

# CIA Uses Academics, Reporters

## Covert Roles Trouble Panel

## CIA Forced to Doctor Own Data

By Stephen L. ...

By Laurence ...

The Central Intelligence Agency continues to use American academics and journalists, according to the Senate intelligence committee report. The report withheld the names of individuals and institutions that cooperate with the CIA.

In a section dealing with the "domestic impact of foreign clandestine operations," the report states that the CIA has covert relationships with more than 25 American journalists or employees of U.S. media and uses "several hundred" academics.

The report asserts that the CIA is in contact with "many thousands" of American academics, but that most of these contacts are not dangerous because they consist principally of "asking an academic about his travels abroad."

The committee is more worried about the operational use of academics.

The committee sees no danger to the integrity of

academic-private industry relationships. Informal contacts between academics and the CIA are common, the report says. The government is not to be blamed for such contacts.

Academics in another part of the report are accused of providing leads and, on occasion, making introductions for intelligence purposes. Occasionally, write books and other material to be used for propaganda purposes abroad. Beyond these, an additional few score are used in an unwitting manner for minor activities.

"These academics are located in over 100 American colleges, universities and related institutes. At the moment,

See COVERT, A15, Col. 1

The White House said the Pentagon would not comment on the CIA's use of academics. The Central Intelligence Agency said it would not comment on the report's charges.

The report also charges that the CIA has used Soviet nuclear strength and higher number of strategic nuclear warheads to influence the Soviet Union's foreign policy. Helms had reported in a 1970 report that the CIA had used Soviet nuclear strength to influence the Soviet Union's foreign policy.

In the intelligence imbroglio over Soviet strategic nuclear strength, the report said, Helms deleted an important paragraph from a major CIA assessment. The paragraph downgraded the risk that the Soviet Union would try to develop a surprise nuclear strike capability.

The report also charges that the CIA has used Soviet nuclear strength and higher number of strategic nuclear warheads to influence the Soviet Union's foreign policy. Helms had reported in a 1970 report that the CIA had used Soviet nuclear strength to influence the Soviet Union's foreign policy.

There have been previous reports of disagreement between CIA estimates and those of the White House and the Pentagon on Soviet strategic nuclear capability in the late 1960s. But this

See ESTIMATES, A11, Col. 1

# CIA Forced to Doctor Its Own Data

ESTIMATES, a journal of the CIA, which is published monthly, is the first official acknowledgment of the present dispute against Helms. Helms' report, which was submitted to the Senate in 1973, was a possible Soviet missile force. Helms' report, which was submitted to the Senate in 1973, was a possible Soviet missile force. Helms' report, which was submitted to the Senate in 1973, was a possible Soviet missile force.

The Board and Office of National Estimates was abolished in 1973 by William E. Colby when he assumed the CIA directorship. The move was taken against the background of growing contention on strategic intelligence questions between Kissinger as presidential national security adviser and the CIA analysts. Kissinger was reported by one former intelligence official to have scrawled the word "crap" on a national intelligence estimate with which he disagreed. Within the CIA analyst community the move was viewed as a blow to the independence of the national estimating process from the policy makers in the White House. Helms, who tended to favor on dissenting intelligence verdicts, John Huizenga, former chairman of the Board of National Estimates, told the Senate committee in executive session last January that a CIA director "who does his job well will more often than not be the bearer of bad news. When intelligence people are told, as happened in recent years, that they were expected to get on the team, then a sound intelligence-policy relationship has in effect broken down.

Such disagreements occurred early in the Nixon administration, not only on the Soviet SSSs but also the war in Vietnam, Cambodia and Sino-Soviet relations. In the Cambodian case, the committee learned that Helms had withheld a national intelligence estimate from the NSC in April 1970 after the ouster of Prince Sihanouk as Cambodia's chief of state and just before the U.S. military invasion across the Cambodian border from South Vietnam. The assessment of the CIA's Office of National Estimates, entitled "Stocktaking in Indochina: Longer Term Prospects," stated that an effort to deny the North Vietnamese base areas and sanctuaries in Cambodia would require a major expansion of U.S. and South Vietnamese military effort, including heavy bombing. Helms received this information in a memorandum 18 days before he planned to return to Cambodia. The report stated that the day before he left for Cambodia, Helms had not seen the memorandum to the White House.

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Helms said the dispute over assessing the Soviet first strike capability became a "battle royal" which he said "became so contentious that it seemed almost impossible to get it resolved. In testimony to the Senate committee last January, Helms said the dispute over assessing the Soviet first strike capability became a "battle royal" which he said "became so contentious that it seemed almost impossible to get it resolved.

The CIA's senior analysts were not informed of the imminent U.S. military operation across the Cambodian border and one of Helms' chief deputies, Vietnam specialist George Carver, speculated in his testimony that Helms thought it might be unhelpful, if not dangerous, to forward a little intelligence estimate because

the people who had prepared it and drafted it were not aware that the U.S. was on the verge of making a major move into Cambodia."

Six weeks later, after President Nixon and administration spokesmen were pronouncing the Cambodian incursion a success, the CIA prepared a draft estimate saying of conditions in Cambodia that "the Communist situation is by no means critical."

This assessment, too, Helms withheld from the White House. He explained in a telegram to the committee in March, 1975:

"In my opinion there is no way to insulate the DCI from unpopularity at the hands of Presidents or policymakers if he is making assessments which run counter to administrative policy."

In its overall assessment of "finished intelligence" — the refined assessments of the professional analysts — the Senate committee report concluded that "major improvement is both desirable and possible."

The report found that the intelligence collection system of the CIA was inundated with raw data while the effort dedicated to broader-gauged analysis was neglected to a degree that was pronounced "unacceptable."

The report also questions whether the CIA is attracting the highest quality personnel into its analytical staff.

Those who are hired, the committee said, tend to come in early and become insulated from useful experiences. Those who stay are promoted to supervisory positions, reducing use of their analytical skills.

# Academics, Reporters Used

## COVERT, From A1

majority of institutions, no one other than the individual concerned is aware of the CIA link. At the other end, at least one university official is aware of the operational use made of academics on his campus. In addition, there are several American academics abroad who serve operational purposes, primarily the collection of intelligence.

The Committee outlines in some detail how the CIA, when urged in 1967 by a special presidential study commission to end its covert use of American institutions, simply switched its focus instead to the individuals in the institutions.

