

R E P O R T
ON THE
ACTIVITIES OF THE
PERMANENT SELECT COMMITTEE ON INTELLIGENCE
OF THE
HOUSE OF REPRESENTATIVES
DURING THE
NINETY-EIGHTH CONGRESS

Pursuant to
Clause 1(d) Rule XI of the Rules of the
House of Representatives



JANUARY 2, 1985.—Committed to the Committee of the Whole House on
the State of the Union and ordered to be printed

PERMANENT SELECT COMMITTEE ON INTELLIGENCE

EDWARD P. BOLAND, Massachusetts, *Chairman*

ROMANO L. MAZZOLI, Kentucky
NORMAN Y. MINETA, California
WYCHE FOWLER, Jr., Georgia
LEE H. HAMILTON, Indiana
ALBERT GORE, Jr., Tennessee
LOUIS STOKES, Ohio
DAVE McCURDY, Oklahoma
ANTHONY C. BEILENSON, California

J. KENNETH ROBINSON, Virginia
G. WILLIAM WHITEHURST, Virginia
C.W. "BILL" YOUNG, Florida
BOB STUMP, Arizona
ANDY IRELAND, Florida

LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
PERMANENT SELECT COMMITTEE ON INTELLIGENCE,
Washington, DC, January 2, 1985.

HON. THOMAS P. O'NEILL, JR.,
Speaker of the House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: I am pleased to transmit herewith, pursuant to clause 1(d) of rule XI of the rules of the House of Representatives, a report on the activities of the Permanent Select Committee on Intelligence during the 98th Congress.

With every good wish, I am
Sincerely yours,

EDWARD P. BOLAND, *Chairman.*

Enclosure.

Union Calendar No. 679

98TH CONGRESS }
2d Session }

HOUSE OF REPRESENTATIVES

{ REPORT
98-1196

REPORT ON THE ACTIVITIES OF THE PERMANENT SELECT COMMITTEE ON INTELLIGENCE OF THE HOUSE OF REP- RESENTATIVES DURING THE NINETY-EIGHTH CONGRESS

JANUARY 2, 1985.—Committed to the Committee of the Whole House on the State of
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Mr. BOLAND, from the Permanent Select Committee on
Intelligence, submitted the following

R E P O R T

REPORT TO HOUSE

BACKGROUND

Rule XI.1.(d) of the Rules of the House requires each Committee to submit a report on its activities during the Congress ending on January 3 of each odd-numbered year.

This report, however, marks not just the end of the 98th Congress but the conclusion of the term of service of seven Members who have been with the Committee for six or more years. Six of the seven have been on the Committee since its inception in 1977.

Rule XLVIII of the Rules of the House mandates that: "No Member of the House may serve on the select committee for more than six years of continuous service, exclusive of service by any Member of the House on such Committee during the Ninety-fifth Congress."

The original Members literally started the Select Committee on Intelligence from scratch. Prior to its inception, there had been no committee of the House devoted exclusively to the oversight of United States intelligence activities. The Committee has approached its duties on a non-partisan basis. This is as it should be. In order to gain and retain credibility, a committee charged with overseeing U.S. intelligence activities must be, and ought to be perceived to be, non-partisan in its activities.

In carrying out its broad mandate from the House regarding oversight of U.S. intelligence activities, the Committee has created three subcommittees:

SUBCOMMITTEE ON PROGRAM AND BUDGET AUTHORIZATION

Edward P. Boland (Democrat, Massachusetts), Chairman.
 Norman Y. Mineta (Democrat, California).
 Dave McCurdy (Democrat, Oklahoma).
 Lee H. Hamilton (Democrat, Indiana).
 J. Kenneth Robinson (Republican, Virginia).
 C.W. Bill Young (Republican, Florida).
 Bob Stump (Republican, Arizona).

SUBCOMMITTEE ON LEGISLATION

Romano L. Mazzoli (Democrat, Kentucky), Chairman.
 Louis Stokes (Democrat, Ohio).
 Anthony C. Beilenson (Democrat, California).
 Edward P. Boland (Democrat, Massachusetts).
 G. William Whitehurst (Republican, Virginia).
 William F. Goodling (Republican, Pennsylvania).¹

SUBCOMMITTEE ON OVERSIGHT AND EVALUATION

Wyche Fowler, Jr. (Democrat, Georgia).
 Albert Gore, Jr. (Democrat, Tennessee).
 Anthony C. Beilenson (Democrat, California).
 Edward P. Boland (Democrat, Massachusetts).
 C.W. Bill Young (Republican, Florida).
 William F. Goodling (Republican, Pennsylvania).¹

BUDGET AUTHORIZATION

The House Select Committee realized from the start that one of its most important functions would be to oversee and to authorize annually the budgets of the various U.S. intelligence agencies and activities.

The Members of the House should know that today the United States intelligence community has better capabilities, more personnel and greater technical resources than was the case when this Committee first reviewed the intelligence budget.

Although the total budget for U.S. intelligence activities remains classified, the amount of money authorized and appropriated for those activities has risen appreciably over the past few years. That increase has been necessary to enable the intelligence community to adjust from a prolonged period of cuts and freezes in the wake of the Vietnam War and to meet expanding requirements.

In the past, the primary concern of the U.S. intelligence community was Soviet military capabilities. In recent years, to that fundamental and enduring challenge have been added requirements for intelligence on international oil production, the international debt problem, grain production and markets world-wide, the narcotics

¹ Replaced on September 18, 1984 by Andy Ireland (Republican, Florida).

trade, human rights violations and state-sponsored international terrorism. Even that list is far from complete.

