

WEST PALM BEACH POST (FL)
28 February 1982

Tom Kelly

Chief Spy Likes Bar Telephone

It all started innocently enough with a form-letter invitation to William Casey, director of the Central Intelligence Agency, asking him to meet with *The Post's* editorial board during his brief visit to Palm Beach County.

I hardly expected a reply, much less an acceptance. Figures of Casey's stature usually fly in, deliver their speeches at The Breakers or Society of Four Arts, then fly right back to Washington. And given the nature of the CIA, it didn't seem likely that the nation's chief spy would want to spend an hour answering questions from newspapermen.

So I wasn't surprised when I received a phone call from a CIA public relations man thanking me for the invitation but giving the chief's regrets.

What did surprise me was when the same P.R. man called back last weekend to inform me that Casey's plans had changed and he would, indeed, be able to meet with *The Post*. "Great," I said, "when will he be here?"

"I can't tell you that," he said. "We'll be in touch."

That was three days before Casey's Four Arts speech last Tuesday. Late Monday afternoon, I was summoned to the telephone. "Hold for William Casey," said a voice. The next voice I heard was Casey's unmistakable New York City brogue informing me that he would arrive at 4:30 p.m. Tuesday for a 30-minute conference that would be strictly off the record.

We chatted about the beautiful Florida weather and the fact that Casey had just finished a round of golf at Boca Rio. He allowed as how he had played poorly.

A CIA security man arrived during the lunch hour Tuesday to examine the conference room where our meeting was to be held. Then at precisely 4:10 p.m., two limousines pulled into the parking lot and Casey appeared, flanked by several trim and well-groomed bodyguards.

I opened the session by asking Casey about recent reports that the CIA was training Central American dissidents in Florida and other states. "You don't really expect me to answer that, do you?" was the reply.

I tried again with a query about possible changes in the CIA's methods after the agency's failure to warn us of the Iranian revolution. Casey responded that the CIA now monitored social, religious and economic developments in more than 20 countries rather than concentrating solely on military intelligence.

Most of the questions, however, got the standard "no comment" or "you'll have to wait and hear what the president has to say" response. Casey spoke in a barely audible voice, giving the impression that he might be trying to confound any recorder.

About 15 minutes into the session, one of Casey's security men came into the room bran-

dishing a *Post* press card. He secretively flashed it to me and asked, "Does this man work for you and do you want him in the room?"

The card bore the photograph of reporter Edgar Sanchez, who had covered Casey's speech and was late getting back to the office. Sanchez is a native of El Salvador and the CIA obviously was taking no chances, particularly with a dark Latin male who claimed to be a reporter.

After I assured the man that Sanchez was authentic, Edgar was ushered into the room. Casey wouldn't answer his questions, either.

At exactly 5 p.m., Casey rose and said, "I told you I'd give you half an hour and it's been 45 minutes. I've got to go." We thanked him and shook hands all around.

The limousines pulled out of the parking lot, turned left on Dixie Highway and stopped in front of the seedy but much-loved El Cid Bar directly across Dixie from *The Post*. Two security men jumped out and entered the tavern.

In a few minutes they emerged and huddled with Casey. Then the CIA director, with two bodyguards in front and two behind, entered the Cid.

It would be somehow reassuring for me to report that the crusty superspy, in his three-piece suit, then bellied up to the bar and hoisted a cold one among the T-shirted and blue-jeaned El Cid clientele. But Casey didn't have liquid refreshment on his mind.

Instead, while his security men stood guard, Casey plunked a quarter into the Cid's telephone and placed a call to parts unknown. Then he was off to the airport for his flight back to Washington.

It's not yet known whether the management of the El Cid will place a brass plate on its phone to commemorate the day when America's No. 1 spy came in from the cold.

ARTICLE APPEARED
ON PAGE B1

THE WASHINGTON POST
28 February 1982

The Jolly Jim Watt Show Bombs on Capitol Hill

TO ENVIRONMENTALISTS, of course, it's a little like nailing Al Capone on income tax evasion. But when it comes to bridling Interior Secretary James Watt, they will take it any way it comes.

Watt is being stalked by three congressional committees, not for his crimes against the land — the leveling of mountains, the destruction of forests — but, when you come right down to it, for being obnoxious. To be more specific, for guarding his files better than the country's wildlife and for being as obtuse about a national shrine as he is about the wilderness.

Thursday, the House Energy and Commerce Committee voted to cite him for contempt of Congress for

refusing to hand over certain documents relating to the public's business.

Friday, he refused to appear before another subcommittee which wanted to examine his federally funded social life. Watt, on two occasions in December, appropriated for his own use the hallowed mansion that was the home of Gen. Robert E. Lee.

Mrs. Watt had 18 sister cabinet wives for breakfast on Dec. 14.

The bill came to

\$1,148.10. Among the items was \$48 for a sign that advised the peasants who had come to pay homage to the Confederate saint that they must wait outside for two hours, while Mrs. Watt presided over scrambled eggs and quiche and conversation with guests whose name cards cost \$5 apiece.

Two days later, the Watts gave a sumptuous bash at Arlington House, as Lee's home is officially designated by the National Park Service. This time the bill was \$6,921, and no wonder: a green and white striped tent, shrimp and crabmeat casserole for 177 people, not to mention wine, champagne and hard liquor.

Six volunteers in period costumes served drinks and — here comes a lovely touch — held the guests' glasses for them when they went upstairs, where drinking is forbidden.

A piano player played on a piano tuned especially for the event. It is nice to think that the burdened dignitaries — they included CIA Director William J. Casey and Treasury Secretary Donald Regan — gathered around for a little caroling.

Mary McGroary

OBNOXIOUS

EXCERPTED

Washington, D.C. 20505

26 February 1982

STAT

Dear David,

I've tried to clean this up a little. I don't think I changed any meaning significantly. Sorry it has taken so long to get it back to you.

If I can do anything else to help, please let me know.

Yours,

Bill
William J. Casey

Mr. David Kahn
NEWSDAY
Long Island, New York 11747

Enclosure

Wale,
Did this David Kahn
interview ever appear in
Newoday? We have the
David Wise one. Also
(attached)
should I put this
in the RSM? queries to
seek executive acknowledge-
ment on subjects.

Mary

Never published.
to put out.
Rale

25X1

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THE WEST PALM BEACH POST (FL)
24 February 1982

CIA's Casey: Terrorists Threaten U.S.

By Edgar Sanchez

Post Staff Writer

International terrorism represents a greater threat to the United States than all the nuclear missiles in the Soviet Union, CIA Director William J. Casey said yesterday in Palm Beach.

In a speech before the Society of the Four Arts, Casey said the Soviet Union is using sophisticated terrorism to destabilize governments friendly to the U.S.

The subversive acts are being carried out by the KGB, the Soviet's secret police agency, and communists around the world, he said. The goal is to eventually topple democratic governments and create a Soviet-dominated world, he said.

"In the aftermath of Vietnam, the Soviet Union began to test whether the U.S. would resist its advances," Casey said from a prepared text.

Avoiding a direct confrontation, the Soviets instead unleashed "a witch's brew of terrorism" in developing nations such as Nicaragua, El Salvador, Guatemala, Iran and Lebanon — where numerous social problems exist.

"The United States has had difficulty in countering this terrorism. It's much easier to support an insurgency

than resist it," Casey said.

This international campaign is being financed in part by Libyan dictator Col. Muammar Qaddafi, he said.

"In Libya, terrorist training is the second largest industry next to oil," he said.

"Sophisticated terrorism is a big business. It requires safe houses, safe training areas, multiple travel documents, transportation and weapons, and all that is very expensive. Qaddafi has decided to pick up the tab," he said.

Casey, who has a home in Palm Beach, requested that no cameras or tape recorders be allowed at his presentation. He also would not hold a press conference.

At the end of the speech, however, Casey did answer questions from the audience.

"How do you account for the fact that two of our foremost newspapers ... have been so hospitable towards the Soviet Union?" one man asked, apparently referring to the *New York Times* and the *Washington Post*.

"I'm much too discreet to answer that one," Casey said.

Casey was asked about the offer of Mexican President Jose Lopez-Portillo to become a mediator be-

tween the factions in war-torn El Salvador. "How do you explain his motives?" one man asked.

"I'm not sure I ought to accept the challenge of explaining all these questions," Casey said. "The only explanation I can give is that he (Portillo) is a politician. He's going out of office soon, and he wants attention. He's anxious to play his role on the world stage (one last time)."

In response to another query, Casey said the Soviet Union is undergoing serious economic problems. "In recent years, their (agricultural) harvest has gotten lower and lower," he said.

Casey was head of clandestine actions for the World War II Office of Strategic Services, the forerunner of the CIA. He later served as chairman of the Securities and Exchange Commission and established a reputation as a corporation tax lawyer.

He was appointed CIA director in January 1981.



"Sophisticated terrorism is a big business. It requires safe houses, safe training areas, multiple travel documents, transportation and weapons, and all that is very expensive. (Muammar) Qaddafi has decided to pick up the tab."

—William Casey

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THE BALTIMORE EVENING SUN
19 February 1982

Gas pipeline would swell Russ power over West

By Cord Meyer

WASHINGTON
THE REAGAN ADMINISTRATION is united in general disapproval of Western European plans to lend the Soviets \$15 billion on favorable terms to build the Siberian pipeline, which when completed in 1984 will carry Russian natural gas to European factories and homes.

But the administration is bitterly divided on just how much American pressure can safely be brought to bear, without wrecking the alliance, to force a cancellation of what CIA Director William Casey calls "the biggest foreign aid project in the history of the world."

Although very critical of European eagerness to push ahead with the pipeline, Secretary of State Haig and his senior policy team are resigned to accepting the deal as a fait accompli. They point out that \$10 billion has already been committed and that too many contracts have been signed to expect the Europeans to back out at this stage.

In trying now to unscramble the omelet, the U.S., State officials argue, would not only fail but would in the process so alienate the European allies as to endanger the survival of the alliance. The chairman of the Senate Foreign Relations Committee, Sen. Charles Percy (R-Ill.), joins State in warning that hours of conversation with Chancellor Helmut Schmidt and other European leaders have convinced him that at this late date an attempt to block the pipeline would be totally counterproductive.

Against this solid phalanx of opinion in State that the pipeline is unfortunate but unavoidable stands the leadership of the Pentagon and the CIA. These officials are convinced that this deal is so critical to the threatening buildup of Soviet military power that every lever must be pulled to stop or at least delay it.

More disturbing than the blackmail potential of a Russian hand on Europe's energy faucet is the fact that the Soviets will be able to earn annually \$8 billion of hard currency from the sale of their gas to the West over a period of 25 years. At a time when their oil exports are dwindling, this windfall profit reaped in Western Europe would provide just that margin of hard currency needed to expand the purchase from the West of military-related high technology.

Instead of being forced to divert resources to the civilian sector, the Soviet military budget would be bloated by the folly of the Europeans, who in their scramble for jobs and profits from the pipeline contracts would be endangering not only themselves but the Americans as well.

In fact, Pentagon officials make a very strong argument that the real fall guy in the pipeline deal will eventually be the American taxpayer. The West Europeans gain jobs from the recovery of their steel industry in building the pipe. The Soviets obtain enough hard currency to keep their military machine growing with the most advanced Western technology, and the Americans will have to pay ever higher taxes in order to try to maintain an increasingly expensive balance of power.

Rather than rescuing the Soviet military buildup with these windfall profits, far better, it is argued, for the U.S. and Western Europe to pool their resources to help each other attain energy self-sufficiency. The Norwegians have recently discovered a huge new gas field but the capital to develop it will not be available if it is drained off in loans to Russia.

