "I believe they would have taken actions commensurate with that judgment."

"If they had concluded negatively, then we would never have become involved in the first instance," he said.

"Now let me tell you I come down on the side of, in such an assessment in Central America, that the outcome of the situation there is in the vital interest of the American people and must be so dealt with," Mr. Haig said.

"Now it is an area of vital interest to the American people and, as I said recently, I know the American people will support what is prudent and necessary, providing they think we mean what we mean and that we are going to succeed and not flounder as we did in Vietnam," he said.

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PHILADELPHIA INQUIRER
3 MARCH 1982

Haig blames outsiders for war in El Salvador

By George Gedda
Associated Press

WASHINGTON — Secretary of State Alexander M. Haig Jr. said yesterday that the military operations of the Salvadoran guerrilla movement were being directed from outside the country by non-Salvadoran forces he refused to identify.

Haig told the House Foreign Affairs Committee that he could not provide more details because this could jeopardize U.S. intelligence sources.

Haig's statement emphasized the Reagan administration's contention that the turmoil in El Salvador does not result exclusively from local discontent. Some critics of administration policy have challenged that contention.

"The operations of the guerrilla forces inside El Salvador are controlled from external command and control," Haig said in response to a question from Rep. Lee Hamilton (D., Ind.). He added that congressional intelligence committees recently had been briefed privately on the subject.

Sen. Barry Goldwater (R., Ariz.), chairman of the Senate Intelligence Committee, said that on Feb. 25, CIA Director William Casey and others had given the panel a briefing that "left no doubt that there is active involvement by Sandinista [Nicaraguan] government officials in support of the Salvadoran guerrilla movement."

"This support includes arrangements for the use of Nicaraguan territory for the movement of arms and munitions to guerrillas in El Salva-

dor, the continuing passage of guerrillas in and out of Nicaragua for advanced training in sabotage and other terrorist tactics, and the presence of high-level guerrilla headquarters elements in Nicaragua," Goldwater said.

Casey was quoted in this week's issue of U.S. News & World Report as saying that the insurgency in El Salvador was being directed from Nicaragua with the help of Cuba, Vietnam, the Palestine Liberation Organization (PLO) and the Soviet Union.

Guillermo Ungo, a leader of the Salvadoran leftist groups seeking to overthrow the ruling junta, has denied that the civil war is being directed from outside El Salvador by non-Salvadorans. "The people who are directing the war are in El Salvador," Ungo, president of the Democratic Revolutionary Front, said in an interview Monday with the Associated Press.

In his testimony yesterday, Haig again warned that it was a "terrible distortion" to draw parallels between El Salvador and the Vietnam War. He said the Caribbean Basin is far more critical to American security interests because a sizable portion of U.S. oil and trade passes through that region.

The area "is plagued by extremely urgent dangers" resulting from a combination of economic problems and the "willingness of the Soviet Union and Cuba to manipulate tragedies in the hopes of spreading Marxism-Leninism," he said.

Rep. Stephen Solarz (D., N.Y.), a critic of administration policies in El Salvador, suggested that it would be logical to assume the United States eventually would send combat troops to El Salvador to ensure the maintenance of a friendly government.

Haig replied, "I don't know of any official in the executive branch who is considering that option." At another point, he said the administration's policy would be guided by "what is most prudent and what is most likely to succeed."

Haig was testifying on the administration's request for \$8.67 billion in foreign military and security-related aid.

On another issue Haig sought to dodge questions about whether the administration plans to sell mobile Hawk anti-aircraft missiles and advanced jet fighters to Jordan. Although the idea has triggered fierce opposition from Israel, Defense Secretary Caspar W. Weinberger recently discussed the possibility with Jordan's King Hussein, and the king said in a television interview Sunday that he intended to ask the United States to sell him the equipment.

Haig, avoiding a confrontation with Israel's congressional supporters, replied with the administration's stock answer that no request had been received from Jordan and thus no decisions have been made. He added: "It is not prudent to get out front with definitive statements that are neither timely nor called for."

He urged Israel to exercise "restraint and moderation" in assessing how to respond to signs that the PLO was increasing its military preparedness in Lebanon. He said the PLO has been acquiring arms, rockets and tanks but suggested that Israel has been increasing its own military readiness as well.

Although the PLO buildup is an "unsettling thing" to Israel, Haig said, he hoped that the cease-fire reached in July along the Lebanese border would be observed by both sides.