The U.S. intelligence budget consists of two separate submissions. One is the National Foreign Intelligence Program budget and the other is the Tactical Intelligence and Related Activities budget. Preparation of the National Foreign Intelligence Program (NFIP) budget is the responsibility of the Director of Central Intelligence. The Department of Defense is responsible for the Tactical Intelligence and Related Activities (TIARA) budget.

The NFIP budget consists of resources for (1) the Central Intelligence Agency; (2) the National Security Agency; (3) the Defense Intelligence Agency; (4) the offices within the Department of Defense for the collection of specialized national foreign intelligence through reconnaissance programs; (5) the Bureau of Intelligence and Research of the Department of State; (6) the intelligence elements of the Army, Navy, Air Force and Marine Corps, the Federal Bureau of Investigation, the Department of the Treasury and the Department of Energy; (7) the staff elements of the Director of Central Intelligence.

The Tactical Intelligence and Related Activities of the Department of Defense are a diverse array of reconnaissance, surveillance and target acquisition programs which are a functional part of the basic force structure and provide direct information support to combat operations.

The Permanent Select Committee on Intelligence has exclusive jurisdiction over the NFIP budget and shares jurisdiction over the TIARA budget with the Armed Services Committee. Both committees have reached agreement each year on the proper level of resources that should be authorized for the TIARA budget.

The Committee believes that, for the United States to have a high quality intelligence service, it must attract and keep high quality people. To that end, beginning with the intelligence authorization bill for Fiscal Year 1980, the Committee has authorized funds to be appropriated for a variety of benefits for intelligence personnel assigned overseas, benefits which generally parallel those granted to Foreign Service Officers overseas.

So much has been said and written about cutbacks in our intelligence budgets, and when and by whom increases in those budgets began, that the record should be set straight.

In this Committee's report accompanying H.R. 12240, the intelligence authorization bill for Fiscal Year 1979, stated:

"The administration requested a substantial increase for fiscal year 1979 over the amount Congress appropriated for intelligence in fiscal year 1978. In part, the increase resulted from inflation, in part by the need to procure new types of equipment to provide better intelligence support to combat units, in part to remove or upgrade existing intelligence systems and in part to initiate new systems."

The Committee noted that it did not feel that the total amount requested was fully warranted but it stated that: "In general, the Committee supports the level of effort requested by the President in his budget."

Similar statements were made in regard to subsequent budget requests for intelligence. It is accurate to say that a substantial build-

up of U.S. intelligence capabilities began under President Carter in fiscal year 1979 and has continued and expanded during the Reagan Administration.

Although the Committee has supported major increases in the intelligence and intelligence-related budgets over the past few years, those increases have been necessary to enable our intelligence and intelligence-related services to keep pace with the constantly expanding requirements levied upon them and with the growing sophistication of certain key targets in thwarting U.S. collection efforts.

The Committee has also, however, told the intelligence community that increases in the intelligence and intelligence-related budgets of the magnitude requested over the past several years cannot be sustained. The Committee has not been convinced that outyear costs associated with requested new systems are taken fully into account in preparing budget requests and has urged that more realism in such budget preparation is necessary in the future.

Nonetheless, during the 98th Congress, the amounts of money authorized for intelligence and intelligence-related activities of the U.S. Government will allow the development of significant increases in the quantity and quality of intelligence collected and analyzed. The reductions from the fiscal year 1985 budget request reflect percentage reductions similar to those adopted by the Committee on Armed Services to the overall defense budget. In the Committee's view, the authorization for fiscal year 1985 represented a reasonable balance between needed capabilities and prudent cost.

Since its inception, this Committee has made every effort to provide legislative support to the intelligence community whenever such support seemed warranted. Several such items arose during the 98th Congress.

The Director of Central Intelligence requested authorization of funds for a new building at the CIA compound in Langley, Virginia. Over the past twenty years since the CIA Headquarters building was opened, space requirements, in no small part due to the growth in computers, had expanded to the point where a new building was needed. The Committee authorized funds in both fiscal year 1984 and 1985 for a new CIA building which will facilitate the collocation of analysts who are working on various aspects of the same problem area.

During the same period, the Committee authorized funds for the completion of the new Defense Intelligence Analysis Center at Bolling Air Force Base. The new home for the bulk of the DIA's personnel helps emphasize the Committee's commitment to improving and expanding DIA's ability to function as a center of intelligence analysis fully competitive with CIA.

In the fiscal year 1985 budget authorization bill, the Committee also provided authority for the CIA to assume responsibility from the General Services Administration for the physical security of CIA installations within the United States.

The force of GSA Federal Protection Officers currently assigned to protect CIA facilities has operated in recent years at 60 percent of the authorized strength necessary to provide effective security for CIA facilities. In July 1983, the General Services Administra-

tion informed the CIA that no significant improvement in the situation could be expected.

Legislation was required in this instance because of a unique provision in the National Security Act of 1947 which states that the CIA may not have "police, subpoena, law-enforcement powers, or internal security functions." That provision could be construed to prevent CIA security personnel from detaining trespassers or even terrorists attacking a CIA installation.

To remove any ambiguity which could arise concerning the authority of CIA to exercise the powers necessary to perform the physical security function, the Committee determined that it was appropriate to provide a clear legislative grant of these powers to CIA physical security personnel. That legislation gives CIA physical security personnel designated by the Director of Central Intelligence the same limited law enforcement powers that GSA Federal Protective Officers currently possess under Section 318 of Title 40, United States Code. CIA physical security personnel will have those limited powers only when they are within the boundaries of CIA installations.