American opponents of the pipeline admit they should have started two years ago in developing specific alternative solutions with the Europeans. But with an oil glut and reduced demand for gas, they believe there is still time to appeal to the common sense of the Europeans, especially in light of the Polish events.

If rational argument does not persuade the Europeans, the hard-line opponents of the pipeline deal are prepared to use tougher tactics. Under the terms of Reagan's Polish sanctions, General Electric has been prohibited from selling to Russia through European firms the turbine rotors they need to build the giant compressors that pump the oil.

The French firm, Alsthom Atlantique, is the only European company that makes these rotors but it has a specific contract with General Electric that provides it will abide by U.S. export administration rules. By forbidding export of these rotors to Russia, the U.S. could succeed in delaying the completion of the pipeline by at least two years.

By this enforced delay, Pentagon officials claim the U.S. could keep billions in hard currency out of Soviet hands and win time for wiser heads in Europe to see the folly of the deal. But State officials warn that this costly delay caused by the U.S. would only temporarily postpone completion of the project, would infuriate the Europeans and drive them towards neutralism.

With his principal advisers thus divided, President Reagan will have to do his homework on this one. He alone can decide it.

NEW YORK POST
16 February 1982

CIA building more muscle in Central America

By NILES LATHEM
WASHINGTON — Administration, congressional and diplomatic sources said last night that over the past year CIA Director William Casey has ordered a steady buildup of covert activities in Honduras, El Salvador and Nicaragua.

The operation is said to have two objectives:

- Develop a major intelligence network to inform the White House and the Pentagon of military activities and political trends.

- Disrupt the growing influence of Cuba and

Nicaragua and their arms pipeline.

The revelations came in the wake of reports that the White House was debating whether to give \$19 million to the CIA for the operation.

The CIA operation is one phase of sweeping U.S. military, economic and political plans to protect America's "back door."

Sources told The Post that for the past six months the groundwork

for the CIA operation has already been laid, and that spending is probably running to much greater levels than \$19 million.

Although many details remain top secret, sources said:

- CIA stations in major cities in the region have been beefed up to full capacity.

- A wide range of intelligence contacts have been developed.

- Aerial surveillance and other activities under

the Defense Intelligence Agency and the National Security Agency have been dramatically increased.

- Several bases for training and infiltration operations have been established along the borders of El Salvador, Guatemala, Nicaragua, and Honduras.

- Training of paramilitary "action teams" has been in progress for well over three months.

NEW YORK POST
15 February 1982

CIA GROOMING LATIN HIT TEAMS

Propaganda war is also readied for El Salvador

By NILES LATHEM
N.Y. Post Correspondent
WASHINGTON The CIA is planning to dispatch hit teams and to launch a massive campaign of anti-Communist propaganda on Cuban and Nicaraguan agents infiltrating El Salvador, sources report here.

The CIA is prepared to use U.S.-trained paramilitary teams of "non-Americans" to go head to head with Cuban agents in El Salvador, Honduras and Guatemala.

High ranking Administration officials said last night that a plan, devised early last year by CIA Director William Casey and his deputy, Adm. Bobby Inman, is being actively reviewed by the White House as part of its efforts to control a growing Communist threat to El Salvador and the Caribbean basin.

Disclosure of the CIA operation first came from the Washington Post and was later independently confirmed by The New York Post.

President Reagan, returning from Camp David, refused to comment "either way" on the report.

"All I can think about is . . . this Caribbean program in which Canada, Mexico, Venezuela and the United States are going to help them with their economy."

Secretary of State



Associated Press Photo

Demonstrators march through a snowstorm in Boston protesting continued U.S. assistance to the government of El Salvador. About 3000 people took part.

Haig told reporters yesterday, "There's a host of things to do," adding, "There is an increased problem on the 'doorstep' of America."

Disclosure of the CIA operation came as Reagan prepared to give a major policy speech on Central America which will call on the American people to disregard comparison to the Vietnam war era and stand totally behind him in his efforts to protect the "back yard," of the U.S.

Although details of the CIA plan remain secret,

sources said likely activities would include:

- Training a series of highly specialized paramilitary hit teams for military, political and intelligence purposes.

Like the aborted Bay of Pigs operation in the 1960s, the teams would be comprised of clandestine soldiers and dissidents from the region and possibly Argentina.

Sources reported that a secret U.S. base has already been established in Honduras, where support is being given to

anti-Sandinista exiles.

- Declaring a major propaganda war on Cuba and Nicaragua. This would probably be done through a series of "disinformation" tactics as well as by using U.S.-sponsored radio and other propaganda weapons, sources said.

Also major U.S. support would probably be given in Nicaragua to a political movement opposed to the Sandinista regime.

The Casey plan is one in a series of economic,

political and military contingency plans likely to be taken by the Reagan Administration, which is determined to curb Communist influence in the region.

Reagan spent the weekend in Camp David reviewing the plans and preparing his speech on Central America — a speech which will probably be delivered within the next 10 days.

So far direct U.S. military action in the region is not one of the options under consideration.

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ON PAGE 28

NEWSWEEK
15 February 1982

Is There a CIA Link With Kaddafi?

It is a government scandal that will not die, a sinister suspicion that the CIA cannot—or will not—police “rogue” agents and ex-agents who sell CIA skills and connections to foreign governments. It has already spawned grand jury hearings and investigations by at least five government bodies, and the House Select Committee on Intelligence spent most of last week behind closed doors attempting to detail the activities of two prime rogues, Edwin Wilson and Frank Terpil, former CIA operatives who in 1976 contracted with Libya's Muammar Kaddafi to provide intelligence and weaponry and to train Kaddafi's terror teams.

Although ostensibly gone from the CIA, Wilson had numerous connections with the agency during that period. He offered \$1 million to three CIA agents to assassinate a Libyan dissident, secured explosive devices from one active CIA officer and directed another's recruitment of Green Berets for duty in Libya. Indeed, Wilson appeared to be so close to senior CIA personnel in the “dirty tricks” Operations Directorate that many participants in his dubious intrigues are convinced—or claim to be—that they were involved in an official CIA operation to penetrate Kaddafi's entourage.

CIA director William Casey and his deputy, Bobby Inman, insisted last week that neither Wilson nor Terpil had formal links to the agency during their Libyan operations. It was, they said, simply Wilson's aptitude for name-dropping that created the impression of official sanction. But NEWSWEEK has talked to one House committee witness whose story suggests that more than name-dropping was involved.

‘Big Bucks’: Luke Thompson, 47, was a Green Beret master sergeant in 1977 when he was recruited to work in Libya under Wilson. Now retired from the armed forces and training as a nurse in Hawaii, Thompson remains convinced that he was participating in a CIA operation. Like many Green Berets, Thompson was a veteran of secret CIA operations, and he was initially suspicious of a telephone offer of “big bucks” to go abroad. Consequently Thompson reported the contact to military intelligence at Fort Bragg, where he was counseled to pursue it. An intelligence officer at the post twice instructed him to “proceed until we tell you to stop.” Says Thompson: “To me this was a CIA operation from that point forward.”

Thompson was hardly surprised when Wilson's recruiter, Patry Loomis, turned up in person and introduced himself as “currently employed by the CIA.” In fact, Loomis's agency contract had only days to run, but the impression of official business was enhanced by the ease with which Thompson subsequently obtained leave from his Army duties. Thompson and three men he had recruited then flew to Zurich where they were met by Wilson himself.

Wilson made no references to the CIA. “I want you to go to Libya and make yourself indispensable to those bastards,” Thompson recalls Wilson saying. Thompson asked Wilson who they were working for. “You're working for me,” he replied. Libyan officials seemed to take the official connections of such foreign specialists for granted. “I know that one or all of you are KGB or CIA,” Libya's deputy chief of intelligence told the group. “I don't care who you are. All I want is your professional services.”

‘Stinks’: Back at Fort Bragg, Thompson says, his contact in intelligence informed him that he had learned the Libyan operation was not legal and “stinks to high heaven.” Yet he also told Thompson to maintain contact with Wilson's team in Libya, and Thompson continued to recruit and obtain materials and supplies for them. Called before a Federal grand jury looking into gun-running charges against Wilson and Terpil, Thompson went first to CIA headquarters for guidance. A CIA counsel told him to say anything he wanted,

abouts now are unclear. There have been grisly rumors that Terpil's appearance in several television documentaries angered some terrorists who kidnapped him, cut out his tongue and killed him. U.S. authorities say only that Terpil has pulled disappearing acts before—and the mystery surrounding both men seems sure to continue.

MARK STARR with RICHARD SANDZA in Waikiki and DAVID C. MARTIN in Washington

LOS ANGELES HERALD-EXAMINER
12 February 1982

It's troubling

Looks to us as if the CIA might be gearing up for dirty tricks. First, President Reagan signed an executive order in December that expanded the agency's power to maintain surveillance over American citizens in this country and to infiltrate domestic organizations.

And now, CIA Director William Casey is asking the Justice Department to ask Congress to shield the agency from criminal prosecution for illegitimate acts so long as agents are on "legitimate" missions. Yes, the old-fashioned end-justifies-the-means theory, and Casey wants the exemption written into the criminal code.

Perhaps it's really not so surprising he's pressing for intelligence behavior that the CIA's 1947 charter forbids and former President Carter sought to curb definitively. After all, there are strange allegations about domestic infiltration by Libyan hitmen out to get our president and about Soviet immigrants intent on disrupting the 1984 Olympics.

But the fact that it's not surprising does not make it any less disturbing. A blanket exemption from criminal

prosecution is not only unnecessary for conducting intelligence activities it is undesirable. We've expressed concern before that our intelligence community's ability to perform effectively has been unduly curbed in recent years. But it was unduly curbed in response to excesses by the intelligence community, and we're afraid this latest move by Casey might be asking for unnecessary trouble again.

Avoiding not just impropriety, but the appearance of impropriety, is an awful lot trickier for the CIA than it could ever have been for Caesar's wife. And avoiding not only the abuse of power but the appearance of abuse of power is at least as important.

Casey's proposed revision of the criminal code would permit an opportunity for abuse that, even if never exercised, would only reinforce the suspicion that some Americans, let alone the rest of the world, hold for our intelligence operations.

CIA agents should be free to perform their duties effectively, of course, but those duties must be carefully determined and their performance as free from taint as reasonably possible. That means performing their function within the limitations now prescribed by law. ■

RADIO TV REPORTS, INC.

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FOR PUBLIC AFFAIRS STAFF

PROGRAM	PBS Late Night	STATION	WETA TV PBS Network
DATE	February 11, 1982 12:30 AM	CITY	Washington, DC
SUBJECT	Interview with Frank Snepp		

DENNIS WHOLEY: Frank Snepp is our guest right now. Frank is a former CIA agent. He was awarded the Medal of Merit for his work in Vietnam. His book "Decent Interval" calls the evacuation of Saigon a fiasco, and he criticizes the CIA for stupidity and mismanagement. The Justice Department sued, claiming that Snepp's book broke his secrecy agreement and caused harm to the national security. The Supreme Court upheld that ruling.

Kind of a broad question, putting it out on the table right now: Should former agents of the CIA be allowed to criticize the agency, or, in some cases, use their knowledge, their experience or their expertise in civilian life?

Good to have you here.

FRANK SNEPP: Thank you.

WHOLEY: The last four or five years, how has this book changed your life?

SNEPP: Well, it's changed my life in many ways. One thing, it has turned my name into an italicized synonym for government censorship. The Supreme Court ruling in my case, in fact, gives legitimacy, for the first time, to an American official secrets act.

In your introduction you left out one important fact about my situation, and that is, I was never accused of publishing any secrets in that book.

WHOLEY: True?

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ON PAGE E-4

NEW YORK TIMES
7 FEBRUARY 1982

A Dim Spotlight On Libyan Affair

How do you prevent former Central Intelligence Agency employees from peddling their expertise to foreign governments? With difficulty, if at all, it appeared from testimony last week before the House Select Committee on Intelligence.