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NEW YORK TIMES
2 MARCH 1982

Salvadoran Rebels' Aim Is to 'Defeat' Election

By ALAN RIDING

Special to The New York Times

MEXICO CITY, March 1 — The current guerrilla offensive in El Salvador is aimed at "defeating" this month's elections and forcing the United States-backed junta to initiate negotiations with the opposition, according to two top rebel commanders.

In a lengthy interview here last night, they also asserted that the Salvadoran Army had suffered a major setback in its latest counteroffensive against guerrilla strongholds around Guazapa volcano north of San Salvador and was experiencing growing disciplinary problems among its troops.

"The junta says the elections are possible because the war is controllable," said Robert Roca, the 34-year-old leader of the Revolutionary Party of Central American Workers, "but we will defeat the elections, not by attacking voters or polling booths, but by making the war felt at all levels everywhere."

Fermán Cienfuegos, 35, the head of National Resistance, said the month-old offensive involved taking the war from rural areas to the "show window" of San Salvador and other cities, but was not aimed at achieving an immediate military victory. "We see it as consolidating our military position for negotiations," he added.

'Genuine' Elections Is Aim

The two commanders belong to the five-man general command of the Farabundo Martí National Liberation Front, which is made up of the five guerrilla organizations that joined forces in 1980 to combat El Salvador's civilian-military junta. The general command also includes the heads of the People's Revolutionary Army, the Popular Forces of Liberation and the Salvadoran Communist Party.

The commanders reiterated that the guerrillas and their non-Marxist allies in the Democratic Revolutionary Front were ready to negotiate a cease-fire and form a broad-based government that would prepare the country for "genuine" elections. They added that they were willing to travel to Washington to initiate contacts.

Mr. Cienfuegos also disclosed that early in February last year, just days after the rebels' abortive "final offensive," the Reagan Administration agreed that they and two other opposition leaders should make a secret trip to Washington for talks with William J. Casey, the director of Central Intelligence, and Richard V. Allen, then national security adviser.

"We were all ready to go when the trip was called off without explanation," Mr. Cienfuegos said.

Since then, the only contact between the opposition and the Reagan Administration took place last Dec. 15 when Rubén Zamora, a dissident Christian Democrat and member of the Democratic Revolutionary Front, was received in the State Department by the Deputy Assistant Secretary for Inter-American Affairs, Everett Briggs.

Mr. Cienfuegos said that recent guerrilla incursions into Salvadoran cities had stirred "an insurrectional spirit" among the urban population and had demonstrated the "enormous mobility" of rebel columns. "The army has been generally on the defensive," he said, "and our latest information is that the attack on Guazapa has failed."

Mr. Roca added that Guazapa, 20 miles north of the capital, was "a decisive military and electoral battle" because the army hoped that a quick victory there would prevent the rebels from "coming down" to intensify the war in San Salvador over the next month.

The two commanders insisted that the Salvadoran Army was suffering a growing internal crisis marked by insubordination in the ranks and resentment among middle-level officers at the strategy adopted by the army high command, headed by the Defense Minister, Gen. José Guillermo García.

Mr. Cienfuegos asserted that 70 soldiers were in detention at the San Carlos barracks in San Salvador and 43, including two officers, at Ilopango air base.

"In El Paraíso, in Chalatenango Province, 16 soldiers deserted with their weapons," he said. "In Usulután early February, a lieutenant assassinated six soldiers who wanted to desert. In San Miguel, another six soldiers were killed by National Guardsmen."

"We have our people in the army, we've infiltrated the ranks, and that's why the high command is so nervous," he went on. "They even assassinate soldiers that we capture and release because they fear they're going back into the army as infiltrators."

Mr. Roca argued that there were signs that the army could collapse. "The army's performance in offensives has been disastrous," he added.

Questioned about the source of the rebels' weapons, Mr. Cienfuegos said they obtained them on the black market throughout Central America, but had also recovered more than 200 automatic rifles from the army since last August.

Referring to the March 23 elections, Mr. Roca said the campaign had weakened "the enemy" because of infighting among right-wing factions. He charged that former Maj. Roberto d'Aubuisson, the ultraconservative leader of the Nationalist Republican Alliance, was trying to intimidate other rightist parties into join forces against President José Napoleón Duarte and his Christian Democratic Party.

"The United States has so far had to sustain the Christian Democrats and fascists in the army," he added, "but after the elections it may have to support the extreme right."

