

BOSTON GLOBE
18 JANUARY 1983

Colby backs US in El Salvador, presses freeze of nuclear arms

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By Paul Aaron
Special to The Globe

WASHINGTON - He is a devout Roman Catholic who believes the church's "just war" doctrine should help guide a nation's military conduct. Yet during the 1960s, his name became synonymous with Operation Phoenix, an attempt to destroy the Viet Cong infrastructure that critics charged led to a vast, indiscriminate campaign of political murder.

While CIA director, he delivered up the agency's secrets to the Senate's Church committee and struggled to establish a framework for permanent congressional oversight of the intelligence community. He was dismissed by President Gerald Ford and reviled as an apostate by those CIA professionals who still swore allegiance to the cult of the clandestine.

Today a successful Washington lawyer with the firm of Reid and Priest, he is a staunch supporter of the nuclear freeze, and his testimony has grown increasingly prominent as debate intensifies over the strategic balance and the nuclear arms race. At the same time, he defends US involvement in El Salvador, where the hearts and minds of peasants can be won through applying techniques that, he says, produced positive results in Vietnam.

William Colby is the man who embodies these contradictions. At the end of an interview, during which he held forth on intelligence, arms control and assassination, what seem jagged edges of sensibility and experience fit together into a smooth, even placid, character.

Collective common sense

The nuclear freeze, Colby argues, represents collective common sense mobilized against the hocus-pocus of an unaccountable elite: "My thesis is that the subject of nuclear war has been so awesome, so frightening, so complex that ordinary citizens have left it to the priesthood to handle. But the priesthood has failed, and people looking at outlandish ideas like the racetrack in the desert [the original MX basing mode], or now, dense pack, ask, 'My goodness, are the experts who designed this for real?'"

Intelligence, which began as an adjunct to military operations, has moved, Colby maintains, from a "mere contest with the enemy to helping us make decisions about the world we live in." Colby contrasts the deadlock over the 1946 Baruch Plan, the initial experiment to curb atomic weapons that failed because the United States could not persuade Stalin to authorize inspection teams, with the SALT I agreement, which both sides were able to sign and monitor thanks to satellites and other sophisticated data-retrieval systems.

"Or look at the electronic sensors in the Sinai in 1973 that buttressed a truce so that neither the Egyptians or the Israelis had to stand at their borders with their fingers on the trigger. Each side could have confidence that ample warning would be available should assembling of forces occur. That's the crucial role for intelligence: to keep the peace, not just aid in war."

Colby denies that a freeze would lead to Soviet deception or cheating. "We're going to maintain surveillance on Soviet weapons in any case. With a treaty, it becomes easier, not harder. There

steps producing what we suspect is a new whiz bomb, and we ask the Soviets to let us take a look at it, they'll tell us to mind our own business. Under a freeze, if we think a factory is producing a new nuclear weapon, we can go to them, and say, 'You've got to reassure us you're under compliance.'"

No ironclad guarantees

Colby admits, however, that ironclad guarantees against subterfuge cannot be made. "But would it be possible for the Soviets to violate a freeze to a strategically significant degree?" he asks. "I don't think so. We have a var-

ied array of capabilities to protect against major violations."

Colby asserts any attempt by the Soviets to mount a decisive evasion of a freeze agreement would not only run risk of detection by US surveillance, but might also be jeopardized by disclosures from the Russian people themselves. A small cabal of conspirators would be inadequate to carry off a ploy so substantial as to tip the strategic balance, he said. Instead, widespread coordination would be required, thereby increasing the chance that a participant, appalled by his government's duplicity, would bring the secret to the West. "The Kremlin has to remember," Colby said, "that [Oleg] Penkovsky [a Soviet army colonel who, during the early 1960s, handed over more than 10,000 highly classified documents on Soviet missiles to the CIA] acted out of a wish to put a brake on what he felt was reckless political leadership."

and the inclination to engage in an arms race, are not, in Colby's view, peculiar to the Soviet Union. "If I was on the other side, and I

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WASHINGTON POST
6 JANUARY 1983

Accused of Illegal Soviet Trade

Ex-CIA Official, Two Others Indicted

By Philip Smith

Washington Post Staff Writer

A former CIA spymaster and two business associates have been indicted by a federal grand jury in Alexandria on charges that they conspired to sell a \$5 million diesel engine assembly line to the Soviet Union in violation of U.S. export laws.

Federal authorities said yesterday that the charges were the result of an undercover sting operation run by the Customs Service through a fictitious Paris-based company with which the three allegedly had been dealing since October.

Paul Sakwa, one of the defendants named in the 11-count indictment, was the Washington-based chief of U.S. spy activity in Vietnam from 1959 to 1961. For two years prior to that he worked as a covert agent in Brussels, according to court papers. He left the Central Intelligence Agency in 1962 to join the State Department and remained there for two years before leaving the government to become a consultant.