The closed hearings capped a four-month committee staff inquiry into the activities of two former C.I.A. agents, Edwin P. Wilson and Frank E. Terpil, and the C.I.A.'s investigation of their dealings with the Libyan government. But the question of C.I.A. involvement and the nature of the agency's relationship with its former employees remained as murky as ever.

Mr. Wilson was accused of recruiting American soldiers to train Libyan terrorists and he and Mr. Terpil, now fugitives, were indicted in 1980 for illegally shipping explosives to Libya. Mr. Wilson is known to have had the help of C.I.A. employees in his recruitment project, but two internal inquiries, one of which was ordered last year by agency director William J. Casey, have concluded that the aid was not official.

Two middle-level employees were dismissed in 1977 for their part in the affair. Two senior officials who were suspected of involvement were exonerated, and Mr. Wilson subsequently set one of them up in a business that later hired the other one. In his testimony at the hearings, Mr. Casey apparently was unable to shed new light on this relationship.

He did reveal, though, that the C.I.A. had recently adopted a new code of conduct extending agency regulations to former employees for the first time. The rules were said to prohibit the use of inside information for private gain, but a spokesman conceded they were "not a legal, binding agreement" and that the agency was powerless to make former employees obey them. Mr. Casey was said to be willing to work with Congress on legislation that had more teeth.

Michael Wright
and Caroline Rand Herron

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ON PAGE A-1

NEW YORK TIMES
4 FEBRUARY 1982

WEINBERGER SEEKS TO DECLARE POLES IN A DEBT DEFAULT

ADMINISTRATION IS DIVIDED

Aides Says Secretary Believes a Hard Line on Loans Can Block Soviet Pipeline

By HEDRICK SMITH
Special to The New York Times

WASHINGTON, Feb. 3 — Secretary of Defense Caspar W. Weinberger reportedly intends to keep pressing to have Poland declared in default of its debts to the West and to have Western European nations halt their natural gas pipeline deal with Moscow.

On the recommendation of the State, Treasury and Agriculture Departments, President Reagan recently agreed to have the Administration pay American banks the \$71 million owed them by Poland to forestall a declaration of default and the ensuing disruption of East-West economic relations.

But, in the continuing debate on the question within the Administration, high Pentagon officials oppose this action. They insist that the issue of Polish default has not been finally settled. Mr. Weinberger is known to favor the tougher stance of allowing default and the disruption of Western credit relations with the East to impose an economic penalty on Moscow and Warsaw for the repression in Poland.

Salvadoran Intervention Opposed

On the issue of El Salvador, however, Mr. Weinberger opposes American combat involvement and is understood to be wary of military operations in the Caribbean, such as a blockade of Cuba or Nicaragua, that would require Congressional approval.

Tuesday, in Congressional testimony, Secretary of State Alexander M. Haig Jr. seemed to reopen the threat of American intervention in Central America by asserting that the United States would do "whatever is necessary" to prevent the overthrow of the Salvadoran Government by leftist forces today.

Larry Speakes, a White House spokesman, left Mr. Haig's comments standing but emphasized that there were no plans "at the moment" for American troops to go into combat in El Salvador or elsewhere.

Mr. Speakes said the Secretary "was discussing contingencies," and added, "The President has said he has no plans to send troops anywhere and he has no plans."

A high Pentagon official, acknowledging domestic political opposition to American military involvement, added that "one of the lessons of Vietnam is that we can't engage in a war that is not supported by American public opinion."

In comments on another, more distant trouble spot, a senior Administration official revealed rising concern over reports that the Soviet Union was providing aid to the Communist Tudeh Party in Iran and was "very likely" sending arms and military supplies across the Soviet-Iranian border to other groups fighting the regime of Ayatollah Khomeini.

On the issue of possible Polish default, Mr. Weinberger was reported to have been taken by surprise by the Administration's decision to pay off the American banks, primarily because he had been preoccupied with preparation of the new Pentagon budget. But since the Defense Secretary did not get a chance to press his own views on the issue with President Reagan, the Pentagon does not regard the matter as settled.

Mr. Weinberger is said to feel that the recent decision to bail out the banks was an "interim" action. He is said to believe that the question is still "a live issue" among Administration policy makers and certain to be reconsidered as future installments of Polish debts come due.

"This is a continuing debate," a high Pentagon official said. "The default issue is with us continuously. There are quarterly payments due so it will come up again. It's a live issue."

The default question is linked in Mr. Weinberger's opinion to the pipeline deal, which has for months been a major target of Pentagon officials and American diplomats.

The Defense Department's view, reportedly hacked by William J. Casey, Director of Central Intelligence, is that the pipeline would not only make Western Europe dependent on Moscow for vital energy supplies but would also earn the Soviet Union about \$10 billion a year in hard currency that could be spent on Western technology with military applications.

Mr. Weinberger is understood to be-

lieve that a Polish default would not only impose further economic burdens on the Soviet Union but would delay the pipeline. The Administration concedes, however, that West European banks and governments are shying away from this approach.

Mr. Weinberger's arguments with the Western Europeans is that the West should not help the Soviet Union develop its oil and natural gas resources, especially when Western intelligence estimates project Soviet shortages in the years ahead.

In the Reagan Administration's internal debates over Poland, Mr. Weinberger and some of his Pentagon aides have taken the most pessimistic view of developments. Recently, for example, Mr. Weinberger commented that he felt "the Polish Government is run by a Russian general in a Polish uniform."

Although he is known to favor most policies that would make it harder for the Soviet Union to obtain new arms and support the military regime in Poland, Mr. Weinberger has not pushed for covert operations in support of Polish resistance to martial law.

The Administration's announcement Monday that the Government would pay American banks rather than allow Poland to go into formal default has come under fire from conservative groups.

"Default would require the Soviet Union, rather than the American taxpayer, to bail out the bankrupt Polish Government," Howard Phillips, leader of the Conservative Caucus, said today.

Mr. Phillips said at a news conference that his organization had launched a \$100,000 letter-writing campaign to urge banks to force Poland into default by seeking immediate repayment of outstanding Polish loans.

ARTICLE APPEARED
ON PAGE B-14

NEW YORK TIMES
4 FEBRUARY 1982

The C.I.A.

Sporkin Enjoying Move To Casey and Company

By JEFF GERTH
Special to The New York Times

WASHINGTON, Feb. 3 — A top official of the Central Intelligence Agency spent a week in California last month attending a securities conference. But the session had nothing to do with national security.

The conference participants included officials of the Securities and Exchange Commission, members of the securities bar, and alumni, such as Stanley Sporkin, general counsel to the Central Intelligence Agency.

In May, in one of Washington's most unusual career shifts, Mr. Sporkin left a successful and visible tenure as enforcement chief at the securities commission for the post at the intelligence agency. The man who made a career out of prosecuting companies had become the lawyer for "the Company," as the agency is referred to in intelligence circles.

Mr. Sporkin, to hear him tell it, has no regrets.

"The true test of any decision is whether you would have done it again," he said. "I would have done it again, and more so."

Did It for Long-Time Friend

For the most part, however, he switched jobs out of a sense of loyalty and respect for his long-time friend William J. Casey, the Director of Central Intelligence, who offered him the post.

The two met when Mr. Casey was chairman of the S.E.C. in the early 1970's. In 1972, Mr. Casey avoided a potentially embarrassing situation by following Mr. Sporkin's advice to rebuff White House attempts to interfere and delay an investigation of the financier Robert L. Vesco. Those attempts led to the indictment of some Nixon Administration officials; Mr. Casey and Mr. Sporkin were witnesses for the prosecution.

Mr. Sporkin's closeness to the Director has given him tremendous latitude and power but has also evoked some private criticism.

Though lacking experience in intelligence matters, Mr. Sporkin has played a key role in sensitive issues: the rules under which the agency operates, its ability to police itself and the extent to which agents are subject to criminal prosecution in the performance of their duties.

Last year he played a key role in drafting the Presidential executive order loosening to some extent restrictions on the nation's intelligence agen-

cies. To many outside observers, Mr. Sporkin, in that case, walked a fine line between conservatives who think the agency should be unleashed and civil rights advocates who oppose its intrusion into domestic affairs.

Late last year, Mr. Sporkin helped draft a letter that Mr. Casey sent to the Justice Department proposing that Congress allow C.I.A. agents to engage in otherwise illegal activities while on legitimate missions. The proposal, labeled "technical" by Mr. Sporkin, evoked a strong negative reaction from the Justice Department's office of intelligence policy.

Mr. Sporkin is near completion of a study into the involvement of the former agents Edwin P. Wilson and Frank E. Terpil in training Libyan terrorists and the adequacy of the agency's previous investigation into the at-



The New York Times/Teresa Zabala
Stanley Sporkin

Counsel believes agency will be 'great asset' to U.S.

fair. Mr. Sporkin declined to say what changes, if any, would be recommended in the agency's employment contract or personnel procedures.

"You've got to do whatever you can to prevent it from happening again," Mr. Sporkin said.

Mr. Sporkin thinks that the agency under Mr. Casey is going to be a great asset to this country" after being "drained down" in the last 10 years, an allusion to disclosures in the 1970's im-

Mr. Sporkin appeared to many reporters to function at times last year as a spokesman and private lawyer for Mr. Hugel, who resigned in the wake of disclosures about his business practices, and for Mr. Casey, who, after a long investigation by the Senate Intelligence Committee, was found "not unfit" to hold his post.

Mr. Sporkin thinks the criticism is unfair and says he has a good relationship with C.I.A. employees, although he expects to be with agency only as long as Mr. Casey.

The day-to-day feel of Mr. Sporkin's new job is different in many respects from that of his days with the securities commission. Frequent contacts with the press have ended. His staff is only a couple dozen lawyers, against the 200 he supervised at the S.E.C. And while he was at the center of the securities commission's activities, Mr. Sporkin is far removed from, and sometimes even unaware of, the Company's operations in the field.

Government officials and private lawyers who have dealt with Mr. Sporkin since he joined the C.I.A. say they have found him to be aggressive, fair, honest and occasionally single-minded. His friends say Mr. Sporkin, who turns 50 next Sunday, has no ambivalence about his future; he still longs for a Federal judgeship.

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ON PAGE 18

LOS ANGELES TIMES
3 February 1982

CIA Didn't Approve Ex-Agents' Libyan Work, Casey Says

By ROBERT L. JACKSON, Times Staff Writer

WASHINGTON—William J. Casey, director of the Central Intelligence Agency, told a House committee Tuesday that the CIA did not approve Libyan terrorist-training activities by former agents Edwin P. Wilson and Francis E. Terpil.

But Wilson and Terpil, who are under federal indictment, may have received help from individual CIA officers while the two were working for the radical regime of Libyan leader Moammar Kadafi, according to Rep. Edward P. Boland (D-Mass.), chairman of the House Intelligence Committee.

Casey's denial of any official CIA involvement in the Wilson-Terpil case came as the House committee opened closed-door hearings into international business deals by former CIA agents.

Boland told reporters after the hearing that Casey had ordered a new investigation of the CIA's ties to Wilson and Terpil, who were charged in April 1980, with illegally exporting terrorist equipment to Libya. The investigation is not yet completed.

The Justice Department is investigating other deals by the two men, including their alleged secret attempts to export high-technology devices to the Soviet Union and nations in the Middle East.

Two Dismissed

Adm. Stansfield Turner, Casey's predecessor as CIA chief, had received an earlier internal report that led him to dismiss two middle-level agency employees who were suspected of having ties to Wilson and Terpil. But the report exonerated several senior officials who were suspected of having such ties, according to former CIA officials.

Boland said Casey's testimony was the second investigation of CIA involvement in Libya. There was "no official CIA involvement" in Terpil after their indictment.

