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NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject
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Vol. 1 OF 3

The United States Senate

R2352

Report of Proceedings

INVENTORIED
ON 2/15/77
BY BC

Hearing held before

Senate Select Committee to Study Governmental
Operations With Respect to Intelligence Activities

76003011259

Thursday, January 22, 1976

Washington, D. C.

(Stenotype Tape and Waste turned over
to the Committee for destruction)

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C O N T E N T S

TESTIMONY OF:

James Angleton
--accompanied by--
Scotty Miler

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FOREIGN AND MILITARY SUBCOMMITTEE MEETING

Thursday, January 22, 1976

United States Senate,
Select Committee to Study Governmental
Operations with Respect to
Intelligence Activities,
Washington, D. C.

The Committee met, pursuant to notice, at 2:10 o'clock
p.m., in Room S-407, the Capitol, the Honorable Gary Hart
presiding.

Present: Senators Hart of Colorado (presiding), and
Schweiker.

Also present: William G. Miller, Staff Director; and
Joseph diGenova, Charles Kirbow, Jim Johnston, Britt Snider,
Loch Johnson, Elliot Maxwell, Elizabeth Culbreath, Bob Kelley,
Michael Epstein, Rick Inderfurth, Charles Lombard, and Pat Shea,
Professional Staff Members.

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P R O C E E D I N G S

1
2 Senator Hart of Colorado. Gentlemen, let's go ahead and
3 be sworn and get under way if you don't mind.

4 Do you swear the testimony you're about to give will be
5 the truth, the whole truth, and nothing but the truth, so help
6 you God?

7 Mr. Angleton. I do.

8 Mr. Miler. I do.

9 Senator Hart of Colorado. Thank you very much.

10 Mr. Angleton at least has been before us before, and
11 routinely we remind all witnesses that they preserve all of
12 their constitutional rights, including the right to counsel,
13 the right to remain silent and so forth and so on, and to have
14 a member of the Committee present during all of the testimony.

15 It is my understanding we have no prepared statements to
16 start with, so I think I'll just open it up to staff questions
17 and interject some of my own, and I understand that the general
18 subject matter to be discussed here today -- and we are interested
19 in your expertise regarding the question of counterintelligence.
20 So, we'll just have the staff members start.

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1 TESTIMONY OF JAMES ANGLETON

2 ACCOMPANIED BY SCOTTY MILER

3 Mr. Johnson. I wonder if we could begin by having both
4 of your gentlemen give us some information on your backgrounds,
5 beginning with Mr. Angleton.

6 Mr. Angleton. I entered the OSS in 1943 from the Army,
7 went into training in Washington and environs and then to
8 London, and then eventually to Italy, and I took over as
9 Chief, Counterintelligence in Italy, and eventually took over
10 as Chief, OSS.

11 I returned in about '47, '48, and various jobs in both
12 espionage and counterintelligence. At one time Chief of
13 Operations and eventually Chief of Counterintelligence, and
14 that was from about 1954 until 1974.

15 Mr. Johnson. Mr. Miler?

16 Mr. Miler. I entered OSS in 1946. I was sent to China.
17 I was in China until 1949, transferred to Japan, became involved
18 in intelligence aspects of the Korean War. I served in Thailand,
19 the Philippines, as I said, China, Japan, Ethiopia. I traveled
20 extensively, was a station chief abroad, and for the last ten
21 years I have been in Counterintelligence, first in the
22 Special Investigations, and subsequently as Chief of Operations
23 for Mr. Angleton's Counterintelligence Staff.

24 And when I left the Agency in December of '74, that was
25 my position.

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1 Mr. Johnson. So both of you left the CIA in December, 1974.
2 Since that time we understand there have been some changes
3 in how counterintelligence is conducted at the CIA.

4 Could you give us some understanding of those changes?

5 Mr. Angleton. I would like to defer to Mr. Miler on this,
6 if I may?

7 Mr. Miler. Yes.

8 My understanding is there have been some rather fundamental
9 and substantive changes which are a continuation, actually,
10 of changes that were made first in 1973, in July of 1973
11 when many of the centralized counterintelligence functions were
12 decentralized and reallocated to different components of the
13 Directorate of Operations. Such things as agent approvals and
14 security, operational security reviews for intelligence
15 collection and covert action operations, the oversight on
16 intelligence operations, and oversight on counterintelligence
17 operations in the field were decentralized. Research and
18 Analysis has been curtailed, and the emphasis on it has changed.

19 There have been changes in the record procedures.

20 Mr. Johnson. Could you be more specific on these changes,
21 for example, in research?

22 Mr. Miler. In research, the research is now, as I under-
23 stand it, pretty much on a case by case basis, not in an
24 overall perception of worldwide or national counterintelligence
25 problems. There is no -- the application of historical cases,

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1 historical problems is not being applied, as I understand it,
2 to current operational efforts or investigative needs. There is
3 an entirely different philosophy being applied as to what may
4 be required in terms of understanding the counterintelligence
5 threat to this nation. There is very little emphasis, if any, or
6 concern with such things as deception and disinformation. There
7 is little application of analytical and assessment work to the
8 overall role of foreign intelligence and security services in
9 political action.

10 There have been some fundamental changes in operational
11 philosophies stemming from an application of what is termed
12 management by objectives as it is being applied in the CIA to
13 operations, and there is a -- has been a distinct change in
14 some of the attention which has been previously placed on the
15 problem of penetration from foreign and particularly hostile
16 intelligence services into the American community.

17 And there has been a very, very substantive change in
18 the perception and the conduct of counterintelligence in that
19 there has been what is in my view a very serious erosion
20 of security and compartmentation of operations, and leakage
21 of information which has not been to the best interests of
22 a national counterintelligence effort.

23 Mr. Johnson. So, from going from a rather centralized
24 apparatus to a decentralized situation, the dangers of penetration
25 have increased.

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1 Mr. Miler. The dangers of penetration have increased
2 significantly, and this extends also to the methods by which
3 relations with foreign intelligence services are conducted.

4 Mr. Johnson. But how do you respond to the criticism that
5 during your tenure and Mr. Angleton's tenure, too tight a
6 rein was kept on counterintelligence information, and individuals
7 in the field at the station level failed to get the information
8 they needed to conduct their counterintelligence operation?

9 Mr. Miler. I would have to respond to that, Mr. Johnson,
10 and I could only respond to it in the context of specifics.
11 To my knowledge, and as practiced from my position as Chief of
12 Operations, whenever there was information which was judged
13 to be of significance, importance to a field station, that
14 field station was advised, unless there was some overriding
15 security source protection or other considerations, and the
16 decision then not to advise them was made at the Deputy
17 Director for Operations, as it is now called, or the Director
18 level.

19 There was, certainly, a very tight security, a very
20 tight compartmentation of counterintelligence information and
21 activities, which in my view was essential, and still is
22 essential, and will be even more essential in the future if
23 we are to regain a counterintelligence initiative and to do
24 our job in the future. And I think this is the fundamental
25 question that the management of the CIA and the Senate and the

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1 Executive have to decide, is do we want a counterintelligence
2 effort, and if so, then we have to get to it, and we have to
3 put our best minds to it.

4 Mr. Johnson. Were there instances during your period in
5 counterintelligence where the Counterintelligence Staff would
6 conduct its own counterespionage activities, without the knowledge
7 of the various geographic division chiefs?

8 Mr. Miler. There were very few of them, with the chiefs.
9 There may have been some.

10 Mr. Johnson. In those cases where there were such
11 operations, were they cleared with the DDO?

12 Mr. Miler. Every single one of them was cleared with the
13 DDO and/or the Director and/or the Deputy Director.

14 Mr. Johnson. On important counterespionage operations,
15 could you tell us in more detail what the approval and clearance
16 process is?

17 We know that for covert action the 40 Committee frequently
18 becomes involved. What about for important counterespionage
19 operations?

20 Mr. Miler. Well, Mr. Angleton might want to qualify my
21 response, because obviously he was involved more in this
22 than I was, but there would be the two primary considerations.
23 One was a strictly CIA, counterintelligence or counterespionage
24 activity. The derivation of the authority for this came from
25 the statutes which set up the CIA and from National Security

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1 Council directives 53, 55 and so forth. The authority rested
2 in there. The approval would go to the then DDP, now Deputy
3 Director for Operations, the Deputy Director and/or the
4 Director.

5 The authorities, if it were a significant counterintelligence
6 or counterespionage case, the authorities, as I understood it
7 then, might require the Director to go outside the Agency to
8 the White House or the Attorney General and so forth.

9 Alternatively, we in the CI Staff might be directed to
10 coordinate this with the FBI. We would go to the FBI, explain
11 the case and so forth. The FBI would then go to the Attorney
12 the Department of Justice and get authorities, whatever
13 authorities they would require in order to pursue the investi-
14 gations, conduct the case, and do it according to whatever
15 stipulations that the Department of Justice would put on it
16 in order to either neutralize the suspected spy or agent, and/or
17 conclude the case by prosecution.

18 And I am talking now of primarily in terms of a serious
19 counterespionage case involving an American citizen.

20 Mr. Johnson. Mr. Angleton, do you know of any instances
21 where the CI Staff or higher authority within the CIA went
22 outside the Agency for approval for important counterespionage
23 operations?

24 Mr. Angleton. I know of cases, yes.

25 Mr. Johnson. And what would the approval system be?

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1 Mr. Angleton. Well, it would be an ad hoc discussion
2 between the Director and the Secretary, and probably others,
3 the Attorney General.

4 Mr. Johnson. Does this happen frequently? Is this a typical
5 procedure for a major counter operation?

6 Mr. Angleton. If it's a major matter, it's on the basis
7 of need to know.

8 You have another kind of case where a foreigner came to
9 me and stated his government had a defector from the Bloc, an
10 excellent agent, and they would be prepared to give us the agent
11 if we would take it over lock, stock and barrel, handle it
12 in such a fashion that there would be no exposure, because of
13 the political consequences to their government.

14 I would go to the Director and the Deputy Director, spell
15 out the matter, and come to a determination with them whether
16 we wanted to take the case on. This particular case involved
17 not only a person who had been in the intelligence service of
18 the opposition a long time, but he had access to codes, and also
19 a great deal of deciphered material. So it was kicked back
20 and forth, and there was a determination made that we would
21 take it over, the staff would take it over in its entirety.

22 And therefore, it meant that I called in Scotty and we
23 pulled together our team, we sent them abroad. We handled the
24 man in the field for a long time, and then eventually brought
25 him back here.

