

House Committee Report Finds C.I.A. Understated Value of Aid to Angola

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By JOHN M. CREWDSON

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WASHINGTON, Jan. 19—The Central Intelligence Agency has systematically undervalued, in some cases by half, the military equipment supplied to warring factions in Angola, according to evidence obtained by the House Select Committee on Intelligence.

The effect of the accounting procedures, valuing .45 caliber automatic pistols as low as \$5 and .30 caliber semi-automatic carbines at \$7.55, would be to understate the value of American aid.

The final draft of the House committee's report on the intelligence community, portions of which were obtained by The New York Times, concludes that the actual investment in the Angolan conflict was greater than the \$31-million the Ford Administration has told Congress it has spent since January 1975.

Role in Cyprus Crisis

The report also says that State Department and C.I.A. officials may have intentionally permitted Greek militants to engineer a coup d'état against Archbishop Makarios on Cyprus [Page 4].

The committee report, which is to be presented to members

tomorrow for their approval after a year-long investigation, reflects the committee's interest in the cost of gathering intelligence, accountability for the funds that are spent, the effectiveness of American agencies in predicting international crises and the risks involved in covert operations.

One of the high-risk operations described in the 358-page report is the Navy's 15-year program of gathering intelligence through submarines operating inside territorial waters claimed by other nations.

On at least nine occasions, the report said, the submarines, some of them armed with nuclear weapons, have collided with other vessels. On more than a hundred occasions, submarines have left themselves vulnerable to detection by the targets of their intelligence-gathering, the report said.

Although many target nations, including the Soviet Union, claim a 12-mile limit, the report said, the Navy allowed vessels to sail within four nautical miles of foreign shores.

Despite these factors, the committee found, the Navy officially lists the submarine

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That sum, never before disclosed, has been allocated "by a handful of people with little independent supervision, with inadequate controls, even less auditing and an overabundance of security," the report said.

In some cases, the panel found, funds were spent by the C.I.A. "To provide kings with female companions and to pay

people with questionable reputations to make pornographic movies for blackmail." The report did not elaborate.

Balance sheets provided to the committee staff also showed that a medium-sized C.I.A. post overseas purchased \$86,000 worth of liquor and cigarettes over a five-year period to be given by agents to friendly officials of the host government.

Another C.I.A. post, also unidentified, bought more than \$100,000 in furnishings over the last few years, a quantity that the report characterized as only

a small portion of the agency's total purchases of refrigerators, watches and other consumer goods.

Although the report suggested that not all of these items had been purchased for official purposes it provided no evidence of any actual misallocation of funds.

The Pike committee staff also questioned the C.I.A.'s previously unrevealed practice of acting as a go-between for foreign officials overseas in purchasing American automobiles and consume rgoods.

Although the C.I.A. is eventually reimbursed for these procurements, the report said, the administrative costs "are borne by American taxpayers."

In one case, an unidentified foreign government received a 20 per cent discount on \$1 million worth of equipment by having the materials purchased by the agency in the name of the Federal Government. In other cases, the report said, such procurements were employed "to satisfy little more than the whims of foreign officials."

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operations, which are designated by code words like "Holystone," as low-risk activities.

In public hearings, the committee had produced testimony showing that intelligence agencies failed to predict a number of international incidents, including the 1973 Middle Eastern war, the military coup in Portugal and the overthrow of the Cypriot Government of Archbishop Makarios.

The committee's report contains evidence of additional failures of intelligence in predicting the explosion by India of a nuclear device in 1974 and the Soviet-led invasion of Czechoslovakia in 1968.

Documents provided to the committee illustrate the uncertainty of the intelligence community over whether India possessed the ability to explode a nuclear device or its intention to do so.

A C.I.A. post-mortem assessment declares that the lack of prediction deprived the United States of "the option of considering diplomatic or other initiatives to try to prevent this significant step in nuclear proliferation."

The assessment chastised the intelligence community for having failed to interpret available satellite photographs that were later found to clearly show India's nuclear testing facilities.

A similar failure, the committee report stated, occurred in August 1968, when the first word of the Czechoslovak invasion was passed to President Lyndon B. Johnson by Anatoly F. Dobrynin, the Soviet ambassador.

The report said that not only did American intelligence fail to provide policy-makers with a warning that Moscow had decided to move against Alexander Dubcek, the liberal Communist leader, but the C.I.A. for two weeks in early August, actually lost track of a large formation of Soviet troops that had moved into Poland.

Much of the House Committee's investigation focused on the processes by which intelligence operations have been funded and approved. The report conveyed distress at some of the panel's findings.

In one case, which involved the supplying by the C.I.A. of weapons to Kurdish rebels in Iraq, the National Security Council's 40 Committee, which was set up to approve covert operations, was advised of the project by Secretary of State Henry A. Kissinger only a month after it had begun.

The committee, which is headed by Representative Otis G. Pike, Democrat of Suffolk County, also said that it had found inadequate accounting procedures by the Office of Management and Budget in overseeing the \$10 billion spent annually on the overseas operations of the intelligence agencies.