

## THE CIA

# The Big Shake-Up in

*In Hong Kong, an agent of the U.S. Central Intelligence Agency slips into a railroad yard and checks the wear on ball bearings of freight cars coming in from China to try to spot unusual troop movements. Meanwhile, another agent goes to the Hong Kong central market and buys a large order of calf's liver from animals raised in China to run a lab test for radioactive fallout.*

*In Eastern Europe, a CIA team tries to obtain a sample of a Communist party chief's urine. Purpose: to determine his state of health. The CIA did this successfully with Egypt's late King Farouk but failed recently with Yugoslavia's President Tito.*

THESE are only a few of myriad missions that the CIA has performed around the world. The agency is also constantly accused of fantastic James Bondian exploits that more often than not it has nothing to do with. The fact is that no nation can any longer accept Secretary of State Henry Stimson's bland dictum of 1929 that "gentlemen do not read other people's mail." In a nuclear-ringed globe, intelligence is more vital than ever. Nor can a world power automatically limit itself to such a passive role as mere information gathering; trying to influence events may at times be necessary. But it can no longer be done with the crudity and arrogance displayed in the Bay of Pigs invasion of 1961, or the attempt with the International Telephone and Telegraph Corp. to sow economic chaos in Chile in 1970. To harness the CIA's excesses and yet utilize its immense capabilities for keeping the U.S. abreast of world developments, the Nixon Administration has ordered the greatest reorganization in the agency's 25-year history.

**Cooperate.** Reports TIME's Diplomatic Editor Jerrold Schecter, who has been keeping a watch on the CIA: "For the first time since its founding the CIA is undergoing a thorough shakeup of personnel and redirection of mission. The two main targets of U.S. intelligence activities continue to be the Soviet Union and China. But a rapidly developing *détente* with those countries has created different demands on the intelligence establishment. Along with traditional estimates of the missile and military capabilities of Communist countries, the White House is insisting on a new emphasis on assessments of their political and strategic intentions. The entire intelligence estimating process is being refined to include more stress on such developments as Soviet and Chinese grain outputs and computer advances."

To chart this new direction, President Nixon has turned to a tweedy, pipe-smoking economist and military strategist, James R. Schlesinger, 44, who

## a Gentleman's Club

in February took over as director of the CIA. Aides quote Schlesinger as saying that "the entire intelligence community can produce a better product with a lower level of resources." In short, the nation's spy network should generate better intelligence for less money.

Schlesinger has ordered the firing or forced retirement of 600 of the CIA's 18,000 worldwide employees; 400 more are expected to go by year's end. His aim is to cut costs, eliminate marginal performers, and change the leadership of the agency. Among those who have gone are several of the long-entrenched top deputies of former CIA Director Richard Helms, who tended to favor the "operational men," or spies in the field, over the cerebral analysts, who ponder the intelligence and make policy recommendations. These two sides of the agency, traditionally separated, have orders to cooperate more.

Paramilitary operations are being scaled down. In South Viet Nam, the CIA's role in the "Phoenix"—or counterterror—program has already been phased out. The program used CIA agents to advise the South Vietnamese in the "neutralization," or killing, of Viet Cong officials. Such covert activities are under the CIA's deputy director of operations, currently William Colby, 53, a former ambassador who was in charge of pacification in Viet Nam from 1969 to mid-1971.

Often called the agency's "dirty tricks department," Colby's section controls field agents who are involved in clandestine activities, including keeping a watch on the KGB (Soviet intelligence) and working with intelligence organizations in Western countries. But Colby's group is now placing new emphasis on such activities as getting early

warnings of—and curbing—international terrorist operations and narcotics traffic. Through intercepts of communications, the CIA has discovered who ordered the killing of the U.S. and Belgian diplomats in Khartoum two months ago. It also knows the financial sources of the Black Septembrists, who carried out those assassinations, as well as the murders of Israeli athletes at the Munich Olympics.

