

Congress to authorize covert operations against U.S. allies

by Herbert Quinde

The U.S. Congress is about to pass an intelligence authorization bill which, for the first time since the end of World War II, will no longer define the Soviet Union as America's foremost enemy, but instead designate "competing industrial nations" such as Germany and Japan, and Third World nations such as Brazil and Iraq as the new threat to U.S. national security. The House of Representatives version of the Intelligence Authorization Act (H-5422) is scheduled for a vote before the congressional recess at the end of October. The Senate version of the bill (S. 2834) was voted up in early August. Former CIA director Richard Helms and former CIA deputy director Adm. Bobby Inman played significant advisory roles in formulating the legislation.

The bill for the first time gives "statutory authority for the President to authorize the conduct of covert actions by departments, agencies or entities of the United States, including the Executive Office of the President," as well as authorizing the use of *third parties and countries* to fund or carry out covert operations on behalf of the U.S. government. Hitherto, covert operations were not legal by statute, but were authorized by Executive Order. The bill also would legalize the provisions of President Reagan's infamous Executive Order 12333, allowing the President to use *any* Executive Branch agency to carry out intelligence operations, domestic or foreign. Current law limits such actions to the CIA.

These were the central issues raised by Congress while investigating the Iran-Contra affair—and yet not a peep has been heard from a single member of Congress in opposition to the dramatic turn in intelligence policy. Back in the days of the Cold War, when communist nations were deemed to be a fundamental threat to the security of the United States, the Congress sported a dissident and powerful grouping that kept the CIA and the rest of the so-called "intelligence community" on a fairly short leash. But in what President Bush and British Prime Minister Margaret Thatcher call today's "new world order," Congress has decided to give the foreign policy content of Oliver North's Project Democracy *carte blanche*.

President Bush himself announced the policy shift during the 1989 NATO summit in West Germany, where he trumpeted a "historic shift" from East-West military confrontation

to a new priority on international economic concerns. CIA director William Webster has elaborated the intention to shift toward bashing U.S. allies instead of the Soviets, in several pronouncements over the past year (see box).

Economic espionage?

A report prepared by the Senate Select Committee on Intelligence in July under the signature of Sen. David Boren (D-Okla.), which "reports favorably" on the legislation, details the bipartisan policy change in a section titled "Economic Espionage." It states: "During the Committee's close hearing on the U.S. counterintelligence programs, the FBI director and the senior State Department, Defense Department, and CIA officials discussed the possibility of an emerging economic espionage threat, including the collection of U.S. proprietary and unclassified information by foreign powers. In the course of refocusing the national counterintelligence strategy for the 1990s, more attention is being given to the economic espionage issue. *There is evidence that foreign intelligence services, including services that are not 'traditional' adversaries, have conducted clandestine operations in the United States to obtain information to be used for their national economic advantage [emphasis added].*"

"The Committee believes," the report continues, "that the intelligence community should concentrate its efforts in determining the nature and extent of such operations, so that policymakers can assess whether they constitute a growing threat to U.S. interests and whether new counterintelligence, security, or other national policy initiatives are required. Therefore, the Committee is directing that the Director of Central Intelligence prepare a comprehensive intelligence community study by March 1, 1991 to evaluate the threat of economic espionage and foreign intelligence services' efforts to negate our nation's competitive advantage through such methods as technology transfer and international financial and trade transactions."

A multi-agency intelligence community task force on "competitiveness" has been created to produce long-term estimates of the ramifications for the U.S. economy of the economic and financial policies of allied nations, especially NATO members and Japan, as well as political and economic

trends internationally. Sources say that the future plans of a reunified Germany have been a major focus of intelligence analysis.

"The task force," reports the *Boston Globe*, has also studied how protectionism and other trade strategies of foreign countries, such as Japan, affect the ability of American companies to do business abroad; what are the likely foreign reactions to U.S. efforts to counter those trade strategies; and how American dominance is threatened in high-tech industries."

Although there have been credible rumors that CIA and other U.S. agencies have been assigned to engage in industrial espionage against foreign companies, the CIA has denied it. Some intelligence community critics have pointed to the new authority given by the intelligence legislation to the Defense Department to create "proprietary," dummy commercial firms overseas as a cover for collecting military intelligence, as one potential vehicle for such covert operations. It is of note that this is the first time the Congress is authorizing a department or agency, other than CIA, to set up proprietary.

'Nuclear proliferation' scare

The intelligence legislation also mandates an in-depth assessment of worldwide "proliferation developments." The same Senate report identifies "an increasing threat from the proliferation of chemical, biological, and nuclear weapons throughout the world. This threat is compounded by the fact that many of these same countries are acquiring or developing a ballistic missile or other advanced delivery system capability. This is certain to increase in the future."

The proliferation scare is typically used as the cover for blocking Third World economic development of what are known as "dual-use technologies." The same science involved in chemical weapons has broad application in agricultural advances, biological science in medical technologies, and nuclear in energy technologies. Ballistic missile research is the prerequisite for any nation that intends to survive technologically into the 21st century.

The legislation instructs the CIA and the Defense Intelligence Agency, "to produce an unclassified review of proliferation developments, similar in style and format to the annual DIA publication *Soviet Military Power*, providing information on this important issue," by May 1, 1991. The report "should include: 1) a global assessment of the current state of nuclear, chemical, and biological weapon and delivery vehicle proliferation and an estimate of proliferation-related developments expected to occur within the next 5-10 years; 2) specific reports on regional developments (e.g., Latin America; Africa; Near East/South Asia; Far East) focusing on the impact of such developments on regional stability; 3) an assessment of compliance with existing treaties and other international agreements dealing with the proliferation of these weapons of mass destruction; 4) a table listing the confirmed and suspect proliferation-related activities of na-

tions and their capabilities; 5) a table describing the capabilities of ballistic missile and other deliveries systems; 6) a table describing the characteristics of chemical and biological weapon agents and toxins; and 7) a map or maps showing the location of the sites of suspect and confirmed nations involved in the proliferation of weapons of mass destruction."

CIA's Webster charts economic warfare course

Director of Central Intelligence William Webster outlined the administration's "bash the allies" policy in a speech before the Los Angeles World Affairs Council on Sept. 20, 1989, when he announced that the "end of the Cold War" meant that the main threat to the United States was no longer from Russia, but from economic competition. The main enemies now, he claimed, are Germany and Japan. Instead of focusing on Moscow, the agency would give priority to economic matters, since "intelligence on economic developments has never been more important." He went on: "Our political and military allies are also our economic competitors. The national security implications of a competitor's ability to create, capture, or control markets of the future are very significant."

Webster labeled "Japanese and European surplus capital" as "creating some potential risks." He also asserted that "along with the globalization of international finance has come the greater use of the financial system by governments and groups whose objectives threaten our national security."

Again in April of this year, speaking before the World Affairs Council of Boston, Webster said, "As the 21st century approaches, it is clear that economic considerations are increasingly tied to national security issues. There is now universal recognition that economic strength is key to global influence and power."

In September 1989, Webster ordered the establishment of a new directorate of planning and coordination, the so-called Fifth Directorate, to "reach into all levels of the intelligence business" and "stay ahead" in a changing world. Career CIA official Gary Foster was put in charge. During the Persian Gulf crisis, the Fifth Directorate has been responsible for assessing the success of the trade embargo against Iraq, as well as assisting a task force which has been developing contingency plans in case of major disruptions of oil production.