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1 In a case of that sort, the instruction was agreed upon
2 by all concerned, and the Director's instruction was that the
3 Division was not to be informed, the Division where this
4 individual came from, the Bloc area, should not be informed;
5 that the Bureau, only two or three people in the Bureau, by
6 name, should be informed, and that we would run the operation
7 and bury the individual at the end.

8 Now, it went along --

9 Mr. Johnson. Did you say "bury the individual"?

10 Mr. Angleton. I'm not using it in your Committee terms.

11 Mr. Kirbow. You'd better clear that up for the record.

12 Mr. Miler. We would integrate him in to the American
13 society in such a way that he would be non-identifiable.

14 Mr. Angleton. He would be buried.

15 Mr. Miler. May I just add here also that the authorities,
16 the approval are very specific in terms of the agents' and the
17 CIA's responsibility to advise and get the approval of the
18 Attorney General in bringing someone like this into the
19 United States.

20 The Director got this approval. It was a formal letter
21 to the Attorney General, a formal reply. There was a formal
22 but very limited advice to the Immigration. All of the legal
23 requirements required by the Attorney General, Immigration,
24 all other agencies, were done. However, in this instance, they
25 were done on a very narrow, select basis, directly to Attorney

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1 General and so forth, rather than to go through the normal
2 bureaucratic chain of command out of the CIA and its various
3 components.

4 Mr. Angleton. With the added fact that we did not disclose
5 all of the facts, nor identity.

6 Now, this is important, because the individual was of
7 such prominence that the country concerned would be placed in
8 jeopardy diplomatically, the place where he was residing on
9 tour. There would be intensive investigations by his head-
10 quarters, and therefore we had to have covers. And so we
11 laid on in such a fashion that another service received infor-
12 mation regarding the target country that would induce them to
13 take certain observable actions, and then to spread the word
14 that the fellow had actually defected to another country, so
15 that their entire investigative thrust would be directed toward
16 that country.

17 Senator Hart of Colorado. So far we've talked about
18 process, and I think we'll keep going on it, and return to
19 it, but I would like to quantify some of this if I can.

20 First of all, by terms of definition, is the phrase or
21 the term "counterintelligence" interchangeable with counter-
22 espionage?

23 Mr. Angleton. It can be. I think technically counter-
24 intelligence is regarded to be all forms of investigative
25 activity, travel control, your data files, your dossiers, all

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1 of the systems that go into counterintelligence as such.

2 Out of that emerges a product, and one of the products is
3 counterespionage.

4 Senator Hart of Colorado. I see.

5 How big was the Counterintelligence Staff?

6 Mr. Angleton. When? Well, when it was in its prime it
7 was around, it was 200 some odd people. After this decentraliza-
8 tion took place, when we lost international Communism, which in
9 no service in the world has it ever been divorced from
10 counterintelligence; we lost our police division where we
11 train police from throughout the world; we lost operation^{al}
12 approval, which is approval of agents; we lost our controls
13 over the Technical Services Division; we lost the geographic
14 representation; we lost liaison, which was the liaison was with
15 the FBI and 26 other government agencies who do investigations.

16 Mr. Miler. They took counterintelligence and liaison
17 away from the counterintelligence component, if you can imagine
18 such a situation.

19 Mr. Angleton. So that reduced us to less than 80 people,
20 and this comes to, Senator, if I can just point to one of the
21 most important things in the legislation or in whatever the
22 Executive does, is that you cannot have in my view a Director
23 of the FBI and a Director of CIA who are independent of one
24 another. You have to have some higher authority to whom you
25 can make an appeal when decisions of this sort are made so that

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1 it is aired, and it is not done without the knowledge of anyone,
2 and then breaks, as it did, in the New York Times and what not.

3 Mr. Johnson. Yesterday we had the Bureau representatives
4 telling us that there was really no problem or conflict when
5 it came to questions of this, and that there was no problem
6 with higher authority. Apparently you would disagree
7 disagree with that.

8 Mr. Angleton. I disagree in total with that. I'm saying the
9 decline in the Bureau over 20 years from when they had very high
10 grade counterintelligence until today when there has probably
11 been -- well, it is least effective.

12 Senator Hart of Colorado. Why is that?

13 Mr. Angleton. Well, I think it has to do with the number
14 of diversions it had in the days of the Vietnam war, when
15 internal security lost a tremendous number of men to other
16 assignments and duties.

17 Second, I don't think that counterintelligence or the
18 real thrust of Soviet Bloc intelligence has ever been brought
19 up to policy level, and, more important, anything that involves
20 penetration has always been swept under the rug. In other
21 words, the question of penetration in this government or
22 penetration in any agency has never been brought to a responsible
23 level of finding out how it happened and what has gone wrong.

24 And let's take one defector who said -- in this case he
25 spent 10 years in the Soviet Union in the KGB. He gave us

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1 over 180 leads of penetration in France, and it occasioned my
2 drafting a letter for Mr. McCone to give to President Kennedy
3 to give to DeGaul. DeGaul^{le} secretly sent to this country one^{le}
4 of his highest trusted military men. He was here incognito. He
5 met with the defector for three days.

6 The French original reaction to President Kennedy's letter
7 was, it was Soviet provocation, because this was at the stage
8 when France was making certain very sensitive agreements in the
9 atomic field and otherwise with the United States, and therefore
10 these allegations of penetration had a very direct bearing on
11 those negotiations. And so the General who came over was
12 totally prepared to believe this was provocation, but after
13 three days with the defector, in a meeting with Helms and
14 myself, he stated without any question that this man was 100
15 percent bona fide, because he could ask him those questions
16 right on the nerve of their secrets, and he got the responses.

17 Now, this defector also gave considerable data on the
18 status of penetration in the U.S. Government, documents which
19 he had seen in Moscow, cryptonyms of operating agents, documents
20 which could only have been prepared by our organization, and
21 many other cases going back into the early '50s, going almost
22 to Cabinet level. So all of this information was made available
23 to the Bureau. But in due course Mr. Hoover regarded or made
24 the pronouncement -- and I won't say when he makes a pronouncement
25 that it is one that has been recommended to him from higher

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1 level -- that the defector in question was probably a provoca-
2 tion, and the Bureau ceased contact with that individual, and
3 I would say they have not had any contact with him since 1965.

4 Senator Hart of Colorado. Why did Hoover make that
5 decision?

6 Mr. Angleton. Well, among other things, this defector
7 wanted to have access to ongoing and to past cases with the
8 view that he had a tremendous amount of data that he could not
9 relate to anything, but if he could see things that were going
10 on, then it would be meaningful to him in terms of what he had
11 to contribute. And I can take the example that, with another
12 allied service; immediately we brought them into it and he had
13 seen certain naval documents that dealt with infrastructure and
14 budget. This happened to be British.

15 In time they found the documents, and when they presented
16 them to him, he could identify those he had seen and those he
17 had not seen. This led to the apprehension of Vassil, who
18 was in the admiralty. And this was the quality of his
19 information.

20 All through the west agents were apprehended on the basis
21 of his information. But there is a tremendous bulk of it which
22 is made up of fragments, made up of documents he's seen where
23 we have not been able to identify the document; a great number
24 of cryptonyms of reporting sources where we cannot find the
25 body to fit the cryptonym. So this is the reality. And he is

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1 being contacted perhaps by nine different intelligence services.

2 Now, there is no one who has supported the question of
3 his mala fides. In other words, everyone, to a man, has
4 stated that he is bona fide, that they have never been able to
5 disprove a statement of fact that he has given as a statement of
6 fact, although they do not necessarily agree with his hypotheses.
7 That is the official statement.

8 Mr. Miler. May I just add two things on this?

9 First, Mr. Johnson, it goes back to the business of
10 compartmentation and not advising stations. In the case Mr.
11 Angleton cited, the Paris station of the CIA was not told
12 anything about the information, and I think this is a very good
13 example of why you would not.

14 The second point I would like to follow up on is with
15 respect to this defector's information, there were five leads
16 which were passed to the FBI about penetration which involved
17 the CIA, for action. And one case was solved, but it was
18 solved only after the FBI officially sent us a letter saying
19 that they concluded that there was no substance to this
20 information.

21 They had to reopen the investigation --

22 Mr. Angleton. And they also said: send it to the Army.

23 Mr. Miler. Yes, send it to the Army.

24 Now, they had to reopen the investigation when their
25 surveillance spotted a man coming out of the Soviet embassy, and

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1 it was subsequently proved that he was a Soviet spy.

2 Mr. Angleton. Now, that individual had performed four
3 separate missions for Soviet intelligence since about 1938 or
4 '39. One, he had been dropped in by the Soviets into Germany
5 on a mission with the WT set, to be captured in order to be
6 played back and to penetrate the German intelligence.

7 Second, he had moved from that into the penetration of
8 the Vassilov movement, which were the captured Russians in the
9 German -- in the Vassilov Army.

10 Third, he had penetrated the anti-Soviet forces in Germany
11 and then he was taken on by us in 1948 or '51 is when they
12 sent to renew his inks.

13 So he was with us from '51 to around '60.

14 Well, when the defection occurred, it was '62.

15 Mr. Johnson. And Mr. Angleton, you used a term that is
16 unfamiliar to us: his inks.

17 Mr. Miler. Secret inks.

18 Mr. Angleton. Secret inks. In other words, the Germans
19 had captured a Soviet agent who had the same kind of
20 inks, and so therefore the inks were compromised, so they laid
21 on a large operation in Berlin and trained him in highly
22 sophisticated inks. And he is now residing not too far
23 distant from us.

24 But I might add that it is very important to note that while
25 we maintained that he is a Soviet agent, and the Bureau disagreed

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1 and told us to send this off, we had a development occur which
2 it is not necessary for me to go into, it's still a relatively
3 live case, in which proof positive came that he was a Soviet
4 agent, and it was in the face of that proof positive that the
5 Bureau moved in and interrogated him. And that is what prompted
6 him to go to the Soviet embassy.

7 And after some hours there he came out, he was asked why
8 did you go to the Soviet embassy, and he said I went there to
9 get my personal history and particulars regarding my family
10 since those are the questions you have been asking me. In
11 other words, instead of -- in this case the man had a wife
12 who was having an affair off and on with a Japanese military
13 person here -- instead of recruiting the Japanese and the wife
14 to work in to him, because what we wanted was a confession,
15 because the point I want to stress here is in a case of this
16 sort, a penetration there, he is not there as a solo person.
17 He is there as a spotter. He is a person used for entrapment
18 abroad. He is a person who can originate an operation,
19 induce you to go into the operation and bring in a weak
20 element, and put them in a position for further recruitment.
21 And I can stretch this on and on.

