CHAPTER THIRTEEN
SPIES

Within the directorate of plans was the counterintelligence division, a hermetic, secretive fiefdom which for over thirty years was headed by one of the most controversial personalities in the history of the CIA, James Jesus Angleton. Angleton was a legend within the agency. He was a skilled fly-fisherman, orchid grower, and leather tooler. He would give fishing flies and leather cigarette boxes that he made himself as presents to friends. His nicknames testified to his reputation. "Virginia Slim" after the cigarettes he chain-smoked; "Skinny Jim"; a man who looks "like his ectoplasm has run out" said a colleague; the "Delphic Oracle", and "The Ghost". Officers could work for years at Langley without ever setting eyes on him.

Counterintelligence is a very specialised and sophisticated activity. It has an in-built institutional paranoia which sooner or later overwhelms every counterintelligence officer and Angleton himself was not immune. As head of the counterintelligence staff, Angleton's task was to police the CIA, to frustrate attempts to penetrate the agency and confuse it with disinformation. Because of connections he made with Israelis in the 1940s in Italy, he was personally given responsibility for liaison with the Israeli intelligence services.

Angleton came from Idaho and was half-Mexican through his mother, a fact of which he was extremely sensitive and which he tried to hide in a WASP upbringing. He was educated in England and then went to Yale. In 1938, when travelling in Europe, he met Ezra Pound who later visited Yale and contributed to the literary magazine Angleton edited, Furioso. During the war, his cosmopolitan background led him to the OSS where he was involved in liaison with the British in London during the war. He also became friendly with Allen Dulles. They were both fascinated by counterintelligence, for which Angleton had a real flair. When Angleton became head of counterintelligence, largely thanks to Allen Dulles who was by then DCI, he reported directly to Dulles to whom he had complete access.

Throughout the 1950's Angleton formed very close contacts not only with the main western European intelligence services but also with the Turkish, South African, Yugoslav, Taiwanese, Thai and, especially, the Israeli organisations.

Angleton's job, part policeman, part spycatcher, required him to be intensely suspicious of his closest colleagues and had a very isolating effect. Friendship was a luxury. But during his wartime stint in London he did make friends with Kim Philby of SIS. When Philby arrived in Washington after the war as SIS liaison with U.S. intelligence, Angleton showed him around and smoothed his way with introductions and contacts in the Washington bureaucracy. They lunched together frequently and dined at each other's houses. When Philby fell under suspicion in 1951 after Burgess and Maclean absconded, Angleton vehemently defended his friend to the DCI, Bedell Smith, claiming that Philby had been duped by Burgess. When confirmation of Philby's treachery finally came in 1963, Angleton was devastated. Philby was one of his few close friends and the revelation that he was the very symbol of everything Angleton had been fighting against was a shattering experience. Angleton became even more withdrawn and isolated as a result. If Philby could betray on such a scale, he

concluded, then nobody could be trusted. From that point he conducted an increasingly obsessive mole hunt in the CIA.

At its start, the agency had been penetrated by Soviet spies. James Speyer Kronthal was probably the first. He had served with Allen Dulles in the OSS in Switzerland during world war II. When the CIA was created, Kronthal became the agency's first station chief in Switzerland. There he was blackmailed into becoming a Soviet spy: he was homosexual. In 1953 he committed suicide, apparently hopelessly torn between a real loyalty to the United States and his treachery.

John Arthur Paisley joined the CIA in 1953. He had been a sailor, specialising in signalling. In the agency, he worked in the DDI's electronic branch, becoming expert in Soviet communications. In 1974 he retired from the agency. Four years later he disappeared sailing off the Maryland coast just as investigations had begun to try to determine whether or not he had spied for the Soviets.

Karl and Hana Koecher were a Czechoslovak couple who came to the United States in 1965 claiming to be political refugees. In 1973 for four years, Karl was hired as a translator by the agency. In 1984 he was arrested for spying for Czechoslovakia, with his wife acting as his go-between. It was thought by some of the CIA and FBI investigators that the Koechers had worked with Paisley.