The 1967 study committee was headed by then Under Secretary of State Nicholas deB. Katzenbach.

The Katzenbach committee, the new report says, was really intended not to study the nation's intelligence community, but to shield it.

The administration of President Johnson "carefully and consciously limited the mandate of the Katzenbach committee's investigation," the report says. Katzenbach, now an attorney in private practice in New York, testified "that his committee was designed by President Johnson to head off a full-scale Congressional investigation," the Senate report says. "All covert relationships were to be excluded from the investigation."

Further, according to the Senate report, the CIA "moved rapidly to shelter certain high-priority operations from the Katzenbach (committee's) prohibitions and to devise more secure funding mechanisms."

One device the CIA used to get around the 1967 committee's ban on further institutional funding was "surge funding."

In this, the CIA advanced large sums of money to certain organizations "before the December deadline," thus giving them enough money to operate for several years.

"Radio Free Europe and Radio Liberty were so

funded," the report says.

The Senate report says that appearance, rather than specific regulations, determined which institutions the CIA would continue to fund and which it would cut off.

Many of the restrictions developed by the CIA in response to the events of 1967 appear to be security measures aimed at preventing further public disclosures which could jeopardize sensitive CIA operations, the report says. "They did not represent significant rethinking of where boundaries ought to be drawn in a free society. Moreover, although President Johnson adopted the Katzenbach report as a policy, it was not issued as an executive order or enacted as a statute. Thus, it has no firm legal status."

As a result, the Senate study notes, the CIA continued to fund:

- "A publications and press institute that maintained a worldwide network of stringers and correspondents."

- "Several international trade union organizations."

- "A foreign-based news feature service."

- "A foreign-based research and publishing institute."

One of the things the CIA did, the Senate committee says, was to "surge-fund" a "large project in the Far East" so that it could continue into fiscal year 1969.

The committee recommends that the CIA be forbidden by law to convert those who go abroad under government-sponsored programs into witting or unwitting operatives.

The CIA now has a policy of avoiding use of Fulbright scholars and those who receive grants from the Carnegie, Ford or Rockefeller foundations. The committee feels that ban should be extended.

"It is unacceptable," the report says, "that Americans would go overseas under a cultural or academic exchange program funded openly by the United States Congress and at the same time serve an operational

purpose directed by the Central Intelligence Agency."

The committee also suggests that all contacts with academics be open.

"If the CIA is to serve the intelligence needs of the nation," the report says, "it must have unfettered access to the best advice and judgment our universities can produce. But this advice and expertise can and should be openly sought—and openly given."

In its section on the media, the report notes that the CIA has "a network of several hundred foreign individuals around the world who provide intelligence for the CIA and at times attempt to influence foreign opinion through the use of covert propaganda. These individuals provide the CIA with direct access to a large number of newspapers and periodicals, scores of press services and news agencies, radio and television stations, commercial book publishers, and other foreign media outlets."

The CIA had covert relationships with "about 50 American journalists or employees of U.S. media organizations" until February, 1976, and continues to have relationships with more than half of those, the report says.

The report dwells at some length on CIA-sponsored books, and notes that one CIA official had written that books can be "the most important weapon of strategic (long-range) propaganda."

In one year—1967—the report says, the CIA "published or subsidized well over 200 books."

Those books ranged, according to the report, from "books on wildlife and safaris to translations of Machiavelli's 'The Prince' into Swahili and works of T.S. Eliot into Russian, to a parody of the famous little red book of quotations from Mao entitled 'Quotations from Chairman Liu.'"

Among the pre-1967 books in which the CIA had a hand were the famed Penkovsky Papers, which were serialized in some American

newspapers, including The Washington Post, in 1965.

At the time, when the Soviet Union said the book was a fraud, investigation by most American media called the book legitimate.

The Senate committee report describes the fraud as a CIA book.

The book was prepared and written by wildlife agency assets who drew on scientific materials. The Senate committee says "Publication rights to the manuscript were sold to a publisher through a trust fund which was established for the purpose. The publisher was unaware of any U.S. government interest."

The report adds that the book was created "for operational reasons" by the CIA and almost accidentally had a commercial success.

Another book the CIA developed was one about a student from a developing country who had studied in a Communist country.

Two major American magazines published digested versions of the book, the report says, and "Eric Sevareid, the CBS political commentator, in reviewing this book spoke a larger truth than he knew when he suggested that 'our propaganda services could do worse than to flood (foreign) university towns with this volume.'"

Yet another CIA book on the Vietnam war was produced by the CIA in 1954 and was "distributed to foreign embassies in the United States, and to selected newspapers and magazine editors both in the United States and abroad."

Since the Katzenbach committee report of 1967, the Senate committee says, the CIA's publishing has been devoted almost totally to "books and other materials published abroad."

Since 1969, the report says, the CIA has produced about 250 books abroad, most of them in foreign languages.

The report notes that "more than a dozen United States news organizations and commercial publishing houses formally provided cover for CIA agents abroad. A few of these organizations were unaware that they provided this cover."

Most new organizations that were found to be using CIA operatives abroad were

unaware that they were buying stories from people with CIA connections, the report says. In no instance were CIA relationships with American media people abroad involve freelance journalists.

The Senate committee's report discusses the "isn't it a small world" situation that instant communications have created.

In previous centuries, foreign propaganda would likely never rebound home. But with the kind of electronic "togetherness" that binds today's world, the report says, propaganda destined for one part of the world often has fallout back home.

Further, the committee says, Howard Hunt (of White House "plumbers" fame) was in charge of the CIA's contact with book publishers in the late 1960s, and testified before the Senate committee that such

propaganda fallout (in the United States) may not have been unintentional.

In view of that, the committee says that the CIA may have "helped shape American attitudes toward the emerging China" in the 1960s, and "engaged in propagandizing the American public, including its Congress, on the controversial issue of U.S. involvement in Vietnam."

In the latter case, the report says the CIA funded a Vietnamese institution, whose magazine was distributed in the United States by the South Vietnamese embassy here.

The funding was secret and the organization, the Vietnamese Council on Foreign Relations, was not named in the report.

The CIA provided \$170,000 per year in 1974 and 1975 for support of the institution's publications, the report says.

The report said that "in at least one instance, a CIA-supported Vietnam publication was used to propagandize the American public and the members and staff of both houses of Congress. So effective was this propaganda that some members in debating the controversial question of United States involvement in Vietnam."