22 And the classic example is the Philby case. Philby
23 would have been Chief of British Intelligence. He was also
24 identified positively in the end by this defector. When the
25 defector first knew about it, it was called the Ring of Five

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1 in the Soviet intelligence, five people, Philby being one.

2 But from the time he knew about it, in actual fact it
3 was a ring that went into the twenties, because the purpose
4 of the penetration is simply not to be a passive figure; it is
5 to be an aggressive figure who creates situations for recruit-
6 ment. And that case has never been prosecuted. The man has
7 never confessed. He's never been broken. And yet it was in
8 the heart of our SB, Soviet Division activities.

9 Senator Hart of Colorado. Could you give us, back to the
10 quantification, could you give us some figures for numbers of
11 counterintelligence cases handled per year?

12 Mr. Angleton. Scotty, you can.

13 Senator Hart of Colorado. Just so we can have an idea
14 of the magnitude of volume.

15 Mr. Miler. Well, for example, one program that we had
16 going was an attempt to record penetration recruitment attempts
17 of U.S., American officials abroad, strictly abroad. And over
18 a ten year period the number of attempts to recruit and
19 penetrate hit close to 1200. So we were running around 250 or
20 so a year, just in that one small area of counterintelligence
21 concern.

22 The number of cases that we had would vary, but I would
23 say that from defectors in the last ten year, from Soviet
24 and Soviet Bloc defectors, we averaged around 150 cases a
25 year. At one time -- I do know that at one time we had over

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1 500 active cases which required investigation.

2 We were concerned with approximately 140 to 160 double
3 agent operations a year. We had investigations which would
4 probably have a range, 25 to 30, significant investigations
5 that were going on, in addition to which we would have a
6 number of investigations, leads and operations with cooperative
7 foreign intelligence and security services which would probably
8 hit an average of about 50, if you would.

9 There were other operations which were generated from other
10 investigations and so forth, leads from the FBI, leads from
11 the military services, which would perhaps hit 30 or 40
12 a year.

13 Senator Hart of Colorado. What about the number of cases
14 involving penetration, successful or otherwise, of the Agency
15 itself?

16 Mr. Angleton. Well, the basic responsibility would be
17 the Office of Security. In other words, we would work with
18 them, but it tends to be a one way street, as it should be,
19 namely, they are responsible for personnel and for installations.
20 But from the one defector alone, I would say there were five
21 hard leads.

22 Senator Hart of Colorado. Over what period of time?

23 Mr. Angleton. Of this one defector who came out in
24 December of '61. But his leads were going back to '51, 1951.

25 Mr. diGenova. Is this the same defector with whom the

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1 FBI has had no contact since 1965?

2 Mr. Angleton. That's correct.

3 Mr. diGenova. Has the Agency had any contact with him
4 since 1965?

5 Mr. Angleton. Yes, we've had it, but we've had our
6 ups and downs.

7 Mr. diGenova. And what have those ups and downs been
8 attributable to?

9 Mr. Angleton. Well, they are basic -- well, first, there
10 are two different attitudes in the American intelligence
11 community regarding defectors. One of them is to give them
12 the harsh treatment and to treat them as second class citizens,
13 and we actually have taken on more salvage cases in the
14 Counterintelligence Staff and rehabilitated these people. In
15 fact, we came into that case basically because the fellow had
16 gone sour. And --

17 Mr. Kirbow. Meaning he had failed to continue cooperating
18 or was not giving you the right information?

19 Mr. Angleton. That's right. Well, no, it was simply that
20 he refused to cooperate any further, because one didn't appreciate the ideological reasons for his defection.

22 So these ups and downs would go on -- I mean, we would
23 have to change case officers because they would simply have a
24 breakdown in communication.

25 Mr. diGenova. Did the failure of the FBI to utilize this

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1 asset inhibit you in any way from using the asset or the Agency
2 from utilizing it?

3 Mr. Angleton. Absolutely, because so much of the infor-
4 mation that we wanted to take up with him was also related to
5 FBI information.

6 Mr. diGenova. In other words, you needed access to
7 information the FBI had, and you couldn't get it?

8 Mr. Angleton. We could get it but they wouldn't give
9 permission that their information would be submitted to him.

10 Mr. diGenova. In other words, you had a third agency
11 rule blocking you?

12 Mr. Angleton. A third agency, also in the attitude.
13 For instance, in one session in which I participated, the
14 Bureau asked him to give the name of a source. He refused to
15 give it on the grounds that the man was in the KGB, was a
16 friend of his, and he didn't want that man's name ever to
17 get back to the KGB because it would mean the man's life.
18 And therefore he had a direct confrontation, refusing to give
19 it, very understandable.

20 Mr. diGenova. Was this lack of cooperation directly
21 attributable to Mr. Hoover, to your knowledge?

22 Mr. Angleton. no.

23 Mr. diGenova. Was this problem ever brought to the
24 attention of the President of the United States at any time?

25 Mr. Angleton. No, but he raised it with the Attorney

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1 General Mr. Kennedy, he had a direct meeting with him.

2 Mr. diGenova. And what, if anything, happened?

3 Mr. Angleton. Only encouragement.

4 Mr. diGenova. Could you amplify on that?

5 Mr. Angleton. Well, the Attorney General handled him
6 very well indeed, but nothing further came out of it.

7 Mr. diGenova. But there was no commitment on the part of
8 the Attorney General to see if he could budge. Mr. Hoover to
9 assist the Agency?

10 Mr. Angleton. Well, the issue didn't come up in that
11 fashion, just the general, the general agreement that he was
12 prepared to work for the United States at the highest level,
13 because the intelligence he had went far beyond simply KGB.
14 It went into Soviet policy. It went into Soviet reorientation.
15 It went into Soviet Bloc. It went into Soviet defense matters.
16 It went into some of the major secrets. And therefore it wasn't
17 simply counterintelligence. It had to do with policy or
18 political action.

19 He knew, for example, the identity of a Prime Minister
20 who was a Soviet agent, who at that time was trying to get us
21 to go into several political arrangements, and he knew
22 exactly how he was recruited and how he was being used as an
23 agent of influence.

24 So these were matters that went beyond simply intelligence
25 scope.

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1 Mr. Kirbow. How long is a man like that good for, Mr.
2 Angleton? I mean, by this time, or a decade from now, a lot
3 of that information is of no longer any value to you.

4 Mr. Angleton. No, that's not so. It is a fact that the
5 man has a computer mind. In other words, if you took all of
6 his interrogation reports, they ran to some 20 filing cabinets.
7 You try to have anyone retain in their mind, to apply that
8 same data against a new problem that comes up, it requires an
9 individual who lived that to be able to look at a case that
10 has arisen, and he knows the case officer on the Soviet side,
11 and he can give an analysis that this fellow was on the Scandi-
12 navian desk and that he was promoted to this, and that his
13 background is ciphers. He had not told you that he was ciphers
14 before because it wasn't relevant. So it's a new, added
15 factor.

16 And then you find that someone is known
17 as a code clerk, and therefore the pieces begin to fit
18 together, that the man who was sent to the field by the Soviets
19 to handle some unknown American is a cipher expert, and therefore
20 you look among who are the code clerks.

21 Mr. diGenova. I'd like to --

22 Mr. Miller. Could I interrupt just a moment?

23 You spoke in this instance of 20 file cabinets from the
24 interrogation of one defector.

25 Mr. Angleton. Yes.

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1 Mr. Miller. What kind of volume did you put together in
2 your years in this activity? If this is the product of one
3 interrogation, what kind of volume did you put together to
4 make a workable capability?

5 Mr. Angleton. Well, the first thing was to computerize
6 everything, and the second was to break it out case by case,
7 British cases, Australian cases, New Zealand cases, Dutch
8 cases, Finnish cases, French cases, Italian cases, all the
9 way on across the board, American cases; and then to take all
10 of the data, all of the voluminous stuff that was pertinent
11 to each of the leads, including the unknowns, in other words,
12 Unknown 1, Unknown 2, Unknown 3, etc.

13 So you had the ability to pick out a file on X subject or
14 X individual, and there would be the direct quotation from the
15 interrogation, and then whatever traces there were of follow-up
16 action taken, dissemination, etc.

17 Mr. Miller. Just to press that -- yes.

18 Mr. Miler. I think your question is the total volume of
19 the files that were available to the Counterintelligence?

20 Mr. Miller. Yes. I was impressed by the fact that one
21 interrogation yielded 20 file cabinets, and was wondering the
22 total volume.

23 Mr. Miler. What were the figures on the cases to read?

24 Mr. Angleton. Well, I think I've already presented that
25 once, but when we were dealing with the new management and it

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1 was all this business of objectives and management by objectives,
 2 and the idea of changing Counterintelligence personnel every
 3 two years and new faces and open it all up and the rest of it,
 4 we ran a basic job on how many, if you took 20 cases that were
 5 imperative for a Counterintelligence officer to read, what the
 6 statistical side would be. Those 20 cases would run into enough
 7 linear footage, which according to the mathematicians in the
 8 Agency would take 22 man years to read, or if they were 100
 9 percent incorrect, 11 years to read. Those would be the 20
 10 basic counterintelligence cases.

11 And the purpose of it was simply to show that it was a
 12 profession, and that there had to be longevity to build up
 13 Counterintelligence officers.

14 Mr. Johnson. Generally speaking, within the counterintelli-
 15 gence organizations, it seems to you perform four activities:
 16 liaison, research, operations and security.

17 Could you give us an idea of your own priorities in
 18 terms of distributing manpower across those four activities?

19 Can you break it out that way?

20 Mr. Angleton. Well, it is difficult to break out, but
 21 the primary thing of all is the question of penetration in the
 22 U.S. Government, and then in allied governments. That would be
 23 my priority. In other words, when we had a defector from the
 24 Cuban service who had information of an agreement made between
 25 the KGB and the DGI in Cuba to work against the U.S. and how

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1 they would differentiate the priorities, and areas where the
2 KGB was oversurveilled, the DGI would take over the surveillance
3 of our personnel and so on.

4 The moment this defector arrived in the United States, I
5 sent Scotty to the airport immediately to see him because that's
6 the number one priority. Here was an individual whose job
7 was to work on Americans and who allegedly had seen information
8 from one of our embassies. Now, that is the highest priority,
9 and particularly because information of a counterintelligence
10 nature is perishable. Some is and some isn't.