The Committee also worked with the Senate to include in the Intelligence Authorization Act for FY 1985 several provisions to improve personnel management at the Defense Intelligence Agency. The CIA urged the Committee to include in the FY 1984 intelligence authorization act maximum age limits for CIA operational positions, in accordance with criteria established by the Director of Central Intelligence. The CIA justified this new authority as essential to proper operational personnel management at CIA. More than a year after the Congress provided this new authority as the CIA requested, the CIA had not issued the implementing regulation necessary to carry out the statutory provision, let alone made effective use of the authority. Failure of intelligence agencies to implement in a timely and effective fashion the special authorities they request from the Congress from time to time will undoubtedly result in increased Congressional skepticism of the need for such activities.

EVALUATION

An integral part of the Committee's consideration of the annual budget request for intelligence is its on-going assessment of the value of the intelligence produced. There is no question that our policy makers, diplomats and military commanders need first-rate intelligence. Several times over the past few years key consumers of intelligence have expressed dissatisfaction with the intelligence they have received.

The Committee has reviewed the quality and effectiveness of U.S. intelligence in connection with a number of specific events, and it continues to monitor intelligence reporting in key areas. The Committee is satisfied that the leaders of the intelligence community understand that there continues to be a need for improved performance on the part of intelligence collectors and analysts. A number of steps have been taken to improve the quality of intelligence beginning under Director of Central Intelligence Turner and continuing under Director Casey.

In fairness to the intelligence officials, however, it should be noted that the Committee's review of problem areas indicates that not all the fault lies with the intelligence agencies. In a number of instances, the policy makers or military commanders failed to make use of available intelligence or failed to ask the intelligence community for the kind of information they needed or failed to understand what kind of intelligence could realistically be expected to be provided.

There is a clear need for better coordination between the users of intelligence and the providers of intelligence so that the best possible intelligence is available when it is needed. The Committee understands its role in helping improve this situation and will continue to press for better results.

These are not new concerns. President Carter, in a note to his Secretary of State, his CIA Director and his Assistant for National Security Affairs, expressed dissatisfaction with the quality of the political intelligence he was receiving. In 1978, this Committee submitted to the House its first report following its creation in the summer of 1977. It pointed out that while "great improvements have been made in the collection, processing and dissemination of data in the warning process . . . improvements in analysis and the integration of analysis with policy formulation have lagged far behind."

Certain specific steps were taken by the management of the intelligence community (in part at the suggestion of this Committee) to improve those shortcomings, but national security is not a static affair. New challenges arise and old ones increase or change in nature. The intelligence community must meet those challenges.

In its 1980 report to the House, the Committee noted that the coming decade would present the intelligence community with challenges that would be "many, serious and growing." The report noted that its Evaluation Subcommittee study of the analytic component of the CIA has commended recent improvements made by Director Turner and his deputy in charge of analysis, and especially their efforts to revitalize the National Intelligence Estimates (NIEs) process.

The Committee is pleased that the current Director of Central Intelligence has continued and expanded the effort to improve the NIE process. Those studies represent the coordinated judgment of the intelligence community and are issued under the authority of the Director of Central Intelligence. They can be of particular value to the policy makers.

The Committee has noted recent criticism in the press by a former CIA employee who stated that he had been pressed to rewrite a draft National Intelligence Estimate to support Administration policy. Several Directors of Central Intelligence, including the current DCI, have taken the position that NIEs should represent their own views and that any views that differ should be included so that the policy maker can have the benefit of differing analysis. The Committee examined the earlier drafts and the final version of that particular NIE and found that dissenting views were printed at the very beginning of the study, a practice the Committee applauds.

During the 98th Congress, the Permanent Select Committee on Intelligence reviewed the performance of the intelligence community in several specific crisis situations. In the wake of the successful American military landing in Grenada, allegations were made of certain intelligence shortcomings. The Committee conducted an extensive examination of those allegations, including a trip to Grenada by Members and staff to interview U.S. combat military personnel as well as intelligence support officers. Interviews were also conducted with those who planned the operation, and with officials of the Defense Mapping Agency, the Central Intelligence Agency and other intelligence officials in the Washington, D.C. area.

The Committee found that there was adequate intelligence available or the capability to collect it rapidly, but to some extent, operational security concerns on the part of military planners resulted in a failure to adequately draw upon available intelligence support. The Committee also found a disturbing gap between what the combat operations commanders seemed to think they should be getting from intelligence and what intelligence is actually able to provide. This same problem has appeared at other times, for example, in the case of the abortive Iran hostage rescue mission.

Allegations of intelligence failure were also made after the terrorist bombing attack on the U.S. Marine barracks in Beirut, Lebanon in October 1983. The Committee thoroughly investigated that tragic incident and the role intelligence played in it. In the wake of that attack, steps were taken to increase the number of intelligence personnel assigned to support the Marine Amphibious Unit ashore in Beirut, but the Committee could find no persuasive evidence that, even had that step been taken earlier, the terrorist attack would have been thwarted. As in other cases, it appears that the operational commanders may have thought that intelligence would provide more of a warning of a terrorist attack than reasonably should have been expected.

Nonetheless, the Committee appreciates the point made by the military services that their needs during combat operations are different from those of civilian agencies in peacetime and the Committee has an open mind as to what steps need to be taken to bolster intelligence support to our combat forces.

The quality of intelligence on events in Central America continued to draw considerable attention from this Committee throughout the 98th Congress. Members and staff visited that area four times during this Congress to make firsthand observations of the situation in that vital area for our national security. Frequent briefings were given the Committee by U.S. intelligence officials and the analytic products of the intelligence community on the situation in Central America were carefully reviewed.