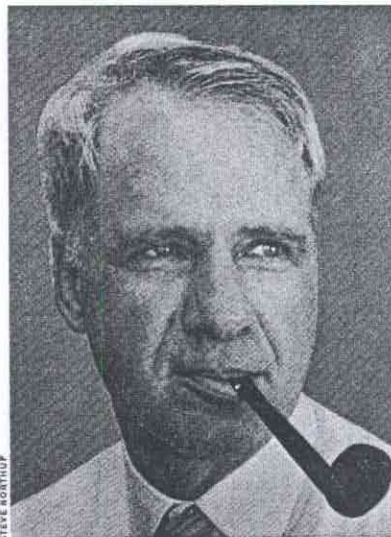
**Rivalry.** With the downgrading of cloak-and-dagger operations, one of Schlesinger's tasks will be the strengthening of the "leadership for the [intelligence] community as a whole," a recommendation that he himself urged on the President in 1971, when he was an assistant director of the Office of Management and Budget. Now, Schlesinger not only heads the CIA but also has ultimate responsibility for the Pentagon's Defense Intelligence Agency, which provides intelligence for the armed forces, and the National Security Agency, which directs spy planes, satellites and a vast communications-monitoring apparatus that cracks codes and gathers data from other countries.

Schlesinger, as chairman of the Intelligence Resources Advisory Committee, will be taking a hard look at the combined \$6.2 billion (some estimates put it as high as \$8 billion) spent by the three agencies. Nearly half of the money goes for satellite reconnaissance and spy planes; about \$750 million is budgeted to the CIA.

Schlesinger also must watch out for a smoldering rivalry between the CIA and the DIA. The rivalry broke out in the open recently in the form of an article in the small (circ. 75,000) monthly magazine *Army*, written by Major General Daniel O. Graham last December—before he was picked by Schlesinger to be a member of his five-man Intelligence Resources Advisory Committee. Graham's article contended that the Pentagon should win back from the

CIA primary responsibility for analyzing strategic military intelligence. To the embarrassment of military leaders, he conceded that in the past the Pentagon's estimates of Communist military potential were vastly overstated, and that the nation's decision makers rightly regarded those estimates as "self-serving, budget-oriented and generally inflated." But, he wrote, the Pentagon has so greatly reformed and improved its analysis in recent years that there will be no more "bad overestimates" like "bomber gaps," "missile gaps," and "megaton gaps."

Aided by Graham, who will be the primary link between the CIA and the DIA, Schlesinger hopes to improve relations with the Pentagon. Under the able Richard



CIA DIRECTOR JAMES R. SCHLESINGER  
Inducing constructive tensions.

Helms, CIA analysts had remained aloof from the military, and there were bitter battles between the CIA and DIA during the Viet Nam War over estimates of enemy infiltration and intentions. To increase accountability within the agency, Schlesinger has told CIA's analysts to sign all their intelligence reports. He hopes that bylines on the blue and white-covered CIA assessments will sharpen analyses and make the authors feel personally responsible for their assessments.

Schlesinger seems just the man to shake up the CIA. A seasoned scholar, bureaucrat and Republican, he enjoys the confidence of President Nixon. He was graduated *summa cum laude* from Harvard ('50), later got his Ph.D. in economics there, taught at the University of Virginia, and was director of strategic studies at the Rand Corp. He joined the old Bureau of the Budget in 1969, and two years later was named chairman of the Atomic Energy Commission. His prodding of utility executives to pay more attention to environmental safeguards impressed the President. When industry leaders complained, Schlesinger told them: "Gentlemen, I'm not here to protect your triple-A bond ratings."

While maintaining traditional secrecy about clandestine operations, Schlesinger is moving fast to lift the veil of conspiracy that has shrouded the agency. In an unprecedented move last month, he allowed a CIA agent, William Broe, the former chief of clandestine operations for the Western Hemisphere, to testify before a Senate subcommittee investigating the involvement of the CIA and the International Telephone and Telegraph Corp. in Chilean political affairs.

As tough-minded as he is candid, Schlesinger leaves little doubt that he is determined to reform and redefine the CIA's role. Said he recently to an old CIA hand: "The trouble with this place is that it has been run like a gentleman's club—but I'm no gentleman."