The report also says that

the institution on at least one occasion led a group of American congressmen to Vietnam, and sponsored their activities on at least part of their trip.

In another instance of American fallout from an overseas propaganda system, the report mentions that the CIA maintains two proprietary news services in Europe.

The larger of the two is subscribed to by 30 U.S. newspapers, the report says. In an effort to reduce the problem of fallout, the CIA made a senior official at the major U.S. dailies aware that the CIA controlled these two press services.

The committee notes that sometimes "fallout in the United States may be an unnecessary part of the propaganda process to create an aura of credibility as a result of book reviews."

On one occasion, the report says, a CIA-sponsored book was reviewed in the news magazines by CIA-written under contract.

In another kind of foreign rebound is described in the report of a relationship between an American newspaper executive and the CIA.

In view of this man's access to information of intelligence and operational interests, the CIA contacted the man, who "served as a witting, unpaid collaborator for intelligence collection and received briefings from CIA which were of professional benefit to him. The CIA materials state that

"It was visualized that propaganda (if agreeable to him) might be initially inserted in his paper and then be available for reprinting by Latin American news outlets. There is no indication in the file that Subject agreed or that he did place propaganda in his newspaper."

Finally, the committee report on domestic fallout discusses the danger of using religious organizations as CIA fronts.

"Making operational use of U.S. religious groups for national purposes both violates their nature and undermines their bonds with kindred groups around the

world," the committee says.

Since 1967, the report says, the CIA has had strict rules against using religious organizations without approval from high-level CIA officials and "the CIA has assured the committee that the prohibition against all paid or contractual relationships is in fact a prohibition against any operational use of Americans following a religious vocation."

The Senate committee says the CIA has used few American clergy or missionaries, adding that only four such relationships existed by last August.

Of the recent cases "the most damaging would appear to be that of a U.S. priest serving the CIA as an informant on student and religious dissidence," the report says.

Of the earlier cases, the report notes that the CIA "used the pastor of a church in a Third World country as a principal agent to carry out covert action projects and as a spotter, assessor, asset developer, a recruiter."

This man, who the report says collected political information and passed CIA propaganda to the local press, was paid by the CIA for more than ten years. At the end, the committee says, he was getting \$11,414 a year from the CIA.

# CIA Ignored Bans on Drug Tests And Destroyed Data, Probe Says

By William Chapman  
Washington Post Staff Writer

The Central Intelligence Agency continued its secret use of LSD and other drugs on unsuspecting subjects for years after it knew that the practice violated federal law and individual rights, the Senate intelligence committee concluded yesterday.

The committee blamed the CIA for a failure of leadership control in permitting drug tests on unsuspecting people to continue for 10 years after they had caused at least one suicide.

Even those responsible for the death of Frank Olson, who took LSD unwittingly, were never reprimanded as the Rockefeller Commission report on the CIA had asserted last year, the committee said.

The committee's final report on foreign intelligence cites several examples of a lack of internal control over the drug experiments, which were described as "unethical and illicit" in an agency official's memorandum written in 1957—six years before the tests were halted.

The report cited instances in which a CIA director was not briefed on the LSD experiments, direct instructions by high-level officials were ignored, and documents were destroyed in an unusual fashion that buried forever details of LSD tests.

The CIA began to experiment with LSD and other chemicals in the early 1950s, intending to use them in interrogation of prisoners and other forms of behavior con-

trol. For years, the agency authorized tests in which unsuspecting persons in this country were given LSD to test their responses.

"It was deemed imperative that these programs be concealed from the American people," the committee concluded, quoting the following lines from a memo written in 1957 by the CIA's inspector general:

"Precautions must be taken not only to protect operations from exposure to enemy forces, but also to conceal these activities from the American public in general. The knowledge that the Agency is engaging in unethical and illicit activities would have serious repercussions in political and diplomatic circles and would be detrimental to the accomplishment of its mission."

The committee noted irregularities in CIA internal control both before and after the death of Olson, who leaped from a New York hotel window a few days after a CIA official had put 70 milligrams of LSD in his glass of Cointreau in November, 1953.

Six months before Olson's death, Richard Helms, then an assistant director in the agency, described LSD as "dynamite" and instructed aides that he was to be informed when it was used on a subject.

Simultaneously, another official, Frank Wisner, instructed the chemical testing staff to use LSD only on his personal approval. However, the Olson experiment proceeded without clearance

from either Helms or Wisner, the Senate report said.

After the death, then CIA director Allen Dulles sent memos criticizing both the official who conducted the experiment and the one who approved it, accusing them of ignoring medical safeguards.

Last year, the Rockefeller Commission report on the CIA called these memos "reprimands." But the Senate committee found that the two officials were told the notes were not reprimands and that no adverse notations were being made in their personnel files.

The committee was particularly critical of the destruction in 1973 of practically all of the documents describing a program—code-named MK/ULTRA—that embraced most of the chemical-testing projects.

Helms approved destroying the documents at the request of Sidney Gottlieb, who was director of the Technical Services Division and the man who supervised the experiment in which Olson died, the Senate report said.

Helms told the committee in secret session last September that he agreed to the destruction partly because non-CIA personnel had been involved.

"Since the program was over and finished and done with, we thought we would just get rid of the files as well, so that anybody who assisted us in the past would not be subject to follow up questions, embarrassment, if you will."

# Panel on CIA Cites Waste, Asks Reform

By George Lardner Jr.  
Washington Post Staff Writer

The Senate intelligence Committee concluded its investigation of the nation's foreign intelligence activities yesterday by issuing a heavily censored report outlining wasteful spending and clandestine assignments designed largely as busywork for a worldwide "infrastructure" of secret agents.

Declaring the need for reforms an urgent matter, the committee warned that its unprecedented, 15-month inquiry would "probably provide the only broad insight for some time into the now permanent role of the intelligence community in our national government."

By a 6-to-5 vote at a closed meeting yesterday morning, the committee reversed an earlier decision to disclose the total intelligence budget figure and agreed instead to buck the issue to the full Senate.

It was learned from authoritative intelligence sources, however, that the expense of the U.S. intelligence effort now stands at \$4.7 billion a year in direct costs and approximately twice that amount when ancillary spending, such as that for training facilities, commissaries and supply bases is added.

This is about 3 per cent of federal spending, but 8 per cent of controllable federal spending, the committee found. (About 75 per cent of federal spending for fiscal 1976, such as payments from the Social Security trust fund, are described by the administration as "uncontrollable.")