11 The moment there is a defector, the opposition runs a
12 damage report. So you know certain information will be known
13 to them immediately that is compromised, and they will take
14 action to correct it. But there are certain secrets that the
15 man knows that their damage report will not turn up. Those
16 you put on the back burner. But the ones you reach for first
17 are those that are perishable, and this is -- the priority is
18 established by the fact that here is a live, highly valuable
19 force, and we only have so much time to extract the cream off
20 of him and determine those things that would disappear.

21 Mr. Miler. But the whole thrust of all of our operations,
22 research, analysis, everything, was toward that goal. And much
23 of the reason for the security of the compartmentation for
24 the CI activity was to protect that concern.

25 Mr. Lombard. I wonder if I could ask a question concerning

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1 the Bureau.

2 Would it help today if there was a separate Bureau under
3 the Attorney General for counterintelligence, separate from the
4 FBI?

5 Mr. Angleton. You are posing the same problem that the
6 RCMP in Canada had. In other words, they set up, I might add
7 because of us, because we brought them into counterintelligence
8 in a way they had never been brought into it, we brought them
9 down when this first defector, this major defector came out,
10 and the cases that were revealed to them, cryptonyms, telegrams
11 that were taken from them, an ambassador who was recruited,
12 one of their ambassadors and all this, led in time to the
13 Canadian Prime Minister desiring to set up a special counter-
14 intelligence. And so they had this problem of how you take
15 a law enforcement force and what do you do about it. And
16 their ultimate decision was that you had to keep it within the
17 RCMP. You created the separate office, and you created sort
18 of a director general of it, but the cadre, your people came
19 from the regular force, even though they are separated from
20 the rest of the RCMP, and they are independent of the Commissioner
21 of the RCMP. I mean, they are there for rations and quarters.

22 Mr. Lombard. I guess what I had in mind was more the
23 British model of the Yard having --

24 Mr. Angleton. Well, the British model is the most
25 overexaggerated model in the world. I think I can quite

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1 honestly state that since World War II the British have never
2 caught an agent where the lead didn't come from us or somebody
3 else. It was never self-generated.

4 Now, in the last year or so maybe they caught an agent,
5 but up until that time they have never caught an agent.

6 Mr. Lombard. So your answer, in effect, would be that
7 the counterintelligence function should stay within the Bureau.

8 Mr. Angleton. That is correct. I mean, not that it's
9 ideal, but in terms of the realities, in terms of the realities
10 it should be kept within the Bureau. It should be greatly
11 enlarged, and the head of that should be, in my view, a Deputy
12 Director of the Bureau.

13 Mr. Lombard. All right.

14 Now, let me ask you this. In your experience were there
15 problems where the law enforcement impeded the running of
16 counterintelligence or counterespionage operations domestically?
17 In other words, were there times when you would have liked to
18 have run an agent domestically for a longer period of time
19 in order to get the rest of the guys, but they said no, we've
20 got to take this fellow to court now?

21 Mr. Angleton. That used to be prevalent back in the '50s.
22 Today I don't think they've got many cases. I mean, I don't
23 think that the job is being done, not in the last ten years.

24 Mr. Johnson. Mr. Angleton, when I asked you earlier
25 what your priorities were, you mentioned making sure that

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1 we were not penetrated in conducting investigations to see if
2 in fact we were, which seems to give the impression that we
3 are defensively oriented, and that was your main priority.

4 Mr. Angleton. Well, I think that how could you have it
5 any other way?

6 If you've got a cryptonym of telegrams disappearing and
7 are in possession of the opposition --

8 Mr. Johnson. But isn't the aggressive dimension even
9 more important and trying to penetrate the hostile service?

10 Mr. Angleton. Those are all kind of theoretical arguments
11 to my way of thinking.

12 Mr. Miler. You have to know what you're penetrating first.

13 Mr. Angleton. I mean, this idea of running operations is
14 not really understood.

15 To run a double agent operation requires a tremendous
16 amount of manpower. It is a commitment that very few people
17 understand. If you are going to run a double, I mean, to start
18 from the beginning, you've got to be able to keep a diary.

19 Now, one is the real life is the real life of the agent and
20 the other is his double life, because you can have a question
21 from his headquarters that says, that agent you had three
22 years ago, would you please go back to him. You've got to
23 be able to read into a diary of the fictional life in order
24 to answer that question.

25 Now, this takes manpower. You've got to have meetings.

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1 You've got to be able to satisfy the questionnaires, and you
2 can go all the way on down the line. This ties up thousands of
3 man-hours.

4 Mr. Johnson. Could you explain that "satisfy the
5 questionnaires?"

6 What does that phrase mean, "satisfy the questionnaires?"

7 Mr. Angleton. The opposition wants to know, find out
8 from your sources the following questions.

9 Mr. Miler. In other words, the requirements they put
10 on the agent.

11 Mr. Angleton. Now, that agent is allegedly in the CIA
12 and there is a penetration, then you are just going through
13 games, and they will play such an operation. They could have
14 a very senior penetration into the Agency and play along on
15 a double in order to lead you to believe that they do not have
16 a penetration. And they can tie up your manpower and put
17 doubles underneath him and another agent, and they can give
18 him a radio set, and with the radio set they can give him
19 crystals, and he needs other crystals, and it involves more
20 and more of your own personnel and manpower. And you can
21 tie up NSA monitoring all the links.

22 And so this idea that has all of a sudden been novel and
23 newly discovered in the Agency that Counterintelligence must
24 be aggressive is in my view a joke. It's a joke.

25 Mr. Miler. You have to know what you're dealing with.

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1 You have to understand the enemy intelligence service before
2 you're going to penetrate it, and you have to be secure from
3 penetration yourself, and you then have to run that penetration
4 very securely and on a very compartmented basis.

5 Mr. Angleton. And there is one added proviso, then, that
6 you can only run a first rate double agent if you have a
7 source superior to him that he is unaware of. In the war,
8 when we broke the German code, it was no problem to run German
9 double agents because we could read their messages back to
10 their headquarters, re-enciphered, and the headquarters messages
11 back to the control, back to our double. So questions of
12 danger signals, questions of alerting him that he was under
13 control and so on was taken care of because of communications
14 intelligence.

15 When you don't have communications intelligence, then
16 the only other source that is superior is penetration, that is,
17 somebody who can read back from their headquarters how they are
18 in fact, absorbing the thrust of that double agent. And those
19 conditions do not exist for the Bureau or for ourselves.

20 Mr. Miler. Or for the military services, to run a lot
21 of double agents.

22 Mr. Angleton. I mean, they do not have the superior
23 source of control over double agents.

24 Senator Hart of Colorado. Why is that?

25 Mr. Angleton. Because they are one, not breaking codes, or

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1 they don't have the penetrations in the opposition against whom
2 you run the double.

3 Senator Hart of Colorado. But what is the prescription?
4 Does that mean we can't do that or we aren't, or what?

5 Mr. Angleton. Well, we haven't succeeded. I mean, we
6 have had Popov and Penkosky, and both of them are dead. They
7 were shot.

8 Mr. Johnson. It must be easier to penetrate the so-called
9 Third World than it is the so-called Soviet Bloc.

10 Mr. Angleton. Absolutely.

11 Mr. Miler. But that's not getting you exactly what you
12 want or need either. And you can divert an awful lot of time,
13 effort and manpower to running what in essence would eventually
14 boil down in a year or two years to operations for operations'
15 sake. It will look good in statistics. It will justify your
16 budget request to the OMB. It will justify your counterintelli-
17 gence effort in terms of management objectives, because you've
18 increased from 22 double agent operations to 46 last year, but
19 what is the net result, and how much time, effort and so forth
20 are you actually using, and where are you losing focus on
21 what the real problems are facing the country in terms of
22 penetration and in terms of knowledge and in counterintelligence?

23 Mr. diGenova. The picture which both you and Mr. Angleton
24 paint this new face of counterintelligence from your point of
25 view is a rather gloomy one because your comments seem to

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1 indicate that you believe that this decentralization, lack of
2 compartmentation and in general, spreading the counterintelligence
3 function around is eventually going to lead to a breakdown in
4 the end product. We're not going to be getting what we should
5 be getting. You may be getting bigger statistics, and on the
6 face it may look like we're getting more, but in fact we're
7 not.

8 Mr. Miler. You're not going to get substance.

9 Mr. diGenova. Why was that decision made? That seems to
10 be so fundamentally apparent by the way you explain it? Surely
11 the Director must have made that decision for a reason?

12 Do you know why?

13 Mr. Angleton. Mr. Miler has known him more than -- longer
14 than I have. Would you?

15 Mr. Miler. Yes, I'll offer my opinion on it.

16 Mr. diGenova. We would like to have it.

17 Mr. Miler. The basic reason is that neither the current
18 director nor the incumbent DDO understand or perceive of what
19 counterintelligence actually is and what function it has, and
20 what the CIA's responsibility is for counterintelligence to
21 the nation. That is my personal opinion. They do not -- they
22 have not had experience in counterintelligence. They've never
23 worked in counterintelligence. And quite frankly, they do not
24 understand the problems involved in counterintelligence.

25 Counterintelligence, as articulated previously by the

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1 current DDO, was station security and liaison.

2 Mr. Kirbow. Can you see this getting any better with
3 your new selectee who is coming from the outside world?
4 Probably knows the term counterintelligence, but knows nothing
5 about the intelligence community basically?

6 Mr. Miler. I don't -- quite frankly, I couldn't comment
7 on Mr. Bush at all, but if Mr. Bush is going to have to rely
8 on the current management and the current management of counter-
9 intelligence in the CIA, it is my view that he will get
10 completely erroneous information and not have the advantage
11 of understanding counterintelligence, and would be forced to
12 make decisions which ultimately will be tragic to this
13 country as far as counterintelligence is concerned, from
14 ignorance.

15 Senator Hart of Colorado. What kind of erroneous
16 information?

17 Mr. Miler. What counterintelligence is, how it should
18 be organized, what the threat to the nation is that can be
19 hopefully countered by an effective counterintelligence organi-
20 zation which is integrated between the CIA, the FBI, the
21 military services, the Department of State, and all other
22 agencies concerned.

23 You are going to have to have a perception of the real
24 problems and what is involved in counterintelligence in order
25 to organize or reorganize the CIA's counterintelligence efforts,

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1 to promote the best kind of a national program.

2 Senator Hart of Colorado. Assume something about, Mr.
3 Angleton mentioned earlier, about the tendency to sweep
4 penetrations under the rug in this country.

5 Has there been a pattern in the past that still prevails
6 of reluctance on the part of professional intelligence
7 officials as well as administration officials to admit that
8 we are susceptible to that?

