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Spies R Us: A History of the CIA
Programme 1: “The Focus of Evil”

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MEYER The toughest question to ask in intelligence is: what do they think? It’s relatively easy to count the missiles and the bombs and the tanks and so forth – well, it’s not easy, it’s difficult, it’s expensive, it’s complicated, but you can do it. But to try and get a sense of what do they really think? What do they know? That’s difficult.

MANGOLD “What do they think? What do they know?” – Herb Meyer, former special assistant to the Director of Central Intelligence, defining the jewels of intelligence acquisition. Defining it is one thing, implementing is another. Especially when the CIA’s principal target was the almost impregnable Soviet Union. By the 1980s that failure to find out what the Kremlin was actually thinking very nearly made the Cold War hot. How did messages and perceptions between the super powers become so distorted? Why was the intelligence take so bad? That’s what I’ll be looking at in this first part of my series on key moments in the CIA’s history, a history that began with its birth in 1947 on a Presidential directive from Harry Truman. Mel Goodman, who was to serve the Agency for twenty years as a senior Soviet analyst.

GOODMAN The CIA was formed to do intelligence analysis and intelligence research. The covert action capability was given to the CIA in 1952, five years later, and it was over the protests of many high-ranking CIA officials who felt the major mission – and the mission that President Harry Truman wanted to pursue – was one objective branch of government, not part of the policy process, that would give intelligence analysis and assessments to the President and to the Administration that would not be grinding a policy axe. It would have no policy interest or parochialism or spin whatsoever.

MANGOLD And the target?

GOODMAN The target was the Soviet Union – this was the beginning of the Cold War. But the origins of the CIA would be Pearl Harbor.

MANGOLD The national trauma of Pearl Harbor and the surprise Japanese attack on the US Navy’s fleet was the event that ultimately led to Truman’s creation of the CIA: a civilian *central* intelligence agency empowered to make sure that America would never again be caught unawares. It would snoop around the world and warn its major client – the President in the White House here in Washington – of all likely threats to America’s national security. Now, top of that threat list was Stalin’s Soviet Union. One of the Agency’s first operations was to counter Soviet political expansion into Western Europe. Greece was threatened, so was Italy where in 1948 the communists stood a chance of winning national elections. Intelligence officers working with Secretary of State, George Marshall, whom Truman had put in charge of American reconstruction in Europe, knew what he wanted done.

WYATT General Marshall was a four-star general and his thought about the Russians was just something horrid, you know! And he pushed us all to come up with ideas. “Go to that newspaper over there and have them publish the damn thing!” And “We’ve got to get this country rolling. And the only thing is: we defeat the communists!”

MANGOLD Mark Wyatt, later CIA station chief in Rome, remembers the scene on the evening of the election.

WYATT I was invited to the Hassler Hotel overlooking all of Rome and General Marshall was there. Champagne was poured. And there were a whole group of satchels that had money in them, obviously. And the satchels varied in size depending upon the party - eight, nine million at that time was a lot of money! - and the reports that they had received from how hard that party was working against the communists.

MANGOLD Italy was the CIA’s first real success and showed the value of knowing the territory, having local networks and a generous supply of slush fund dollars. The problem for the CIA was that it was unable to repeat this where it mattered most, inside the Soviet Union. With virtually no networks on the ground it was reduced to debriefing travellers returning from business in Russia, people whose intelligence value was often minimal. There were times in the early Fifties when the Agency didn’t even know the price of potatoes in Moscow. Hardly surprising then that there were similar intelligence failures at the highest level. The launch of Sputnik, the world’s first ever satellite, came as a total and deeply unwelcome shock in Washington. So the CIA turned to that invariable American fall-back, technological superiority. As Dick Kerr, number two at the Agency in the late Eighties and early Nineties recalls, the age of the mechanical spook was born.

KERR Our major problem was the nature of the Soviet strategic capability. What military forces did they have? How were they going to use them? How were they changing and modernising their military? And those are the very things that one can monitor most easily with technical intelligence, with imagery - overhead imagery - and signals intelligence and all the other technical means.