The House intelligence committee, whose report leaked out in February, calculated total intelligence spending at more than \$10 billion a year.

The Senate report found a lack of real control over intelligence spending by either the White House Office of Management and Budget or by Congress.

Several members of the committee emphasized at a news briefing that they consider a permanent new oversight committee with legislative and budget-making authority over the intelligence community vital.

"The crucial element in effective oversight is the power to authorize the intelligence budget," said Committee Chairman Frank Church (D-Idaho). "Also, prior notice to appropriate committees of significant covert actions is essential."

At the Central Intelligence Agency, the Senate report said, thousands of covert actions—defined simply as secret attempts to influence the internal affairs of other nations—have been undertaken without outside approval or even consultation. These were primarily "low-risk, low-cost projects"—such as planting a news story or developing an "agent of influence"—which, "in the aggregate, establish and maintain the agency's covert infrastructure around the world."

The committee said it was convinced that many of these

...and ... were forced to meet  
the ... being part of a large covert action operation  
... of the United

Most disclosures in the report were guarded\* comin  
in murky prose that the committee used in place of more  
explicit passages which were suppressed at the Ford  
administration's behest.

These segments of the Senate report were put in italics  
to show that the language had been watered down or "sub  
stantially abridged at the request of the executive agen

See CIA, A14, Col. 1

Senate panel recommends legislation to establish basic  
purposes of national intelligence activities. Page A17.

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CIA Director George Bush, arriving to testify before intelligence committee, is greeted by Chairman Frank Church.

United Press International



... Thus, the committee reported in italics that: "The Central Intelligence Agency is now using several hundred American academics who, in addition to providing leads and some of the making introductions for intelligence purposes, occasionally write books and other material to be used for propaganda purposes abroad. These academics are located in over 100 American colleges, universities and related institutes. At the majority of institutions, no one other than the individual academic is aware of the CIA link."

"The CIA helped create and support various Vietnamese periodicals and publications. In at least one instance, a CIA-supported Vietnamese publication was used to propagandize the American public and the members and staff of both Houses of Congress. An objective was this propaganda that some members quoted from the publication in debating the controversial question of United States involvement in Vietnam."

"The CIA currently maintains a worldwide network of several hundred individuals who provide the agency with intelligence and occasionally attempt to influence opinion through the use of covert propaganda. Approximately 50 of them are individual American journalists or employees of U.S. media organizations." Although new CIA restrictions imposed in February will cut the number, more than half of the 50 are "non-accredited free-lance contributors and media representatives abroad" who are unaffected by the restrictions and will presumably keep up their work for the CIA.

The report repeats several times that the dangers posed by espionage directed against the United States, particularly from the Soviet Union, can not be discounted.

The senators said some estimates suggest that as many as 70 to 80 per cent of the Soviet officials in the United States have some intelligence connection. In addition, the report said, "The number of Soviets with access to the United States has tripled since 1960."

The CIA also told the senators that approximately one-third of the Soviet exchange students in this country for the 1972-73 academic year "were coopera-

... with the Soviet Union's civilian intelligence service.

The committee, however, took the position that all U.S. intelligence practices could not be allowed to undermine the privacy values guaranteed in the Bill of Rights."

Highly critical of the surreptitious operation, the committee uncovered the compromise that placed the task of clear legislative boundaries for intelligence activities, "the Constitution has been violated in respect and the power of the executive branch has gone unchecked, unchallenged."

Secrecy has been a tragic conceit." The 11-member committee offered 87 specific recommendations, from more aggressive congressional oversight to new criminal laws, in hopes of offsetting the secret practices that have eroded the processes of open democratic government.

Paradoxically, the report itself was laced with concessions to the secrecy it repeatedly complained about.

According to Sens. Walter F. Mondale (D-Minn.), Philip A. Hart (D-Mich.) and Gary Hart (D-Colo.), the committee's narrative would have been "outlandish" if all the CIA objections had been heeded.

The spy agency, they complained in a supplementary report, "wanted to delete reference to the Bay of Pigs as a paramilitary operation; they wanted to eliminate any reference to CIA activities in Laos, and they wanted the committee to excuse testimony given to the public before television cameras."

The three unhappy Democrats said these "so-called security objections" were dismissed out of hand, but they accused the CIA of exploiting the committee's inattentive caution "to alter the report to the point where some of its most important implications are either lost or obscured in vague language."

They charged, for example, that the italicized discussion of the role of U.S. academics in the CIA's clandestine activities "has been so diluted that its scope and impact on the American academic institutions is no longer clear."

The description of the CIA's clandestine activities within the United States, as well as the extent to which

CIA uses its ostensible overt Domestic Contacts Division for such activities, has been modified. At the point where the committee's concern about the blurring of the line between overt and covert foreign and domestic activities has been noted.

Still larger portions of the report—three chapters entitled "Budgetary Oversight," "Security Concerns," and "The CIA's Public Image"—will be made available in page public editions.

Unexpurgated classified texts will be made available to members of the Senate but under security conditions that will generally require the lawmakers to do their reading at the Church committee's guarded offices.

Two committee members, Sens. John Tower (R-Tex.) and Barry Goldwater (R-Ariz.), were dissatisfied with the panel's work and refused to sign the report. Tower took issue with number of the recommendations.

Goldwater said the report in the belief that it will cause severe damage to the nation's intelligence policy.

Observing that the Senate inquiry cost some \$3 million, Goldwater charged that the deadline pressures of speeding the report, after spending six months on a "fruitless investigation into alleged assassination attempts," would increase the risk of unintentional security violations.

"This is a report that probably should never have been written," Goldwater concluded.

The committee majority, however, said it found an alarming amount of duplication, waste, inertia and ineffectiveness in the intelligence community and called it "one of the costs of insulating the intelligence bureaucracy from the rigors of congressional and public scrutiny."

A 1970 study by the White House's Office of Management and Budget, the committee reported, pointed to nine specific mergers or shifts of intelligence programs that could save the taxpayers close to \$1 billion a year. The recommendations were apparently never carried out.



SEN. GARY HART      SEN. WALTER MONDALE      SEN. PHILIP HART

three complain about objections raised by CIA

The CIA, the Senate report indicated, gets about 20 percent of the national intelligence budget. The Defense Department, which in 1947 had the responsibility of creating the National Security Agency and the National Intelligence Program, draws 80 per cent.