David H Barnett joined the agency in 1958. He resigned twelve years later. Then, in 1976, he became a Soviet agent, selling Moscow his knowledge of the agency and actively seeking to join the staff of the Senate intelligence committee in order to obtain more information for his paymasters. He was arrested in 1980. He confessed and was sentenced to ten years in gaol for espionage.

In 1985, Larry Wu-tai Chin, a naturalized U.S. citizen, was arrested for spying for Red China. He was an early CIA analyst, reaching senior position in the China section of the DDI. Before committing suicide weeks after his arrest, he admitted that he had been an agent for Peking for the whole of his career.

Over a thirty year period to the mid-1970s when Angleton left the agency, tens of thousands of individuals had passed through the CIA. The handful of identified penetration agents was a testimony to something - the efficiency or inefficiency of the CI staff; the effectiveness of the agency's screening procedures; the inefficiency or efficiency of Red Chinese and Soviet bloc intelligence services. Angleton fundamentally regarded it as evidence of the cleverness of the other side, and was convinced that there was at least one high-level Soviet spy in the CIA. Suspicion, after all, was his job.

EARLY AGENTS

The CI staff was not responsible for handling agents or defectors: that was the job of the Soviet bloc division of the DDP. The problems arose when counterintelligence came to assess the value of agent and defector information and the possibility that they might be disinformation agents.

Allen Dulles made the recruitment of penetration agents a prime objective of the CIA. The best ones, he considered after his wartime experience with Kolbe

and Gisevius in Switzerland, were what he usually termed "walk-ins", people who out of the blue offered their services. However, it was not until 1952 that the first Soviet official was recruited: Major Vladimir Popov of the GRU, Soviet military intelligence.

William Hood, Popov's case officer in the CIA, summed up Popov's contribution until he was finally arrested in 1958:

"For six years he trundled bales of top-secret information out of the top-secret centres of Soviet power. In the process he shattered the Soviet military intelligence service, caused the transfer of the KGB chief (a four-star general and one of the most powerful men in the USSR), and saved the United States half a billion dollars in military research."[1]

A year after Popov was recruited, an officer serving under him in the GRU, Major Peter Deriabin, asked for asylum at American military headquarters in Vienna and gave his debriefers a wealth of information about the KGB and about the Kremlin intrigues which followed Stalin's death in March, 1953.

In 1954 Soviet defectors to the West included the KGB chief in Australia; a KGB officer stationed in Tokyo; Nikolai Kholkov, a member of the KGB's assassination section, SMERSH, who defected in West Germany, and a senior officer from the Polish intelligence service.

Over the years scores of defectors from the Soviet Union and eastern Europe contributed to the agency's knowledge of Soviet activities and plans, enabling vital cross-checking to take place. Emigrants to the west also helped with information and with such mundane items as clothes and documents that could be used to disguise agents being sent behind the iron curtain.

PENKOVSKY

One of the most important Soviet agents recruited by Western intelligence was Colonel Oleg Penkovsky of GRU who approached the British in 1961. When the CIA was informed, Bissell was initially wary. "How do we know this guy in on the level?" he asked Jack Maury, head of the Soviet Division. Angleton thought he was a double agent but Maurice Oldfield, MI-6 liaison in Washington, persuaded the Americans of his authenticity. He was, Oldfield said:

"the answer to a prayer. What he provided seemed like a miracle too. That is why for so long he was mistrusted on both sides of the Atlantic. It seemed incredible that he could take such risks -not merely photographing top secret documents, but actually giving us the original documents in some instances".[2]

Penkovsky soon proved his worth to the agency during the Cuban missile crisis where his information was invaluable in complementing and verifying the intelligence obtained from the U-2. He said that Soviet missile technology in 1962 could not yet attack the U.S. with intercontinental nuclear missiles. This confirmed the technical intelligence on the subject. Penkovsky also gave specific details about the capabilities and locations of the Soviet missiles intended for Cuba, demonstrating that every major city in the continental U.S. except Seattle

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1 William Hood, Mole - The True Story of the First Russian Intelligence Officer Recruited by the CIA (New York, 1982), p. 13.

