

March 30, 1989

THE CRISIS OF SECURITY AT STATE

INTRODUCTION

President George Bush and Secretary of State James Baker must confront the question of how to improve United States diplomatic security.

The fate of the new U.S. Embassy in Moscow symbolizes the flaws in State Department security policies. Last October 27, Ronald Reagan announced his decision to recommend the demolition of the nearly completed new U.S. Embassy building in Moscow.¹ Inadequate oversight by the State Department had allowed Soviet contractors to fill the structure with sophisticated eavesdropping devices. Discovery of this led to a halt in construction in August 1985. The edifice was found to be so riddled with bugs that it is referred to as a KGB sound stage, a large Soviet tuning fork, the KGB Hilton, and an eight-story microphone plugged into the Politburo.

The High Cost of Flaws. The new U.S. Embassy in Moscow that Reagan ordered may take up to 45 months to construct and cost as much as \$300 million.² U.S. taxpayers, who have already spent \$22 million on the Moscow Embassy, have a right to ask which agencies have been responsible for this security disaster. Much of the blame belongs to the State Department.

1 *The Washington Post*, October 27, 1988, p. 1.

2 The State Department is now exploring the idea of selling the bugged U.S. embassy building to American businessmen who want offices in Moscow. *The Washington Post*, January 27, 1989, A18.

This is the seventh in a series by The Heritage Foundation State Department Assessment Project. It was preceded by *Backgrounder* No 682, "A Country Like Any Other: The State Department and the Soviet Union" (December 7, 1988); *Backgrounder* No. 673, "The State Department's Structure Puts It at Odds with the White House" (September 22, 1988); *Backgrounder* No. 653, "Rethinking U.S. Foreign Aid" (June 1, 1988); *Backgrounder* No. 631, "Rethinking the State Department's Role in Intelligence" (February 11, 1988); *Backgrounder* No. 615, "Breaking the Logjam in State Department Reports from Overseas" (November 9, 1987); and *Backgrounder* No. 605, "Understanding the State Department" (September 25, 1987). An upcoming study will analyze the role of Foreign Service Officers.

In recent years, the Department has displayed a consistent inability to fulfill the security tasks assigned to it. The Soviets have been able to bug typewriters at the present Moscow Embassy and have received information from at least one Marine guard. The State Department also negotiated accords with the Soviets which allowed them to obtain a site for their new embassy in Washington that is ideally suited for electronic surveillance. Similar failures allowed a non-Soviet bloc country recently to gain access to sensitive arms control information that the State Department was supposed to protect.

Fundamental reforms are needed. The Bureau of Diplomatic Security (DS) should be removed from State Department jurisdiction and given separate status similar to the FBI, CIA, and Secret Service. Foreign construction should be removed from State Department oversight, and the employment of foreign nationals by U.S. embassies, especially in communist countries, should be reduced or eliminated. The Office of Foreign Missions, created by Congress to press for reciprocity in diplomatic dealings with other governments, should be given more support by the State Department, and the money appropriated for counterintelligence needs to be more effectively spent.

THE STATE DEPARTMENT SECURITY RECORD

The New Moscow Embassy: Flawed from the Start

“One of the true scandals of American foreign policy” is what *The Washington Post* calls “the saga of the two new embassies, ours in Moscow and theirs in Washington.”³ In 1969 and 1972, two agreements were signed by the U.S. and the Soviet Union which permitted the acquisition of land for expansion of their respective embassies and the construction of new buildings. By 1985, the U.S. government stopped construction in Moscow because of the discovery of bugs. So massive was the Soviet effort to wire the new building for sound that a congressional report termed it “fundamentally compromised.”⁴

In congressional testimony in 1987, Assistant Secretary of State and then Director of the Bureau of Diplomatic Security (DS) Robert E. Lamb admitted that the U.S. knew from the start that the KGB was going to try to place listening devices in the new embassy building. Said Lamb: “We knew the Soviets were going to bug us. We had a strategy for finding it.”⁵

3 *The Washington Post*, November 1, 1988, p. A18.

4 “Security at the U.S. Embassy in Moscow,” Trip Report by Rep. Daniel A. Mica and Rep. Olympia J. Snowe, May 12, 1987, p. 2.

5 “U.S. Alerted to Embassy Bugs in ’79,” *The Washington Post*, April 23, 1987 p. 1.