MANGOLD But technological prowess doesn't fulfil Herb Meyer's dictum – what do they think, what do they know? – as the Soviets realised only too well.

SHVETS With the help of the signal intelligence you can establish how many missiles are on the enemy's territories and their combat readiness. But only by penetrating the human's mind, you can learn if these missiles are going to be launched and, if yes, when. So, in the KGB they believed that there is no substitute for the human intelligence.

MANGOLD Yuri Shvets, a sharp young agent of the KGB's Washington bureau – or residency – in the 1980s. There's no doubt that Soviet spy rings were demonstrably successful in the West. The Portland Ring, led by the infamous Krogers, spied on Britain's submarine base on the South Coast; the Rosenbergs in America stole atomic secrets for their KGB masters in Moscow. A serious problem, one of which the CIA was unaware until it was far too late, was the paranoid character of James Jesus Angleton, its legendary head of counter-intelligence. He became convinced, quite wrongly, that virtually every Soviet defector to the West was a double-agent deliberately despatched by the KGB to deceive. So time and again the intelligence take from these vital sources was discounted and ignored. This in turn left the CIA over-reliant on its technology. But policy makers in Washington also needed to know what were the Soviets' *intentions*. One way to find out was to investigate and analyse the Soviet Union's economy – many answers would flow from that.

HORELICK I think you start with a long heritage of misunderstanding and overestimating the size and efficiency of the Soviet economy.

MANGOLD In other words, even that task was beyond the intelligence gatherers and analysts in CIA Headquarters at Langley, just outside Washington. Arnold Horelick, ought to know. Part of his career was spent as the leading CIA expert on the Soviet economy.

HORELICK This was a function perhaps of being bedazzled by the military output of the Soviet economy which, for many years, was keeping up pretty much with our own and in a few areas even doing better. But this was on the basis of an economy that was a - I don't know - a generation behind our own - and the methodology that was employed by the Agency to compare the economies

- the so-called dollar-rouble conversions - in retrospect were very misleading. So, for example, the notion that the Soviet economy was half as large as ours or going towards two-thirds as large as ours, I think was grossly wrong in real touch it, see it, feel it terms. But in terms of the methodology that was employed it sounded sensible.

MANGOLD But it was the wrong call – one which had profound political consequences. Richard Perle, later assistant secretary of defence under President Reagan and a key client of the CIA’s analytical conclusions.

PERLE The CIA by virtue of its underestimation of the burden on the Soviet economy of the sustained weapons build-up that was then underway, misled policymakers who were at the negotiating table. That is to say, they created a sense that if we didn’t reach agreements limiting weaponry, there would be a surge in Soviet production and we would find that they were even stronger. In fact, they were working at the maximum they could sustain - and couldn’t sustain much longer!

MANGOLD As doubts about the accuracy and value of their intelligence were raised by the CIA’s various high-powered customers, the Agency was forced to solicit and listen to advice from *outside* its Langley headquarters. That came from a group of critical experts, called Team B – people who believed that the CIA was misinterpreting data from the Soviets. This error they attributed to the Agency’s assumption that Soviet institutions were mirror images of their American counterparts. The CIA’s own team was Team A. Dick Kerr.

KERR There was a sense that CIA was not addressing the information it had in an objective way - that it had predetermined notions about what the outcome of its analysis should be. So a group of outsiders - which were Team B - were brought in to take another and supposedly an independent look at that information and come to its judgments independent of the intelligence community. The A Team/B Team kind of concept is a valid concept - it’s to bring alternative judgments to bear on complex problems. The difficulty with the A Team/B Team exercise in this case was that it was already predetermined that the B Team was going to disagree fundamentally with the other opinion.

MANGOLD They were more hawkish.

KERR They were hawkish and they were coming in to describe that more dire and pessimistic picture.

MANGOLD The more hawkish Team B had uncovered institutional weaknesses. For all the CIA’s technology, brain power and money insiders knew it wasn’t making the right calls and sometimes no calls at all about the momentous events that were happening in the real world outside. Mel Goodman.

