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counterintelligence function, as a Staff function, to full parity with espionage and covert activities. One of the first undertakings of the Counterintelligence Staff was to determine who was doing counterintelligence work, what they were doing and under what circumstances. This survey was launched in 1955 and completed in 1956. It established that except for the Counterintelligence Staff itself, the Operational Directorate had only 133 full-time counterintelligence officers, about 6 per cent of its total non-clerical strength. The average grade of these officers was GS-09, and their average Agency experience was five years. Only one in four had had either basic or advanced training in counterintelligence.

From the end of 1954 until April 1973, the apex of its development, the Counterintelligence Staff grew in numbers, skills and responsibilities. By the latter date its personnel strength, as I noted in my earlier report to the Commission, consisted of 130 officers and seventy-two assistants and clerical personnel. This total of 202 still constituted only 3.7 per cent of the total Directorate of Operations strength of 5,662. As a result CIA could not meet its counterintelligence responsibilities adequately even at this peak of on-board counterintelligence strength. It is our view that the Operations Directorate ought to devote no less than 10 per cent of its manpower to counterintelligence and that no less than half of its

counterintelligence personnel should be allocated to the counterintelligence unit in Headquarters. This 10 per cent, comprising 566 officer and clerical employees, would still fall considerably short of our counterintelligence strength in the fall of 1945 when O.S.S. was dissolved.

The Counterintelligence Staff was nevertheless able to work effectively against its major targets. The scope of this paper prohibits an adequate resume, but there is an indication of the results achieved in the fact that during the years 1961 through 1963 eight major Soviet penetrations of American and foreign liaison intelligence services were uncovered and that six of the eight exposures resulted directly from CIA's counterintelligence work. Fifteen Soviet agents were arrested, as well as more than twenty others who were working clandestinely for one or another of the East European services.

In August 1973 as a result of the change in leadership in the Agency, there was put in motion a series of baffling administrative and functional changes which ignored the state of the art; the need for resolving many inter-Agency problems in counterintelligence, and, particularly, the need to work out with the FBI in depth a number of conflicts concerning the bona fides of sources; the handling of defectors; and authoritative research and analysis pertinent to these differences.

The strength of CIA's counterintelligence unit was cut almost in half - to eighty-nine and by December 1974 the on-board strength of our counterintelligence personnel, officer and clerical, was down to seventy-seven, a total comprising 1.7 per cent of Operations Directorate strength. This abrupt reduction in force was accompanied by the transfer of four interlocking staff elements (International Communism, Operational Approvals, Police and Counterintelligence Liaison) to other jurisdictions. I do not know of any reasons concerning the performance of the Counterintelligence Staff or the scope of hostile clandestine intelligence action against the U.S. which would justify this drastic reduction and weakening.

With regard to the FBI it is a fact that for some years prior to the death of Mr. Hoover, there were sharp differences between the FBI and the Counterintelligence Staff regarding the bona fides of Soviet intelligence personnel who represented perhaps the prime sources of information in relation to Soviet Bloc activity in the U.S., penetration in the Government and the order of battle of the Soviet presence.

CIA was fortunate to acquire a KGB defector in December 1961 who had spent many years at a very high level of Soviet security acquiring the most sensitive information in the full knowledge that when the time was propitious, he would defect to the West and impart his information. By way of simplification, it should be noted that this individual

present CIA is not conducting a single operation against a Soviet illegal.

- An incapacity to pursue unresolved outstanding leads. We estimate that there are some fifteen hard-core leads to known or probable penetrations by adversary services into U.S. or Allied services; that there are about one hundred leads meriting immediate study, analysis, investigation and exploitation; and that there are no less than one thousand that merit pursuit. All of them are now dormant.

- An inability to deal effectively with the twin problems of devising and carrying out strategic U.S. deception operations and of nullifying adversary deception. This serious weakness is not imbedded in CIA alone, and it did not result from the restructuring of Agency counterintelligence. The U.S. lacks a single, duly mandated, centralized authority for dealing with deception. Those few individuals and groups in the U.S. Government, chiefly in the military services, who are concerned with strategic

deception lack ready or frequent access to the policy level. They attempt to frame deception plans in ignorance of new policies, and they can obtain top-level review of their plans only on an ad hoc basis. The remedy is not to abandon deception and counter-deception but to elevate these functions. Should the Government do so, however, CIA would now lack the required expertise.

