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NEW YORK TIMES
28 OCTOBER 1981

Risk Analysis Big Business For Ex-Aides

By **CLYDE H. FARNSWORTH**

Special to The New York Times

WASHINGTON, Oct. 27—At the end of a long shadowy corridor in a nondescript office building three blocks from the White House, the sign by the locked door reads International Business Government Counsellors Inc.

After pressing a buzzer, the visitor is swiftly led into a room filled with books, a large map of the world and secure filing cabinets. The air is heavy with the aromatic smoke of pipe tobacco.

William E. Colby, a former director of the Central Intelligence Agency, appraises a visitor from behind steel-rimmed glasses and then ever so circumspectly describes his new job for private industry as an "investment risk assessor."

It's a "natural follow-up" to his experience in intelligence, he says, and then briefly sizes up conditions in Egypt, Saudi Arabia, Mexico and France as he used to do for his former client in the Oval office.

Thoughts on Saudi Royalty

One of his conclusions: Expect a devaluation of Mexico's currency before next year's general elections. Another: The Saudi royal house has far deeper political roots in that country than the Shah had in Iran and is therefore not ripe for a coup.

Mr. Colby is a leading practitioner of a burgeoning industry in Washington, the selling of expertise to the private sector by former Government officials. It's known as the "revolving door" in the trade, and has existed for decades.

Lawyers in regulatory agencies take jobs with the companies they once regulated. Former trade officials advise private clients on United States trade policy. Former Cabinet officers, with fresh knowledge of the inner workings of Government, provide new input to their old law firms or to the boards of private companies.

But now, after the collapse of the Shah in Iran and the clobbering that many companies took in failing to foresee the revolution, a growing number of former officials, particularly those with experience in intelligence or the foreign service, are becoming investment risk assessors for multinational companies.

A One-Man Consulting Concern

Richard Helms, another former top C.I.A. official, who was once the American envoy to Iran, now runs a one-man consulting operation, which he calls Safeer, after the Persian word for ambassador. Among his clients is the Bechtel Corporation, the international construction enterprise that thrives on contracts with various Middle Eastern countries.

James R. Schlesinger Jr., who had been Defense and Energy Secretary as well as director of the C.I.A., now advises Lehman Brothers, Kuhn Loeb. One of his current tasks is the examination of investment possibilities in China for a host of Lehman clients.

Not all have come in out of the cold.

James A. Johnson, who was executive assistant to Vice President Mondale, and two other Carter Administration appointees, Richard C. Holbrooke, Assistant Secretary of State for East Asia, and Decker Anstrom, who had a high position in the Office of Management and Budget, have formed a consulting operation that they call Public Strategies.

The assessment of a country's political stability is only one element of what has become a highly sophisticated and specialized business of investment analysis.

Review of Tax Policies

The analysts also look at a country's regulatory process and tax policies to see whether they will be excessively burdensome for the companies considering doing business there.

While there has been a proliferation of independent risk-analysis consultancies, they are now due for "some kind of shakeout," said Gordon Rayfield, who is president of the Association of Political Risk Analysts, which has 300 members. Multinational companies are starting to build in-house departments of full-time investment analysts. Gulf, Exxon, Mobil, General Motors, and Chemical Bank and Chase Manhattan are among those that have moved in this direction. The Chase uses the services of former Secretary of State Henry A. Kissinger on its risk committee for foreign loans.

Risk analysis is even being taught at some universities. Georgetown University's School of Foreign Service is among these. And the professor, Thomas Reckford, not surprisingly is a former operative for the C.I.A.

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THE WASHINGTON POST
13 October 1981

The French Revolution

Reagan and Mitterrand
'Costar' in Documentary

By Donnie Radcliffe

Washington Ways

Richard Helms was still U.S. ambassador to Iran when Anwar Sadat made a state visit to Tehran in 1976. As former director of the Central Intelligence Agency, Helms had made headlines shuttling back and forth to the United States to testify on the CIA's role in Watergate and in Chile's 1970 presidential elections.

At a reception, Sadat turned to Helms and, in his distinctively accented English, startled America's former head spook by asking: "Why do you do this striptease?"

"I'm sorry, Mr. President," Helms replied, "I don't quite understand what you're saying."

"What I'm talking about," Sadat scolded, "is all these secrets the CIA is putting out in public. It's very silly to do things like that."

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PHILADELPHIA INQUIRER
11 October 1981

MKULTRA showed the CIA restrictions

By Edwin Guthman
Editor of *The Inquirer*

Shortly after the end of World War II, the U. S. Navy, responding to reports that Soviet military agencies had achieved amazing results in using drugs to alter human behavior, began a program of identifying and testing drugs that might be useful in interrogations and in recruitment of agents.

It began as a defensive effort to detect and counteract drugs and biological agents which might be used by the Soviets or other hostile countries against the United States and its allies.

But, as congressional investigating committees reported a quarter of a century later, the defensive orientation of the program soon became secondary as U. S. intelligence agencies experimented to find how the drugs could be used to get information from, or gain control over, enemy spies.

By 1953, the Central Intelligence Agency began a project with the code name of MKULTRA to determine how chemical and biological materials could be used effectively in clandestine operations. The results, backers of the project said, would "enable us to defend ourselves against a foe who might not be as restrained in the use of those techniques as we are."