Boland said his committee conducted a four-month inquiry and "did not find any evidence of CIA conduct at this point."

May Have Been Contacted

Asked whether the CIA had any contact with Terpil before their indictment, Casey said he did not know of any approval of Terpil but there may have been individuals who were on board who didn't rise to the top of the list.

Casey declined to meet reporters after this testimony but provided Boland typed notes.

Last month, Douglas M. Schlachter, a former close associate of Wilson's, told federal investigators that he had briefed two high-ranking CIA officials about Wilson's activities at meetings in the Washington area in 1976 and 1977.

Alvin C. Askew, Schlachter's lawyer, identified the two as Theodore G. Shackley and Thomas G. Clines. Both have retired and have denied knowing about Libyan terrorist training. Shackley was chief deputy to the CIA's director of clandestine services, and Clines was director of training in that division.

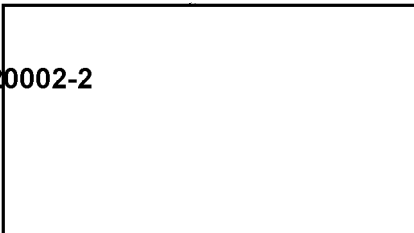
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What's News—

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* * *
CIA Director William Casey told a House panel that the spy agency tentatively has concluded "there was no CIA involvement in Libyan terrorist training," the committee's chairman said. Rep. Edward Boland (D., Mass.) spoke after a closed meeting on possible CIA links to two former agents accused of setting up a terrorist training project in Libya.
* * *

The White House dropped a controversial plan to plug news leaks by requiring officials to get approval for interviews that might bring up classified matters. A spokesman said new rules supersede a Jan. 12 presidential order that threatened use of "all legal means" against leaks. The latest proposals limit the number of officials with access to sensitive data.
* * *



Casey reportedly says CIA didn't train Libya terrorists

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Associated Press

WASHINGTON -- CIA Director William J. Casey told the House Intelligence Committee yesterday that the spy agency has tentatively concluded "there was no official CIA involvement in Libyan terrorist training," the committee chairman said.

Rep. Edward P. Boland (D-Mass.) spoke with reporters after Casey and other CIA officials testified before the House panel behind closed doors for three hours.

The hearing focused on questions over the adequacy of an internal CIA investigation into possible links between the agency and two former agents, Edwin P. Wilson and Frank E. Terpil, accused of setting up a terrorist training project in Libya.

Boland said his committee has "a very deep concern because of the impact that these allegations have upon the agency. Of course, the CIA agrees with this, too."

The chairman said he was pleased by the CIA's cooperation with a committee inquiry into Wilson-Terpil situation. He added, "I'm satisfied with the agency's conduct at this point."

However, Boland indicated that the committee believes there are still discrepancies that need to be resolved between the CIA's official version and information from other sources about the Libyan-related activities.

Boland summarized main points which he said were contained in Casey's testimony, calling them the "tentative conclusions" of the CIA's internal investigation. These were, according to Boland:

- "There there was no official CIA involvement in Libyan terrorist training."
- "There was no official CIA contact with Wilson or Terpil after their indictment."
- "There was no official CIA involvement in the recruitment of Green Berets" for projects in Libya.

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THE WASHINGTON POST
3 February 1982

Probe Clears CIA Of Contact With 2 Aiding Qaddafi

United Press International

The chairman of the House Intelligence Committee said yesterday that investigations had turned up no evidence of official contact between the CIA and two former agents who went to work for Libya's Col. Muammar Qaddafi.

However, committee Chairman Edward Boland (D-Mass.) said CIA employees who later worked for a firm associated with one of the fugitive ex-agents, Edwin Wilson, likely had contact with both Wilson and Frank Terpil while still at the agency.

Boland referred to Theodore Shackley, former deputy director of clandestine operations, and Thomas Clines, former director of training in the clandestine services.

Clines, after leaving the CIA in 1978, established a petroleum equipment business, with help from Wilson. Shackley went to work for Clines when he retired in 1979.

Boland spoke with reporters after a three-hour closed committee hearing attended by CIA Director William J. Casey, Deputy Director Bobby R. Inman, CIA inspector general Charles Briggs and CIA general counsel Stanley Sporkin.

During the hearing, the first in a series focusing on the activities of Wilson and Terpil, the CIA officials denied that the agency had sanctioned any contacts with the two or any involvement in the recruitment of former U.S. Army Special Forces troops to train terrorists in Libya.

Boland said he told the CIA officials the committee has "a very deep concern" about possible ramifications of the work Wilson and Terpil have done for Qaddafi.

Wilson, last reported living in Libya, and Terpil, said to be in Lebanon, were indicted in 1980 on charges of illegally shipping explosives and arms to Libya after they left the agency in 1976.

Two lower-level employees were fired for cooperating with them while still with the CIA.

Boland quoted Casey as saying in his opening statement that the CIA's ongoing investigation came to the "tentative conclusion" there was no official agency involvement in any of the the Libyan activities, no official contact with Wilson and Terpil after their indictment and no involvement in the recruitment of Green Berets to train terrorists for Qaddafi.

ST. LOUIS POST-DISPATCH
3 February 1982

No Case For Hiding Information

The Senate Subcommittee on the Constitution showed little sense of responsibility when, despite the failure of CIA Director William Casey to justify the need, it approved a bill that would exempt the CIA from the Freedom of Information Act. While testifying before the subcommittee, Mr. Casey was asked to set forth examples of how his agency had been harmed by the act. Despite repeated questions from panel members, Mr. Casey was unable to say how many agents had been lost, as claimed, because of their alleged fear of being exposed through the FOI Act. At one point he said, "I really can't tell you." At another, he made the extraordinary remark that his information came from "hearsay."

Mr. Casey's vagueness did not result from any glare of publicity, since he was talking at a closed session, for which the testimony was only made public later after proper clearance. Based on the director's unconvincing performance, several senators,

including Chairman Orrin Hatch, expressed their disappointment for the record. But the panel still approved changes in the FOI Act that the administration had asked for.

This display of senatorial willingness to weaken the act was unwarranted, not only because of Mr. Casey's failure to answer questions persuasively but because the FOI law already exempts information being kept secret in the interests of foreign policy and national defense. Former CIA Director Stansfield Turner has said that the agency has not lost a single case in the courts in which it claimed that something was classified and therefore could not be released. Given this record, the only apparent reasons for the administration's move to dilute the FOI Act is to save the CIA the trouble of having to justify secrecy in some areas or to avoid embarrassment from some disclosures. Those are not sufficient reasons for exempting an agency whose illegal acts have been exposed under FOI.

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NEW YORK TIMES
3 FEBRUARY 1982

C.I.A. Denies Official Link to Ex-A

By JEFF GERTH

Special to The New York Times

WASHINGTON, Feb. 2 — William J. Casey, the Director of Central Intelligence, told the House Select Committee on Intelligence today that the C.I.A. had tentatively concluded that the agency had no official involvement in the Libyan activities of two former agents, Edwin P. Wilson and Frank E. Terpil, according to Congressional sources.

Mr. Casey also told the closed hearing, the sources said, that the agency shared the committee's concerns about preventing future misuse of intelligence expertise and information as well as insuring the adequacy of internal agency controls.

Mr. Wilson and Mr. Terpil were indicted in 1980 on charges of exporting explosives to Libya and, with other former intelligence and military personnel, have been linked to the training of terrorists and the transfer abroad of advanced military equipment and expertise. Both men are fugitives; Mr. Wilson lives in Libya and Mr. Terpil is believed to be somewhere in the Middle East.

Much of today's hearing focused on possible legislative and administrative remedies that, if enacted, could significantly curtail the export of intelligence expertise and tighten disclosure and registration requirements for Americans working for foreign governments, according to these sources.

In his testimony before the committee, Mr. Casey said the agency, after a long internal investigation begun last July after press disclosures about the case, had reached these tentative conclusions:

¶ There was no official contact by the agency with Mr. Wilson and Mr. Terpil after their original indictment in 1980.

¶ The agency had no official involvement in Libyan terrorist training.

¶ There was no official agency involvement in the recruiting of members of the Army Special Forces to help train Libyans.

While Mr. Casey's testimony in some respects echoed earlier agency denials of official complicity, it also reflected a new willingness to address questions surrounding the agency's ability to police its employees and their outside activities.

While Mr. Casey told the committee that the agency was revising its internal code of conduct as a result of the Wilson-Terpil affair, he seemed to favor legislative remedies as a solution rather than, for example, changes in the C.I.A.'s employment contract, sources say.

Queries on Ties to Aides

Committee members, most of whom attended the three-hour hearing, addressed a wide range of questions to Mr. Casey covering most aspects of the Wilson-Terpil affair. Representative Edward P. Boland, Democrat of Massachusetts, who is chairman of the committee, said afterward that Mr. Casey and the agency now seemed to have a good grip on the facts in the case, although Mr. Wilson's activities were first brought to the agency's attention in 1976.

Some committee members were interested in the relationship between Mr. Wilson and some senior agency employees who maintained contact and had business relationships with Mr. Wilson in 1977 and 1978, but Mr. Casey was apparently unable to shed any new light on this matter.

Most of the discussion, according to Congressional sources, focused on ways

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Among the legislative solutions being discussed were these:

¶ Amending the laws governing registration of foreign agents to cover people working for foreign governments on intelligence matters.

¶ Amending export control laws to minimize the export of intelligence expertise.

¶ Requiring intelligence employees to register after leaving the United States Government if they go to work for a foreign country.

¶ Prohibiting certain kinds of private employment for Government intelligence agents, especially when retained by foreign governments that support terrorism.

Working with Mr. Casey on the question of possible legislative remedies will be Stanley Sporkin, the agency general counsel, who accompanied Mr. Casey to the hearing.

Two members of the intelligence committee interested in legislative remedies, Representative Albert Gore Jr., Democrat of Tennessee, and Representative Norman Mazzoli, Democrat of Kentucky, both said that any legislation would have to be designed so as not to impinge on various constitutional rights.

Mr. Mazzoli said that while he was disturbed about the revelations of the Libyan activities of the two former agents, his questions to Mr. Casey looked more to the future, asking for the agency to "give us their wisdom on how to eliminate or stop this kind of practice."

Mr. Gore said he thought that the agency had been "blinded" in its analysis of Iran under the deposed Shah Mohammed Riza Pahlevi and Libya in part because of close ties between former agency personnel and the two countries. The Tennessee Democrat said he intended to propose legislation requiring members of the intelligence community to agree not to work for a foreign government after their stint as intelligence agents.



EXECUTIVE SECRETARIAT

Routing Slip

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12	D/EEO				
13	D/Pers				
14	D/OPP				
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February 2, 1982

MEMORANDUM FOR: The Honorable
William J. Casey
Director
Central Intelligence Agency

FROM: Gilbert A. Robinson *gar*
Acting Director

SUBJECT: "Let Poland Be Poland"

The first reports of usage around the world for "Let Poland Be Poland" are most encouraging. More than 100 million viewers in 25 foreign countries saw the presentation in whole or in lengthy excerpts on Sunday night or Monday morning. About 72 million of those viewers were in Europe. In the United States, 16 of the top 25 major market affiliates of the Public Broadcasting System aired the entire program Sunday night or Monday.

The radio adaptation broadcast by the Voice of America and Radio Free Europe is estimated to have reached more than one hundred million listeners.

Many countries will be broadcasting the program in upcoming days which means the total viewing audience will ultimately be much larger.

Two comments say a lot. The German TV commentator said: "It was a picture of America's unbroken capability to be sympathetic to freedom." In France, the TV commentator there said: "It was a quality production, advance criticism was proven to be unjustified."