On several occasions, Members have expressed approval of particularly insightful pieces of analysis produced by the intelligence community, particularly in the case of analysis on Nicaragua and El Salvador.

On other occasions, however, concern was expressed that insufficient attention was being paid to one or another significant aspect and that care had to be taken lest analytic thought succumb to pressure to support rather than inform policy.

The shooting down of a South Korean commercial airliner by the Soviet Union on September 1, 1983 triggered a spate of questions in the media as to what U.S. intelligence knew about that incident. The Committee conducted an in-depth examination into this issue, including a detailed review of intelligence assets and activities that might even remotely have been able to acquire information relating to the flight of KAL-007 prior to its destruction by Soviet fighter aircraft. The Committee found nothing to indicate that U.S. intelligence knew that KAL-007 was off course. It found that U.S. intelligence was not keeping track of KAL-007 or any other commercial airliner in that region and that there was no reason for U.S. intelligence to do so.

As for the bizarre story disseminated by the Soviet Union that KAL-007 was on a U.S. intelligence mission, Chairman Boland stated the Committee's position on the floor of the House on September 14, 1983:

"Mr. Speaker, several false accusations also have been made concerning flight 007 that need to be dealt with unequivocally.

First, flight 007 was not on a U.S. intelligence mission and no intelligence use was made by the United States of flight 007.

Second, no U.S. reconnaissance aircraft made any use—by shadowing or any other maneuver—of flight 007.

Third, we know of no intelligence use of flight 007 by the Korean Government. . . .

The United States does not need and South Korea could not use any information that could have been gathered by KAL-007."

Among the other areas where the Committee has reviewed the quality of the intelligence product are: the situation in Lebanon; development in international terrorism; the international debt crisis; the Iran-Iraq war; Soviet strategic weapons development; U.S. intelligence capability to adequately monitor arms limitations agreements; the so-called Yellow Rain attacks; U.S. efforts to counter Soviet espionage and Soviet "active measures;" Soviet military activities in Afghanistan; and the situation in Central America.

The Committee is pleased to report to the House that conditions for high quality U.S. intelligence analysis have never been better than it is at present. The Committee has authorized: increased personnel where needed; new automated data support systems for analysts; inter-agency data sharing systems; better training facilities; a new Defense Intelligence Analysis Center which includes modern facilities for the Defense Intelligence College; an advanced degree program in strategic intelligence at that college; and funds for foreign travel so that analysts may gain firsthand knowledge of the areas they cover.

Committee Members have spoken to various intelligence training courses and have personally reviewed the planned analytic program for coming years with the CIA's Deputy Director for Intelligence. Committee staff regularly address intelligence training classes as part of the Committee's commitment to helping ensure that U.S. intelligence is of as high a quality as possible.

Nevertheless, shortcomings in analysis and collection continue to appear. The Committee recognizes that improvements in analysis, particularly in analyzing the still-developing intentions of foreign groups or leaders, is a slow process. The Committee continues to support the steps taken by the leadership of the intelligence community to improve the quality of their product.

OVERSIGHT OF INTELLIGENCE OPERATIONS

The Permanent Select Committee on Intelligence has a special obligation to the House of Representatives and to the American people to ensure that the agencies of the intelligence community continue to respect the Constitution and the legal restraints under which they must operate. Such rigorous congressional oversight is essential to avoid any possibility of recurrence of improprieties and illegalities which once occurred in the conduct of U.S. intelligence activities.

In the course of its oversight activities, the Committee maintains day-to-day contact with the operational and legal counsel components of the agencies of the intelligence community and with the Department of Justice, which has special intelligence operational oversight responsibilities within the executive branch. Many of the Committee's oversight activities involve classified matters which cannot be discussed in a public report. Unclassified examples of the Committee's oversight activities contained below are representative of the Committee's overall oversight practices:

Discussion with intelligence officials to insure proper use of the national security exemption under Section 13(b) of the Securities Exchange Act of 1934, and examination of relevant documents.

Discussion with Department of Justice, Federal Bureau of Investigation, and National Security Agency officials concerning compliance with the Foreign Intelligence Surveillance Act, and examination of relevant documents.

Discussion with Department of Justice, the FBI and the CIA concerning the use of the Classified Information Procedures Act.

Discussion with CIA, FBI, and Department of Defense officials concerning the exercise of the authority granted to each by Executive Order 12333 to collect intelligence information. Committee oversight focuses particularly on use of authority to collect information from U.S. persons, or about U.S. persons, in the United States and abroad. In connection with these discussions, the Committee and the CIA have agreed on a documented procedure by which the CIA will report regularly to the Committee on its use of collection techniques permitted under the Attorney General-approved classified CIA guidelines implementing Executive Order 12333. The Committee will explore the value of a similar regularized, written reporting mechanism for the DOD and the FBI.

Discussion with FBI officials concerning ongoing domestic security/terrorism investigations, to assure full compliance with the recently revised domestic security investigation guidelines.

The Committee staff reviewed compliance with the Foreign Intelligence Surveillance Act (FISA) through regular meetings with executive branch personnel responsible for foreign intelligence surveillance and an on-site inspection which included interviews of working-level personnel engaged in surveillances under the Act. The Committee staff's oversight activities, and in particular its on-site inspection, provide the basis for a firm conclusion that U.S. Government foreign intelligence electronic surveillance is conducted in full accordance with the Foreign Intelligence Surveillance Act, specifically including the minimization requirements designed to protect the rights of U.S. persons. Nevertheless, in the future Members of this Committee may well deem it necessary as part of their oversight responsibilities to examine actual applications for warrants under this Act.