Insisting again on the need for negotiations, Mr. Roca argued that the surest guarantee that a new Salvadoran government would not pose a threat to United States security would be to find a political solution before the defeat of the Salvadoran Army.

"We're not calling for the destruction of the army," Mr. Cienfuegos added. "We want it purged of criminal and genocidal elements. The logical process is for negotiations to lead to an interim government that holds elections."

Asked about the possibility of direct United States intervention in El Salvador, Mr. Cienfuegos warned that such a move would unite Central America against Washington.



STAT

Vietnam Is Said to Aid Rebels

WASHINGTON, Feb. 28 (Reuters) — William J. Casey, Director of Central Intelligence, said today that El Salvador's guerrilla war was being run from Nicaragua with the help of Cuba, Vietnam, the Palestine Liberation Organization, East Germany, Bulgaria and North Korea. He made his remarks in an interview with the magazine U.S. News and World Report.

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THE WASHINGTON POST
1 March 1982

New Aid to Salvador Called Wasted Effort

By Terri Shaw

Washington Post Foreign Service

Guillermo Ungo, a leader of the Salvadoran opposition, said yesterday that the Reagan administration's proposal for increased economic aid to El Salvador is "a waste of money."

Speaking on "Meet the Press" (NBC, WRC), Ungo said El Salvador has lost \$800 million in capital and \$400 million in export income in the last two years, and "the American taxpayer is wasting his money" in providing a new infusion of economic aid.

"It doesn't go to achieve peace and stability," he added. "So that money goes down the drain."

At a news conference called to respond to Ungo's charges, El Salvador's ambassador here, Ernesto Rivas-Gallont, said that his nation has been "drained of its economic resources" by "a number of factors," one of which is "the terrorism of Mr. Ungo's followers." The proposed economic aid, the ambassador said, is "welcome and useful."

In the television interview, Ungo, whose social democratic party is one of more than a dozen political, labor and professional organizations making up the Democratic Revolutionary Front, reiterated the front's call for negotiations with the civilian-military government headed by Jose Napoleon Duarte. The Democratic Revolutionary Front is allied with the coalition of Marxist-oriented guerrilla groups fighting to overthrow the Duarte government.

Ungo was Duarte's running mate in the 1972 presidential elections, whose results were overturned by the military. He charged in the television show that his former political ally is now controlled by the military.

"Duarte cannot talk with us," Ungo said, "because the army doesn't let him. They [will] kick him out if he does."

Ungo said the opposition alliance wants to negotiate the formation of "a democratic broad-based government" that will hold elections.

The opposition leader, who lives in Mexico, said the Democratic Revolutionary Front and its guerrilla allies will not participate in this month's elections for a constituent assembly because the vote is simply "window dressing to keep on intensifying the war."

Ungo said if he and other opposition leaders return to El Salvador to participate in the campaign, "We would be killed. We were on a hit list published by the army, which is an institution of the government."

Rivas-Gallont conceded that it would be dangerous for leaders of Ungo's group to return to El Salvador, but countered that leaders of Duarte's Christian Democratic Party and the conservative parties participating in the election have also been threatened and physically attacked.

The United States supports the March 28 election as the most democratic way to find a political solution to the conflict in El Salvador. U.S. spokesmen say the opposition's proposal for negotiations is a ploy to gain political power without participating in the electoral process.

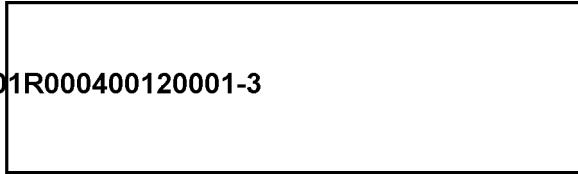
Meanwhile, CIA Director William J. Casey said the insurgency in El Salvador is being run from Nicaragua with the help of Cuba, Vietnam, the Palestine Liberation Organization and the Soviet Union.

"This whole El Salvador insurgency is run out of Managua by professionals experienced in directing guerrilla wars," Casey said in an interview with U.S. News & World Report.

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Soviets, allies run war in Salvador, Casey says

Reuters

WASHINGTON — El Salvador's guerrilla war is being run from Nicaragua with the help of the Soviet Union, Cuba, Vietnam, the Palestine Liberation Organization (PLO) and East bloc nations, CIA Director William J. Casey says.

The leftist insurgents battling the U.S.-backed Salvadoran ruling junta are being directed from Managua, Nicaragua's capital, he said.