The report made clear, however, that the CIA has been wasteful. During the Korean War, the CIA's Office of Procurement acquired some \$152 million worth of foreign weapons and ammunition for use by guerrilla forces that never materialized.

The Senate committee said that a major reason for the sprawling, often uncoordinated U.S. intelligence effort lay in the preoccupation of the CIA and its directors with clandestine operations rather than central management and the drudgery of collecting information.

By the same token, the report suggested, the production of finished intelligence reports for the President and top policy makers—the most important mission of our intelligence system—has been "overshadowed by the glamour of clandestine activities and the lure of exotic technical collection systems."

Although the authority for "covert actions"—secret attempts to influence the internal affairs of another nation—is far from

explicit, either in the Constitution or in the CIA's enabling legislation, the spy agency embarked on them almost immediately. The newly created National Security Council, charged to undertake "covert psychological activities" at the NSC's first meeting on Dec. 2, 1947, in the chill of the cold war.

Embodied in a top secret order called NSC-4-A, the directive, the Senate committee said, constituted the President's first formal authorization for covert operations in the postwar period.

The first exercise, the report continued, consisted of "covert attempts to influence the outcome of the Italian national elections."

Since then, the report said, the CIA has carried out hundreds of "major or sensitive covert action projects after coordination with White House panels—81 in the Truman administration, 170 under President Eisenhower, 163 under President Kennedy, 142 during the Johnson administration, and an unspecified number under Presidents Nixon and Ford.

"But thousands more were actually carried out without any kind of White House scrutiny.

"Approximately three-fourths of all covert action projects are never reviewed or approved by a high-level body outside the CIA," the report said. Although these are generally considered

non-sensitive projects, "or part of what the CIA calls its 'operational infrastructure,'" the committee said they can still be of great importance, such as the one involving the development of AMLASH, a Cuban officer who was being groomed to kill Fidel Castro.

Even plans presented to the National Security Council with requests for authority to proceed only from "Point A to Point B" can be dangerous, former Secretary of Defense Clark M. Clifford told the senators.

"When point B is reached," Clifford testified, "the persons in charge feel that it is necessary to go to point C and they assume that the original authorization gives them such a right. From point C, they go to D, and possibly E, and even further. This led to some bizarre results, and when in-

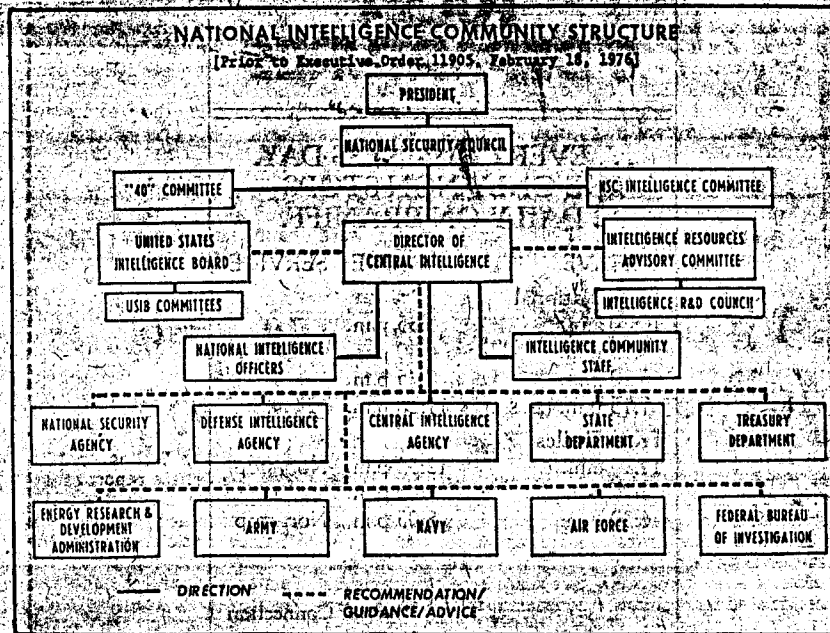
Investigation is started, the excuse blandly presented that the authority was obtained from the NSC before the project was launched. In the wake of public denials of illegal domestic activities by the CIA and the FBI, the Senate committee was established 8 months ago with a wide-ranging charter to investigate the nation's intelligence community, both here and abroad.

Its final report on domestic activities is expected to be made public Wednesday night, followed by a series of supplementary reports on individual issues.

Other highlights of yesterday's report:

**FINISHED INTELLIGENCE**

U. S. intelligence resources are overwhelmingly devoted to intelligence collection, the committee found. The system is inundated with raw intelligence that individual analysts find difficult to handle in attempting to produce pol-



ished, thoughtful reports for the policy makers.

"Production is, in the words of one observer, 'the stepchild of the intelligence community,'" the report protested. The committee said U. S. intelligence reports on some subjects, such as the current capability of the strategic and conventional forces of potential adversaries, was considered excellent, but concluded that the finished product in other areas was far from satisfactory in light of "the total resources" devoted to the intelligence business.

At times, external pressures posed what one witness called "gross interference" with the CIA's reports.

**COUNTER INTELLIGENCE**

The threat from hostile intelligence services, especially the Soviet Union's, is very real. In the United States alone, according to FBI figures, 1,079 Soviet officials were on permanent

assignment in February of 1975.

Of this number, more than 40 per cent were positively identified as members of the KGB or GRU, the Soviet civilian and military intelligence units. Conservative estimates for the number of unidentified intelligence officers raise the figures to over 60 per cent of the Soviet representation.

Warning that the espionage directed against the United States is "extensive and relentless," the report noted, for example, that at the recent funeral of murdered CIA agent Richard Welch, two Eastern European diplomats were discovered snapping photographs of CIA intelligence officers attending the local ceremony.

Expressing uncertainty over the effectiveness of the current U.S. counterintelligence effort by the CIA and FBI, the committee alluded to an increased flow of counterintelligence within the CIA since the departure of CIA counterintelligence chief James Angleton, a strong advocate of tight "compartmentation" of information.

The Church committee, in turn, "has raised questions of compartmentation and security" and called for a high-level executive branch review "of the classified issues which have surfaced" as a result of Angleton's departure last year.

#### COVER

Although the chapter of the report dealing with the use of "Cover" to mask CIA clandestine operations was excised, the committee said improvements and changes are needed.

A 1970 report by the CIA's own inspector general, the Senate report said, "termed the agency's concept and use of cover to be lax, arbitrary, uneven, confused and loose."

