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Yearly Spying Cost Put at \$10 Billion By House Panel

By Jim Adams
Associated Press

The House intelligence committee staff is recommending that the huge Defense Intelligence Agency be abolished and its functions divided, and that stiff sanctions be imposed against government employees — including members of Congress — for leaking secret information.

Another recommendation calls for the House to create a permanent intelligence oversight committee and

CIA political use of funds detailed.
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empower it to publicize secrets if the panel voted to do so by majority vote.

The recommendations are to be tacked onto a 338-page final report, approved by the panel 9-4 Friday, that among other things estimates that total U.S. intelligence costs are \$10 billion a year — three or four times the amount listed in the annual defense appropriations bill.

THE STAFF recommendations do not call for prohibitions against covert U.S. operations but would require that they be approved by the entire National Security Council.

The proposal to abolish the Defense Intelligence Agency would divide its functions, including the military attache program, between the CIA and the secretary of defense's office.

Another recommendation calls for separation of the National Security Agency from the military agencies. The NSA, the electronic-intelligence agency, would be made an independent civilian agency with a mandate to emphasize gathering diplomatic and economic information.

The committee report approved Friday also said that:

● A 1973 CIA memorandum says Sen. Henry M. Jackson, D-Wash., advised the agency on how to try to prevent a CIA official from testifying at a Senate hearing that was unraveling covert CIA operations in Chile. Jackson denied yesterday that he had done anything to protect the agency, saying he merely gave procedural advice.

● U.S. intelligence failed to predict the 1968 Soviet invasion of Czechoslovakia largely because it lost track of an entire Soviet division in Poland.

● Kurdish rebels in Iraq suffered more than 100,000 casualties in their rebellion. The CIA supplied weapons to them, only to withdraw U.S. support abruptly at the request of the Shah of Iran.

THOSE ARE AMONG details on secret operations that the committee voted last week to include in the final report over objections from the White House and by some members of the committee that the agreement had been that the President would have the final say on what secrets to release.
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The Associated Press was read portions of the CIA memorandum involving Jackson by a committee source, while other items in the final report were described by a source close to the committee.

The CIA memorandum about Jackson was written

when a Senate subcommittee probing multinational corporations had asked a CIA official to testify. At the time, the panel headed by Sen. Frank Church, D-Idaho, was zeroing in on International Telephone and Telegraph Corp.'s involvement in Chilean affairs.

Jackson advised the agency to have then-Director James R. Schlesinger ask then-President Richard M. Nixon to request personally that the CIA official be allowed to testify before a different committee, headed by Sen. John McClellan, D-Ark.

THE CIA MEMO said: "Sen. Jackson repeatedly made the comment that in his view the CIA oversight committee (chaired by McClellan) had the responsibility of protecting the agency in the type of situation that was inherent in the Church subcommittee. As a result of this conviction, Sen. Jackson would work with the agency to see that we got this protection."

There is no suggestion in the memo that Jackson knew the Church hearings would begin to probe CIA operations in Chile against Allende.

Suggesting Jackson's concern was the principle of protecting CIA secrets from public exposure, the memorandum says, "Sen. Jackson is convinced that it is essential that the procedure not be established whereby CIA can be called upon to testify before a wide range of congressional committees."

Jackson told reporters yesterday that a CIA official asked for his advice "because Sen. John Stennis, who is the chairman of the Armed Services Committee and who normally would handle such matters, had been shot and was critically wounded and unavailable."

Jackson said he did not know the matter involved ITT but that it was "just a problem that they had which would involve what they said was highly sensitive information and that the committee wanted them to appear."

CRIMINAL penalties are recommended by the staff against anyone who releases the names of intelligence agents or other secret information.

It also provides for censure and possible removal from committees of congressmen who disclose such information.

But while recommending such sanctions for improper release of information, the staff recommends that a permanent House intelligence committee be authorized to decide on its own to publicly disclose secret information.

If the committee rejects any congressman's request to disclose publicly what he considers improper activity, under another proposed recommendation, the congressman would have the right to ask for a secret session of the full 435-member House to consider his request.

In addition to these disclosures, The New York Times reported today that The House intelligence panel has concluded after its yearlong investigation that the federal intelligence agencies, as they are currently constituted, operate in such secret ways that they are "beyond the scrutiny" of Congress.

The Times said that the committee's report, which has not been released but a copy of which was obtained by the newspaper, discloses a number of other irregularities, including:

- An apparent violation by the CIA of a 1967 presidential directive prohibiting it from providing secret financial assistance to any of the nation's educational institutions.
- That the FBI violated its own manual of regulations by preserving in its files "intimate sexual gossip" picked up by agents during a criminal investigation.
- That Robert A. Maheu, a former top aide to billionaire Howard R. Hughes, arranged at the behest of the CIA to supply King Hussein of Jordan and other foreign leaders with female companions who were reimbursed for their efforts with federal funds.

DEPARTING CIA Director William E. Colby said that a preliminary draft of the House report which he had seen was "biased and irresponsible."

Colby told the Times through a spokesman that disclosure of several of the agency's sensitive activities would harm foreign policy, and he criticized what he termed "a selective use of evidence" by the committee "to present a totally false picture of American intelligence as a whole."

The leaking of the report brought complaints today from the White House, which claimed that the "premature release of a preliminary draft of the committee report is in violation of the security agreement which the White House understood it had with the committee" to protect classified material.

Ronald Nessen, the White House press secretary, asserted that the incident "raises serious questions" about the private disclosure by the administration to Congress of classified

information "when the national security is at stake."

Though he did not assert that any specific law was violated, Nessen said that "Congress does not have the authority to unilaterally declassify documents."

THE SECRET intelligence budgets given to Congress, the report said, did not contain a number of important items, including 20 percent of the National Security Agency's annual budget, the budgets of the Pentagon's Advanced Projects Research Administration and the National Security Council, and the costs of domestic counter-intelligence functions performed by the FBI.

The expenditures of those funds, the report said, were largely unchecked by Congress and even by the office of Management and Budget, which assigned only six full-time auditors to the foreign intelligence agencies.

THE HOUSE committee's investigation focused mainly on the operations of the CIA and touched on the FBI only peripherally. But it turned up one instance, the bureau's investigation of a radical "think-tank" organization here, that the report said violated a number of FBI regulations covering the conduct of criminal investigations by its agents.

Despite a bureau regulation that prohibits such inquiries from continuing beyond 90 days unless there is a likelihood of eventually uncovering criminal activities, the investigation of the Institute for Policy Studies lasted from 1968 to 1973.

No criminal violations were found during that five-year period, the report said, and the bureau concluded in May 1974 that there had been "a paucity of information" to indicate that such violations had occurred.