Casey added that the CIA had evidence that the guerrillas would be unable to maintain their efforts without the significant supply of equipment from Cuba. He did not give details.

"This whole El Salvador insurgency is run out Managua by professionals experienced in directing guerrilla wars," he said in an interview in today's issue of the magazine U.S. News and World Report.

Managua has become an international center, he said, with Cubans, Soviets, Bulgarians, East Germans, North Koreans, North Vietnamese and representatives of the PLO operating there.

"North Koreans are giving some weapons they manufacture," they said. "The PLO provides weapons they've picked up around their part of the world."

Casey said substantial quantities of U.S. weapons left behind in Vietnam also had been brought into El Salvador.

The CIA chief said about 6,000 Cubans were in Managua, while the East Germans and Soviets each had somewhere between 50 and 100 there. The Bulgarians, North Koreans and Vietnamese had fewer people in the country.

"They all have their little functions. . . . The East Germans work on the security system, Cubans work on the general strategy and the Soviets work, for the most part, on the large

weapons that have come in," Casey said.

He said the North Koreans and Vietnamese were good "at caching arms, digging tunnels and things like that."

Casey rejected fears, expressed in Congress and elsewhere, that the United States might be dragged into another Vietnam in El Salvador, saying the two situations bore no comparison.

He said the Soviet Union had assessed the effect of Vietnam on American public opinion and had decided that the United States would be limited in its ability to respond to low-level insurgency operations.

"In the last seven years . . . they [the Soviets] have developed a very innovative and brilliant mix of tactics: political, diplomatic, destabilization, subversion, terrorist and support of insurgencies."

Casey said because of these policies, the Soviets were in a "no-lose" situation.

"They can stay in the background . . . it's something we have great difficulty coping with," he said.

Casey said he did not think the American public perceived the Communist threat in El Salvador and in Latin America as seriously as the administration.

He added that Latin American public opinion also was causing concern for the Reagan administration.

"It's the 'gringo' problem. They don't want us down there," he said.

Gringo is a derogatory word in Spanish for a person from the United States.

On other topics, Casey made these points:

- Reported that "hit" teams sent to the United States by Libyan leader Col. Moammar Khadafy to murder top U.S. officials still pose a threat.

- The Soviet Union's strategic advances depend far more on Western technology than believed previously and the KGB (the Soviet secret police) has a large organization working exclusively to get these secrets.

- The 1962 accord barring Soviet offensive weapons from Cuba and prohibiting Fidel Castro from exporting revolution "has been violated for 20 years."

Rowland Evans and Robert Novak

Alarms and Sanctions

STAT

A warning of "harsh" Soviet pressures against Western Europe this spring, uttered by Secretary of State Alexander Haig at a private dinner in the West German embassy, led inexorably to talk of ways to cure ominous disarray in the Western alliance.

Behind Haig's warning of fresh Soviet blackmail in the form of Warsaw Pact maneuvers to force economic concessions to Poland is the specter of the Western summit meeting in Bonn June 10. The problem for Haig and West Germany is to ensure that the summit, which will be held against the backdrop of Moscow's military power, does not show the alliance breaking apart at its worst time of crisis.

The solution favored by high-level West Germans present at Ambassador Peter Hermes' dinner: U.S. allies in Europe would accept tougher economic sanctions against the Russians only if an overall plan held out rewards to the Kremlin—tomorrow—to go with sanctions today. Those rewards would be both political and economic. But no

such plan has been developed in a Reagan administration deeply divided on foreign policy for a full year—a principal source of Western European dismay.

For Haig, who is the acknowledged keeper of the alliance keys in the Reagan administration, the problem is particularly acute. Haig tells intimates that "nothing is more critical than the Washington-Bonn axis," a conviction not shared by Defense Secretary Caspar Weinberger and other Pentagon officials.

Given his conviction, Haig was not making idle chatter when he discussed the alliance at the German ambassador's dinner table. Among those present were CIA Director William Casey and two prominent Germans visiting Washington—Otto Lamsdorff, economics minister in the coalition government, and Kurt Biedenkopf, a high official in the Christian Democratic opposition. Nor was it accidental when Haig turned to Zbigniew Brzezinski, national security adviser in the Carter

administration, and asked his views.

"Brzezinski," one of the Germans present told us, "laid it out for us." Brzezinski said there was no chance to confront the Soviet Union with effective German-supported sanctions without a promise of future rewards.