Citing the recent murder of Welch, the CIA's Athens station chief, the committee pointed to testimony by the CIA's "Chief of Cover Staff" who stated that by the time a CIA man becomes a chief of station, "there is not a great deal of cover left."

of station, the name Welch moved into "had been previously publicly identified as that of the former station chief" in Athens.

#### AMBASSADORIAL CONTROL

Although Congress passed a law more than a year ago making U.S. ambassadors responsible for directing, coordinating and supervising all U.S. government employees within a particular country, the committee com-

plained, the law has, in effect, been "suspended" by presidential inaction.

The administration has yet to issue implementing instructions making ambassadors privy to CIA "sources and methods" information.

"The committee finds this thwarting of the United States law unacceptable," the report said.

#### COVERT ACTIONS AND PARAMILITARY OPERATIONS

The CIA's clandestine operations experienced a phenomenal growth in the agency's early years, accounting for 74 per cent of the CIA's budget in 1952, but did not reach their peak until 1964.

Since then, they have shown declines almost every year, but the committee found, in 1975 they still accounted for 37 per cent of the CIA's budget, not counting indirect support costs.



SEN. BARRY GOLDWATER  
...two refuse to sign



SEN. JOHN G. TOWER  
...disputes proposals

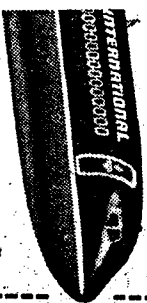
Members of Senate Intelligence Committee discussing report. Shown from left are Sens. Mathias, Huddleston, Church and Baker.

By James H. W. Alpert—The Washington Post



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## CIA Firms Number in the Dozens

### Proprietaries—Some Real, Some Just 'Names on Doors'—Have \$57 Million in Assets

By Bob Woodward  
Washington Post Staff Writer

The Central Intelligence Agency currently owns dozens of businesses with assets of \$57.3 million, including a private security firm that has conducted a break-in and electronic surveillance, according to the Senate Intelligence committee report.

This CIA-owned security firm presently has 23 employees and continues to operate although it has drawn considerable criticism within the CIA since the mid-1960s.

The firm is not named in the report but it was set up as a special project in 1958 to conduct "covert monitoring of construction of CIA headquarters" at Langley.

The firm, which the report says has its home office in Virginia, has been used to conduct various personnel and security investigations including:

- "Surveillance of Department of Defense civilian employees suspected of being potential defectors to the Soviet Union."

- "An operation to recruit, process and train undercover internal security agents for the Bureau of Narcotics and Dangerous Drugs."

- "Physical surveillance of an agency courier suspected of living beyond his means including a surreptitious entry into his apartment."

- Physical surveillance of another CIA employee "including an audio penetration of the employee's apartment and a mail cover."

The report says: "The (security) project has also conducted special non-governmental and sensitive inquiries."

The firm apparently does work for other government agencies and for truly private businesses.

The Senate report quotes a 1964 internal by an unnamed senior CIA official that says the security project is of "dubious capability and with ill-defined objectives or purpose."

This official, who held the title of chief of the Operational Support Division, suggested that the CIA "took this ugly duckling in the face" and see if it could be abandoned or "see if we can nurture it into a productive and responsible bird of acceptable countenance."

Another unnamed official criticized the "Topsy-turvy growth" of the security firm. At one point the security project had four field offices and three separate corporations.

The Senate Intelligence committee report says that the CIA-owned businesses—called proprietaries—do not pose a problem of oversight or control of the intelligence community.

Another CIA-owned business discussed in the Senate

report is a complex of insurance companies—mostly located abroad—to provide death and disability benefits for agents who cannot be associated with the U.S. government.

The assets of the CIA insurance companies are about \$30 million, and have annual profits of about \$2 million, the report says.

The report dwells for some time on two airlines—Air America and Southern Air Transport that until recently were owned by the CIA.

Although narcotics apparently were carried on some Air America flights in Southeast Asia, the report agrees with the CIA Inspector general's conclusion that the CIA "has, in each case, taken prompt and decisive action upon [the drugs] discovery."

Southern Air Transport (SAT) which operated Miami flights to the Caribbean and South America, was sold by the CIA in 1973 for more than \$5 million.

This was only after an unnamed former CIA director had attempted to buy SAT on behalf of an unnamed company.

The report calls this a "potential conflict of interest," adding: "Their representative was a former director of central intelligence who made literally dozens of phone calls to agency of-

ficials and arranged many meetings, all for the purpose of pressing this company's case to purchase SAT."

In addition, this former CIA director tried to arrange "shadow financing" if a merger with the firm he represented could be promoted at some future time, the report says.

According to the Senate report, the CIA has many nonoperating businesses that provide cover for agents and "exist only as names on doors, in phone directories and on stationery."

The number of these businesses has increased by about 30 per cent since 1967 while the total number of proprietaries has been reduced by 50 per cent in the same period, according to the report.

Another area the Senate committee investigated was the disposition of profits from the businesses. "Over the entire period, 1947-1975, total profits have been \$50 million, an average of about \$1.6 million annually," the report says.

In 1975, the CIA-owned companies lost \$300,000. Even in profitable years, the report says that the funds "do not presently provide a mechanism for 'back-door' funding of covert operations."

It attributes this in large part to 1975 regulations imposed by the CIA director. The committee report in-

dicates that adequate safeguards have been taken to insure that economic intelligence and dealings with the CIA-owned firm is not used by CIA employees to influence the stock market or make money for individual CIA employees.

The report calls for further investigation of the CIA's use of banks in the United States and abroad that hold government funds. "The selection of these institutions is noncompetitive," according to the report, and the banks apparently do not pay interest to the CIA.

### Buckley to Run As Republican

NEW YORK, April 26 (AP)—James I. Buckley, who won his seat in 1970 as the standard-bearer of New York's Conservative Party, announced his candidacy for reelection to the U.S. Senate today as a Republican.

He said he would run in the Republican primary and that he had seen no evidence of "an effort to undermine me" by Vice President Rockefeller or Sen. Jacob K. Javits.

Both men, the state's leading Republicans, opposed Buckley when he ran on the Conservative Party ticket and beat Republican incumbent Charles Goodell in 1970.