Much of the Committee's scrutiny of United States intelligence activities takes place in the course of the annual authorization of appropriations for such activities, during which every intelligence program is examined closely. The continuing review during the annual authorization cycle helps to ensure that tax dollars allocated to intelligence activities are spent wisely and in accordance with the law.

LEGISLATIVE ACTIONS

Under the Rules of the House, "all proposed legislation, messages, petitions, memorials and other matters" relating to the intelligence activities of the U.S. "shall be referred" to the Permanent Select Committee on Intelligence.

During the 98th Congress, the Committee took action on more than fifteen bills or resolutions referred to it.

In earlier Congresses, the Permanent Select Committee on Intelligence wrote landmark legislation in the intelligence and national security area. The Foreign Intelligence Surveillance Act of 1978 created a special federal court to issue warrants for national security electronic surveillance intelligence within the United States.

In 1980 the Congress passed the Classified Information Procedures Act which for the first time provided certain pretrial, trial and appellate procedures for criminal cases involving classified information.

In 1982 the Congress passed the Intelligence Identities Protection Act to make illegal the pernicious actions of a few people who made it a practice to publicly identify and disclose covert agents of U.S. intelligence services.

In 1984, the 98th Congress passed a measure which provides the Central Intelligence Agency with limited, but important, relief from certain inappropriate Freedom of Information Act processing requirements, while preserving undiminished the amount of meaningful information now releasable by the CIA to FOIA requesters.

The Freedom of Information Act currently applies to the Central Intelligence Agency in precisely the same manner that it applies to other federal agencies. Thus, in response to a request for reasonably described records, the CIA must:

- (a) Search its records systems for records responsive to the FOIA request;

(b) Review the responsive records retrieved from its files to determine which records fall within FOIA exemptions and need not be disclosed, and

(c) Disclose all reasonably segregable portions of the responsive records which do not fall within one or more of the nine FOIA disclosure exemptions.

A decade of experience has shown that most CIA operational files—those which contain the most sensitive information directly relating to intelligence sources and methods—contain few, if any, items which need to be disclosed to requesters under the FOIA. The records contained in these operational files fall within the FOIA exemptions protecting classified information and information relating to intelligence sources and methods.

Nevertheless, the CIA must search and review these records in response to FOIA requests on a line-by-line, page-by-page basis.

This process of searching and reviewing CIA operational records systems costs money and absorbs a substantial amount of time of experienced CIA operational personnel. This considerable expenditure of time and money usually contributes nothing to the goal of the FOIA of an informed citizenry since routinely almost no records are released to the public after this detailed search.

In fact, these search procedures actually hinder achievement of that goal because the time-consuming process of reviewing sensitive CIA operational records creates two-to-three year delays in the Agency's ability to respond to FOIA requests for information which is releasable.

The Central Intelligence Agency Information Act passed by the 98th Congress permits the Director of Central Intelligence to exempt operational files from the search and review process of the FOIA.

In the course of congressional consideration of H.R. 5164, the Central Intelligence Agency Information Act, the Committee staff obtained numerous briefings and made several visits to CIA to learn the details of CIA file systems. The Committee staff gained extensive knowledge of CIA file systems and of CIA procedures and practices in complying with the Freedom of Information Act. This knowledge will prove invaluable as the Committee begins rigorous oversight of CIA implementation of the Central Intelligence Agency Information Act.

VISITS BY FOREIGN DELEGATIONS

At the time of their creation, the House Permanent Select Committee on Intelligence and its Senate counterpart were the only legislative intelligence oversight committees in the world. As other Western democracies have looked into the merits of parliamentary oversight of their intelligence and security services, some have sent delegations to meet with the two American oversight committees.

Over the past several years, the Committee has met with parliamentary delegations from Canada and Italy on the subject of legislative oversight and with a Royal Commissioner from Australia who was examining the same question.

In addition, Committee Members met with a Japanese Diet delegation which was inquiring into revelations about Soviet KGB ac-

tivities in Japan, revelations made in public by a Soviet KGB defector who had testified earlier before this Committee. The Committee, of course, was not able to divulge any classified information to the Diet delegation but it arranged a briefing for the Japanese delegation on Soviet KGB activities, particularly their so-called "active measures" program.

INVESTIGATIONS

The Committee has been deeply concerned over the numerous cases of espionage over the past few years involving employees of U.S. intelligence services and private corporations under contract with intelligence services.

In one case, CIA employee named Kampiles, stole a classified manual describing a very sensitive intelligence collection program and sold it to the Soviet Union. He was caught, tried and convicted but not until after he had turned the manual over to the Soviets.

In another case, Edwin Wilson, a former employee of both the CIA and U.S. Naval Intelligence, acting on behalf of the Libyan government, paid a contract employee of the Defense Intelligence Agency to provide classified intelligence of interest to Libya. That contract employee committed suicide after being indicted.

These are well-known, closed cases of espionage or attempted espionage involving people with access to classified intelligence information. The Committee has been concerned about proliferation of access to classified intelligence information. The Committee has worked closely with the foreign counterintelligence experts in the intelligence community to try to improve the procedures for giving security clearances to employees, both in the government and in private corporations doing classified work for the intelligence community.

In virtually every case of espionage involving an American citizen, greed motivates the person selling the classified information, not ideology.

During the 98th Congress, the Committee also investigated the actions of the KGB, particularly its disinformation campaign aimed at undercutting the foreign policy of the United States and its other active measures aimed at promoting Soviet policy goals through witting and unwitting individuals and groups around the world.