GOODMAN In the analytical area of the CIA, they were surprised by Czechoslovakia in 1968. They were wrong about Hungary in 1956. They were somewhat ambivalent even about Afghanistan, and President Carter claims to this day that he was never given advance warning about the Soviet entry into Afghanistan in December of 1979. So I think the analytical component was probably too sanguine about what Soviet military intentions were.

1981 U.S. PRESIDENTIAL INAUGURATION ARCHIVE

I, Ronald Reagan do solemnly swear, that I will faithfully execute the office of President of the United States...

MANGOLD Ronald Reagan being sworn into the Presidency in 1981 here on the steps of the Capitol. And with his arrival, the world view in Washington changed. Containment of the Soviet Union was out, and confrontation of the Empire of Evil was in.

MEYER Before Reagan virtually every leader of every party had the same objective which was not to lose the Cold War.

MANGOLD Herb Meyer was special assistant to the new CIA chief.

MEYER President Reagan came in with a very different objective. He said, “I want to win!” Because he had a different objective, he was open to a different form of intelligence. If your objective is to win, then you look for your adversary’s vulnerabilities. If your objective is to not lose, you tend to be more focused on your enemy’s strengths because you’re only playing defence. So President Reagan shifted us from defence to offence. That was an enormous difference!

MANGOLD It was unmistakable. Defence spending in the West soared; Cruise and Pershing II missiles were deployed in Western Europe. The American Air Force and Navy stepped up spying and probing operations right at the edge of Soviet borders. The CIA, under the new leadership of the irascible old cold warrior, Bill Casey, launched an aggressive operation to force the Soviet adventure in Afghanistan on to the defensive. Within the Soviet empire, Poland’s Solidarity trade union received special CIA donations and equipment. The super-power balance began to tilt. So how did the ageing Soviet leadership react – now under Yuri Andropov, former head of the KGB? Oleg Kalugin, a former KGB general himself, now enjoying capitalist business adventures in his old target city of Washington.

KALUGIN One day we received a cable from Moscow - urgent - signed by Andropov and, in effect, it said that at no time after World War II the Soviet Union and the West were closer to another war. That was truly a warning

which made me feel very uneasy and uncomfortable. And for that reason, he said, because of the United States government and its Western allies now preparing for a major military or aggressive act - which was not specified - we must be fully mobilised, and the intelligence and counter-intelligence services and all the military are now on full alert.

MANGOLD But Andropov was a sensible man, former head of the KGB, now First Secretary, you must have been stunned when you got that. You must have thought: what on earth is going on?

KALUGIN It was truly based on fear. The Soviet Union, at the time, was slowly degenerating. So this kind of hysteria was a reflection of the Soviet assessment of the Western potential and now lack of that ability to follow and compete with them.

MANGOLD And it got worse for Moscow. By the spring of 1983, President Reagan was telling Americans:

PRESIDENT REAGAN OVAL OFFICE ADDRESS ON SDI

What if free people could live secure in the knowledge that their security did not rest upon the threat of instant US retaliation to deter a Soviet attack - that we could intercept and destroy strategic ballistic missiles before they reached our own soil or that of our allies?

MANGOLD The Strategic Defence Initiative — dubbed Star Wars — was a trillion dollar plan to make the U.S. invulnerable to a nuclear attack. This plan, seen from Moscow, seemed to spell the end of the policy of nuclear deterrence which had maintained a balance of terror — and peace — for over thirty years. Furthermore it was a system the Soviets could match with neither technology nor hard cash. They began to panic. Arms talks with the Americans were abandoned. And then:

PRESIDENT REAGAN SPEECH TO NATIONAL ASSOCIATION OF EVANGELICALS

While they preach the supremacy of the state, declare its omnipotence over individual man and predict its eventual domination of all peoples on the Earth, they *are* the focus of evil in the modern world.

MANGOLD The temperature of the Cold War dropped below freezing. And then:

NEWS ARCHIVE Washington has accused the Soviet Union of shooting down the South Korean airliner which disappeared overnight off northern Japan. The State Department says the Boeing 747 was brought down with a missile and a Russian pilot...

MANGOLD The US reaction from Ambassador to the UN Jeane Kirkpatrick was calculated and revealing.