# The Washington Post

AN INDEPENDENT NEWSPAPER

## Dealing Intelligently with Intelligence

**T**HE SENATE INTELLIGENCE committee's final report is a serious comprehensive summary—surely the best in the public domain—of American (foreign) intelligence activities. It extends beyond an accounting of selected past abuses into an analysis of the country's intelligence requirements and a set of detailed proposals on how these requirements can be met in a way that at once serves national security and respects the rule of law.

The report is a mainstream document: Its premise is that intelligence remains a national necessity, that all intelligence activities must be managed more carefully, that some must be conducted secretly. Yet past abuses are not whitewashed and the genuine difficulties of future control are not glossed over. The House may have been unable to deal intelligently with intelligence. The Senate, by this report, has earned the public's confidence in its capacity to join in the shaping of national intelligence policy.

The special virtue of this report lies in the method of congressional—executive interaction by which it was produced. Avoiding do-or-die confrontations of the sort that destroyed the House inquiry, the Church committee bargained out differences with the executive over access to, and disclosure of, contested information. This meant that some material was withheld. But the public ended up getting much more than it otherwise would.

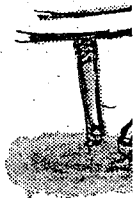
It is possible, of course, to be too sympathetic to executive pleadings for secrecy. The case for limiting covert operations to the "most extraordinary circumstances," for instance, as the committee recommends, would have been stronger if it had been able to publish more detail on what three members called the "high political costs and generally meager benefits" of past covert actions. Yet we doubt that the Church panel yielded too much. Realistically speaking, this is the only spirit in which Congress can hope to win the requisite executive, congressional and public support for a continuing intelligence role. Congress is unlikely to win a shootout on the barricades; the likelier outcome is stiffened intransigence

by the executive which only reinforces the old status quo. At some point, of course, Congress could "win" by resorting to budgetary reprisals, but this resolution of a shootout hardly serves the purpose of reading a reasonable and effective accommodation on the conduct of intelligence activities.

The problems associated with the conduct and control of covert operations have received most of the publicity attending the CIA in the last two years. Over the long term, however, the problems of collecting and producing intelligence—both "national" intelligence for policy makers and "tactical" intelligence for military men—are, though duller, of much greater consequence. The committee's substantive treatment of the political, bureaucratic and psychological aspects of intelligence is probably its most valuable work. The question of whether the country is getting the intelligence it needs, not to speak of the intelligence it pays for, must be relentlessly pursued.

The Church committee took the position that the intelligence reforms already put in place by the Ford administration should be accepted and built on, not junked. Again, no useful purpose would be served by gratuitous confrontation. Whether all of the committee's own structural and policy recommendations are equally sound, however, remains to be debated. We intend to return to the more important of these in time. At the least, the committee's proposals give the public a better basis for judging the worth of administration reforms.

The next step ought to be the establishment of a standing Senate intelligence oversight committee. Only by this step can the process of reform, as well as continuing oversight, be carried forward. This will require the President to share power in intelligence, as he routinely does in every other area of public policy. But it will require Congress to share responsibility. Ultimately, the effectiveness of this working relationship—and not the contents of reports—will be the standard by which the now-concluded Senate intelligence inquiry must be judged.



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# Activities Urged

closure of information about the secret agency.

## COUNTERINTELLIGENCE

Because it uncovered disagreements within the CIA and lack of coordination between the CIA and FBI, the committee proposed that the President undertake a classified review of current issues regarding counterintelligence.

The committee also suggested establishing by statute an NSC counterintelligence committee, chaired by the attorney general. This new committee would attempt to iron out differences that now exist between the CIA and the FBI and ensure strict conformity with statutory and constitutional requirements.

## DIA

The committee report is critical of the Defense Intelligence Agency and of the refusal of the military service intelligence agencies to follow its directions.

Early in the report, two alternatives are suggested—giving DIA control over all intelligence in the military or cutting DIA back to a small advisory body and letting the Joint Chiefs of Staff have control over military intelligence.

In its recommendations, however, the committee does not urge either of these major steps. It proposes that a law be passed regulating the DIA and that the agency report directly to the deputy secretary of defense for intelligence. The joint chiefs would have a new, small intelligence staff and the secretary of defense would be responsible for arranging coordination between the two.

## AMBASSADORS

The committee found that a 1974 law that makes an

American ambassador responsible for supervising intelligence in the country where he is posted had not been implemented.

The committee recommended that the executive branch authorize ambassadors to receive all intelligence information.

Noting that ambassadors now have no control over CIA communications in their missions, the committee suggested that a study be made of which government agency should control and operate communications with overseas diplomatic and consular posts.



# How Super-Secret Forty

By William Chapman  
Washington Post Staff Writer

Only a "small fraction" of the Central Intelligence Agency's covert action projects were reviewed by the top-level White House committee charged with overseeing the agency, the Senate Intelligence Committee reported yesterday.

It also found that members of that panel—known as the Forty Committee—frequently never met formally to consider covert CIA projects but instead individually gave their approval or disapproval by telephone.

The Senate report said that the Forty Committee members "have had neither

the time nor the inclination to adequately review and pass judgment on all of the literally hundreds of covert action projects."

The Forty Committee has been replaced under President Ford's intelligence reorganization plan, but the Senate committee said, the criteria for deciding which CIA operations must receive approval outside the agency are still "inadequate."

"Small covert action projects not deemed politically risky can be approved within the CIA," the committee's final report on foreign intelligence observed. Although the agency considers them to be low-risk operations not requiring

high level approval, the Senate committee found that some of them in the past have involved recruiting agents to be used in assassination plots against foreign leaders.

The Senate report is the most definitive public account of how the super-secret Forty Committee operated after it was formed in 1970 to exercise control over CIA covert operations, which range from overthrowing foreign leaders to planting pro-U.S. stories in foreign newspapers.

The Forty Committee was made up of the President's national security adviser, the deputy secretary of defense, the under secretary

of state for political affairs, the CIA director and the chairman of the Joint Chiefs of Staff. Other high officials met with the committee on occasion.

The Senate committee said it was impossible to determine how many covert action operations were submitted to the Forty Committee.

The Senate report cited the CIA's 1972 "Covert Action Manual" which estimated that the Forty Committee "looks at about one-fourth of our covert action projects."

The agency's manual explained that the Forty Committee did consider all "major and critical" projects.

However, the Senate committee took issue with the CIA's contention that the nonrisky projects never submitted for final approval

# Committee Worked—Or Didn't

were of a minor nature. Its report noted that under Mr. Ford's reorganization plan the President must approve all "major" covert projects.