The Committee also investigated a number of intelligence-related cases which resulted in criminal prosecutions. One of the most disturbing cases investigated by the Committee during the 98th Congress involved Edwin P. Wilson. Wilson worked for CIA from 1955 to 1971 in several areas. During his last seven years at the CIA, he ran what is known as a "proprietary" company, a firm set up by the CIA and run by an employee to provide cover for other personnel and operations.

Ed Wilson soon discovered that CIA's control over his activities and the uses to which he put the proprietary firm were very loose. He created his own, independent commercial enterprises using the office space and other facilities provided by the CIA to operate what came to be a profitable set of firms, brokering deals all over the world.

By 1971, the CIA concluded that Wilson was not producing much of value for that agency and began helping him find another job outside CIA.

That search proved successful and in 1971 Wilson went to work for U.S. Naval Intelligence, again operating a proprietary, this time to provide cover for naval intelligence activities.

Neither CIA nor Naval Intelligence security officers seemed to find it odd that a middle level government worker, paid in the \$12,000-\$14,000 range, should suddenly in 1971, purchase a large estate in the exclusive hunt country of northern Virginia. The sudden display of unexplained wealth by an intelligence employee is a classic tipoff to security officers that an investigation ought to be conducted into the source of that employee's money. At the very minimum, such an investigation should have shown that Mr. Wilson was spending most of his own business pursuits and not on the intelligence business he was being paid for.

This curious indifference to Wilson's lavish life style on the part of intelligence officials who are trained to be security conscious continued through 1975 when he was given a high-level security clearance after a security review. That review failed to disclose that between 1971 when Wilson left the CIA and 1975, the FBI had learned that the Soviet KGB had known for some years that Wilson was a clandestine CIA operator and knew the identity and location of his CIA proprietary. The Committee was unable to find out why that information failed to surface during the security reinvestigation of Wilson by the Navy in 1975.

At any rate, by 1976, Naval Intelligence had soured on Wilson's performance and terminated his employment that year.

Wilson, however, continued to pass himself off as an intelligence agent, sometimes working for the CIA, other times for Naval Intelligence. He was able to give some credence to this pretense by the fact that officials of both the CIA and Naval Intelligence met with him frequently at his offices and socialized with him.

Not only did his friends at CIA enjoy his company, some even assisted him in his initial efforts in 1976 to supply the Libyan government with explosives and electronic triggering devices, devices which appeared useful only for terrorist activities.

By supplying the Libyans with a wide variety of goods and services, some of which were illegal under U.S. laws, Wilson soon became a multi-millionaire.

Even after his illegal dealings with Libya were exposed to the CIA and FBI by a former employee of his, Kevin Mulcahy, CIA employees continued to socialize with Wilson and to assist him and his business associates. Those contacts went on despite an official CIA notice to its employees not to have any official dealings with Wilson.

As late as 1978, a contract employee of the Defense Intelligence Agency provided Wilson classified information which, in turn, he passed to the Libyans, according to a federal indictment.

In all of these cases where professional intelligence officers assisted Wilson in his dealings with Libya, their motive appeared to be greed. Wilson was wealthy, primarily through his dealings with the Libyans. The desire to share some of that wealth apparently

led a number of intelligence officers to violate not only their own professional code of conduct but also the laws of this country.

In the wake of the revelations of contacts between CIA employees and Ed Wilson, who is currently serving a lengthy sentence in federal prison, the Director of Central Intelligence issued a strongly-worded instruction to the employees of that agency as to the kind of conduct that is expected of them.

The Committee believes that the overwhelming majority of those employees lives by such a code of conduct and strongly supports it.

Some few employees, however, still seem to be smitten by the lure of big money. The Committee as a practice does not publicly comment on cases currently being tried, but the Rewald case in Hawaii requires some mention. The Committee can find no evidence that the CIA instructed Mr. Rewald to engage in the financial activity that has brought him before the bar of justice. The Committee is concerned, however, that one or more CIA employees may have acted in an unprofessional way, endangering their own and others' cover, in their eagerness to make what they thought would be enormous profits by investing money with Mr. Rewald.

NICARAGUA PARAMILITARY OPERATIONS

An issue which has concerned the Committee and the House during the last two Congresses has been the U.S. role in the paramilitary war against the Sandinista government of Nicaragua.

On December 8, 1982 the House adopted by a vote of 411 to 0 an amendment by Mr. Boland, the chairman of this Committee, to the Defense appropriations bill for fiscal year 1983. The Boland Amendment prohibited the use of funds "to furnish military equipment, military training or advice, or other support for military activities, to any group or individual, not part of a country's armed forces, for the purpose of overthrowing the Government of Nicaragua or provoking a military exchange between Nicaragua and Honduras."

That amendment was approved in the Senate and the bill was signed into law by the President on December 21, 1982. Administration spokesmen affirmed that there was no intent on its part to overthrow the government of Nicaragua.

Over the next few months, however, leaders of the anti-Sandinista forces stated that it was their intention to overthrow the Maxist government in Managua. That led to a proposal to extend the prohibition on the use of funding beyond that in the Boland Amendment, a proposal that was vigorously opposed both by some in the intelligence committee and on the floor by House Members who argued that the Administration had fully complied with the Boland Amendment.

The issue was joined in the summer of 1983 during consideration of H.R. 2760. On July 28, the House passed by a vote of 228 to 195, this bill which prohibited the obligation or expenditure of funds appropriated for fiscal year 1983 "for the purpose or which have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization movement or individual."