The strategy failed. Security problems existed from the very start. According to a 1986 report by the Senate Foreign Relations Committee, "lax security standards allowed the American architects to employ a Soviet national, a structural engineer who was residing in the United States, to work on the U.S. Embassy design for approximately five months." After he completed his work on the design, he returned immediately to the USSR where he disappeared.⁶ In addition, a number of State Department contractors and almost half of the employees of the U.S. company responsible for the embassy's electrical and mechanical systems lacked required security clearances.⁷

Perhaps the greatest breach of security had to do with the construction of the new building itself. According to the 1972 construction agreement, the Soviet contractor was allowed to fabricate the U.S. Embassy's component parts off site without any U.S. supervision. In addition, the agreements permitted the Soviets to redesign the structure of the building substantially.

Soviet Sophistication. The result was predictable. The prefabricated building components were riddled with listening devices of such sophistication that they eluded detection for years and, even when found, could not be understood. As Assistant Secretary Lamb was later to comment, the U.S. government did not foresee the possibility that the Soviets would use "the structure itself as part of the bugging."

U.S. officials blithely had accepted Soviet assertions that Soviet construction practices did not permit on-site pouring of concrete. Consequently, State Department officials readily agreed to having major components cast away from the construction site.⁸ (By contrast, while the Soviets retained a U.S. company to construct their new embassy in Washington, they insisted that the components be fabricated on site and under heavy KGB supervision.)

Mount Alto and the Scandal of Reciprocity

In Washington, as well as in Moscow, the Soviets got the better of the U.S. government. In exchange for a microphone-riddled building at a swampy site at one of the lowest points in the Moscow area, State Department negotiators, under pressure from the Nixon White House,⁹ delivered 12 acres of prime Washington real estate at the second highest point in the capitol area, from which parabolic dishes currently intercept sensitive microwave transmissions.

Mount Alto is 350 feet above sea level, which places it above nearly every sensitive government site in Washington. Example: the White House is only

⁶ Subsequent attempts to contact "Ivan the Architect" were unavailing as Soviet officials turned away U.S. requests with news that he had died of a heart attack. Senate Foreign Relations Committee, "Trip Report: Visit to U.S. Embassy in Moscow, September 15-17, 1986," p. 4.

⁷ *Ibid.*, p. 6.

⁸ "Congress Hears \$70 Million Plan for Salvaging Moscow Embassy," *The New York Times*, June 30, 1987, p. 1.

⁹ "The Bugged Embassy Case: What Went Wrong," *The New York Times*, November 15, 1988, p. A12.

51 feet above sea level, the State Department only 32 feet, the Pentagon 21 feet, and the U.S. Capitol only 90.5 feet. From the Soviet eavesdropping antenna on Mt. Alto, the White House is less than 3 miles by direct line of sight, the State Department a little over 3 miles, the Pentagon about 4 miles, the U.S. Capitol slightly over 4 miles, and the FBI about 3.5 miles. Although the Soviets cannot occupy their new Washington chancery until the situation with the new U.S. Embassy in Moscow is resolved, the agreement permits the Soviets to use the residences in their new embassy compound.

From their vantage point on Mount Alto, the Soviets are currently able to eavesdrop on an estimated 70 percent of the private telephone calls in the entire capital region, intercept sensitive military communications, and target other important government offices.

The Continuing Mess in Moscow: Swallows in the Embassy

On December 14, 1986, a CIA officer was startled when he was approached at a Christmas party at the U.S. Embassy in Vienna by a Marine Corps guard who confessed his involvement with the KGB at his previous posting in Moscow.

The Marine, who had served as a guard at the Moscow Embassy, admitted to having had a relationship with a Soviet woman who was employed at the Embassy. In espionage parlance, a woman employed by the KGB to compromise U.S. citizens is known as a "swallow."

According to a 1987 report of the Senate Select Committee on Intelligence, the worst-case assessments presume that Soviets had access for hours at a time to "the most sensitive areas of the embassy."¹⁰ The integrity of the entire system depended on the single Marine guard in control of the technical systems from the command post. Even the purely technical components of the system were inadequate. Television cameras did not cover the vaulted door of the Post Communications Unit, and there were "blind spots" on the perimeter that could be exploited. The Soviets also had access to the courtyard of the embassy since two Soviet drivers stayed there all night. Finally, most of the TV cameras used were not equipped with motion detectors nor was there adequate 24-hour recording equipment.

Foreign Nationals: Convenience or Threat?

Until very recently, there were about 250 Soviet nationals working in the U.S. Embassy in Moscow as chauffeurs, telephone operators, translators, maids, and cooks. The State Department has claimed in the past that Soviet nationals were not permitted to work in sensitive areas of the embassy.¹¹ With the revelations of the 1980s, that confidence has been demonstrated to have been misplaced.

10 "Senate Panel Urges Destruction of Moscow Site," *The New York Times*, April 30, 1987.