9 Mr. Angleton. Well, I think there is no question that
10 there has been a tremendous dishonesty in facing up to hard
11 facts an intelligence.

12 I'll take the Yom Kippur war as an example. As you know,
13 it was a complete failure in terms of prediction. As I main-
14 tained in my testimony, if you cannot make a proper estimate
15 in a primitive area, then God help you when you come into the
16 Bloc area, and I still hold by that conviction.

17 But in that case, a few days prior to the Yom Kippur war,
18 the FBI disseminated a report to the President, the Secretary
19 of State, Defense and the Director of CIA which purported to
20 be a discussion between Gromyko and a very senior source
21 to the effect that they had given up on the Arabs, that they
22 would no longer support the Arabs, they would no longer give
23 them arms, that they were going to recognize Israel, and in
24 fact they had the draft notes ready for the recognition of
25 Israel.

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1 Now, I have never seen the post mortem of the whole project
2 on the estimation, but I would assume that any estimator who
3 received information by letter or memorandum, hand-carried,
4 quoting Gromyko, would tend to discount the fact that the Arabs
5 were about to attack Israel where they would have to depend on
6 Soviet arms, and therefore the question of the Yom Kippur war
7 would be out of the question. In other words, that one report,
8 I give it as an example.

9 Now, independently a study group of the Joint Chiefs came
10 up with the whole question of Soviet disinformation, strategic
11 disinformation to put us off balance on our estimating process.

12 Now, in our own Agency we were heavily frowned upon for
13 raising these questions, that there was a strong element of
14 Soviet deception and disinformation that had been injected into
15 the intelligence collecting program.

16 Mr. Miler. Prior to the Yom Kippur war.

17 Mr. Angleton. Prior to that. But the important thing
18 is that that source who provided the Bureau with that infor-
19 mation has been providing information over a number of years,
20 but no one has made a study of information in hindsight in
21 order to evaluate that source.

22 And I could go into many more sensitive cases of where
23 again intention has come through a highly questionable source,
24 and yet there has been no re-examination. There has been no
25 grouping or forum in which there can be any disputation. Each

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party goes along on his own.

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Tape 4

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1 Senator Hart of Colorado. It seems to me that you're
2 suggesting at the very least a naivete on the part of our
3 government and at the worst, I don't know what.

4 Mr. Angleton. Well, I do suggest that there is a naivete.
5 There is no counter-disinformation group. There's no one who ever
6 studies -- most of the information today that goes into much
7 of -- it's mainly scientific. The human part of it is small.
8 Now most of it is from overt sources.

9 Mr. Johnson. What about the Inner-agency Committee on
10 Defectors? Doesn't that review?

11 Mr. Angleton. It has nothing to do with it.

12 Mr. Johnson. What does that do?

13 Mr. Angleton. That only allocates or handles the mechanics
14 of who talks to the defector and what are the priorities and
15 questionnaires and whatnot.

16 Mr. diGenova. The order of interrogation.

17 Mr. Miler. It is a clearing house to get the information
18 disseminated.

19 Mr. diGenova. Mr. Angleton, I'm interested in going
20 back to one part of your most recent response about the fact
21 of your or the CI staff's concerns about the Israeli problem
22 which you alluded to was frowned upon within the Agency.

23 What form did that take? I'd be interested to know that.

24 Mr. Angleton. Well, it took this form, that a person
25 working with Scotty who takes his military duty over there,

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1 two weeksevery year and whatnot, and who is very high on S&T
2 intelligence, arranged for these Joint Chiefs and this group
3 to come over and to address an audience of hand-picked people.
4 So this covered both the overt side of the House --

5 Mr. Miler. The three directorates, intelligence,
6 operations, and S&T.

7 Mr. Angleton. And they laid out their entire thesis,
8 and we added to that to the FBI report to which I referred.
9 Afterwards I was severely criticized for having wasted everybody's
10 time on that matter and told that if they realized it was
11 going to be that type of thing, we would never have permitted
12 it to have taken place, et cetera, et cetera.

13 Mr. Kirbow. Was this by the three directorates?

14 Mr. Miler. No, that was from the directorate of
15 operations. The directorate of S&T, Scientific and Technical
16 was impressed by the presentation and subsequently said that
17 there was very great need for thought in this. And I think
18 also, Jim, that concurrently in the operations I had an officer
19 who was working on discernible or apparent deception as reflected
20 in CIA reporting from the field of Soviet disinformation
21 concerning the situation in the Middle East.

22 And we did a tremendous study on this and which was
23 completely discounted and thrown out and it wasn't even
24 considered.

25 Mr. Miller. Well, in the Yom Kippur War, if I'm not

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1 mistaken, there was a SIGINT alert. The NSA collection systems
2 were of such nature their analysts said it looks like there's
3 going to be a war within 24 hours. They predicted the time.
4 They sent it over. It was immediately said, go back to bed.
5 Is that correct?

6 Mr. Angleton. All I know about it is the alleged part
7 of that. I remember the Pike Report that caused a great deal
8 of comment. I thought that the four magic words were that
9 NSA was not able to make a contribution because the Egyptians
10 had gone into a high SIGINT alert.

11 In other words, that through SIGINT they couldn't learn
12 the intention. I don't know this fact that you are tabelling.

13 Mr. Miller. I think Mr. Miler is --

14 Mr. Miler. The point that we're trying to make in this
15 connection is part and parcel of Soviet espionage, Soviet
16 intelligence service activity and Soviet bloc intelligence
17 service activity is in the political field. It involves
18 deception and disinformation. A properly coordinated and run
19 counter-intelligence effort will bring research and analytical
20 work to bear which would give an analysis and an assessment
21 of the situation, which should be of value to policy-makers
22 in the government, to the intelligence directorate of the CIA,
23 to the Director of the CIA, and that what has happened in the
24 CIA since mid-1973 is that there has been erosion of this
25 facility which cannot be divorced from counter-intelligence

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1 because as you focus and even as you focus on what the current
2 popular term, aggressive counter-intelligence operations, you
3 have to have some knowledge of this in order to be able to
4 equate, assess and evaluate your so-called penetration of
5 a Soviet or Soviet bloc intelligence service to see if it is
6 real. You have to have a litmus paper to judge your penetration.
7 And without that litmus, you are completely at the mercy of
8 a system which is orchestrated and which is essentially
9 directed and controlled.

10 Mr. Miller. So what you're saying is from mid-1973 on
11 the country, or at least the CIA has lost a valuable asset.

12 What happened in '73? What was the decision?

13 Mr. Angleton. That's the decentralization, when all
14 of these components were taken away from us, including the
15 liaison and whatnot, including international communist parties.

16 So this completely viscerated the counter-intelligence
17 as we have built it up since 1954.

18 We were, I would say without question in the Western
19 world, we gave the leadership. We created all of the inter-
20 governmental committees. We brought services from tiny
21 fragmented units up into major components of their government,
22 the five major countries, which meant we reoriented their
23 services along priorities that met our requirements, and I
24 don't think there was any question that we were the acknowledged
25 leaders in the Western world.

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1 By the same token, it induced people to bring their cases
2 to us for analysis. They came to see us many times to see
3 the defectors, the stable of defectors that we had for
4 interrogation.

5 So that alone was a tremendous acquisition of counter-
6 intelligence data which would not have otherwise have been
7 available to this country.

8 Mr. Kirbow. And it's not available today because of this
9 spreading of the --

10 Mr. Angleton. Well, that's what they say. I mean I've
11 had one or more chief of intelligence who have surreptitiously
12 seen me since my departure. And they will naturally work
13 as far as they can with the agency.

14 Mr. Miller. When you say us, who do you mean?

15 Mr. Angleton. How did I use it?

16 Mr. Miller. You were referring to your capability prior
17 to 1973.

18 Mr. Miler. The CI staff.

19 Mr. Angleton. The CI staff.

20 Mr. Miller. The CI staff. Well, what were the numbers,
21 what was the capability that you had translated into people,
22 into files?

23 Mr. Angleton. Well, at the highest point we had a little
24 over 200 people. That was clerical and officers.

25 Mr. Miller. That seems a fairly small group.

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1 Mr. Angleton. Well, they were a hardworking group. We
2 were understaffed. There were many things we could have
3 taken on and I'll give you one example because it is still
4 pending, and it gets down to the question of penetration.

5 But when Philby was stationed in Washington, he was
6 given communications intelligence clearance so if NSA broke
7 into the Bulgarian traffic, he could go to his Soviet control
8 and tell them that we were reading Bulgarian traffic. A secret
9 of that sort permits them to make use of the Bulgarian
10 traffic as a deception channel the moment they know you are
11 reading it. That becomes a powerful instrument in their
12 hands to deceive.

13 Now my point is this: No one has made an analysis from
14 the day that he was briefed on that particular traffic of why
15 the traffic continued for two more years and then gradually
16 petered out of what was put into that traffic which, if you
17 took that and identified an item of deception that came from
18 the opposition, you then look at your own agent reports and
19 find what agents at the same time were fortifying that lie
20 or that piece of deception. And it would point a finger on
21 agents who, in fact, were under control.

22 Now this is just one small exercise. NSA has preserved
23 every single piece of paper. In other words, there's literally
24 hundreds of thousands of pages of available material for such
25 an analysis, and I worked very closely with Lou Tordella.

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1 In fact, one of our effort or common efforts was I brought him
2 into counter-intelligence. I brought him in with all these
3 foreign chiefs and whatnot in order to enlarge the scope of
4 NSA, since they can study and frame these patterns, they
5 can get into illegal traffics and get into many facets.

6 It's one of the best outfits, as far as I know, in the
7 U.S. government, but they had always been denied these facts
8 that I just stated, such as Philby's access, the clearances,
9 the various espionage cases that have happened in the west,
10 the people that have had communications intelligence clearance.

11 Senator Hart of Colorado. Could we have a Philby level
12 penetration of our intelligence community?

13 Mr. Angleton. I'm not stating that there is one, but I
14 have probably done more recruitment of higher level people in
15 my youth in the business and I have never been any respecter
16 of rank. I've dealt with prime ministers, and I've dealt with
17 them at all levels.

18 And therefore, my point is it is conceivable, it's
19 conceivable if you've got enough information, spotting informa-
20 tion, and you can put a person into a certain kind of situation
21 regardless of his rank, you will find that he is recruitable.
22 It is a process of a fingernail, finger, hand, arm and body.

23 Senator Hart of Colorado. But all of the grills that
24 new people of the Agency have to go through, lie detector and
25 so on, you're saying that they can get through that.