2 Richard Deacon, "C" - A Biography of Sir Maurice Oldfield (London, 1985), p. 131.

would be threatened by Soviet missiles once the Cuban emplacements were finished.

Penkovsky also corroborated the technical intelligence finding that Soviet missiles were vulnerable to U.S. anti-missile systems. It was information that helped to convince Kennedy that Khruschev would back down over Cuba. Penkovsky also confirmed that the chief of Soviet missile forces and 300 officers had been killed when a missile had exploded at a test site.

Penkovsky and his British contact, Greville Wynne, were arrested in Moscow in 1963 and found guilty of espionage. Penkovsky was immediately executed. In 1964 Wynne was exchanged for the Soviet spy, Gordon Lonsdale, who had been unmasked in London in 1960.

A controversy surrounds the handling of Penkovsky. Several of those involved, particularly in the CIA, subsequently stated that he should have been asked to do much less: the quantity of information that he passed to MI-6 and the CIA, involving frequent and difficult meetings in Moscow. On one occasion in London when he was with a visiting Soviet delegation, he spent most of the night with his debriefers. It all heightened the chances that he would be observed and caught. During the Cuban missile crisis he worked overtime, and did excite suspicion leading to his arrest.

How to handle Penkovsky was recognized as a problem at the time. He was a frenetic spy: having made the decision to betray his country's secrets, he did so all the time. He saw himself as a patriot and the Soviet government and system as the real betrayer of Russia. The British took the view that he was unstoppable, and that any attempt to rein him in would be counterproductive. They thought he would be caught, sooner rather than later, but that for his sake he should be fully used until then. This was the view that prevailed.

The handling of agents and defectors requires special personal skills: firmness, sympathy, understanding. Because of the fear of sudden disclosure, agents in place live under considerable strain which often manifests itself in odd ways, self importance, a foolhardy recklessness which almost invites exposure and occasional eccentricity. Pankovsky was a classic example. He made endless requests to meet the British Queen and the President of the United States. He kept incriminating photographs of himself in British and American uniforms in a secret drawer in his Moscow flat.

As head of counterintelligence, it was Angleton's job to play devil's advocate in assessing the worth of information about the CIA produced by agents and defectors. Were they the real thing or not? The problem was the Angleton himself was poorly equipped for such a sensitive job. He did not speak Russian; he had never been to the Soviet Union; he had never run an agent.

MONSTER PLOT

Anatoly Golitsyn defected to the CIA in December, 1961, from Finland, where he had been working as a major in the KGB's first chief directorate (responsible for foreign operations) concentrating on NATO targets. He had been planning to

defect for some time and had collected all the information he could on Soviet agents and operations. Golitsyn produced a vast amount of information which helped to provide leads to over 100 Soviet spies and sources within the NATO alliance.

Information from Michael Goleniewski, a Polish intelligence officer who defected in 1960 giving the agency the names of several hundred Soviet bloc agents in the west, tied into Golitsyn's, corroborating many specifics. It was the time of the Berlin wall, the Cuban missile crisis, growing involvement in Vietnam. In that atmosphere, coupled with Goleniewski's and Golytsin's revelations of the extent of Soviet spying, it was not surprising that paranoia about the agency being penetrated should loom so large.

The main thrust of Golitsyn's evidence was that there was a huge Soviet disinformation campaign operating in the West and he predicted that the KGB would do their best to discredit him. Within a few months, three Soviet disinformation agents had appeared to cast doubt on Golitsyn, thus seeming to provide convincing proof that his allegations were genuine. This gained Golitsyn access to the top levels of the agency before he was fully debriefed.