- A dwindling cadre. A substantial core of experienced counterintelligence specialists is the first preequisite for an effective counterintelligence program. Only a few are left today. The problem results not solely from the drastic reduction in force in 1973 but also from a philosophy and system that have made it almost impossible to replace either the numbers of the skills of those lost through attrition. In the Operational Directorate it is the Area Divisions that are linked by a command line to top CIA management in Headquarters and to all 147 Agency stations overseas. The Divisions select

- An accelerating decline in the quality of our counterintelligence liaison relationships abroad. Here too there is a parallel with the problems that beset us in the past and that gave cause to General Magruder to express his concern in 1945.

Most of CIA's liaison overseas is carried out with counterintelligence and security services because only a minority of nations maintain foreign espionage organizations, whereas nearly all have internal security services. Italy is typical. It has a few intelligence officers overseas, but 99 per cent of its strength is at home. The major Italian intelligence service is the Defense Intelligence Agency (SID). The SID draws its counterintelligence from the Carabinieri (a semi-military organization with a network of posts spread throughout the country) and from all of the military services. The service has a vast array of domestic sources that number in the high thousands and range from the portieri who tend apartments throughout Italy to high dignitaries of the church and state. The chief of the SID has

direct access to the Minister of Defense, and some service chiefs have also had the benefit of immediate access to the president of the republic. Through its liaision with the SID the CIA greatly augments its own resources at scant cost. The same pattern obtains, in varying degrees, in all of the countries (more than one hundred) and most of the services (more than three hundred) with which CIA maintains liaison relationships.

Counterintelligence liaison requires close and expert attention. It is built upon mutual interest; but through training, persuasion and other means the skillful liaison officer expands the shared basis and thus directs or redirects the enormous counterintelligence resources of the non-Communist world against targets of primary importance to the U.S.

In return for this vast strengthening of our defense, our Allies look to us for several advantages: for example, a buttressing of their frequently meager capabilities in research and analysis. They must also be confident that we can give a full measure of

protection to secrets shared with us. And they look to us for leadership. At times we have disappointed them.

An instance of this occurred in September 1971, when the British expelled ninety to 105 Soviet intelligence officers from their country in a single action. They had noted a relentless buildup of the Soviet clandestine force in their midst. MI 5, the British counterintelligence service, found that the fifteen intelligence officers whom it had identified in the U.K. in 1950 had grown by 1970 to more than 120. The PNG action was carried out despite some qualms. The Soviets made only a token retaliation. The Belgians followed the British lead, though on a smaller scale and without publicity. A number of liaison services expected the U.S. to make a similar move, and the FBI and CIA joined in recommending such action here. But no initiative was undertaken.

Now the fabric of our counterintelligence liaison relationships shows some fraying because of clamor in the American press and a consequent change of atmosphere. Our partners are no longer sure that we can act decisively

adversary services with intent to harm. It would be unrealistic not to expect the KGB and other clandestine Communist services to recognize that the present is a time of disarray in U.S. counterintelligence and to seek to exploit this advantage to the hilt.

- Inadequate information about the intelligence and security services of China, Cuba and Eastern Europe, especially the latter. We have a large body of counterintelligence about the USSR, and it has been entered into computer programs. Our machines programs about the services of Poland, Hungary, East Germany, Czechoslovakia, Romania, Bulgaria, Albania and Yugoslavia are, in contrast, non-existent or moribund. They have been allowed to slide because of the pressures of keeping up with services as large and virulent as the KGB and the GRU. The USSR itself has not made this mistake. It orchestrates large-scale clandestine operations against the West, assigning roles to the apparatuses of the Warsaw Pact states and to Cuba in accordance with their capabilities. These Soviet allies are extensions of the Soviet capacity to wage underground warfare, and therefore we need to know