11 See, e.g., "House Votes to Ban Soviet Employees at U.S. Embassy," *Los Angeles Times*, May 9, 1985, p. 16.

In addition to the threat posed by Soviets planting bugging devices and seducing Marines, there are more subtle problems with employing foreign nationals at sensitive overseas posts. As American Foreign Service Officers become familiar with foreign employees, they tend not to look at them as loyal citizens of an often hostile power. Familiarity leads career diplomats to lower their vigilance with respect to foreign nationals. Foreign nationals hired as clerks or for similar jobs can pick up important information about what is happening at the embassy weaknesses of certain U.S. personnel, vulnerabilities of the system, and even the identities of intelligence personnel under cover. A senior State Department official told *The New York Times*: "Sure there are KGB agents....But there are also many other loyal people who have worked for the U.S. for years despite great hardship."¹² The idea that Soviet citizens, screened and hired by the Soviet government to work at the American Embassy, should be considered "loyal" to the U.S., might strike just about everyone as bizarre. Yet it is precisely this attitude that leads to the kind of fraternization between U.S. personnel and Soviet employees which was uncovered in the wake of the Moscow Embassy Marine Guard case. A 1987 congressional report criticized the U.S. Ambassador to Moscow, Arthur Hartman, who successfully argued against proposals to reduce the number of foreign nationals employed at U.S. posts. Concluded the report: "The Ambassador acted in ways to obstruct security enhancements."¹³

Widespread Security Laxity. The lax approach by the State Department to the problem of foreign nationals is not limited to the Soviet Union and the Eastern bloc. The Senate Foreign Relations Committee discovered in 1986 that almost half of the employees of one U.S. contractor for American embassies had arrived without any of the required security clearances.¹⁴ In another case, 19 of 42 State Department contractors lacked required security clearances.¹⁵ Eight of the nine overseas posts investigated for a recent General Accounting Office (GAO) study had failed to comply with security requirements for investigating foreign nationals and contractors employed by the State Department.¹⁶

In Algeria, only 52 of 229 foreign national employees and none of the local guard force of 94 had been investigated. Only 7 of 182 foreign nationals and contractors in Argentina had been investigated, while 204 of 328 local guards in Egypt had not been investigated at all. The situation was better at posts in Chile, India, Morocco, the Philippines, Thailand, and Uruguay, but at most of these posts there were backlogs of individuals who needed to be reinvestigated.

12 "Are Embassies Chronically Insecure?" *The New York Times*, April 12, 1987.

13 Mica-Snowe Trip Report, *op. cit.*

14 Senate Foreign Relations Committee Trip Report, *op. cit.*, p. 5.

15 *Ibid.*, p. 6.

16 United States General Accounting Office, *Embassy Security: Background Investigations of Foreign Employees*, January 1989.

The GAO study attributes these failures to "(1) the inconsistent application of State's regulations by overseas posts, (2) the low priority generally assigned to background investigations relative to other security concerns, (3) the lack of monitoring by State's headquarters to see that posts perform background investigations or reinvestigations of foreign nationals, and (4) inadequate tracking systems to determine who needed background investigations."¹⁷

Moscow on the East River

"Our best watch-tower in the West" is how one top-ranking Soviet official described the United Nations to Soviet defector, Arkady Shevchenko, the former U.N. Undersecretary General.¹⁸ The U.N. Secretariat in New York houses the largest concentration of Soviet and Soviet bloc officers in the U.S., most of them under cover as U.N. "international civil servants." In addition to using many of its more than 200 Soviet nationals working in Manhattan at the U.N. as a base for domestic espionage, the KGB and related espionage services recruit Third World and even Western diplomats in New York.¹⁹ Outside of Manhattan, the USSR and Warsaw Pact nations routinely conduct espionage through trade and commercial establishments in regional centers such as Charlotte, North Carolina, and Columbus, Ohio.

The Office of Foreign Missions (OFM) was created within the State Department by Congress in 1982, to insure that foreign diplomats in the U.S., including those at the United Nations, are treated in the same manner as U.S. diplomats are treated by particular other countries. OFM also coordinates the efforts of U.S. federal, state, and municipal authorities to prevent spies from abusing their diplomatic privileges.

The 1985 Roth-Hyde Amendment to the Foreign Missions Act places employees of the U.N. Secretariat under the restrictions applied to the officers of diplomatic missions. As a result, Soviet officials must coordinate in advance all travel beyond a 25-mile radius of their base cities with the OFM Travel Service Bureau. These regulations are important, but are applied inconsistently. Relatively looser standards are applied to Soviet allies, while Hungarian and Romanian officials are not restricted at all. Furthermore, the FBI lacks the manpower for adequate surveillance of the approximately 10,000 communist bloc nationals in the U.S. Making this situation worse is the apparent lack of support for the OFM within the State Department.