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1 Mr. Angleton. I don't think anyone regards the lie
2 detector to be anything more than just another investigative
3 instrument. It does help in the sense that there are certain
4 people susceptible. They will in turn reveal something of their
5 past which they should have revealed, which, if you had
6 discovered independently, would have given you grounds to believe
7 they were penetration, but once the machine begins to find that
8 they're goggling on something, then they come out and
9 say, well there's a story I haven't told you when I was in
10 Turkey, et cetera, et cetera, et cetera, and wipes the slate
11 clean.

12 So it serves a useful purpose. But it's not -- I
13 wouldn't give it 20 percent credibility. Now the Office of
14 Security probably gives it 70 or maybe higher.

15 Mr. diGenova. Mr. Angleton, the point you made of the
16 lack of study of traffic which followed the deception in the
17 cable traffic, as I understand it, you're saying that there's
18 been no analysis that you're aware of since that time done of
19 of everything since then.

20 Mr. Angleton. There's never been any analysis ever.

21 Mr. diGenova. Is the current research set-up which CI
22 staff now has which is oriented toward instant studies, quote
23 unquote, to provide data for ongoing operations inconsistent
24 with wanting to achieve that sort of goal, like analyzing that
25 data?

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1 Mr. Angleton. Well, I don't know what that really means,
2 instant analysis. I mean we've always done instant analysis.

3 Mr. diGenova. I know that but it's our understanding,
4 we've learned from the Agency that there has been a movement
5 away from in-depth historical research toward more current
6 sort of analyses.

7 What you're suggesting to me by saying that there's
8 been no analysis done of those cables is that we've lost a
9 valuable CI tool since that study hasn't been done, and I'd
10 like to know if your assessment of the current trend toward
11 research is a bad one?

12 Mr. Angleton. I think it makes no sense whatsoever.

13 Mr. Miler. It's disastrous. It will lead to complete
14 chaos within a very short time because you're trying to analyse
15 an individual case without having the ability to relate 40
16 other cases to that case.

17 Mr. diGenova. There's no integration in other words.

18 Mr. Miler. That's right and you cannot operate in a
19 vacuum.

20 Mr. Angleton. We have learned from one defector, the
21 one of December '61 a complete new understanding of what
22 happened from the days of Lenin.

23 That is not in the public record. A complete new
24 picture of the growth of the OGPU and of the Cheka. And in
25 the reorientation of KGB part of the deStalinization in May

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1 of 1959, it was a return to the modus operandi of the Cheka.
 2 And this is from an individual, fully, who had seen all of the
 3 documents, fully versed in it so that this plunged us back into
 4 it and we began then to find leads. And I give one example.

5 General Orlov, who died not long ago in the United
 6 States, was the most senior NKVD KGB officer ever to defect,
 7 and he died last year. The Bureau had interrogated him in
 8 1953 after the death of Stalin with little or no success. He
 9 knew the code name of Philby. The Agency tried to contact him
 10 in '58 and had a very unhappy handling problem. We went back
 11 into it shortly thereafter and we were able to go through his
 12 book with him and he gave us the true identities of 34 agents
 13 in France.

14 His uncle had been one of the senior men under Lenin,
 15 head of NKVD in the Ukrain^e but with tremendous operations.
 16 He himself was a senior NKVD man in Spain during the civil war. So
 17 we spent up until his death, Mr. Rocco^z, who was my deputy,
 18 would travel to the Midwest and spend several weekends with him
 19 of dredging out and recreating the operations and penetrations
 20 in British intelligence and the British navy and whatnot,
 21 eventually getting down, by recreating and reconstructing,
 22 down to the identity. Now this is research, and these are
 23 cases where the Soviets had every reason to believe that those
 24 agents were safe and secure because nothing had happened.

25 And when you make that type of identification unbeknownst

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1 to them, then it gives you tremendous leverage of how you want
2 to play it, whether you move in to take him on as a double
3 or whether you move in to arrest him.

4 Mr. diGenova. And that isn't being done today.

5 Mr. Angleton. Well, they can't do it because they don't have
6 Mr. Rocco and they have fired most of the personnel. One of
7 the best men we had was from the Library of Congress and
8 knowing where to find every piece of information in the govern-
9 ment has just been transferred to, or he's been released or
10 hired back on contract, and when they are putting him in the
11 Freedom of Information section as a contract agent.

12 And he has handled Ukrain^{ians}, he's run agents, he speaks
13 Russian.

14 Mr. Johnson. We are going down with a representative
15 of military intelligence later on this afternoon. Could you
16 tell us about the coordination between military CI and CIA
17 CI especially in the area of double agency.

18 Mr. Angleton. Then I will just say one thing and then
19 Scotty will speak authoritatively to it.

20 We all came out of the war and therefore we are very
21 strongly in favor of a very strong military counter-intelligence.
22 And therefore, we've always given them highest priority of our
23 time. We've done the original training of the OSI people.

24 We trained teachers who went out, who in turn trained
25 other people. That was a three months course, if I recall.

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1 We rean a seminar using the highest talent that we had and
2 revealing as much information as we could conceivably reveal.

3 And so our whole mental attitude was that counter-intelli-
4 gence, one of its highest priorities is the defense of its
5 own forces. And I'm not going to justify the mail program at
6 this time, but some day I'll justify it in print or otherwise
7 because it represents only .001 percent of Americans -- a
8 small coterie of Americans who wrote to the Soviets when we
9 had troops in the field on two occasions, and our primary
10 duty was the support of those troops.

11 So that background Scotty can tell you but the relationships
12 we've had with the military.

13 Mr. Miler. Well, the relationships with the counter-
14 intelligence with the military have varied. I would say that
15 for the most part it has been reasonably good, it has been
16 perhaps better in Washington than it has been in the field.
17 With few exceptions CIA field representatives have not been
18 terribly concerned with conducting counter-intelligence. They
19 have not cooperated to the extent that the military commanders
20 in the field have wanted.

21 Some of this has to do with priorities that are imposed
22 on the CIA representatives from Washington. Some of it has
23 to do with lack of manpower. Some of it has to do with the
24 fact that in the opinion of many of the CIA operatives, the
25 Army in particular, to a lesser extent the other services,

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1 have not undertaken counter-intelligence activities which are
2 of a high enough level to justify the time and attention,
3 particularly of senior CIA representatives abroad.

4 It is, I think, also a bit of a problem because the
5 priorities of military counter-intelligence in many instances
6 do not parallel or support CIA's priorities. They have the
7 responsibility for the protection of their installations and
8 there have also been imposed on the military the requirement
9 to build assets, what we term double agents which the military
10 term controlled foreign assets, as a contingency for possible
11 deception use.

12 Traditionally, also, the CIA, and in recent years this
13 has been quite true, the CIA field operatives have wanted to
14 exploit military counter-intelligence assets for what is
15 termed aggressive positive intelligence or recruitment attempts
16 of the enemy agent or officer who was controlling the double
17 agent of the controlled foreign asset.

18 There has been traditionally a problem of coordination
19 between the military services, the CIA, and the FBI on double
20 agent operations.

21 I think overall this has worked reasonably well, given
22 the fact that -- in particular, for example, the system of
23 chain of command in the Army is a very confused one and is not
24 easy to put your finger on. There are various echelons and
25 reporting procedures and so forth.

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1 From the counter-intelligence staff standpoint, in
2 particular what I was concerned with was an attempt to make
3 sure that there was a full integration. You see, under the
4 operating procedures and the responsibilities, the military
5 services are required to advise the CIA of its activities,
6 counter-intelligence and so forth abroad. In turn, they
7 advise the FBI of their counter-intelligence activities and
8 so forth here in the United States.

9 So you have, when an activity here in the United States,
10 the individual involved, the double agent, the controlled
11 foreign asset transfers abroad, then there is a transfer of
12 coordination and vice versa.

13 Mr. Angleton. I'd like to inject this. There is
14 concurrent jurisdiction since the double is usually an American
15 citizen. So regardless of where he is, we would always persuade
16 the Army or whoever it is, to notify the Bureau through their
17 own channel because you're dealing with Americans, so
18 geography is not really the important element.

19 Mr. Miler. From a counter-intelligence standpoint,
20 it has had, there have been some problems as a result of that
21 in terms of the regular CIA representation abroad. There is
22 a means of working together with the military services and
23 so forth in terms of notifying each of the services, each of
24 the agencies of the potential for deception feeding and
25 so forth.

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1 Mr. Johnson. Does the CIA have veto powers over military
2 proposed double-agents?

3 Mr. Miler. No, not the veto power.

4 Mr. Angleton. Well, it never really comes up to a veto.
5 But if we took a stand against it and supplied reasoning that
6 made sense, they would go along the way that we wanted. We've
7 never had a head-on collision.

8 Mr. Miler. There would oftentimes be differences in the
9 field, that would be presented through the proper channels,
10 say from the Army back to the ACSI from our field station
11 to headquarters. And then there would be a discussion and a
12 resolution at the Washington level.

13 Now obviously, in any kind of a situation like that,
14 there have been instances where, you know, there was bad
15 feelings and misunderstandings and so forth. But I think that
16 overall, at least in my experience in the way we try to
17 conduct the business was that it was mutually beneficial.

18 Now the military services have complained to me because
19 I represented and a couple of my people represented the
20 Agency on double agents to the military services and so forth,
21 that we were not as forthcoming in providing them information
22 about our possible assets and so forth as they were.

23 Their system was different. They had a clearinghouse
24 system where this was available and so forth. Our position
25 on it was that if we had a requirement, we would perhaps find

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1 a source or an asset in which to fulfill the requirement.
2 But for security and compartmentation reasons, not exclusively
3 due to the counter-intelligence concerns but also to the
4 general security and operations procedures of the Agency as
5 a whole, there was a reluctance to put this information forward
except when and as needed.

End Tape 4A

Begin 4B

7 Mr. Angleton. And there's another point that has to be
8 raised here. That is when you get into the field of deception
9 you are bound by certain charters. Those charters have not
10 been approved at the highest policy level. So there's been
11 a great deal of tactical military cover and deception.

12 Our interest is more on the strategic deception, and
13 that paper has been resting with Dr. Kissinger for some 2 1/2
14 years or more for approval.