Golitsyn called his conspiracy "the master plot" but critics soon dubbed it "the monster plot". A CIA psychiatrist conducted a routine examination of Golitsyn and concluded that besides exhibiting signs of a "severe paranoid disorder", Golitsyn was also a megalomaniac. Initially, Golitsyn said he would speak to nobody but the President and the DCI. Later he demanded $15 million for a plan he had concocted to penetrate and destroy the KGB.

Angleton was sympathetic to Golitsyn's claims, but when Golitsyn started to rubbish every other defector who came after him, some experienced agency people began to wonder whether he himself might not be an agent provocateur. According to one CIA officer who dealt with him:

"Golitsyn is a very suspicious, very withdrawn, very difficult man ... he had a lot of problems in getting on with people and he was not handled well... He was not handled with authority. He was confronted with an awful lot of people in high positions, and none of them ever sat him down and said, `Tolya, this is the way it is, You do it our way or you're out as far as we're concerned.' Somebody should have said that... The trouble was he got out of the control of people who knew how to handle Russians and got higher and higher. In consequence ... he got into the position of bargaining about information. Some of his initial information was good. But after a while he came to realise that he didn't have to tell the truth in order to get attention. His later information, from the fall of 1962, lacked an element of veracity. It was about that time that Angleton took over, apologised to him for the behaviour of people who had tried to get him to straighten up a little but, and Golitsyn at that point realised he had a nice situation he could control, and he has travelled with it ever since."[1]

It was precisely this combination of fact and fiction which made Golitsyn's evidence so problematical and created so much havoc in western intelligence services. In England he helped to unmask three Soviet agents and warned that there had been another two agents besides Burgess, Maclean and Philby. In 1964 Anthony Blunt, and in 1967 John Cairncross confessed to being the "fourth" and "fifth" men. Blunt had been in British intelligence during world war II, and

1 Interview, 18 November 1983.

had remained on its fringes after 1945. He had helped Maclean and Burgess flee to Moscow in 1951. Subsequently he had become master of the Queen's pictures, for which he was knighted in 1956. Cairncross was an economist who, by his own admission, spied for the Soviet Union from the mid-1930s until 1952. He had worked in the top secret "Ultra" intelligence unit breaking German codes during the war, and had regularly passed decrypts to the Soviets. After the war he served in MI-6 and gave Moscow British-U.S. plans for the future of Yugoslavia. Later he worked in the Foreign Office and the Treasury.

Golitsyn and Angleton, and some like-minded individuals in British intelligence, were convinced that Sir Roger Hollis, head of MI-5 (British counterintelligence), was a Soviet agent. There was no proof that Hollis was ever a Soviet agent (and every Soviet defector in a position to know has said that he was not). However, the determination of his critics led to two separate investigations of him. He was cleared on both occasions. But the investigations created turmoil in the British security services and many of those involved believed that Golitsyn could not have done more damage by way of disruption and casting suspicions than if he had been a Soviet agent.

There was a similar story in France. Golitsyn revealed that there was a network, codenamed Sapphire, of Soviet spies in the French government. A senior French official at NATO was indeed revealed to be a Russian spy, and this gave weight to Golitsyn's claim that there was an even more senior spy still at large. Kennedy took the extraordinary step of writing a personal letter to de Gaulle, warning him of the spy. As in Britain, there was an inconclusive mole hunt. Jacques Foccart, who was on de Gaulle's personal staff and was an adviser on intelligence matters, was accused of being the "French Philby" as a result. He sued the newspaper which published the charge and won damages.

To general consternation, Golitsyn's allegations also extended to the CIA itself. He claimed that not only did the KGB have a source, codenamed "Sasha", who had penetrated the agency's German operations, but also that there was a high-level Soviet mole in Langley. None of these supposed moles was ever found but Angleton hunted for them relentlessly. On the basis of unsubstantiated information from Golitsyn, Angleton told the astonished head of French intelligence that the CIA station chief in Paris, David Murphy, was a Soviet agent. Some officers found their careers blighted and promotion denied: others resigned in frustration. Some were fired because they could not prove their innocence. Richard Helms took the hard but correct view that if an officer was suspect, it was safer for all concerned for him to leave the agency. FBI officers reckoned that in the mid-1960s they were carrying out surveillance on more CIA officers in the U.S. than on KGB agents.