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NEW YORK TIMES
2 FEBRUARY 1982

C.I.A. Changes Spy Operations After Iran Loss

Special to The New York Times

WASHINGTON, Feb. 1 — United States intelligence-gathering activities are increasingly being conducted under the cover of private commercial organizations rather than diplomatic missions, according to senior intelligence officials.

The officials said the change was made in an effort to tighten security after the loss of sensitive documents when the American Embassy in Teheran was seized in 1979.

Approaches to Bani-Sadr Cited

The officials said this new procedure, initiated by William J. Casey, director of Central Intelligence, resulted from the intelligence community's concern over the public disclosures of secret contacts with Iranian officials and of detailed American assessments of the Iranian situation that followed the takeover.

The documents were obtained by Iranian militants when they seized the embassy on Nov. 4, 1979. They were subsequently published in Iran in a 13-volume series of paperback books, copies of which have now reached newspapers in the United States.

Information in the documents ranges from accounts of Central Intelligence Agency efforts to recruit Abolhassan Bani-Sadr, then a close adviser to Ayatollah Ruhollah Khomeini, to a 47-page C.I.A. study of Israel's intelligence and security services.

That study reveals that the Israelis placed listening devices in American diplomatic offices in Israel in the 1950's and 1960's and attempted to blackmail an American consular official in Jerusalem to obtain information.

The intelligence officials said that Mr. Casey, who took office at the start of the Reagan Administration, had placed a high priority on establishing commercial cover for agents and operations, either by gaining the cooperation of American corporations operating abroad or by creating fictitious companies for the purpose.

Mr. Casey was also reported to have ordered that the amount of intelligence data stored overseas be reduced.

"We used to keep encyclopedic files in a lot of stations, including Iran," one intelligence official said. "That was a mistake. We're now trying to keep files to a minimum."

In addition, the C.I.A. has asked the State Department to restrict the circulation of intelligence data in foreign posts, the officials said. Much of the material lost in Iran, they said, was found in files kept by embassy personnel, including L. Bruce Laingen, the chargé d'affaires. At the time of the takeover, an effort was made to burn or shred sensitive information, but the militants were able to recover considerable quantities of documents and were also able to reconstruct shredded materials.

The documents, which were published in Iran and made available here, disclosed, among other things, that in the days before the seizure of the embassy, the Iranian Government, then headed by a moderate, Prime Minister Mehdi Bazargan, established contacts with American intelligence agents to seek information on whether Iraq was fomenting the insurrection of the Kurdish minority and whether Israel was also involved.

According to the documents, the C.I.A. made contact with Mr. Bani-Sadr, who was then a close adviser to Ayatollah Khomeini and later was to become President of Iran, in an effort to recruit him. But the mission, which involved the use of a secret agent using an alias, produced only modest information about the political situation in revolutionary Iran. The attempt to recruit Mr. Bani-Sadr as an agent failed.

Deportation of Shah Urged

After the deposed Shah Mohammed Riza Pahlavi was admitted to the United States for medical reasons in October 1979, the publications reveal, various Iranian officials pleaded with the United States Embassy to deport him for fear that his presence in America would be used by radicals to destroy any chances of improved Iranain-American relations. Mr. Laingen himself had strongly urged against admitting the Shah to the United States.

In 1977, the documents shows, the C.I.A. complained in a report that too much credence was given to information supplied by the Iranian intelligence service, Savak.

The public release of the documents, which include the minutes of embassy meetings conducted by Ambassador William H. Sullivan, the last envoy to Teheran, seemed designed to put Iranian moderates and other opponents of the religious factions in the worst possible light.

For example, there is considerable documentation to show that American intelligence agents had contacts with Abbas Amir Entezam, who was Deputy Prime Minister and official spokesman for Mr. Bazargan, whose Government fell in the aftermath of the takeover of the American Embassy.

Mr. Entezam was appointed ambassador to Sweden just before the Bazaragan Government fell on Nov. 6, 1979 and later was tried on charges that included collaboration with the C.I.A. Last June the official Iranian press agency said a revolutionary court had sentenced him to life imprisonment.

Mr. Entezam is not named in the documents, but in the context seems to fit the description of a C.I.A. contact known in the cablegrams to Washington as "SDPLOD/1."

Mr. Entezam and Foreign Minister Ibrahim Yazdi both appeared to have been particularly concerned about Iraq's activities, given the traditional enmity between that nation and Iran.

A document says that on Oct. 18, 1979, "SDPLOD/1" met with an American known by the code name of "Adlesick" to tell him that Iran's needs "at the moment were basically for tactical information on Kurdish situation and political intelligence on who supporting Kurds and why."

SAN FRANCISCO EXAMINER
2 February 1982

No impunity for the CIA

"HAREBRAINED" is what one unnamed Justice-Department official called CIA Director William Casey's proposal for the granting of immunity from criminal prosecution to CIA agents while they are on legitimate missions. An "overreaction," said another.

That may be the least that can be said of the Casey proposal. It is a worrisome request, for in the conduct of a person's duties, not even the president is above the law.

Casey posed the idea in a letter to Attorney General William French Smith, suggesting that Congress be asked to approve such a shield.

Neither Smith nor the Congress should advance any further the notion of carte blanche for the CIA. No agency or agent of government ever should be endowed with such extraordinary power in a democracy.

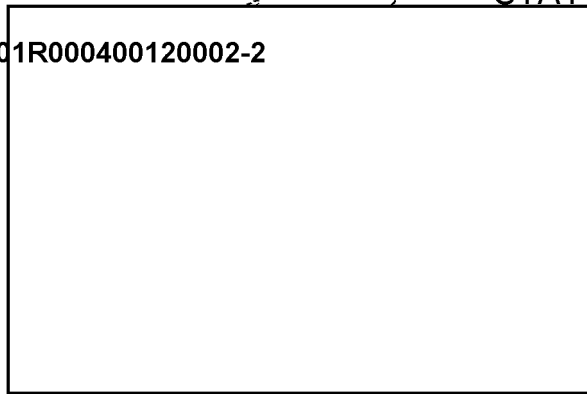
The Justice Department's Office of Intelligence Policy Review, which recognizes the need for internal agency oversight, opposes Casey's recommendation on the ground it would permit CIA agents to "freely engage" in otherwise illegal activities without authorization or approval from Justice.

The CIA's general counsel, Stanley Sporkin, says that the Casey proposal is a technical, legal matter, not a policy change. That is debatable.

But even if Sporkin were correct, it is on technical, legal matters that courts determine privilege in this country — as well as the admissibility of evidence. And if there could be little or no criminal prosecution of individuals or organizations sufficiently threatening to our national security because of rights' violations, then intelligence agencies realistically would have to employ other means of dealing with those considered to be enemies of the state.

Ironically, some CIA officials contend that the Casey proposal really wouldn't give the agency anything it doesn't already enjoy under current law — the concern merely being for the status quo protection under the upcoming revised federal criminal code. But that explanation is somewhat feeble, particularly since this administration has made clear its intent to relax what it considers to be unreasonable restrictions on U.S. intelligence agencies.

While there is no denying the need for a flexible, opportunistic intelligence community to protect this nation's interests, to grant a standing shield of legal immunity to agents would effectively remove them from the control of government's elected leaders, who themselves could become the target of misdirected agents or an agency whose integrity had been compromised.



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CIA CONCLUDES IT NOT OFFICIALLY INVOLVED IN LIBYAN AFFAIR

WASHINGTON (AP) - CIA Director William J. Casey told the House Intelligence Committee on Tuesday that the spy agency has tentatively concluded "there was no official CIA involvement in Libyan terrorist training," the committee chairman said.

Rep. Edward P. Boland, D-Mass., spoke with reporters after Casey and other CIA officials testified before the House panel behind closed doors for three hours.

The hearing focused on questions over the adequacy of an internal CIA investigation into possible links between the agency and two former agents, Edwin P. Wilson and Frank E. Terpil, accused of setting up a terrorist training project in Libya.

Boland said his committee has "a very deep concern because of the impact that these allegations have upon the agency. Of course, the CIA agrees with this, too."

The chairman said he was pleased by the CIA's cooperation with a committee inquiry into Wilson-Terpil affair. He added: "I'm satisfied with the agency's conduct at this point."

However, Boland indicated that the committee believes there are still discrepancies which need to be resolved between the CIA's official version and information from other sources about the Libyan-related activities.

"With reference to who knew what, and when, that would have to be balanced with some of the information we have in the file and testimony which has been adduced by witnesses where it doesn't quite square with the agency's investigation," Boland said without elaborating.

Appearing with Casey at the hearing were Adm. Bobby R. Inman, the CIA's deputy director, as well as Charles A. Briggs, inspector general for the agency, and Stanley Sporkin, CIA general counsel.

AP-WY-12-62 2049087

2 February 1982

(BY DANIEL F. GILMORE)

WASHINGTON (UPI) -- CIA DIRECTOR WILLIAM CASEY AND AGENCY OFFICIALS TODAY APPEARED BEFORE THE HOUSE COMMITTEE FOR A CLOSED-DOOR DISCUSSION OF LINKS BETWEEN CIA AGENTS AND THE LIBYAN GOVERNMENT.

CASEY AND DEPUTY DIRECTOR BOBBY INMAN, INSPECTOR BRIGGS AND GENERAL COUNSEL STANLEY SPORKIN DECLINED TO ANSWER REPORTERS BEFORE ENTERING THE COMMITTEE HEARING.

THE COMMITTEE APPARENTLY IS NOT SATISFIED WITH THE AGENCY'S INVESTIGATIONS INTO LINKS BETWEEN THE CIA AND AT LEAST ONE FORMER EMPLOYEE WHO WENT TO WORK FOR LIBYA'S RADICAL LEADER, LIAQAT KHADAFY.

THE PANEL PLANS ADDITIONAL HEARINGS WEDNESDAY AND THURSDAY TO QUESTION DEFENSE DEPARTMENT WITNESSES ABOUT A SERIES OF REPORTS SUGGESTING FORMER CIA AGENTS AND MILITARY OFFICERS HAVE PROVIDED A RANGE OF SERVICES FOR KHADAFY.

THE HEARINGS ARE INTENDED TO FOLLOW UP ON INQUIRIES THAT BEGAN IN 1976 UNDER CIA DIRECTOR STANFIELD TURNER AND CONTINUE UNDER CASEY, FOCUSING ON THE ACTIVITIES OF FORMER CIA AGENTS EDWIN WILSON AND FRANK TERPIL.

WILSON AND TERPIL, WHO LEFT THE CIA IN 1976, WERE INDICTED IN 1980 ON CHARGES OF ILLEGALLY SHIPPING EXPLOSIVES AND ARMS TO LIBYA.

WILSON, SAID TO BE LIVING IN TRIPOLI, ALSO IS ALLEGED TO HAVE RECRUITED FORMER MEMBERS OF THE U.S. ARMY SPECIAL FORCES AS MERCENARIES TO TRAIN TERRORISTS FOR KHADAFY.

AN INTERNAL CIA INVESTIGATION BY INSPECTOR GENERAL JOHN WALLER IN 1976-77 FOUND NO OFFICIAL CONNECTION BETWEEN THE AGENCY AND WILSON AND TERPIL AFTER THEY LEFT, BUT TWO LOWER-LEVEL EMPLOYEES WERE FIRED FOR HELPING THEM.

WALLER, ASKED BY TURNER TO DETERMINE THE EXTENT OF CIA INVOLVEMENT WITH WILSON AND TERPIL, SPECIFICALLY CLEARED THEODORE SHACKLEY, THEN DEPUTY DIRECTOR OF CLANDESTINE OPERATIONS, AND THOMAS CLINES, DIRECTOR OF TRAINING IN THE CLANDESTINE SERVICES.