That amendment also set a date when that language should take effect but put that date in the classified annex to the authorization bill. The purpose was to allow time for the safe withdrawal of those paramilitary forces within Nicaragua prior to the cutoff of funds.

In October 1983, the House once voted to approve the same prohibitory language it passed in July of that year. That language was included in the House version of the Intelligence Authorization Act for Fiscal Year 1984.

In conference with the Senate on the fiscal year 1984 intelligence authorization bill, an agreement was reached to limit funds for the Nicaragua paramilitary operation to \$24,000,000. At the time that measure was signed into law, December 9, 1983, it was estimated that the \$24,000,000 would be expended some time in the spring of 1984. The Administration asked for an additional \$21 million for this activity, but the House defeated this proposal on October 20, 1983 by a vote of 243 to 171. Therefore, as a practical matter, no funds were provided to support the Nicaraguan insurgency after June 1, 1984.

For fiscal year 1985, the House version of the Intelligence Authorization Act contained no funds for the Nicaraguan paramilitary program. The Senate version provided \$28,000,000 for it. Both the final version of the FY 1985 Intelligence Authorization Act and the Continuing Resolution which appropriated funds for FY 1985 discontinued funding for that paramilitary program until February 28, 1985 at which time the President, if he wishes to receive funds for that program, must gain the affirmative vote of both Houses of Congress. As a result of a compromise between the House and the Senate in conference on the FY 1985 Continuing Resolution, the Congress provided no FY 1985 funds for the Nicaraguan paramilitary program through February 1, 1984 with the expedited procedure for Congressional reconsideration thereafter whether to provide any funds for the program during fiscal year 1985.

In late September 1984, an Associated Press reporter provided the Committee a photocopy of a document, in Spanish, entitled "Psychological Operations in Guerrilla Warfare" by "Tayacan." CIA confirmed that the manual had been written by CIA in 1983 for use in the "covert" war against Nicaragua.

The Committee had the manual translated by the Library of Congress and found that it contained numerous references to overthrowing the Sandinista government of Nicaragua, references to the use of "professional criminals," the creation of "martyrs" and advocacy of "neutralization" of Sandinista officials.

The Committee began an investigation into the question of how such a manual came to be written and whether it violated the Boland Amendment and Executive Order 12333. On October 18, the President ordered his Intelligence Oversight Board to investigate the production and distribution of the manual and on October 19, Director Casey asked the CIA Inspector General to conduct a full investigation into the matter.

On December 5, 1984, the Committee met with Director Casey regarding the facts developed by the investigations conducted independent by the Committee and by the CIA Inspector General's office.

The Committee found that the manual was written and printed up in several editions by the CIA. The manual talks of overthrowing the Sandinistas. This raises the question of whether the Boland Amendment was violated. The manual talks of "neutralizing" Sandinista officials and creating martyrs. This raises the question of whether Executive Order 12333, which prohibits assassinations, was violated. The manual also talks of shooting civilians trying to leave a captured town, blackmailing others to work for the contras, and endangering innocent people by inciting violence in mass demonstrations. These matters raise the issue of whether they are consistent with United States policy.

The Committee examined the report of the CIA's Office of Inspector General on the manual. The Committee staff also conducted a separate investigation.

The Committee believes that the manual has caused embarrassment to the United States and should never have been released in any of its various forms. Specific actions it describes are repugnant to American values.

The original purpose of the manual was to provide training to moderate FDN behavior in the field. Yet, the Committee believes that the manual was written, edited, distributed and used without adequate supervision. No one but its author paid much attention to the manual. Most CIA officials learned about it from news accounts.

The Committee was told that CIA officers should have reviewed the manual and did not. The Committee was told that all CIA officers should have known about the Executive Order's ban on assassination and about the Boland Amendment but some did not. The entire publication and distribution of the manual was marked within the Agency by confusion about who had authority and responsibility for the manual. The incident of the manual illustrates once again to a majority of the Committee that the CIA did not have adequate command and control of the entire Nicaraguan covert action.

The Committee believes that this record also reflects insufficient concern about Congressional and legal restrictions on CIA activities. A majority of the Committee concludes that the manual represents a violation of the Boland Amendment. CIA officials up the chain of command either never read the manual or were never made aware of it. Negligence, not intent to violate the law, marked the manual's history.

The Committee concluded that there was no intentional violation of Executive Order 12333.

The Committee identified several possible departures from the CIA's own guidelines for complying with the FY 84 spending cap on aid to the contras. The Committee has ordered a further review of these matters.

DEATH SQUADS

In March 1984 the Committee considered H. Res. 467, a resolution of inquiry introduced by Mr. Shannon. In its report to accompany H. Res. 467, the Committee indicated that it believed that a comprehensive study of possible U.S. intelligence connections with death squads in El Salvador should be conducted, and that such a

study should include a review of intelligence reporting on this subject. In addition, several members of the House urged the Committee to conduct an investigation into allegations concerning U.S. intelligence support to death squads. The following is a report submitted by the Committee's staff addressing this subject.

STAFF REPORT

The staff's investigation looked at press reports and materials from private organizations alleging a range of U.S. intelligence activities with reference to death squads. These allegations can be summarized as follows:

- That U.S. intelligence trained, organized, financed and advised Salvadoran security forces that engaged in death squad activities;
- That U.S. intelligence was aware of torture and killing by Salvadoran security services and death squads, and in some cases participated in such killings.

