

Administration to Consider Giving Spy Data to Business

CIA Designee Says Topic Is 'Hottest' in Field

By R. Jeffrey Smith
Washington Post Staff Writer

The Clinton administration plans to review whether economic intelligence gathered by U.S. spy agencies should for the first time be shared with private companies or individuals, according to CIA Director-designate R. James Woolsey.

Woolsey, who described the issue as "the hottest current topic in intelligence policy," told a Senate confirmation hearing yesterday that the administration's review will examine the "complexities, legal difficulties [and] foreign policy difficulties" of passing along to private firms important commercial secrets learned in the course of the CIA's routine spy work.

The review is expected to fuel debate about the CIA's potential role in helping American companies combat foreign competition. The debate began in earnest under the Bush administration, as the end of the Cold War forced the agency to

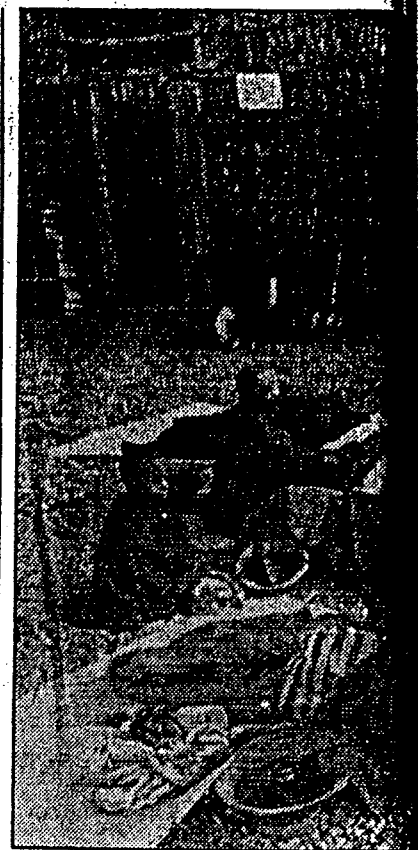
reexamine its fundamental missions.

Former CIA director Robert M. Gates strongly opposed authorizing any sharing of commercial secrets with private firms, saying in several speeches last year that "the U.S. intelligence community does not, should not, and will not engage in industrial espionage."

But some business organizations and independent experts have since urged the government to reverse that decision, citing increased efforts by foreign intelligence organizations to obtain industrial secrets from major U.S. corporations. A 1987 classified CIA survey, for instance, estimated that 80 percent of Japan's intelligence assets were directed toward gathering intelligence on the United States and Western Europe, according to a recent book entitled "Friendly Spies" that discusses this problem.

"Some of our friends and allies ... are involved in economic intelligence operations" against U.S.

See WOOLSEY, A12, Col. 1



As relief effort takes hold, fewer people

Slow Days for *Foreign Forces and In*

president on overhauling
tem.
"Most of the things he said I appreciate
and applaud, especially if he expedites waiv-

ipate for up to three years in actual work
programs such as subsidized private em-
ployment or community work-experience

Staff writers Spencer Rich and Will
Claiborne contributed to this report.

Administration to Study Sharing Economic Sp

WOOLSEY, From A1

firms, Woolsey told the Senate Select Committee on Intelligence without elaboration. Four committee members questioned Woolsey about the issue, although none stated support of a shift in CIA policy.

Woolsey said he decided to seek the review after consulting with national security adviser Anthony Lake and National Economic Council Director Robert E. Rubin. But Woolsey declined to state his personal view about sharing intelligence with private firms, saying he preferred to address it in a later closed-door session with the committee.

Gates supported limiting the CIA's activities in this area to analyzing broad economic trends, keeping track of new technological developments that have far-reaching implications and warning U.S. corporations of specific, foreign intelligence-gathering efforts directed against them—missions that Woolsey said he also endorses.

But Gates opposed helping individual U.S. firms compete, arguing that it was not the government's responsibility and would pose questions of fairness. He also said disclosing information to private firms could compromise secret intelligence sources and methods.

Woolsey deflected the panel's questions on several other topics, including the CIA's future budget

and its efforts to bolster intelligence-gathering from human sources, explaining that he needed time to conduct more study. Sen. Dennis DeConcini (D-Ariz.), the panel's chairman, reiterated his intention to press the CIA for new

*Former CIA
director Gates had
opposed any
"industrial
espionage" by the
intelligence
community.*

savings, but Sen. John Glenn (D-Ohio) said he opposed additional cuts.

The economic plan that President Clinton put forward as a candidate during last year's campaign called for \$1 billion in "intelligence cuts" during 1993 out of current intelligence spending of more than \$28 billion, and stipulated another \$4.5 billion in such reductions by 1997, but the plan did not say how those cuts would be achieved.

"I do not see my role, nor does the president, as a policy adviser," said Woolsey, a lawyer who has

long been active in Washington debates on defense matters. He said, however, that he would resist disruptive cutbacks in CIA personnel.

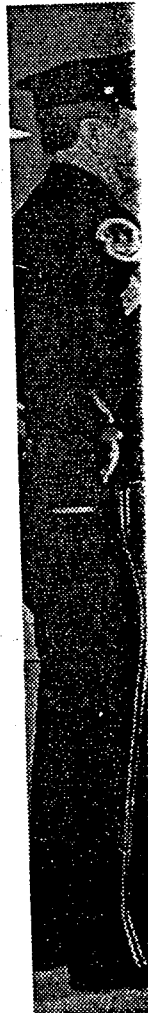
"Although the risk of a single cataclysmic threat to the United States is substantially lower than it was during the Cold War, the number and complexity of very serious threats to major aspects of our nation's security and interests has grown, not shrunk," Woolsey said.

Asked if he would promise to notify Congress of covert action within 48 hours after presidential approval, Woolsey offered less than the blanket pledge sought by some lawmakers.

"I find it extraordinarily difficult to come up with a hypothetical in which there could be any reason for a delay longer than a very few days," Woolsey said, adding that Clinton had expressed a desire for "full candor and cooperation" with Congress.

Woolsey said the administration had not yet formulated a position on whether the 48-hour notification demand was constitutional. Former president Ronald Reagan stirred controversy over the notification issue by failing to report promptly his administration's covert arms sales to Iran.

Woolsey, 51, was generally praised at yesterday's hearing and is expected by senators to win confirmation as the CIA's 16th director without difficulty.



U.S. Capitol
designate R.