AFTER CLINES LEFT THE CIA IN 1978, HE ESTABLISHED A PETROLEUM EQUIPMENT BUSINESS WITH THE REPORTED HELP OF WILSON. SHACKLEY WENT TO WORK FOR CLINES WHEN HE RETIRED IN 1979.

CASEY STARTED A SECOND INVESTIGATION INTO THE WILSON-TERPIL AFFAIR LAST YEAR. THAT PROBE IS CONTINUING.

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ON PAGE A-1

NEW YORK TIMES
1 FEBRUARY 1982

HOUSE IS STARTING HEARINGS ON C.I.A.

Agency Report of Activity for Libya Is Focus of Inquiry

By PHILIP TAUBMAN

Special to The New York Times

WASHINGTON, Jan. 31 — The House Intelligence Committee will begin closed hearings Tuesday on the Central Intelligence Agency's investigation of its possible links to two former agents who sold their services to Libya.

The C.I.A.'s internal investigation may have failed to pursue several significant lines of inquiry and may not have examined all possible sources of information, sources familiar with the committee's work said. The inquiry was conducted in 1976 and 1977 by the agency's inspector general to determine whether any officials helped establish a terrorist training project in Libya.

Report Exonerated Officials

The inspector general's report, which led to the dismissal of two middle-level agency employees, exonerated several senior intelligence agency officials who were suspected of having ties to the former agents, Edwin P. Wilson and Frank E. Terpil, according to former C.I.A. officials.

The report also served until recently as the basis for agency statements that the C.I.A. had thoroughly investigated the Wilson-Terpil matter and had found no official ties to the Libyan operation, organized by the two men.

A second internal C.I.A. investigation, initiated last year by William J. Casey, the Director of Central Intelligence, is continuing, according to Reagan Administration officials. To date, it has found no evidence of official agency approval or support for the operation, according to the C.I.A.

It has, however, raised questions about the thoroughness of the first investigation, according to those familiar with the committee's work. These sources declined to provide details, but said that agency investigators might have prematurely cleared senior officials.

Mr. Wilson and Mr. Terpil were indicted in 1980 on charges of illegally shipping explosives to Libya. They are currently living abroad as fugitives.

The two men, according to the Justice Department, reached an agreement with Muammar el-Qaddafi, the Libyan leader, in 1976 to sell Libya their expertise in intelligence and military matters to help train terrorists.

The C.I.A.'s internal investigation is one of several facets of the Wilson-Terpil case that the House Permanent Select Committee on Intelligence is expected to explore in three hearings this week, committee staff members said.

Other facets include the recruitment of Army Special Forces veterans to train terrorists in Libya and Mr. Wilson's association with a secret Navy intelligence unit called Task Force 157.

The hearings will conclude a four-month committee staff investigation into the activities of Mr. Wilson and Mr. Terpil. The committee, according to staff members, has reached no conclusions about the adequacy of the inspector general's report, but enough questions have been raised to warrant a review of the specific Wilson-Terpil inquiry as well as the general ability of the C.I.A. to investigate possible misconduct by its officials.

Officials Defend Inspector General

Former officials of the agency, including Adm. Stansfield Turner, Director of Central Intelligence in the Carter Administration, defended the work of the inspector general in the Wilson-Terpil case. "I turned him loose and I'm satisfied that he got me to the bottom of the case," Admiral Turner said in a recent interview.

Admiral Turner dismissed two middle-level agency employees in 1977 after the inspector general found that they had helped Mr. Wilson establish the terrorist training operation in Libya.

At the time, the C.I.A.'s inspector general was John H. Waller, who worked in the agency's clandestine operations division for many years before becoming inspector general in 1976, according to former intelligence officials. Mr. Waller retired from the C.I.A. several years ago.

Mr. Waller's investigation of the Wilson-Terpil case focused almost exclusively on officials in clandestine operations, including several with whom he had worked closely before becoming inspector general, according to former intelligence officials. Mr. Waller last week declined to discuss his work at the C.I.A.

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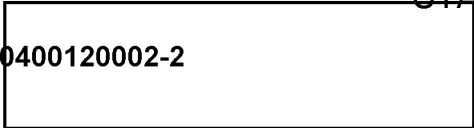
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Witnesses expected to testify at Tuesday's hearing, which will examine Mr. Wilson's links to the agency, will include Mr. Casey; Admiral Bobby R. Inman, the Deputy Director of Central Intelligence; Charles A. Briggs, the current inspector general, and Stanley Sporkin, the agency's general counsel.

Admiral Inman is expected to return the next day to discuss Mr. Wilson's work for Task Force 157, a secret Navy intelligence unit that the admiral dismantled in the mid-1970's when he was Director of Naval Intelligence.

Defense Department officials are expected to appear Thursday to discuss Mr. Wilson's recruitment of Luke F. Thompson, an officer on active duty in the Army Special Forces, to help train terrorists in Libya. Mr. Thompson has asserted that his superiors in the Green Berets approved his mission to Libya.



Taking On An Unruly World

Russia, Taiwan, Cuba, Mideast—the President is altering course across the board as complex international problems close in. America's allies welcome the change a lot more than Reagan's "new right" backers.

Up against the harsh realities of a troublesome world, Ronald Reagan is being driven to alter drastically many of the premises he carried to the White House a year ago.

To the dismay of his staunchest conservative supporters, the President has modified what was widely seen as an essentially ideological approach to a host of critical foreign-policy issues involving Russia, China, the North Atlantic Treaty Organization, Central America and the Mideast.

The President continues to stand firm on the administration's two basic objectives—rearming America and meeting more vigorously the challenge of Soviet expansionism. But at the start of his second year in the White House, he finds himself moving broadly in the direction that American

Presidents have pursued internationally for a quarter of a century or more. Thus—

- Stiff anti-Soviet rhetoric that stirred widespread concern about a return to the cold war last year now is muted in favor of arms-control negotiations and summity with the Russians.

- Preserving unity of the Atlantic Alliance is given priority in the Polish crisis over demands for full-scale sanctions against Russia and the military regime in Warsaw that America's partners are reluctant to impose.

- Washington's drive for a "strategic consensus" in the Mideast, once a top priority, is being subordinated to the search for an Arab-Israeli peace settlement.

- Threats of military action against Cuba to neutralize Fidel Castro's support for Marxist guerrillas in Central America are giving way to greater emphasis on political and economic measures to meet the danger.

- Closer strategic cooperation with China, viewed initially with suspicion by many close to Reagan, is getting preference over campaign promises to upgrade relations with Taiwan.

Behind these wide-ranging shifts in administration foreign policy is the discovery that global realities often do not correspond to the views voiced by Reagan in the 1980 campaign. Many of the Chief Executive's original initiatives overseas boomeranged—alarming U.S. allies, fueling a peace movement in Europe to the delight of Russia, imposing severe strains on U.S. relations with China, alienating black Africa and much of the rest of the Third World and allowing the dangerous Palestinian problem to fester.

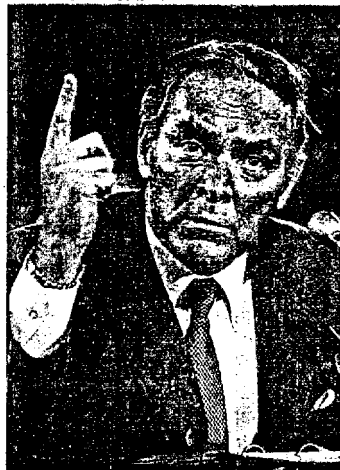
Beyond that, what has been brought home to Reagan is that America's ability to influence intractable allies and adversaries is limited, whether in responding to the annexation of the Golan Heights by Israel's Menachem Begin or the Army crackdown in Poland instigated by Russia's Leonid Brezhnev. Military power, the President has discovered, is of limited utility—even against international pyg-

U.S. Foreign-Policy Establishment



President Reagan
Delegates wide authority over foreign policy. Decisions on Taiwan, Poland, disarmament negotiations, other issues disappoint "new right" supporters.

TIMOTHY MURPHY—USNS/WP



Alexander Haig
Secretary of State emerging as "vicar" of foreign policy, criticized by conservatives for favoring "Kissinger disciples" at State.

TIMOTHY MURPHY—USNS/WP



Caspar Weinberger
Pentagon chief contributed to appearance of disarray by squabbling publicly with Haig. Hard-liner on many issues but not on blocking Cuba.

William Casey
CIA director served as Reagan campaign manager, survived inquiry into financial affairs, seeks active role in shaping of foreign policy.



William Clark
New NSC head is close Reagan friend, foreign-policy novice. His assignment: End bickering, coordinate overseas



mies such as Cuba's Fidel Castro or Libya's Muammar Qadhafi.

The result has been an increasing tendency by Reagan, in dealing with tests overseas, to overrule hawkish elements in his administration in favor of the more pragmatic line usually, but not always, espoused by Alexander Haig's State Department. A conspicuous example: The administration's measured response to martial law in Poland, which a right-wing leader—Richard Viguerie—denounces as Reagan's being soft on the Soviets.

It is not only the substance of foreign policy but also its management that Reagan is altering. He is embracing a plan that he originally spurned by recasting in January the role of the national-security adviser into one of the most powerful in the White House and naming to the job a close confidant, William Clark, to replace Richard Allen. Criticized as an ineffective administrator with a strong ideological bias, Allen had so little status that he was required to report to the President through White House Counselor Edwin Meese III, who is without experience in international affairs.

With the reorganization, the President is attempting to eliminate the high-level arguments and turf battles involving Haig and Defense Secretary Caspar Weinberger, as well as Allen. The feuding, which Reagan promised would not be permitted in his administration, gave rise to confusion over who, if anyone, was in charge of foreign policy. In the new setup, Haig appears to be emerging with greatly enhanced authority.

Staunch conservatives deplore the changes. They see the elimination of Allen and the promotion of professional Foreign Service officers to top State Department posts as further evidence that diplomatic careerists are gaining control of international affairs in the Reagan administration.

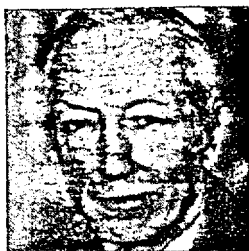
Whatever the misgivings of the President's right-wing supporters, a survey by the magazine's bureaus abroad indicates that the current direction of the administration's foreign policy is endorsed by U.S. allies. Reflecting a widely shared view in Europe, the magazine's London bureau reports: "To the British, Reagan is moving from rhetoric and ideology in his first year to greater diplomacy and realism in his second."

The administration's handling of four of the most critical international issues points up how far it has modified its original premises in an effort to find an effective strategy for dealing with a world crowded with intractable problems and defiant nations—allies no less than adversaries.

A New Line Toward Russia

Reagan's hard-line strategy for handling Russia has been tempered by two events—the spectacular rise of the peace

Key Officials at State



Walter J. Stoessel, Jr.
Deputy Secretary
A 40-year veteran of Foreign Service, manages State for Haig.



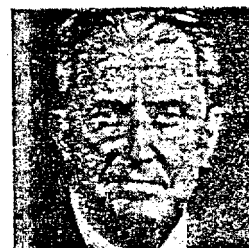
Lawrence Eagleburger
Under Secretary
Kissinger protégé, still unconfirmed, driving force behind policies.



Jaane J. Kirkpatrick
Ambassador to U.N.
A Democrat, but ranked among hard-liners on Poland, human rights.



Robert D. Hormats
Assistant Secretary
Slated for top economic job, criticized by conservatives as too liberal.



Vernon Walters
Ambassador-at-Large
Former CIA deputy director, Haig's personal troubleshooter.



Richard R. Burt
Political-Military
Coordinates policy on arms negotiations, other strategic issues.

movement in Western Europe and the Army crackdown in Poland.