KIRKPATRICK Quite simply the Soviets decided to shoot down a civilian airliner, shot it down, murdering the two hundred and sixty-nine persons on board and lied about it.

MANGOLD Now began a remarkable period in Soviet post-war history a moment completely missed or misread by the CIA. Convinced by all these events that the Americans were preparing for war, the Soviets launched Operation RYAN to look for signs that the West was about to launch a nuclear first strike. This is how an increasingly paranoid Soviet leadership briefed its KGB spies at the Washington Residency. Yuri Shvets.

SHVETS There were guys in our Residency whose job was every night to drive around. One guy was driving around the Pentagon, another guy was driving around the State Department, the White House, etcetera - the key government institutions - and to watch if there are too many lights on, unusually many lights. That was supposed to be a signal. I remember one day we received a circular cable from Moscow, meaning that it went out to all major stations, saying, “Look, guys, this is how you should work on RYAN.” And they quote this particular episode when the London station reported to Centre that the British government announced recruitment of donors to donate blood. So the station reported to Moscow that, “We believe this is a part of the preparation of the British Government for the nuclear war. It is a part of RYAN programme.” And the head of the Service, Kryuchkov, said, “I knew that they would be preparing for this kind of war, and this is the proof!” So this is a vicious circle.

MANGOLD So perfectly ordinary activities, like seeking new blood donors, suddenly assumed the most menacing interpretations. The FBI, who shadowed the known KGB officers was baffled by this new and seemingly pointless touring of Washington by night – such as here at the Pentagon. And then in November 1983 a military exercise called ABLE ARCHER, unfortunately timed, took NATO forces through the full-scale simulated release of nuclear weapons. Seen from Moscow, the dots were now joining up suggesting the nightmare of war. But what really lay behind this perception?

SHVETS The paranoia was by itself pretty much dangerous because any margin of error of assessment of this paranoia could lead to a disaster. Had the Soviet leadership during the time of Cuban missile crisis had the same kind of paranoia they had in the Eighties, I believe the outcome of the missile crisis in '62 could have been absolutely different.

MANGOLD So do you believe that the CIA should have

programmed into its analysis the extent of Soviet paranoia in the Eighties?

SHVETS I don't think they understood that.

MANGOLD But the British *did* have an idea of what was happening thanks to a very high level defector-in-place recruited by MI6 in Copenhagen. Colonel Oleg Gordievsky, who rose to number three at the London Residency, knew exactly what the Kremlin leadership was doing and thinking. Through his British handlers the Americans were tipped off. Even then as top CIA Soviet analyst, Fritz Ermath, now recalls the Agency *still* didn't get it right.

ERMATH We posed ourselves this question: are they gearing up for some military initiative that they know carries the risk of war and are therefore preparing for it? Or are they acting out of fear that *we* are gearing up for some sort of a challenge that could lead to war and they need to pre-empt that, at least in a defensive sense? And we came to the conclusion, no, they're not doing either. They are not doing what the cook book - you know, how the Warsaw Pact forces were supposed to behave in peacetime and supposed to behave as they prepared for war - they're not doing what the cook book calls for them to do, and they *would* be doing it if they were genuinely fearful that their own actions or our actions would provoke a war.

MANGOLD No intelligence cook book could give the right recipe for dealing with an irrational outbreak of paranoia in the Soviet Union. Oleg Gordievsky, the British KGB asset whose work for Western intelligence was to earn him a personal invitation to visit President Reagan, was struck by the persistence of outmoded thinking at CIA Headquarters.

GORDIEVSKY When I started to visit the CIA, beginning of '86, and we discussed the Soviet strategy and the nuclear armaments and so on, they were still not persuaded I was right about all I was saying about paranoia and this belief that the United States would start a nuclear attack. And one important analyst told me it was a huge deception plan by the Soviet leadership to deceive us. So they were so deeply rooted in their own dogmas of the previous time, when they received fresh and different information which clashed with their dogmas, they didn't like it. They were not flexible enough.