Also charged by the grand jury were a Chicago business executive, Stephen G. Carter, president of Performance Sales and Marketing, Inc., and Gerald F. McCall, a Toronto businessman.

Sakwa was arrested by Customs agents on Dec. 28 at the Holiday Inn in Alexandria's Old Town section as he waited to meet with Carter and McCall, officials said yesterday. The latter two were arrested the same day at National Airport as they stepped off an American Airlines flight from Chicago.

All three men are free on bond and are scheduled to be arraigned on Monday at Alexandria's federal courthouse.

Customs Service Commissioner William von Rabb told a news conference that the three had an option to buy a diesel assembly line man-

ufactured by Ingersoll-Rand Co., a New Jersey-based conglomerate, and planned to export the assembly line to the Kama River Truck Complex, a major Soviet factory in Siberia.

Ever since U.S. officials found that the truck facility manufactured much of the military equipment used by Soviet forces in its two-year-old operation in Afghanistan, American firms have been forbidden to ship equipment there.

Von Rabb said the United States has no evidence that the Soviet Union was directly involved.

"The Soviets do not leave fingerprints," he said. "So it's not surprising at this point not to have any hard evidence that the Soviets were involved."

The indictment was vague about whether any Soviet officials had been involved. William Rudman, special agent in charge of Customs' Washington field office, declined to say if any Soviet Embassy personnel may have figured in the proposed deal. Rudman said that the Customs investigation is continuing and the question was "sensitive."

The assembly line is among the items on the Commerce Department's Commodity Control List, meaning that a special license is required from the department in order to export it. A license for shipment to the Soviet Union would not be issued, the indictment said.

The grand jury charged that the three men had dealt with the Paris firm, identified only as Arinfi, in order to obtain documents listing

France as the final destination for the equipment. Assistant U.S. Attorney Joseph J. Aronica said that the name Arinfi carried no special significance.

The indictment, returned late Tuesday in Alexandria and made public yesterday, alleged that the men had been alerted on Dec. 20 through an acquaintance of Carter's that the Soviets were interested in buying the assembly line.

The Customs investigation is part of Operation Exodus, a 14-month-old Reagan administration campaign to curb the illegal export of American-made high-technology and strategic materials. A Canadian firm and two of its executives are facing similar U.S. charges in Alexandria alleging that they conspired to ship tank engines to Iran.

Sakwa, a Northwest Washington resident, made headlines in 1973 when he opposed President Nixon's choice of William E. Colby to head the CIA, criticizing Colby's performance as CIA station chief in Saigon in the early 1960s.

Sakwa, who watched over the agency's covert activities in Vietnam for about two years, later served as special assistant to CIA spy chief Richard M. Bissell Jr. before leaving the agency.

If convicted, Sakwa and Carter face up to 50 years in prison and fines totaling more than \$75 million, under provisions of the Export Administration Act. McCall could receive a maximum penalty of 45 years' imprisonment and more than \$50 million in fines.

LOS ANGELES TIMES
6 JANUARY 1983

Agents Thwart Plan to Help Soviets Build Trucks

U.S. Blocks Smuggling of Assembly Line

By LEE MAY, Times Staff Writer

WASHINGTON—In a continuing crackdown on illegal exports to Soviet bloc countries, an undercover team of U.S. Customs Service agents has smashed an attempt to smuggle a truck engine assembly line into the Soviet Union, federal officials announced Wednesday.

U.S. Customs Commissioner William C. von Raab said three men—two Americans and a Canadian—have been arrested and charged in an 11-count indictment with attempting to defraud the United States and with violating the Export Administration Act, which controls exports of certain technology and goods.

The investigation, known as Operation Arinfi, began several months ago and paid off when agents in suburban Virginia swooped down on the three defendants, Von Raab told a news conference.

Named in the indictment were former CIA employee Paul Sakwa of Washington, D.C., Stephen G. Carter of Palatine, Ill., and Gerald F. McCall of Toronto. All three are associated with Performance Sales and Marketing Inc. of Chicago. Carter is the president of the commodities export business.

CIA spokesman Dale Peterson said Sakwa worked for the agency from 1952 to 1962, "and he hasn't worked for us since."

In July, 1973, Sakwa was described in a New York Times article as the CIA's chief of covert activities in Vietnam from 1959 to 1961. Sakwa was reported to have charged in 1973 that William E. Colby, while Saigon station chief for the CIA, slanted intelligence data, submitted misinformation and allowed U.S. money to be used in rigging a 1961 election in South Vietnam. The charges were lodged when the Senate was considering Colby's nomination to the directorship but did not prevent his confirmation.