The Case of the Careless Employee

Though a small agency housed within the State Department building, the Arms Control and Disarmament Agency (ACDA) has access to highly classified information about nuclear programs and strategic weapons. Although ACDA has its own security officer, its Sensitive Compartmented Information Facility is under State Department jurisdiction.

17 *Ibid.*, p. 3.

18 Arkady Shevchenko, *Breaking with Moscow* (New York: Alfred A. Knopf, 1985), p. 237.

19 Thomas E. L. Dewey and Charles M. Lichenstein, "New Measures Needed to Fight Anti-U.S. Spying," Heritage Foundation Backgrounder No. 590, July 2, 1987.

In 1985 it was revealed that an ACDA employee had improperly stored a large number of highly classified "codeword" documents in her office safe in spite of assurances given to the ACDA security officer that she had no such documents. A subsequent assessment by the National Security Agency determined that she had taken classified material to officials of a foreign, albeit "friendly," country.

The case of the careless employee at ACDA led to an investigation by the General Accounting Office of how classified information was being handled. The investigation determined that ACDA could not locate one-quarter of a random sample of classified material requested by the GAO. The GAO further concluded that the State Department had failed to provide adequate security support to ACDA. Though there is no evidence that any of the material found its way into Soviet hands, the case shows that the State Department's security deficiencies are not limited to embassies overseas.

THE STATE DEPARTMENT AND U.S. SECURITY

Security and the State Culture

The persistent exposure of security failures, prompting the creation of task forces and special committees that conduct investigations and inquiries, followed ultimately by pledges to fix the problems by responsible State Department officials, cannot be explained by incompetence. The deficiency in State's view of security matters is institutional.

Within the State Department, the Bureau of Diplomatic Security (DS) has the duty of protecting U.S. diplomatic personnel and property overseas. Each overseas post has a regional security officer, who is responsible not only for the security of State Department posts in that country but also for those of the U.S. Information Agency (USIA), the U.S. Agency for International Development (AID), and the Peace Corps.

The attitudes of many State Department officials impair the effectiveness of the Bureau of Diplomatic Security. To many American career foreign service officers, security and diplomacy have come to appear antithetical. The diplomatic function as defined by the State Department is to get along with the host country and foreign nationals, even when this conflicts with the requirements of security. By contrast, security personnel perform a function that exposes the limits of the diplomatic enterprise, a world not amenable to rational resolution. To many American foreign service officers, military and security personnel represent the failure of diplomacy.

Disdain for Security. The result is a low regard, even disdain, by the State Department for security officers. This is reflected in the pecking order at the typical U.S. embassy. The Regional Security Officer, the local representative of the Bureau of Diplomatic Security, reports to the embassy's administrative officer, the foreign service official with typically the lowest prestige in the embassy. What is more, the security officer is considered part of the "support staff."

State Department officials also tend to see embassies as extensions of the U.S. — slices of America transplanted abroad. They consider security measures as barriers between themselves and the locals. Ironically, this was one argument used by State Department careerists against eliminating foreign nationals in the Moscow Embassy. Arthur Hartman, U.S. ambassador in Moscow during some of the most damaging security lapses, told Representative James Courter, the New Jersey Republican, that Soviet citizens working at the embassy came away with a new and fresh perspective about democracy.²⁰

The public diplomacy mission of the United States Information Agency (USIA), meanwhile, requires its own approach to security. Because of the lack of Americans with adequate language skills and familiarity with local institutions, USIA needs foreign nationals in its Eastern European offices. USIA buildings, moreover, must be easily accessible to foreigners if the agency is to fulfill its mandate to acquaint foreign publics with American institutions and ideas. In the special case of USIA, the balance between security and accessibility should be weighted in favor of the latter. This need not undermine U.S. security, because USIA personnel deal with far fewer secrets than do embassy personnel, and such confidential material can easily be segregated in “core sections” of USIA facilities abroad.