MKULTRA began by experimenting with possible uses of LSD and over the next 10 years expanded into a full-blown clandestine operation with "safe houses" in the San Francisco Bay and New York areas, plenty of cash and a range of experiments in which LSD and other drugs were tested on unsuspecting individuals from all levels of society.

MKULTRA was a secret tightly held within the CIA. Few people within the agency knew about it. Even the CIA's inspector general was unaware of it after an inspection in 1957 of the Technical Services Division which operated the project. The congressional investigating committees said there is no evidence that anyone in the White House or in the Congress were told about it.

How many unsuspecting, nonvolunteer persons were given LSD or other drugs is not known as MKULTRA records were destroyed in 1973 on the orders of Richard Helms, then director of the CIA.

It is known, however, that at least one person, Dr. Frank Olson, a civilian employee of the Army, died in November 1953 after he unsuspectingly drank a glass of Columbia in which a CIA officer had injected approximately 70 micrograms of LSD as part



Administration plans to ease curbs on the CIA—News Item

of an MKULTRA experiment.

"It might be argued that LSD was thought to be benign," the Senate investigating committee reported in 1976. "After the death of Dr. Olson the dangers of the surreptitious administration of LSD were clear, yet the CIA continued or initiated a project involving the surreptitious administration of LSD to nonvolunteer human subjects.

"This program exposed numerous individuals in the United States to the risk of death or serious injury without their informed consent, without medical supervision and without necessary follow-up to determine any long-term effects."

It was, in brief, an illegal, immoral, secret project carried out by a handful of patriotic, professional intelligence agents who short-cut the democratic process in what they perceived to be the interests of national security.

The congressional committees' disclosures in the mid-1970s about MKULTRA and other secret CIA domestic operations — intelligence and spying — shocked the nation and did severe damage to the CIA's reputation and its ability to function.

All this happened despite the fact that the National Security Act of 1947 which established the CIA stipulated that the agency was to have no police or domestic intelligence function. That was to be left to the Federal Bureau of Investigation.

What happened is that the CIA officials construed the language of the legislation in a way to give them the guise of authority to order MKULTRA and the variety of other domestic operations which infringed upon citizens' constitutional rights.

Now, the Reagan administration is working on an executive order that would put the CIA back in the domestic spying business again. The draft as it stands now, according to reports last week, would allow the CIA to infiltrate domestic organizations and conduct "special activities" in the United States as long as they were not intended to influence official policies or politics.

The executive order would replace one issued in January 1978 in which President Carter sought to prevent recurrence of free-wheeling CIA and FBI intelligence operations such as MKULTRA, by specifically prohibiting some, but not all, illegal covert activities.

READER'S DIGEST
October 1981

Is This America a Soviet Spy?

IN THE ANNALS of Soviet defections to the West, the bizarre or perplexing as that of Yuri Ivanovich Nosenko. In years, his reputation has alternately plummeted and soared. Intelligence corps debated whether he was a true defector or a double agent. In the end, acceptance was the verdict, and Nosenko is today a consultant.

However, new and secret FBI findings—revealed in time—declare that another Soviet, code-named Fed, the FBI believed was spying for the United States, was in fact an agent under the control of Moscow. These findings raise questions about American intelligence operations—their legitimacy and the legitimacy of other defectors, including Yuri Nosenko. F

Adapted From "SHADREN: THE SPY WHO NEVER CAME BACK"
HENRY HURT

IT BEGINS in 1962 when KGB officer Yuri Nosenko arrived in Geneva, Switzerland, with a Soviet delegation to a disarmament conference. During that trip, he made a secret approach to the CIA and announced that he wished to work for the West. He did not want to defect, however; instead, he preferred to meet with the CIA whenever his KGB duties took him outside Russia. Then Nosenko offered information that suggested he had valuable knowledge in many areas of CIA interest, including KGB recruitment of an American as a Soviet spy.

After this initial contact, Nosenko returned to the conference. The CIA officer flew to the United States convinced that the CIA had secured the prize of all prizes in intelligence: an "agent in place"—a spy who would work for America in the very heart of the Soviet secret service.

The officer's enthusiasm disappeared shortly after he reached CIA headquarters. There he was told a secret that only a handful of CIA officers then knew. Another KGB officer, a man named Anatoli M. Golitsin, had defected to the United States six months earlier and stated that the KGB had penetrated the CIA at a high level. He had also warned that the Soviets would send out false defectors to deceive and confuse Western intelligence and to divert any investigation that would lead to the KGB spy in the CIA. (Indeed, a number of highly placed Soviet intelligence officers did appear, among them a United Nations diplomat whose code-name, Fedora, would become inextricably linked with Nosenko.)

The thrust of Nosenko's information was that there was no Soviet penetration of the CIA. His leads about KGB recruitment of an American spy pointed to the U.S. military.

prevalled, he would never be accepted as a true defector.

Nothing was heard from Nosenko for 19 months. Then, in January of 1964, two months after the assassination of President John F. Kennedy, he appeared in Geneva again. He stated that he wanted to defect to the United States—and he offered an irresistible temptation. He said that he had been in charge of the KGB file on Lee Harvey Oswald, the man who had assassinated President Kennedy.