In its initial approach to relations with Moscow, the administration stressed that arms-control negotiations would have to await a significant U.S. military buildup and that a Reagan-Brezhnev summit would depend on evidence of Soviet good behavior internationally—in Afghanistan and Poland particularly.

At the same time, key members of the Reagan foreign-policy team indulged in what some critics, especially in Europe, branded as unnecessarily strident, anti-Soviet rhetoric—for example, the President's assertion that Soviet leaders "reserve unto themselves the right to commit any crime, to lie, to cheat" to attain their goal of world domination. Also, there was a good deal of talk by the President, Haig and Weinberger about limited nuclear war in Europe—a sensitive subject that previous administrations had assiduously avoided.

A top administration official insists that all this was necessary to send a clear signal to Russia of a definite change in Washington. His words: "As we evolved an East-West strategy, we needed in the early stages to clarify our positions. It has always been the President's view that confusion is the greatest threat to world peace. We set out to strip away the ambiguities. We wanted to make sure that the Soviets understood where we stand."

What administration officials discovered was that they were frightening America's allies more than the Russians and fueling the European peace movement that threatened to undermine NATO's nuclear strategy.

The change in the administration's posture toward Russia was signaled dramatically by Reagan's November 18 statement proposing a "zero option" agreement in negotiations to limit medium-range nuclear weapons in Europe and also calling for other arms control talks with Russia. With that move, he seemed to seize the initiative from Moscow in a fateful struggle for Western European opinion that the U.S. had been losing by default.

Subsequently, the President announced what was seen as a reversal of his policy on summity. He declared his interest in a summit meeting with Soviet President Brezhnev without linking it to Soviet behavior in Afghanistan, Poland or other international crisis spots as in the past.

Washington's reaction to the imposition of martial law in Poland underscores how far the administration is playing down its original policy of "linkage" and emphasizing what could be called a "NATO first" approach. Despite his indictment of Moscow for complicity in the Army crackdown in Poland, Reagan is resisting pressure from some supporters to break off arms talks with the Soviets, drop any notion of a summit and embargo all trade with Russia. Haig did inform the Soviets that he was unprepared to discuss a date

for beginning strategic arms talks at a late January meeting, in Geneva with Foreign Minister Andrei Gromyko. This was seen as a reaction to sharp criticism by former Secretary of State Henry Kissinger and the new right, but not as a new decision to spurn arms negotiations.

Adjusting Mideast Priorities

Haig's latest Mideast trip—his second in two weeks—points up the switch in administration priorities in that volatile region. Originally the emphasis was on building an anti-Soviet "strategic consensus" embracing moderate Arab states as well as Israel, with the search for an agreement on the Palestinian problem pushed to the back burner.

The theory was that a greater sense of security in the area would make it easier for Israel and the Arabs to come to terms. Events have deflated that assumption. In the words of a former high-level State Department specialist: "Haig tried to convince the Arabs that the Soviets were the main problem, but it didn't work. The people in the Middle East made it clear they wouldn't buy it."

Saudi Arabia, cast for a key role in Reagan's regional defense plan, still opposes an American military presence in the Persian Gulf area, while the assassination of Egypt's President Anwar Sadat has raised doubts about military cooperation with that country in the future.

As for Israel, even though Washington signed a strategic-cooperation agreement with the Jerusalem government, Prime Minister Begin was not deterred from defying the U.S. by annexing the Golan Heights. The upshot was suspension of the accord, a bitter Begin attack on the Reagan administration and a major crisis in U.S.-Israeli relations.

Says Amos Jordan, vice chairman of Georgetown University's Center for Strategic and International Studies in Washington: "Both Haig and the President have viewed the Middle East in terms of U.S.-Soviet confrontation and not in terms of internal dynamics. Both are in the process of learning."

As a result of the learning process, the administration has reversed its Middle East priorities. Haig, in his travels to the area, now is concentrating on an attempt to achieve a breakthrough in peace negotiations between Israel and Egypt, while soft-pedaling the question of an anti-Soviet defense arrangement.

Downgrading Taiwan

If there was one international issue on which candidate Ronald Reagan held passionate personal views dating back many years, it was on U.S. relations with Taiwan.

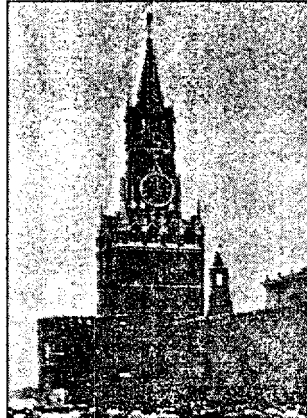
When he moved to the White House, he assumed that he could upgrade American diplomatic and military ties with the Taipei government and at the same time reinforce strategic cooperation with China. But in its first major test, that policy proved unworkable. The issue: Taiwan's request for an advanced FX warplane to augment its force of F-5E planes.

Chinese leaders served notice that such arms deliveries to an island that they claim as an integral part of their country would jeopardize their relations with the U.S. After months of tough behind-the-scenes debate in the administration, the President in early January decided to reject Taiwan's request for more sophisticated aircraft but allow further delivery of the F-5E's that are produced on the island. He acted on the unanimous advice of Haig, Weinberger and Central Intelligence Agency Director William Casey that, contrary to the claims of Taiwan leaders, the island does not face a threat that requires more advanced aircraft.

The decision reflected an administration judgment that, for compelling strategic reasons, relations with China should take precedence over links with Taipei. Upward of 50 Soviet divisions are being tied down in the Far East by the face-off with China. Furthermore, Peking diverts other Russian forces by supporting guerrillas in Afghanistan and contributes to stability in Southeast Asia by deterring Vietnam from contemplating adventures beyond Cambodia. Conservative Republicans reject this rationale, accusing the administration of kowtowing to Peking. Even so, Chinese leaders are not happy.

The magazine's Peking bureau reports: "The current pattern of arms sales to Taiwan, with no increase in the sophistication of weapons supplied, probably will avoid a downgrading of official U.S.-Chinese relations. But it will set back for an indefinite period the surprising cooperation between the two old enemies that was expanding so rapidly last year. Rea-

MAGGIE STEBER



View From the Kremlin: A Tougher U.S. Stance

MOSCOW

To the Kremlin, implications of Ronald Reagan's hard-line foreign policy come across loud and clear: The era of unchallenged Soviet adventures abroad is over.

Even as Moscow assails America's toughened stance, it is evident here that Soviet leaders are convinced Reagan is determined to resist expansionism and that Russia must move with greater caution as a result.

Concern about a confrontation with the U.S., for example, contributes to Moscow's reluctance to send its military forces into Poland. Likewise, Soviet uneasiness is seen as being behind President Leonid Brezhnev's desire for a summit meeting with Reagan and Russia's deep interest in the reopened U.S.-Soviet arms-control talks.

Behind Moscow's eagerness to keep doing business with the United States are these three main factors:

- The Kremlin is extremely concerned about the U.S. military buildup and wants to avert an arms race.
- With its economy in a perilous state, Russia knows it must import American grain and acquire Western technology to boost productivity.
- The Soviets are convinced they can only gain from a face-to-face encounter between Brezhnev and Reagan. Not only would a summit enable Brezhnev to take the personal measure of his U.S. counterpart, but it would enhance what Moscow believes is Western Europe's perception of Brezhnev as a man of peace and Reagan as a troublemaker.

For all of Russia's need for accommodation, the Kremlin has not been cowed by Reagan. The Soviets continue to deploy SS-20 missiles aimed at Western Europe, to strengthen their bomber squadrons and to send economic and military aid to clients such as Libya, Syria and Cuba.

Even so, with Reagan residing in the White House, the Soviet Union views new ventures abroad as full of dangerous risks.

By NICHOLAS DANILOFF

gan's willingness to continue selling Taipei any military aircraft makes the Chinese wonder whether he ever actually abandoned his pro-Taiwan 'two China' view."

Stopping Castro Without Gunboats

More than anywhere else, in Central America the administration is confronted with the limits on the utility of American military power.

Haig and others, from the outset, have talked repeatedly of possible armed action to cut off the flow of weapons from Castro's Cuba to Marxist guerrillas attempting to seize power in El Salvador and elsewhere in the region. The Secretary of State set the tone with an early threat that the U.S. would "go to the source" if external arms deliveries to the insurgents continued.

High-ranking administration officials concede that they are engaged in a game of brinkmanship with Castro. As one put it: "It is true that we are dealing in calculated ambiguities with our threats to Castro, but since when do you tell your enemy what you will and will not do?"

The fact is that Cuba has continued its assistance to Central American guerrillas and the administration has refrained from responding with military action.

Weinberger's Pentagon reportedly is taking a strong stand against the use of American armed forces to try to neutralize Castro on the grounds that it probably wouldn't work and it would be widely opposed in the U.S.

Also, Haig has found only minimal support among Latin American countries for military intervention. In fact, Mexico, which Reagan views as an especially important ally, stresses its friendship with Castro and opposes an American naval blockade or any other form of armed action to neutralize Cuban support for Marxist guerrillas in Central America.

The danger, warns one Latin American expert, is that Castro will call Washington's bluff. To quote Prof. Luis E. Aguilar of Georgetown University in Washington: "It's like a Western movie: You'd better be willing to draw your gun or they will make you eat it."

Despite the threatening posture, the focus of administration policy is shifting away from military options to political and economic measures designed to reinforce Central American governments under attack by leftist rebels. Washington is counting heavily on elections to be held in El Salvador in March and a Caribbean Basin development plan to help turn the tide against the armed revolutionaries. But administration policymakers concede that they are working against heavy odds.

Thus, Reagan could find himself in a no-win situation in Central America, inhibited from using the military power of the United States and unable to devise an effective political antidote to the threat posed by Marxist revolutionaries.

For the President, all of this underscores a clear lesson: Any American administration, sooner or later, must recognize that in the complex real world there are few simple problems and no simple solutions. □

By JOSEPH FROMM with DENNIS MULLIN, SUSANNA McBEE and the magazine's foreign bureaus

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ON PAGE 27

NOTRE DAME NEWS
February 1982

How to Retire at 45

In the CIA, says Ralph McGehee, all
you have to do is tell the truth.

Ralph McGehee '50 joined the Central Intelligence Agency in 1952, shortly after he was cut from the Green Bay Packers. He's not sure why the CIA approached him, but during his intelligence training he met so many other pro football dropouts that he suspects the agency considered the National Football League a prime recruiting ground.

When the Korean War ended in 1953 McGehee joined the agency's clandestine operations section as a case officer. Over the next two decades he served in the Philippines, Taiwan, Japan, Thailand and Vietnam. He did the routine work of an intelligence officer: recruiting agents, conducting investigations, and maintaining liaison with the local police and intelligence organizations.

During that era the CIA's main struggle was against Communist insurgency in Southeast Asia. That

struggle was a losing one. Of all the countries in the region, today only Thailand remains allied to the West. McGehee thinks he knows why our side lost the rest.

In 1965 McGehee directed an intelligence gathering effort in a province in northeast Thailand where a Communist insurgency was beginning. After a detailed, yearlong study, McGehee reported that he had found a popular movement so broad, pervasive and deeply rooted that purely military measures were unlikely to defeat it.

McGehee submitted his findings to the agency but, after a brief period of praise for this work, he ran into an official wall in Washington.

His findings, he explains, ran counter to the official Washington view that Communist insurgency was a form of clandestine invasion, and that the natives involved were unwilling participants who were duped or forced into joining guerilla units who took their arms and orders from outside.

McGehee maintains that intelligence

information often is politicized. In theory, the agency provides accurate and unbiased information to the President so he can make wise decisions regarding national security. In practice, when a President is firmly committed to a particular policy (such as military victory in Vietnam), the agency shapes its information to conform to that policy. Bad or even inconvenient news is unwelcome. That is an abiding theme in the history of intelligence, and it is the rock on which Ralph McGehee foundered.