MANGOLD But they did finally get the message and the war scare ended with messages of reassurance communicated through traditional back-channel communications between Washington and Moscow. Now the biggest political tsunami since World War II was about to erupt. And where was the CIA? Mel Goodman, the Agency's seasoned Kremlinologist.

GOODMAN The proudest achievement at the CIA in my twenty years was, yes, I was out in front in recognising that Mikhail Gorbachev was

different, that he was conducting a strategic revolution, that Eduard Shevardnadze was a foreign minister like no other. It’s a very sad aspect because a lot of this was reporting I could never get out of the CIA building because it was stopped for political reasons.

MANGOLD So you are writing memoranda to whoever saying there’s something different happening here, there’s something quite cataclysmic, in a way, going on in the Soviet Union. Gorbachev is not out of the same style, out of the same mould, and these memoranda were being blocked?

GOODMAN When you think about it the central question of our time - all of us in our generation - was: was Soviet policy changing and was Gorbachev for real? And on those key questions, the key questions of our time upper management of the CIA was wrong and the small group of us had it right.

MANGOLD And Dick Kerr, reflecting a problem that has endured to this day at the Agency, believes the CIA consistently focused on the close up and ignored the bigger picture.

KERR We get enamoured with individuals and sometimes forget that the institutions and the people surrounding those individuals are more important because we like to deal with a person better than we like to assess an institution as such.

MANGOLD In not making the correct assessments of Soviet institutions, the CIA inevitably failed in one of its key tasks – the correct interpretation of the superpower’s military strength and efficiency: a prime intelligence target. The annual Moscow May Day parades of military might were deceptive. Then a unique opportunity for the CIA to see for itself occurred: the Soviet invasion of Afghanistan. Milt Bearden, the tough CIA station chief, personally organised Mujahideen opposition to the invasion. He crossed the border many times. What he saw for himself weren’t the triumphs of the much-touted and highly-gearred Soviet military machine. He saw an army that couldn’t even defeat mountain men with flintlocks and old sandals.

BEARDEN I don’t think anything that CIA could have said - which would have sounded as follows: “By the way, you know, the Soviet Union is really just barely above third world level, Mr. President. You don’t have to spend all this money that you’re spending to prepare to engage them.” Who’s going to do that? Nobody did that.

MANGOLD Even though it was the truth?

BEARDEN I’m not sure people believed it was the truth, and the reason I tell you that is because when I started sending despatches from

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Afghanistan saying, “You know, in many ways the army that I seem to be lined up against over here, the much-vaunted Soviet army looks pretty third world to me, almost nothing works!” So I’m sending this stuff back and I’m getting, you know, from the Soviet analytical side of the house - ding! - like, who does he think he is?

MANGOLD Is it that they didn’t really want to hear that news?

BEARDEN I don’t think they believed it.

MANGOLD “They didn’t believe it.” Of course, even Gorbachev had misjudged the power of the changes he’d unleashed, but then he wasn’t running the CIA. Those who were, simply couldn’t imagine that after half-a-century of eye-ball to eye-ball confrontation, the Soviets would blink, and retreat into history without firing a shot at the West. Dick Kerr, with hindsight, half forgives that failure.

KERR What we did not understand - nor did I think Gorabachev understand - was the impact of this political change would have on the Soviet Union: the fact that Gorbachev would actually take steps to destroy the Communist Party of the Soviet Union and the implications of that political change. I don’t think we saw them in advance.

MANGOLD It wasn’t so much a failure of intelligence collection and analysis as a failure of imagination.

KERR I think that’s probably a fair comment, although early on, if we would have... say, in the mid-Eighties, we would have said the Soviet Union was in the process of breaking up, I think people in the administration and elsewhere - with some cause - would have said, “You have *flights* of imagination.”

MANGOLD What do they think? What do they know? There’s no getting away from Herb Meyer’s dictum. The lack of sound human intelligence sources – HUMINT - has haunted the CIA throughout its history. Ultimately the Agency failed in the definitive test of thinking itself into the mind of its target and anticipating events. And there was a corollary. The obsession with the communist threat over so many years distorted its intelligence gathering elsewhere in the world, with profoundly damaging consequences. That’s what I’ll be examining in the next programme.