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**C.I.A. Chief Says Charges
Imperil Intelligence Work**

By JAMES M. NAUGHTON

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WASHINGTON, Feb. 20—William E. Colby, the director of Central Intelligence, told Congress today that "exaggerated" charges of improper conduct by the agency had "placed American intelligence in danger."

In rare public testimony on Capitol Hill, Mr. Colby said that

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"misrepresentations" by critics of the C.I.A., in the news media and elsewhere, had jeopardized relations with intelligence agencies in other nations, raised the specter of peril to American spies abroad and lowered morale in the C.I.A.

"The almost hysterical excitement that surrounds any news story mentioning C.I.A., or even referring to a perfectly legitimate activity of C.I.A., has raised the question whether secret intelligence operations can be conducted by the United

States," Mr. Colby said.

At the same time, however, he confirmed in his testimony before the House Defense Appropriations Subcommittee that the names of four members or former members of Congress, including "at least a couple" of unnamed opponents of the Vietnam war, had been entered in C.I.A. files.

He said that with the exception of one file on a deceased Congressman, which is still extant, the files were either inactive or destroyed in 1974. He did not identify any of the Congressmen.

Mr. Colby's appearance before the subcommittee appeared designed, both by the agency and most members of the panel, to afford the intelligence director a friendly forum to reply to published allegations that the agency had violated a legal ban on domestic activities or had engaged in other question-

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able practices.

The subcommittee has House jurisdiction over the C.I.A.'s secret annual budget. Normally, intelligence directors testify only behind closed doors and rarely do they even make public the texts of their prepared remarks.

Today, however, Mr. Colby read a 20-page statement and answered questions for nearly three hours as television cameras whirred and reporters and some sightseers looked on in a Capitol hearing room.

Mr. Colby said that he welcomed an examination of the purposes and conduct of the United States intelligence community by the select committees established in both the Senate and House and by a White House commission.

But he declared that "a number of responsible Americans are concerned that a degree of hysteria can develop that will result in serious damage to our country's essential intelligence work by throwing the baby out with the bath water."

Allegations Challenged

Mr. Colby specifically challenged, as either "false" or as "misrepresentations," several allegations about C.I.A. activities, including the following:

He said he could find no evidence to support an account published last month by The New York Times, quoting an unnamed former C.I.A. undercover agent's description of clandestine surveillance of dissident American citizens in the New York area. Mr. Colby said the reporter who wrote the article may have been "the victim of what we in the intelligence trade call a "fabricator."

He denied speculation by Charles W. Colson, the former counsel to President Nixon, that the C.I.A. had prior knowledge of the Watergate burglary in 1972. Mr. Colby said that Mr. Colson, recently released from a prison sentence that resulted from the Watergate scandals, had a "lack of credibility [that] should cause the charge to fall of its own weight," but that it was not supported by any Watergate investigation, either.

He said various published accounts that police departments in the United States provided false credentials for C.I.A. agents or otherwise assisted in domestic C.I.A. involvement had "warped" the agency's "friendly liaison relationships" with police forces.

He said a charge that the agency was planning to spy on allied nations in contracting for studies of overseas transportation developments had stemmed from "an dangerous misunderstanding of the true nature of modern intelligence." Mr. Colby did not state that the charge originally was made by Senator Richard S. Schweiker, Republican of Pennsylvania, a member of the new Senate Select Committee on Intelligence.

Mr. Colby said that shortly before The New York Times published its account of alleged C.I.A. activities, "he [the Times reporter] contacted me stating he had obtained information of great importance indicating that C.I.A. had engaged in a massive domestic intelligence activity, including wiretaps, break-ins, and a variety of other actions."

"In response to his request," Mr. Colby continued, "I met with him and explained to him that he had mixed and magnified two separate subjects, i.e., the foreign counterintelligence effort properly conducted by C.I.A. and those few activities that the agency's own investigation had revealed and terminated in 1973. He obviously did not accept my explanation and, instead, alleged that C.I.A. had conducted a 'massive illegal domestic intelligence operation.'"

"I am confident that the investigations of the President's commission and the select committees will verify the accuracy of my version of these events."

The intelligence director con-

tended that such "exaggerations and misrepresentations of C.I.A.'s activities can do irreparable harm to our national intelligence apparatus and, if carried to the extreme, could blindfold our country as it looks ahead."

Mr. Colby did not specify in much detail what risks he believed were entailed in the public discussion of the agency's conduct.

He did say, however, that "a number of the intelligence services abroad with which C.I.A. works have expressed concern over its situation and over the fate of the sensitive information they provide to us."

Mr. Colby also stated that "a number of our individual agents abroad are deeply worried that their names might be revealed, with resultant damage to their lives as well as their livelihoods."

He told the committee that seven of eight companies invited recently to bid on a covert — but, Mr. Colby said, proper—C.I.A. contract had refused, apparently out of concern that their businesses might be embarrassed by subsequent disclosures.

Conversely, though, Mr. Colby said that applications for employment with the C.I.A., normally about 600 every few weeks, had climbed to 1,700 in the first two weeks of January as an apparent consequence of public interest in the agency.

Mr. Colby stressed that he believed the intelligence community's ability to help maintain international peace "can decline if our intelligence machinery is made ineffectual through irresponsible exposure or ill-founded exaggeration."

Most members of the essentially conservative subcommittee spoke sympathetically of Mr. Colby's efforts to improve the agency and to end what the director insisted had been "mistakes" that were "few and far between."

Mr. Colby submitted to the panel a copy of testimony he had given Jan. 15 to a Senate committee, along with five pages of additional information about C.I.A. activities in the United States.

Data on Congressmen

The new information included the statement that, "over the past eight years, our counterintelligence program holdings have included files on four members of Congress."

"With the exception of one file still extant on a deceased Congressman, those files are inactive," the statement continued. "Two of them were destroyed in 1974. None contained any material that originated in C.I.A., except for one travel cable and two cables quoting press announcements of conferences."

Mr. Colby did not elaborate on the presumably still active file on the deceased member of Congress.

Mr. Colby had told the Senate last month that there never had been any surveillance of Congressmen and that, with one technical exception, no files existed containing data on members of Congress, as had been stated in a New York Times article last December.

Under questioning today, Mr. Colby said that such files were the natural consequence of intelligence gathered by the agency on conferences overseas and that names of members of Congress had been noted merely among those who took part in the meetings.

Asked by Representative Jack F. Kemp, Republican of upstate New York, if the files dealt, as the account in The Times had alleged, with "at least one avowedly antiwar member of Congress," Mr. Colby said that "at least a couple" of the members fit that description.

The rarity of the public testimony was underlined by the opening remarks of the subcommittee chairman, Representative George H. Mahon, Democrat of Texas. He noted that there would be the customary closed budget hearing tomorrow and that the open forum today was "not as usual."

Mr. Mahon praised, by name, each of the men who has served as C.I.A. director since the agency's inception in 1947. While not condoning any "mistakes" the agency might have made, Mr. Mahon said, "I do want you to know you are among people who believe in the intelligence mechanism."

The only sharp questioning from the panel came from Representative Robert N. Giaimo, a Connecticut Democrat who is also the second-senior member of the New House Select Committee on Intelligence.

"I have yet to have heard one word from anyone on your side of the table or ours," Mr. Giaimo said at one point, about whether activities of the agency might "infringe upon rights of American citizens."

Mr. Colby replied that he, too, was determined to safeguard rights of citizens and end any improper practices, but that such practices had been rare.