Peterson refused to comment on the statements attributed to Sakwa.

As part of Operation Exodus, a year-old effort to stop smug-

company based in Paris, Von Raab said.

He said the three men believed the bogus company could act as a go-between, buying the sophisticated diesel equipment for a European country and eventually shipping it to the Soviets' Kama River truck manufacturing plant. The Soviets were to pay \$5 million for the plant, plus a \$500,000 commission for the three defendants.

Von Raab said that a tremendous amount of such activity takes place but that, in this case, the alleged smugglers "were dealing with the wrong people." In the last year, Von Raab said, Operation Exodus has led to about 50 arrests.

The assembly line is a critical part of the Soviet plant, Von Raab said. He said that the equipment involved in the case was made for the Soviet plant by Ingersoll-Rand Corp., a New Jersey manufacturing firm, but that shipment had been held up by the Commerce Department because of reports that trucks made there were being used in the Soviet invasion of Afghanistan.

'Foreign Policy Purposes'

The 15-page indictment, returned by a U.S. grand jury in Alexandria, Va., charged that the three defendants conspired to export the diesel engine assembly line without a valid license and with the knowledge that export of the equipment was restricted "for foreign policy purposes."

Carter and Sakwa encouraged McCall to contact representatives of the U.S.S.R. to determine the Soviets' "interest in securing the export of the item," the indictment said.

Von Raab said the equipment now belongs to an insurance company that he did not identify. He said the defendants "had an option to acquire it and were looking for a way in which they could exercise the option."

Since being arrested without a struggle on Dec. 28, the three men have been released on bond, ranging from \$10,000 to \$15,000, lower than officials had sought, Von Raab said.

If convicted, the defendants could be sentenced to a maximum of five years and a \$10,000 fine on the conspiracy count. For violating the Export Administration Act, they could be fined five times the value of the assembly line and sentenced to five years in prison.

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FOREIGN POLICY
WINTER 1982-83

DATELINE AUSTRALIA: AMERICA'S FOREIGN WATERGATE?

by James A. Nathan

"Who lost Australia?" may soon be a significant debate in American politics. All over the democratic world opposition parties are gaining power. Should this happen in Australia, the alliance with America might be called into question and Washington could lose intelligence facilities indispensable for any future arms control regime.

Today, from press and Parliament, Australia is awash with accusations about illegitimate American intelligence activity. Much attention and anger is focused on the Central Intelligence Agency. There is an almost hysterical set of indictments leveled against U.S. intelligence. The CIA is charged with becoming involved in Australian politics and foreign relations, even manipulating the Australian banking system and, most astonishingly, organizing a narcotics trade from Australian soil.

Intelligent American observers' initial disbelief needs reassessing. For in Australia a plausible case is being developed that CIA officials may have also done in Australia what they managed to achieve in Iran, Guatemala, and Chile: destroy an elected government—in the case of Australia, the Labor party government from 1972 to 1975.

The fall of Prime Minister Gough Whitlam and the appointment of current Prime Minister Malcolm Fraser met with profound relief among U.S. officials. Whitlam, perhaps the best orator in contemporary Australian history, aroused deep hostility within the U.S. intelligence community. It viewed his party and politics as, at best, benighted accomplices to Soviet undertakings. The CIA feared that secrets shared with Australia were being routinely compromised, that CIA activities and agents in Australia would soon be revealed.

Approved For Release 2001/03/07 : CIA-RDP91-00901R000500070016-2

JAMES A. NATHAN is a professor of political science at the University of Delaware. He has recently returned from

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Geography and geology have conspired in directing Australia's destiny. Australia has bountiful mineral endowments and a small population-to-area ratio with a total population of 15 million. It is one of the most strategically valuable pieces of real estate on the planet. Australia sits at the southeast corner of the Indian Ocean about 2,400 miles southeast of Indonesia. Sixty-nine per cent of Japan's oil requirements, 70-80 per cent of Western Europe's, and 15 per cent of America's passes through the area between Australia and southern Africa. U.S. B-52s flying from Guam to Diego Garcia refuel in northern Australia at a base in Darwin. Australia hosts 10 American military installations. Because of their unique location, most cannot be replicated at any cost. The new U.S. Defense Guidance characterizes Australia as a critical area.

Australia has traditionally been friendly toward the United States. Tens of thousands of U.S. sailors each year are delighted to find that the computerized date-a-sailor services offered at every Australian port are overburdened with amicable Australian applicants. But things are changing. No longer do prime ministers claim, as John Gorton did in 1969, "Wherever the United States is resisting aggression . . . we will go a-waltzing Matilda with you." Evidence of a new atmosphere was the roasting Vice

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