Some of the low-risk projects approved within the CIA, such as the development of a foreign asset (agent), may prove to be extremely sensitive and risky," the report said. It noted that two such "assets" were used in connection with plots to assassinate foreign leaders.

Furthermore, the Senate committee found, not all of the obviously "major" covert projects were referred to the Forby Committee for consideration.

Normally, specific covert projects were submitted by the director of the CIA to the Forby Committee in writing, and the members were then briefed at a formal meeting by a specialist from the agency. From the first, however, some of the

proposals were approved merely by a telephone poll of the members.

"Over time . . . formal meetings became fewer and fewer," the Senate committee said. "This was due, in part, to a decline in covert action projects. Most business was done by telephone after proposals had been circulated in advance by couriers. Business became routine." Telephone conferences, involving quick checks rather than intensive discussion, as the rule."

The Senate committee also was critical of procedures for reviewing CIA projects already under way. It found that some were not reviewed at periodical intervals and that many reviews were made by the telephone method.

The Senate committee traced the origin of the CIA's covert activities to a Decem-

ber, 1947, secret memorandum from the National Security Council authorizing the CIA director to "undertake covert psychological activities."

In 1948, an Office of Policy Coordination was established in the CIA to carry out that instruction and its first task, according to the Senate committee, was "undertake covert attempts to influence the outcome of the 1948 Italian national elections."

For three years, the report observes, the CIA director personally could approve all covert projects without submitting them to anyone outside the agency for approval.

Not until 1955 was the role of covert action projects set out in detail, the Senate committee reported. In a directive issued in February of that year, the

National Security Council specifically authorized the CIA to engage in propaganda, economic warfare, sabotage, subversion of host states or groups and "deception plans and operations."

The directive also established the "Special Group" to oversee covert activities the first of several supervisory organizations that led to the Forby Committee. However, precisely what projects had to be submitted to the Special Group was never clearly defined," the committee said. Most decisions on whether to submit the projects to the Special Group were "based on value judgments" by the CIA director, it said.

Not until March, 1963, were the rules for submitting projects for Special Group approval made "formal and precise."

# New Laws on Intelligence

By Walter Pincus

Washington Post Staff Writer

The Senate intelligence committee yesterday called for "omnibus legislation" to establish by law "the basic purposes of national intelligence activities (and) the relationship between the Congress and the intelligence agencies."

In spelling out the details of that general approach, the committee often called for putting into law changes already undertaken by the intelligence community in response to the Ford administration's reorganization plan announced Feb. 18.

President Ford did his reorganization by executive order, but the committee proposed to do it by statute.

The committee, for example, urged legislation giving the director of general intelligence administrative and budgetary control over the entire foreign intelligence community. The Ford executive order made the same proposal.

The committee also recommended that legislation be written to establish specific presidential and National Security Council direction over covert intelligence operations. This proposal was also in the Ford executive order.

Events also seemed to have outrun the committee in a second key area—its recommendations for a strong congressional oversight committee for intelligence.

The committee recommended that a new oversight panel receive prior notification of CIA covert operations. That proposal has already been dropped from the oversight committee resolution now before the Senate Rules Committee.

Among other recommendations were: "The committee also recommended that legislation be written to establish specific presidential and National Security Council direction over covert intelligence operations. This proposal was also in the Ford executive order."

The committee yesterday also recommended that the new oversight body "authorize on an annual basis a 'national intelligence budget,' the total amount of which would be made public." Strong opposition, particularly from the Senate Armed Services Committee, has put in doubt whether the new committee will get budgetary authority.

The committee made two other proposals for reform of the CIA that have not been undertaken by the Ford administration—but it put them forward for "consideration," not for implementation.

One suggestion is that the director of central intelligence be removed from "direct management responsibility" for the CIA and the other proposes that CIA's intelligence analysis operation be removed from the CIA, leaving the agency with clandestine collection and covert operations.

Analysis would be controlled by the director, but separate from the CIA collection operation.

The committee report complained at many places about excessive executive branch secrecy that inhibited the investigation. "Secrecy," the report said at one point, "also makes it difficult to establish a public consensus for the future conduct of contain intelligence operations."

The committee recommended only that "with the executive branch, the oversight committees (should) consider the wisdom of new secrecy and disclosure legislation."

Among other recommendations were:

**COVERT ACTION**  
One time, according to the report, the committee

considered "proposing a total ban on all forms of covert activity."

Its investigation found long-term operations that failed to accomplish their objectives and some that subverted "long-term goals."

Major covert paramilitary operations, such as in Angola and Indonesia, the report said, "have often failed to achieve their intended objective" and "most have eventually been exposed."

The committee concluded, however, that a covert action capability should be retained "to meet extraordinary circumstances involving grave threats to the U.S. national security."

A statute is recommended that would make the CIA "the only U.S. government agency authorized to conduct covert actions."

The statute would also bar covert operations that involve "political assassinations, efforts to subvert democratic governments [or] support for police or other internal security forces which engage in the systematic violation of human rights."

To establish responsibility for covert activities, the committee's proposed statute would require presidential approval after review of each project by a National Security Council subcommittee.

Such an executive branch system has already been created by executive order under the Ford reorganization program.

The committee statute, however, would also require prior disclosure to a congressional oversight committee of any covert activity before any funding is provided from the CIA's contingency reserve fund.

In the case of covert paramilitary operations, the committee recommends not only prior notification, but also when U.S. "combatants" are used termination of such an operation after 60 days "unless the Congress has specifically authorized such use."

An existing law requires termination of the publicly declared use of U.S. armed forces if it is not approved by Congress after 60 days.

The chances that Congress would approve the requirement that it receive prior notification of covert actions appear slim. The Senate Government Operations Committee dropped the idea when it was considering establishment of a new committee to oversee the CIA.

The Ford administration opposes any requirement of prior notification.

**NSA**

The committee found that the National Security Agency, the electronic eavesdropping agency, had committed abuses by intercepting cables and telephone calls of American citizens and distributing the intercepts to U.S. agencies.

It recommended that NSA be limited by law. There is no law controlling NSA, which was established by executive order in 1950.

The committee also urged that the NSA director be subject to Senate confirmation and be limited to a 10-year term.

The Ford administration established an NSA charter, much of it classified, on Feb. 18. Ford aides have said that they would oppose efforts to pass a law regulating NSA because that process would require public dis-