15 Mr. Miler. Three.

16 Mr. Angleton. Three years.

17 So that is bogged down a great deal of the whole overall
18 deception program.

19 Mr. Maxwell. The paper that is in front of Dr. Kissinger
20 now makes what deceptions?

21 Mr. Angleton. It was a paper that was pulled together
22 by the Joint Chiefs, ourselves, and the FBI.

23 Mr. Maxwell. And it proposes what?

24 Mr. Angleton. It outlines procedures for strategic
25 deceptions, political deception and other deception.

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1 Mr. Johnson. Could you give a brief example of the CIA
2 role in strategic deception, a specific example?

3 Mr. Angleton. No, I can't. I mean I could get into
4 cases but it's too vague. It's always been something that
5 has been arrived at ad hoc and it served the purpose, but I
6 wouldn't call it strategic.

7 Mr. Miler. No program, in other words.

8 Mr. Angleton. In other words, the proper strategic decep-
9 tion would be the President calls in the Director and says, no
10 one knows that in three months I'm going on the following trip.
11 I will have meetings with the following people. I'm not
12 going to announce it until a week before I leave.

13 So it gives you a time span of two months to use all of
14 your sources to put across disinformation or information, a
15 letter in the mailbox to the proper addressee that, you know,
16 favor his role or favor his mission and helps him out. And
17 that's what we are trying to seek and have been trying to seek
18 for a long time. But there has to be a way of knowing what
19 are some of the intentions of the government in order to
20 advance it through disinformation or deception.

21 Mr. Miler. With respect to the military, if I may
22 return to that, I think that one of the -- probably the greatest
23 difference and failure with respect to CIA counter-intelligence
24 relationships with the military was with respect to the
25 situation in Vietnam because CIA did not perform a counter-

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1 intelligence function of any responsibility or significance
2 in Vietnam. That was a tragic failure on the part of CIA
3 and it goes back to the basic problem of the present management,
4 to answer your earlier question, the present management because
5 the present management of the CIA was involved in the decisions
6 which prohibited a good counter-intelligence effort in Vietnam.

7 Mr. Shea. In that paper that is before Dr. Kissinger,
8 are there any proposed control mechanisms that would act as
9 a filter so that the misinformation in a sense could not flow
10 back into the policy circles within the United States?

11 Mr. Angleton. Well, there wouldn't be. The kind of
12 channels used, there wouldn't be any of that happening. This
13 would be information given to an agent who was reporting,
14 say to the KGB back, say it would never hit the light of day.

15 Mr. Shea. So the process of misinformation as it
16 normally relates to the intelligence field is totally separate
17 in terms of the active process of misinformation as it goes
18 on in counter-intelligence?

19 Mr. Angleton. We are not dealing in overt. There may
20 be some overt things put out that support a document that was
21 given to a double who would pass it to KGB. But if the man
22 is regarded to be an agent of the KGB, the KGB is not going to
23 publicize that document without having blown the alleged agent.

24 Mr. Shea. But they could work on it in their process
25 of disinformation to come back, and you would be caught.

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1 Mr. Miler. No. To be successful you would have to have
2 a means of monitoring. You would have to have your penetration
3 of, you would have to have your own litmus to see where it
4 is played back or what reflections or what requirements are
5 put on other double agents on the basis of the information from
6 this agent.

7 That requires a centralized screening and control of
8 double agents.

9 Mr. Angleton. If you sent the information through Agent A
10 to KGB headquarters in Moscow, part of your testing would be to see
11 whether your other double agents received questionnaires
12 which you knew related to that document.

13 Mr. Shea. But it seems like in order to make strategic
14 misinformation functional, you would have to have the same
15 requirements that you had when you were talking about having
16 a double agent: namely, somebody in a superior point of
17 information penetrated into that organization to make sure
18 that they are getting that information you're sending out
19 is misinformation.

20 Mr. Miler. Not necessarily.

21 Mr. Angleton. It's not quite the same.

22 Mr. Miler. It's not quite that simple because you could
23 see reflections of it perhaps in other areas in political
24 actions, in failure to act.

25 Mr. Angleton. There are other ways of doing it. You

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1 can go to a diplomat who has a weak cipher system and you
2 yourself can tell that diplomat in great confidence a whole
3 series of things. You know the Soviets are going to break the
4 code and read that message.

5 That would be one way of doing it. There are other ways
6 of having, telling our friendly foreign service whom you
7 know is penetrated.

8 I mean it's all case by case. But once you are given the
9 task, that's when you begin to look at all of your assets and
10 you begin to do the creative side of running a double, or how
11 are you going to put this across. And there are many ways of
12 doing it without bringing many people in.

13 Mr. diGenova. I'd like to change the subject matter just
14 briefly. Part of the responsibility of the CI research personnel
15 is to produce reports on various subjects which include current
16 analyses on proprietary companies used by foreign intelligence
17 services.

18 I would like to know whether or not either of you could
19 shed any light on the question of whether or not we have any
20 evidence that foreign intelligence services have established
21 and used proprietary companies in the United States?

22 Mr. Angleton. Well, there's one case that comes to mind.
23 I can't remember the details but I think that as a result of
24 it, one of our deputy directors had a big project with this
25 company and they dropped it because the Foreign Intelligence

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1 Service had quite a penetration into it.

2 Mr. diGenova. Would that be the only instance of which
3 you are familiar that there was in fact knowledge of an operating
4 proprietary company run by a foreign intelligence service
5 within the continental United States?

6 Mr. Angleton. Offhand I can't say because the Office of
7 Security would be working with the Bureau, usually. I mean to
8 say that S&T are the most likely people to have contracts with
9 a number of contractors and companies. It would be Office
10 of Security's job.

11 Mr. diGenova. Maybe I'm not making my point clear. I
12 just thought that maybe in the course of your counter-intelligence
13 function you may have discovered by whatever means that there
14 was in fact such a company operating in the United States
15 which was being used, not to contract with the Agency but to
16 contract or just do anything, whether it was a bookkeeping
17 firm or a law firm or anything, and was in fact engaged in
18 espionage.

19 Mr. Miler. Well, we've had a number in the past. We've
20 had a number of leads which were to the effect that Soviet
21 intelligence money was in such and such a company, or something
22 such as that. That was turned over to the FBI. And whether
23 or not we ever heard anything back or did anything further on
24 it, no.

25 In other words, unless there was an investigative angle

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1 which we could pursue abroad or something, I'm a little bit
2 confused by the question because it's outside -- the investigation
3 of such a thing is outside the purview of the CIA unless it is
4 abroad, unless it would be funded through Switzerland or Luxem-
5 bourg or unless there was a Messagerie Maritime connection where
6 Soviet money was being put in and they had representation here.

7 Mr. diGenova. Well, the staff has been given information
8 that these analyses are done by CI research personnel or
9 proprietary companies of foreign intelligence services, and
10 either that information is wrong or we just do not understand
11 each other.

12 Mr. Angleton. Well, I mean it's true that there have
13 been analyses done. But the one that comes to mind is the
14 one I mentioned, was the one where in this case it was French,
15 had a heavy penetration of a company and that company was
16 contracting with our STT people and therefore, our question
17 was rather a project for large sums of money of using this
18 company would proceed, and the decision based on our counter-
19 intelligence analyses was to drop the project.

20 Mr. diGenova. I'd like to ask the question.

21 We've been told that one of the benefits which occurs
22 to U.S. counter-intelligence when it focuses on bloc countries
23 is the fact that these totalitarian regimes have a habit of
24 acquiring great amounts of information about their citizenry
25 and storing it, and that this is, on occasion, accessible to us

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1 and makes them somewhat vulnerable as a result of that.

2 Turning the coin around a little bit and looking at our-
3 selves, are the computerized systems which we now have in our
4 country which put in a central location large amounts of
5 information about individual citizens and large groups of
6 citizens, making us vulnerable to penetration in terms of
7 information, more vulnerable in terms of penetration by
8 foreign counter-intelligence services?

9 Mr. Angleton. Vulnerable in what sense?

10 Mr. diGenova. Getting information about us, period,
11 which I understand is one of the key goals of counter-intelligence,
12 finding out what the other side is doing.

13 Mr. Angleton. You mean surreptitiously getting it from
14 us or officially getting it from us?

15 Mr. diGenova. Both. The fact of the matter is the
16 information exists and it's vulnerable for them to have it,
17 is it vulnerable for us to have it?

18 Mr. Angleton. Well, I wouldn't put it down as vulnerable
19 because when anyone makes a request on you for information,
20 the first question is why. So the burden is on them to justify
21 that they have a counter-espionage reason for asking for that
22 information. And in the bulk of the cases you'll find that they
23 are doing your work for you.

24 In other words, they've come across a telephone tap of
25 some American who's arrived, he's made a call to the Bulgarian

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1 embassy and it looks as though there's a meeting being set up,
2 so immediately you get a flash. And they ask that service for
3 traces on the individual and you come back with the why, it
4 and they tell you about the entire Bulgarian business. And
5 so we start an investigation as to Bulgarian antecedents or
6 anything dealing with Bulgaria, et cetera. And if it's
7 justified, we give them the information.

8 Mr. diGenova. Well, I don't think, Mr. Angleton, that's
9 not what I'm getting at.

10 We as a country are amassing properly, quote, unquote,
11 large amounts of information about ourselves through the use
12 of computer systems.

13 Mr. Angleton. That's right.

14 Mr. diGenova. The CIA tells us that that is one of the
15 things they like so much about foreign countries, because the
16 totalitarian regimes have the tendency to amass large amounts
17 of information about their citizenry and when we penetrate
18 and get that information, that helps us.

19 My question is when we do that, when we centralize the
20 information by using our own computer systems, no matter where
21 it is, do we help them?

22 And in this regard I would note that in 1970 the Inspector
23 General's report on the question of cover noted that the fact
24 that credit bureaus in this country were amassing so much
25 information about people, including CIA personnel, that it

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1 posed a major threat to maintain cover, both in the United
2 States and abroad for CIA agents.

3 Now the question I raise is are we cutting off our nose
4 to spite our face by using computers to really marshall together
5 large amounts of evidence which can be made accessible to
6 foreign powers either by surreptitiously or by simply openly
7 getting it?

8 Mr. Miler. Yes, the answer is yes.

9 Mr. diGenova. Good.

10 Mr. Miler. Because it's very easy to get this information.

11 And, for example, the Soviets have had, you can confirm this
12 from the Bureau, have had a systematic system of purchasing
13 from the State of Maryland, the District of Columbia, the
14 State of Virginia, the business directories, residence
15 directories, license directories for less than \$350 apiece.

16 Mr. Johnson. If we're going to keep on our schedule,
17 we've got a witness who's supposed to be here at 3:30, so
18 is there a final question?

19 Mr. Kirbow. I have two questions. Because of the
20 vast years of experience, Mr. Chairman, that we should ask
21 them to comment on, and either one of you all should answer.