There was also considerable disquiet within the agency over the handling of some Soviet defectors as a result of Golitsyn's allegations. One was Nikolai Fedorovich Artamonov, who took the cover name Nick Shadrin, a Soviet navy commander who defected in 1961, impressing the CIA and the U.S. navy with his knowledge. In 1965 Golitsyn denounced him as a plant. In 1975, Artamonov disappeared in Vienna, being used by the CIA as a double agent. Another accused by Golitsyn was Yuri Nosenko who defected from the KGB in 1964. Golitsyn said he was a disinformation agent, and since Nosenko's information was that the KGB was not involved in the Kennedy assassination, there was intense

pressure to establish his bona fides. If he was a disinformation agent, then his story suggested that the KGB was involved in the assassination, and this would be a most serious matter that could affect world peace. Angleton termed such conundrums the "wilderness of mirrors".

Golitsyn's allegations impressed CIA officers other than Angleton. For nearly three and a half years Nosenko was kept isolated under close arrest by the Soviet bloc division of the DDP, with the approval of the DCI, and was interrogated at length, sometimes with hallucinogenic drugs, as if he were a KGB agent. Angleton had no direct involvement in the treatment of Nosenko and, according to Raymond G Rocca, Angleton's deputy, thought it was a mistake: "I was, in fact, present when Jim Angleton learned from Dave Murphy [then head of the Soviet bloc division] that the director of CIA, on the recommendation of Mr Murphy and his staff, had authorized that course of action forthwith... Jim Angleton's recation: `It was a mistake.' I remember those words because I agreed with them."

Opinion in the agency was divided as to whether Nosenko was genuine or not and two enquiries conducted by the agency were similarly inconclusive. Subsequently, however, the consensus was that Nosenko was genuine and his information accurate. He was given money, employment, U.S. citizenship, and an apology from the CIA.

More disturbing than Nosenko was the case of Yuri Loginov, a KGB man who had been recruited by the CIA. When Golitsyn denounced him as a disinformation agent, he was handed over to the Soviets in Germany where he was promptly executed. In 1979 a top secret agency investigation concluded that Loginov was genuine.

To the horror of colleagues, Angleton gave Golitsyn access to privileged operational files in the hope that he could point to moles within the agency. By the late 1960's Golitsyn's value was diminishing. He had denounced the Sino-Soviet split as a sham and in 1968 he assured agency experts that the Prague Spring was part of a Soviet plot to bring anticommunists into the open, and that Dubcek was a party to the deception. The common wisdom in the agency was that Golitsyn had started with solid information, but gradually had come to pursue the logic of his master plot theory to the point where he was making allegations from speculation. Angleton's support of Golitsyn helped to protect him, but by the time William Colby became DCI in 1973, patience was running out. The Soviet division was paralyzed and Colby felt that too many people had been hurt by Golitsyn's suspicions and Angleton's mole hunts which had produced no results. In 1974 he telephoned Angleton one day and said simply, "It's time to leave. It's over."

Angleton's job was about suspicion. He had to pay a penalty for his position. He was lesser disease inoculating against a greater disease but it was still a disease for all that. His role was that of the Grand Inquisitor: if counterintelligence was not there, the accused's lawyer would run away with the case. Many people felt that there had to be somebody like Angleton in the agency, someone who distrusted everyone and everything and was willing to push anyone out of the way in his search for penetration agents.

Colby felt differently: that in Angleton the institutional paranoia had overreached itself, to the detriment of the agency's efficiency on the clandestine

side. It was time for ghosts to be exorcized.