On sanctions, he went far beyond the Reagan administration's punitive measures last January. Brzezinski told his German hosts that Polish debts to the West should be declared in default no later than the end of March; that the president should invoke his emergency powers to block financial transactions with Moscow; that exports of phosphates needed for Soviet agriculture should end. The decaying Soviet economic system would be forced back on its own meager resources, he declared.

But those tough steps, in Brzezinski's view, cannot be sold by West German political leaders to their voters without a sweetener. His suggestion: expanded credit and trade, including most-favored-nation status if the West's sanctions brought major Soviet liberalization in Poland and Eastern Europe.

Haig's unexpected request for Brzezinski's opinions convinced the Germans that the secretary was deliberately testing the waters. The test was positive. "Brzezinski said what we wanted to hear," Biedenkopf told us the next morning. He said the "core" of what West German political leaders want, from Chancellor Helmut Schmidt to opposition leader Helmut Kohl, is a long-range Soviet policy by the United States that would give "hope in the future."

A similar view is held by key aides to national security adviser William P. Clark. Agonizing over splits in the alliance since the Polish crisis boiled over Dec. 13, they complain that U.S. stop-and-go reactions to Soviet moves will doom the alliance.

Pentagon critics of Haig doubt that any American policy toward the Soviets can put new life into the alliance, in view of spreading neutralism. These critics see West Germany, the European keystone of the alliance, moving back toward historical German affinity with Russia.

A more imminent worry for Haig is that the Polish crisis, exposing the vulnerability of the alliance, struck at a point of maximum weakness for Schmidt's coalition government. That was not mentioned at Ambassador Hermes' house, but some of Haig's advisers privately say Schmidt may well fall before the 1984 German election.

German politics is beyond President Reagan's power to affect, but the Bonn summit is not. If Reagan and Haig do not come up with a comprehensive Soviet policy and sell it to the Germans, continued disintegration and an unbridgeable gap between Washington and Bonn are certain.

SECURITY MANAGEMENT
March 1982

MATTERS OF INTELLIGENCE

BY LEAH GLASHEEN

STAT

Many Americans predicate their knowledge of how government works on notions taught in civics classes. Congress legislates, presidents approve or veto legislation, courts mediate legal questions, and federal agencies act in the spirit of the law as interpreted by agency regulations. Few citizens are aware of that awesome public policy tool of the presidency, the executive order, through which many issues of the day are decided.

Executive orders have been used by US presidents for a myriad of purposes: to delegate authority to the administrators of war agencies during World War I, to confine Japanese-Americans to detention camps during World War II, to expedite the growth of government agencies in the New Deal years, and to quicken the pace of civil rights reforms from the 1950s through the present.

Since the administration of Gerald Ford, executive orders have also regulated the American intelligence community. In 1976 Ford, spurred by public concern and a flurry of critical Congressional hearings, signed executive order 11905, which defined guidelines and oversight channels for the activities of the intelligence community. Executive order 12036, signed by Jimmy Carter in 1978, reshaped the intelligence structure and provided explicit guid-

ance on all facets of intelligence operations.

The 1970s were turbulent years for the intelligence community; criticism of the various agencies abounded. Covert operations within the US and abroad were portrayed by the media as unnecessarily and dangerously meddlesome. Voters, scandalized by Watergate and unsure of the propriety of US involvement in Vietnam, were seen as unwilling to continue their blanket trust in the country's intelligence community.

Slowly the files of the government were opened and access to intelligence and other government activities increased. Congress reaffirmed its conviction that the government should be opened to citizens by strengthening the Freedom of Information Act, originally passed in 1966, and by lobbying then-President Nixon to issue executive order

11652, which narrowed the scope of material the government could classify. Nixon's order provided a comprehensive system for reviewing the status of classified information, instituted a system for downgrading and automatically declassifying information, established sanctions against overclassification, and reduced the number of agencies, departments, and personnel with classification authority. All aspects of government, including members of the intelligence community, were deeply affected by these changes.

As the nation entered the 1980s, there was a palpable shift in the political climate. The election of Ronald Reagan, whose campaign promises included a commitment to rebuild the nation's security and defense capabilities, was the most apparent symbol of these changing times.

The strong evidence is that clearly established legal, administrative, and organizational lines of authority insure legitimacy, public approval, and effective operation of essential intelligence tasks.

—Edward P. Boland, Chairman, House Permanent Select Committee on Intelligence
Congressional Record, January 5, 1981