22 What do you all consider today to be the major threats
23 to this country? And the second question is, what has been
24 the major foreign covert action program directed against this
25 country in your lifetime and experience in the Agency?

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1 Mr. Angleton. Well, I think, no question, it's the
2 Soviet bloc services that represent the major threat because
3 they are really a small, they are directly subordinated to the
4 central committee and to the basic objectives, as I've seen them
5 all my life to the change and balance of military power.

6 Further, that practically all intelligence operations more
7 and more have political objectives, and I think it is the fact
8 that since '59 they have elevated the Cuban intelligence and
9 all of the other bloc services to a very high degree of
10 efficiency, that they are coordinated and they work as equals.

11 And I think that is the major threat, that is the
12 inability of the FBI by lack of personnel and manpower to be
13 able to cover these people. There isn't the minimal coverage.
14 The people they cover are people who have been "identified,"
15 and I defy anyone to have a list of identified agents in this
16 country.

17 Now that is the legal side of it. Now the larger part
18 of it is the illegal, where there's been little or no success.
19 The only one that has really come out is the Abel case, which
20 we handled through *Hayharsh* Mahannan. And then there was one or two
21 minor ones.

22 But that is a whole program of bloc activity, and
23 according to one of the best sources we had, his view was that
24 the illegals would be placed primarily in airports, docks,
25 factories, and they give a whole listing. And these are the

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1 areas where you have sabotage, you have explosions you can't
2 identify, et cetera.

3 Now the illegal directorate represents a very major part
4 of Soviet intelligence and bloc intelligence and we just --
5 there are not successes. It's just happenstance.

6 Mr. Epstein. It's disruption of our defense effort?
7 Is that what you're speaking of now? Their goal being
8 disruption of this country's defense effort?

9 Mr. Angleton. Well, they have many assignments. But
10 the point is they have also the sabotage-assassination part,
11 which is totally apart from the body politic of the KGB, and
12 it raises questions in everybody's mind when there is sabotage
13 and all other kinds of activities and you cannot find the
14 culprits.

15 One defector stated that he believed that the computer
16 fire they had in the Pentagon several years ago was KGB. He
17 was KGB. But he stated in effect that he thought that was
18 one of their operations.

19 Scotty?

20 Mr. Miler. The major threat to the U.S., I think, is
21 based on the fact, as we referred to earlier, as this should
22 affect counter-intelligence, the national counter-intelligence
23 effort, is to have your national counter-intelligence focused
24 on the fact that the Soviets and the Soviet blocs, since May
25 of 1959 have rededicated themselves to the principles of

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1 Leninism. They have rededicated themselves to the shift in
2 the military balance of power. They have reinstated, in
3 effect, what was the policy of the NEP period, the New Economic
4 Policy, the attraction of Western business, the attraction of
5 Western capital into the Soviet Union to bolster the Soviet
6 Union, the disruption of the economies of other nations, which
7 would have an adverse effect on the economy of this nation --
8 all of this centrally controlled and directed, used through
9 such countries as Romania, where we have for several years now
10 deluded ourselves that Romania is independent, through Bulgaria,
11 through Hungary, through Poland, all the rest of it.

12 This is the major threat to the United States. Counter-
13 intelligence is probably, in my view, at least, one of the
14 major ways that you're going to be able to counter this and
15 at least get the information brought to the attention of the
16 people who are making the decisions and making the policy
17 for this country.

18 Mr. Epstein. Has our penetration effort been good enough
19 to establish whether or not the Soviet Union has been involved
20 in direct covert action against the United States, such as
21 to undermine our economy, not using other countries but
22 directly?

23 Mr. Angleton. There's been a tremendous amount of
24 information on this. I mean, for example today the second
25 head of the Chamber of Commerce in Moscow is General Pitovranov.

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1 Prior, he was Deputy Chief of the NKVD. He was the resident.
2 KGB resident in Peking. He's the one who with Mao set up the
3 underground that took over China. He was the head of Karlshorst,
4 the largest KGB in Germany. He operated people like George
5 Blake. He organized the kidnapping of Otto John, the head
6 of Security, West Germany.

7 He has now been placed as the Deputy Chief, or Deputy
8 Chairman, of the Moscow Chamber of Commerce, the same role that
9 Lenin had ^{DZHERZHINSKY} Derjensky in the NEP. That is the role to be
10 able to deal with Western capitalists with the view of abroad
11 recruitments and with the view of using them as agents of
12 influence.

13 Now there's a tremendous amount of data. Now this is
14 what I'm trying to say, that counter-intelligence has always
15 been kept at a very low level as far as its ability to submit
16 such studies or whatnot to the National Security Council or to
17 a forum where they are debated. But they happen to be the
18 only hard intelligence because they are coming from men who
19 were 16 years in this one case, a part of that mechanism and
20 who read all the files.

21 Mr. Epstein. What happens to all that?

22 Mr. Angleton. Well, that's been used by directors in
23 briefings but there's never yet been a forum where you can
24 actually have a confrontation with people who hold contrary
25 views.

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1 Mr. Miler. In other words, how significant is the fact
2 then, how significant would it be if our Congress, our Executive
3 and our business people knew that as of 1974 the last figures
4 I have of 187 Soviets identified with the USSR all union
5 chamber of commerce, the people that are doing all of the
6 business with our businessmen who are coming here to the United
7 States, work them and so forth, when 47 of those were appointed
8 to that from the KGB.

9 I mean, what significance does this have to the United
10 States?

11 Senator Schweiker. 47 out of how many?

12 Mr. Miler. About 182.

13 Mr. Angleton. Let's go to the scientific side on this.
14 The scientific side, in May of 1969 the central committee
15 ordered that there be added 2,000 staff officers to KGB from
16 the Academy of Sciences in order to exploit the opening to the
17 West and the scientific levels.

18 Mr. Epstein. And how would that exploitation be
19 accomplished?

20 Mr. Angleton. For recruitment and exploitation of
21 contacts in the West in the scientific exchanges.

22 Mr. Epstein. The goal being espionage or something else?

23 Mr. Angleton. Espionage.

24 Mr. Miler. Espionage and influence. How many KGB
25 officers?

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1 Mr. Angleton. In 1961, 1000 of those had been pulled
2 together. There was a briefing given by the general staff to
3 high KGB people regarding the field of military electronics,
4 and during that briefing it was pointed out that they were 14
5 years behind us, but they would overcome and surpass us through
6 three means: Number one was the Central Committee adding the
7 2,000 staff officers for espionage; Second would be disinforma-
8 tion leading our scientific efforts in the wrong directions;
9 And third was to enter into those kind of treaties which would
10 bind our own scientific progress in military fields.

11 When I left the Agency, I read a report by a man who
12 knew nothing of this lecture, and this was a group of American
13 electronic experts who had made a very sensitive, Top Secret
14 study which stated that in this field the Soviets were four
15 years behind us.

16 This was in 1974.

17 Mr. Epstein. A final question. In the last 10 or 15
18 years have you experienced any situations where any hostile
19 powers were involved in covert action against the election
20 process in this country?

21 Mr. Angleton. Well, I think there's no question that
22 influence has been brought to bear.

23 Mr. Inderfurth. How?

24 Mr. Epstein. Meaning what?

25 Mr. Angleton. Propaganda, among other things.

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1 For example, one of the most famous of the disinformation
2 agents, I mean they had established contact at political levels
3 in this country.

4 Mr. Epstein. How about campaign financing?

5 Mr. Angleton. I don't think it figures unless it would
6 be the CP.

7 But just to add one last point to this question of the
8 threat, it is my view, seeing Angola and seeing the unwilling-
9 ness of this country to resist or to define its purpose, or
10 to deal fairly with its allies, that within a period of four
11 years there will be a form of confrontation on an unpopular
12 issue between the Soviet bloc and the United States in which
13 we will back down. We will then go into our supreme isolation,
14 because in December of '61, when this Soviet defected and he
15 had read the political action programs, he spelled out in
16 detail that one of the primary purposes of the reorientations
17 was that all intelligence operations or political objectives,
18 and the main political objective was to reaffirm the United
19 States as the main enemy, to achieve its isolation and to achieve
20 political hegemony over most of Africa and Latin America.

21 He pointed out that the two largest and newest divisions
22 created in KGB were Africa and Latin America.

23 Now this was not speculative. This was reading actual
24 documents of a Top Secret nature in which you had to have a
25 communications intelligence clearance to even have access to

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1 them, and I think what he has spelled out, and I might add that
2 when I took him to many countries we talked on higher levels
3 than we could talk in the United States. And I took him to
4 some countries that we could talk to Prime Ministers. I have
5 seen Prime Ministers and have been able to expose this. But
6 the machinery here is not of such a nature that you can get
7 into these matters.

8 Mr. Epstein. Are they disseminated?

9 Mr. Angleton. We're not going to disseminate. These
10 are matters that should go to the Secretary of State. They
11 shouldn't be going up through people because many of the
12 secrets are within that.

13 Mr. Epstein. Do they go to the Secretary of State?

14 Mr. Angleton. No.

15 Mr. Epstein. Why not?

16 Mr. Angleton. I don't think the Secretary of State has
17 ever been much interested in asking for opinions. On Romania
18 we sent something to the President prior to our trip.

19 Mr. Epstein. But the documents you're talking about,
20 the Top Secret documents --

21 Mr. Angleton. We don't have the document. I'm stating
22 he read those documents in Moscow.

23 Mr. Epstein. But the report that he read, was that
24 disseminated?

25 Mr. Angleton. I don't know. It went to the Director and

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1 it went to many other people. But whether it actually got to
2 the Secretary of State, I do not know.

3 Mr. Miler. I think one important point here that I
4 would like to make is that what has happened, in my opinion
5 what has happened in counter-intelligence in the Agency and
6 the so-called aggressive operations, the increase in double
7 agent operations and so forth and the dispersal of the centralized
8 counter-intelligence is not going to produce a counter-
9 intelligence program within the CIA which is going to focus
10 on attempting to provide the government, policy-makers and
11 so forth, with the kind of information and analytical product
12 that is necessary if we're going to have a successful counter-
13 intelligence.

14 Mr. Johnson. I would like to thank the witnesses, and
15 unless Senator Schweiker has any questions, we will adjourn
16 for five minutes.

17 Is that acceptable?

18 Thank you very much.

19 Senator Schweiker. Thank you very much.

20 (Whereupon, at 4:10 o'clock p.m., the hearing in the
21 above-mentioned matter was concluded.)

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