After he submitted his dissenting report, McGehee's career took a nose-dive. He was shuffled from one low-level job to another. He was promised promotions but never received them.

He was frustrated as he watched his country wage the wrong kind of war in Southeast Asia, one he knew was doomed to failure. He did what he could

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ON PAGE 30.

THE WASHINGTONIAN
February 1982

People to Watch



BOBBY RAY INMAN

Master Spy Who's Not Out in the Cold

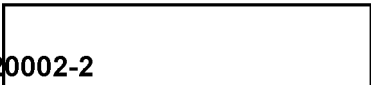
Tall, spare, with hooded eyes and a Bugs Bunny grin, he has access to more raw intelligence than anyone in Washington. Deputy Director of Central Intelligence Bobby Ray Inman was born 50 years ago in Rhonesboro, Texas. "Anybody from that far back in the sticks can't be all bad," says Senator John Tower, and indeed Inman is regarded as extraordinarily good by powerful members of Congress. They prefer Inman to CIA Director William Casey, whose errors have drawn fire but who retains President Reagan's support, for the time being.

Inman—smart, ambitious, articulate, quick—reads half the night, subsisting on four or five hours of sleep. Asked to assess the nation's strengths and weaknesses, Inman says: "On current intelligence we're very good. In assessing where things are going, we do less well"

where he says the Soviets outnumber us three-to-one.

After service in Korea and Vietnam, Inman headed the National Security Agency for four years, then hoped to accept a lucrative outside offer. He had two sons to educate and a wife in graduate school. But Reagan talked Inman into the slot as Casey's deputy, boosting Inman to four-star admiral. He was one of the youngest men to attain that rank.

Rumors that Inman, not Casey, runs the CIA appear unfounded. A former CIA intelligence official who knows Inman well says, "Casey briefs the President. Inman coordinates the work of other intelligence agencies, a tedious job. The President and the President doesn't always make the decisions. Should Casey be forced out, it will make trouble with



STAT

COMMENT

Confluence of Interest

There is nothing the news media love more than a good scandal. When the personal business affairs of a highly placed Government official appear to create a conflict with public obligation, every last detail is likely to be reported and rehashed. In recent weeks, even the melodrama of a Libyan assassination squad and the tragedy unfolding in Poland failed to eclipse three grubby tales—Richard Allen's, William Casey's, and Maurice Stans's.

While we would be among the last to rise to the defense of any of these three, it does seem to us that much of the hullabaloo raised about their alleged transgressions is utterly beside the point. What reporters and editors consistently fail to ask is whether Government policy would be different to any significant extent if the financial affairs of a President's close aides were clean as the proverbial hound's tooth.

Allencaseystans, whose name has been sullied with charges of wastefraudandabuse, was merely going about his usual business: the shaping of a foreign policy that best suits the needs of U.S. multinationals. Certainly it is no news that democracy is but a footnote on CIA and National Security Council balance sheets; from Guatemala to Iran to Chile, corporate profits have always come first. Just as at the Overseas Private Investment Corporation, to which Stans has just been appointed, the stimulation and protection of U.S. interests abroad rule the day.

Richard Allen's consulting firm, William Casey's portfolio—they make a good read. But they have little to do with the way American foreign and domestic policy is shaped. In our economic system, conditions that make General Motors, ITT, Exxon, and the rest happy are the foremost goal.

But the Allencaseystans stories do serve one important function. A good housecleaning now and then convinces many that our highest leaders are serving the public good. And the emphasis on the superficial failings of the cleaned prevents the media from undertaking even a modest examination of the *systematic* role of corporate power in political life.

Tilting at Windmills

When the Washington Post bought the printing plant of the Washington Star, it had a legitimate reason: *Post* circulation had skyrocketed because of the *Star's* demise. But the purchase also effectively cut off the possibility of a new afternoon paper published by anyone other than the Post. There is simply not the existing press availability to print such a paper, and the capital investment to buy new presses, considering the generally dim prospects for afternoon papers, is just too forbidding. . . .

Remember how clever criminals once wore gloves or carefully erased their fingerprints before leaving the scene of a crime? These precautions are no longer necessary. You can leave prints all over the place and still have two months to escape to Rio or some other haven and commit a few more burglaries before you leave. The reason is it's now taking the FBI that long to process requests for fingerprint checks. . . .

The Reagan administration has extorted \$10,000 from William Colby by threatening him with prosecution because his French publisher had distributed copies of his book containing certain "sensitive passages" that were deleted at the CIA's request in the American edition. It was this magazine that first pointed out the differences ["Le Couvert Blown," by Joseph Nocera, November 1980] between the French and American editions. Our point was that the agency's cuts—the so-called sensitive passages—concerned insignificant matters and proved how idiotic the CIA's censorship was. The fine is a shameful reversion to Nixonism.

The Reagan administration is giving us another appointee in the great tradition of Allen, Raymond Donovan, and William J. ("not unfit") Casey. He is Maurice Stans, who has been nominated to be director of the Overseas Private Investment Corporation. Stans, you will recall, served as finance chairman of the Committee to Reelect the President and raised a record \$62 million for the 1972 campaign. Unfortunately, the way he raised and disbursed the money led to his indictment by two grand juries. On March 12, 1975, he pleaded guilty to three counts of violating the Federal Election Campaign Act and two counts of accepting illegal campaign contributions. . . .

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THE PROGRESSIVE
February 1982

REFLECTIONS Beau Grosscup

GUTTING THE RIGHT TO KNOW

Last January, shortly after the Ninety-seventh Congress convened, a resolution was introduced in each house authorizing the President to proclaim March 16 as "Freedom of Information Day." The Senate version (S.J. Res. 22) made it a point to stress that public access to information is indispensable to public decision-making in a democracy. It states:

Whereas a free press exists to serve the American people whose daily decisions rest on their having information;

Whereas a fundamental principle of our Nation is that given information, the people can make the decisions that determine their present and their future;

Whereas if these decisions are to be wise, they must be reached after weighing the facts and considering the alternatives and consequences;

Whereas the freedom we cherish in this land is rooted in information. . . .

Since assuming office, the Reagan Administration has often invoked the central assumption of S.J. 22 that public access to information is crucial to the democratic process. This, after all, is the basis of its claim that its program has been shaped by informed public sentiment.

Whether the conservative Reagan forces have accurately gauged public opinion is by no means clear. What is clear is that the Administration and its supporters in Congress have moved swiftly to choke off the flow of information by which public opinion is presumably formed. Three separate but compatible tactics are being used:

First, the Administration has mounted a direct attack on the principle that the people have a "right to know" in a number of respects. Proposed changes in the Freedom of Information Act seek to restrict access to Government documents, either by outright denial or by burdensome rules designed to discourage demands for information. One bill, S. 587, would amend the Freedom of Information Act to limit access to records of law enforcement agencies. Another, S. 586, would amend the Privacy Act of 1974 to allow Government officials access to law enforcement records while limiting such access for those who are the subjects of Government files. S. 391 would prohibit the unauthorized disclosure of information identifying U.S. intelligence agents. The Nuclear Regulatory Agency has proposed

legislation that would reduce the public's right to gather information for use at nuclear plant licensing hearings. Each of these measures has its specific rationalization, of course, but the general theme for all of them is that "excessive" public access to information is an obstacle to efficient government.

Second, reduced public access to information is a consequence of the Administration's wholesale budget cuts in social services. Many of the agencies bearing the brunt of funding cuts are basic informational sources for consumers, educators, and public interest groups. In a speech before the National Association of Government Communicators, Ralph Nader argued that the Office of Management and Budget is deliberately using budget reductions to hobble those Government agencies that monitor business practices and publish consumer information.

The Administration has, in fact, put an end to the dissemination of consumer information by the Government Printing Office and imposed a spending moratorium on films, brochures, and audio-visual aids. The Federal Trade Commission's funding is being squeezed, and the Consumer Product Safety Commission is either to be abolished or to have its budget reduced to a level of paralysis.

Agencies which provide the public with information on the rights of workers, minorities, and women are under attack. The Occupational Safety and Health Administration (OSHA) and affirmative-action programs in the Labor Department have had their budgets cut and their very existence challenged by the Reagan Administration's anti-regulation crusade. Reduced spending by the Food and Drug Administration means less information for consumers. Public access to information on welfare rights, tenant-and-landlord rights, health-care rights, and services available to the elderly, Social Security recipients, women (rape crisis centers), the unemployed, and youth (student loans and the CETA program) are being severely restricted as a result of budget slashes.

Third, the Administration is resorting to the politics of intimidation to discourage the kind of public questioning that results in informed challenges to official conduct.

The Administration's domestic spying have already begun to create a climate of intimidation. CIA Director William J. Casey has asked for legislation

power to conduct surprise searches of newspaper and broadcast newsrooms. The legislation preventing the unauthorized identification of U.S. intelligence agents has been applied in broader terms than originally conceived by Federal agents in their attempt to stifle investigations and reports they consider damaging to their agencies.

The contradiction between the Right's celebration of public opinion as the "mandate" for its program, on the one hand, and the Reagan Administration's attempts to limit the public's access to information, on the other, has great and ominous significance. The Right is attempting to institutionalize its alleged mandate and make it permanent. Drawing on its conception of past American greatness, it wants to give maximum exposure to its ideas of family, religion, sexuality, authority, economic structuring, and national security, while curbing public access to ideas and values that differ. A measure of the extent to which this effort has already succeeded can be seen in the pro-business, anti-consumer, anti-labor, anti-environment, anti-feminist message emanating from many Federal agencies.

The Right denies, of course, that it is trying to limit public access to information. Rather, it claims to be encouraging the private sector to act as the basic gatherer and disseminator of information vital to the formation of public opinion. But the Right also understands that access to the private sector depends on one's ability to pay. In fact, the greater role the Federal Government has assumed in the past two decades as a gatherer and disseminator of information can largely be attributed to the extent to which private channels were closed to the public.

Now the Right threatens once again to disenfranchise millions of people because they lack the information they need and the resources to acquire it. Public opinion is to give way once again to elite opinion. Paradoxically, the concentration of control over public and private mechanisms of communication will make it increasingly difficult for people even to perceive that all this is happening.

The ultimate danger posed by the public's diminished access to information is that in time it will become impossible to know what information still exists. We may wind up celebrating "Freedom of Information Day" on March 16 and not even knowing that it is a holiday.

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LETTERS to the Editor

Naming Names

Since open societies of the sort that can put up with Freedom of Information Acts and ACLUs are at a disadvantage when it comes to operating an intelligence agency, Jeff Stein should name his undercover CIA agent only when he can expose one KGB agent ("Naming Names," December issue).

Of course, if he believes we shouldn't maintain any sort of intelligence service, then anything done to weaken the CIA would, in his eyes, be beneficial. But I would argue that such a position is unrealistic—first, because some sort of information-gathering system is essential, and second, because there isn't any chance of accomplishing such an objective.

The goal, it seems to me, must be to defeat the dangerous people and encourage the moderates: to rid the agency of the likes of Casey, rid the nation of the Adminis-

tration that strives to lessen restrictions on the CIA, and work for a world in which the need for spying is reduced as speedily as possible.

The act Stein is tempted to take could be taken in almost no other country in the world, and would merely demonstrate that he is willing to take unfair advantage of that fact.

*Robert H. Yoakum
Lakeville, Connecticut*

Does Jeff Stein think the United States should indulge in espionage? If so, how does he think a regular, run-of-the-mill spy's duties should differ from the duties he projects for his "bright, attractive young woman"?

The reasons set out in his article surely explain why "the Government [must make] it illegal to reveal this woman's name," along with the names of other dedicated, hard-working Americans in the espionage service of their country.

*Ben Owen
Columbus, Mississippi*