The Committee staff conducted a comprehensive review aimed at providing as much information as could be gathered bearing on these allegations. It reviewed intelligence reporting on death squads as well as the intelligence tasking which established priorities for intelligence collection. The staff examined all intelligence reporting bearing on death squads from 1979 to present. It reviewed State Department cables bearing on the same subject. The staff conducted interviews with numerous intelligence officials knowledgeable about intelligence activities in El Salvador from 1979 to 1984. The staff also reviewed in detail a CIA Inspector General report requested by the Committee in connection with H. Res. 467. This report reviewed CIA operational relationships that might have involved members of death squads. Finally, the staff made additional requests for information and asked many questions concerning the above.

The staff review was limited to U.S. intelligence agencies, their activities and reporting. It was also limited to the period from 1979 to 1984. Although the staff reviewed intelligence reporting on both left-wing and right-wing death squads, it concentrated on reports concerning, or relationships involving, right-wing death squads because such groups were the concern of members of the House who requested the Committee's investigation.

Finally, the staff investigation, while not limited strictly to death squads, drew conclusions only with respect to a limited set of groups. Referred to as death squads, these groups clandestinely kidnap, torture, mutilate or murder Salvadorans for political purposes. Although such groups include members of Salvadoran security forces and the Salvadoran armed forces, they also include private individuals. Death squad activities do not include those activities conducted openly by the regular military forces of El Salvador.

The staff's review of operational intelligence relationships leads it to conclude that U.S. intelligence agencies have not conducted any of their activities in such a way as to directly encourage or support death squad activities. To the contrary, U.S. intelligence activities have been directed, sometimes successfully, at countering death squad activity, reducing the power of individuals connected

with death squads, and seeking their removal from positions of authority.

It is also true, however, that some U.S. intelligence relationships with individuals connected with death squads may have been such that some Salvadorans or other observers of Salvadoran political and military life could conclude that U.S. intelligence condoned, because it was aware of, some death squad activities. The staff views this as regrettable, but perhaps unavoidable. If U.S. intelligence is to collect information about death squads, it must do so by obtaining information from individuals associated with or knowledgeable of such activities. That in itself may be repugnant to some, but to obtain good information of this kind inescapably involves U.S. intelligence in relationships which otherwise would be discouraged. The staff believes that it is in U.S. interests to collect such information so that it may be used in an effort to thwart and to end death squad activities.

While the staff concludes that U.S. intelligence relationships with right-wing figures, including those who may be involved in death squad activity, have not been improper, it believes that such relationships must be undertaken with extreme sensitivity because of the appearance of U.S. support such relationships can create. In the main this appears to have been the case. There are and will continue to be cases where extreme sensitivity is called for.

The staff is unable to say that all U.S. intelligence relationships during the period covered by this review were conducted with appropriate sensitivities in mind. Several such relationships ought not to have been initiated, although they may never have reached full maturity. In other cases, the staff's review indicates that U.S. intelligence had less than complete knowledge about the individuals with whom it had relationships. This is disturbing. The staff's review, however, also reveals high level sensitivity, both within the intelligence community and senior policy levels to the serious nature of Salvadoran death squads. The staff recognizes that there is a firm commitment to collect intelligence on death squads and to take all appropriate actions to end such activities. There now appears to be high level awareness throughout the intelligence and foreign policy communities that all operational intelligence relationships in a country such as El Salvador must be viewed very cautiously.

The staff has uncovered no evidence that U.S. intelligence officials or U.S. intelligence policy in any way encouraged torture by Salvadoran security service or by any death squads. To the contrary, all that the staff can discover indicates U.S. intelligence efforts to moderate the behavior of Salvadoran security service and armed forces personnel to prevent such activities. The staff looked carefully into allegations that U.S. intelligence supports institutions, such as the security services, which either support or directly engage in death squad activities. U.S. policy, and the individual efforts of U.S. officials of which the staff is aware, clearly discourage activity, official or unofficial, by any Salvadoran that could be characterized as death squad activity. Further, as the U.S. has learned more about death squad activity, and as it has concentrated more policy attention on this subject, some improvements have taken place. The staff points in this regard to the exile from El Sal-

vador of certain officials identified by the United States as having death squad connections. This is not to say that further progress is not clearly indicated or that all U.S. intelligence relationships have been conducted with appropriate sensitivities to possible death squad connections. What the staff does recognize, however, is that U.S. intelligence policy and procedure for dealing in this very uncertain area are appropriate. If implemented correctly, they will no doubt decrease the likelihood that future U.S. intelligence activities could be viewed as inappropriately supportive of death squad activities.

The staff's review of intelligence reporting on the subject of death squads indicates that at present the quality of intelligence on this subject is good, in some cases excellent. This was not always the case. It did not appear that collection tasking for information on right-wing terrorism was a high priority until late 1982. Part of this can be attributed to a dispute at policy levels as to exactly what targets U.S. intelligence would address. This dispute, referred to in the September 1982 Committee staff report entitled "U.S. Intelligence Performance on Central America: Achievements and Selected Instances of Concern," appears to have distracted U.S. intelligence efforts in this regard. It also appears that at policy levels no firm priority was established for such collection during the period 1979 to 1982. Rather, U.S. intelligence concentrated in that earlier period on left-wing terrorism and Salvadoran insurgent activities.

The staff was somewhat surprised at the significant nature of the post-1982 intelligence reporting on death squads. In part, this surprise results from the limited distribution of such reporting due to its sensitivity; in part, because there have been no significant finished intelligence products of wide dissemination within the intelligence community on the subject of right-wing terrorism. The staff encourages such a review. The staff concludes that death squad activity could have been and should have been the focus of U.S. intelligence collection earlier than it was and a topic of U.S. intelligence analysis available to a more widespread group of policy level consumers.