State Department Resistance to a Security Priority

The attitude of the State Department and its resistance to change are well illustrated by the reaction to legislative initiatives to bar foreign nationals from the U.S. Embassy in Moscow. Representative Courter introduced legislation in 1985 to bar Soviet nationals as employees in Moscow, Leningrad, and other Soviet cities. He voiced his concern that even the chauffeurs were Soviets who could overhear the confidential conversations of U.S. diplomats.²¹ When Ambassador Hartman visited Capitol Hill to lobby against passage of the legislation, he joked that employing KGB agents sometimes made it easier to communicate with the Soviet leadership. To illustrate the pervasive presence of Soviet agents, Hartman told the congressmen that he believed that his driver was a colonel in the KGB.²² When Courter expressed shock at this news, he was ridiculed. One unnamed Administration official described Courter’s reaction as “silly”: “The guy [Courter] doesn’t know what he’s talking about. It’s like the guy from Kansas who goes to New York and is shocked by the tall buildings.”²³

1986 Expulsions. The elimination of Soviet employees from the U.S. Embassy in Moscow finally occurred in fall 1986, but not because the U.S. government expelled them. Ironically, it was the Soviet government that did so, ordering its citizens to resign from their jobs at the embassy in retaliation for the expulsion from the U.S. of 80 suspected Soviet spies.

20 "Courter Sees Incompetence in Moscow Embassy Scandal," *Star-Ledger* (N.J.), April 3, 1987.

21 *Congressional Record*, May 8, 1985, p. H3007.

22 *The New York Times*, September 29, 1985.

23 "Courter Faults Hiring of Soviets at U.S. Embassy," *Star-Ledger* (N.J.), September 29, 1985, p. 11.

Even after the Soviet nationals left that embassy, 380 foreign nationals remained at work at American embassies in Warsaw Pact countries. To make matters worse, the State Department frequently waives security criteria for posting Americans to U.S. embassies in those countries. The criteria, developed by the Diplomatic Security Service, are regularly waived, according to one congressional report, "merely to prevent inconveniences in the personnel assignment process."

The response of the State Department to the threats posed in these other countries has been predictable. For example, when Courter introduced legislation in 1987 banning all foreign nationals from employment in U.S. diplomatic facilities in Eastern Europe, the Department opposed it, using the arguments that it had used to lobby against Courter's 1985 legislation prohibiting Soviet employees in Moscow.²⁴

State's Pattern of Neglect

In recent years, the State Department largely has ignored the recommendations of a number of high-level studies on making U.S. embassies more secure. After the bombing of the U.S. Embassy in Beirut in 1983, an advisory panel chaired by former CIA Deputy Director Robert Inman was asked by the State Department to recommend anti-terrorist measures; the panel did so, but its counterintelligence recommendations have been ignored. The State Department also has implemented only a few of the dozen proposals recommended in the 1985 President's Foreign Intelligence Advisory Board (PFIAB) report.²⁵

The State Department has failed to carry out recommendations both of the Senate Foreign Relations Committee Trip Report (September 15-17, 1986), which exposed many of the flaws of the new Moscow chancery construction, and of the Senate Select Committee on Intelligence (SSCI), in its April 1987 report which called for the destruction of the compromised embassy building and the removal of foreign employees from other U.S. embassies. Similar recommendations were made in the report authored by Representatives Dan Mica, the Florida Democrat, and Olympia Snowe,²⁶ the Maine Republican, which criticized the lack of coordination between the State Department and the Marine Corps guard unit in Moscow.

The State Department's neglect of many of the measures advocated by these reports confirms the low priority that the State Department assigns to security matters.

24 Ironically, this legislation was anticipated in 1985 and was used by the State Department's allies on Capitol Hill to try to defeat Courter's 1985 legislation banning Soviets from the Moscow Embassy. Representative Dan Mica, the Florida Democrat, arguing the State Department's position, observed that if the U.S. banned foreign nationals from the Moscow Embassy, it might have to ban foreign nationals from other embassies as well. *Congressional Record*, May 8, 1985, p. H3008.

25 "State Department Accused of Moscow Security Laxness," *The Washington Times*, April 6, 1987, p. 3A.

26 Security at the U.S. Embassy in Moscow, May 12, 1987.

Recent Security Reforms

There have been, however, a few improvements in recent years in State Department security procedures. These reforms, many of which are being imposed over the objections and procrastination of key State Department career officers, include:

◆◆ **Introduction of Plain Text Processing.** The bugging of the embassy typewriters in Moscow has led to the creation of a joint facility with the CIA to protect office equipment. Purchasing, shipping, and maintenance are all done by trained U.S. personnel.²⁷ This prevents the Soviets from inserting devices in the typewriters that can record secret typed information.

◆◆ **Establishment of a Security Evaluation Office (SEO).** The State Department and the Central Intelligence Agency are currently working together to establish a Security Evaluation Office (SEO). SEO, which would report to the CIA Director, is to assist the Secretary of State in setting security standards for U.S. missions overseas. This would enable the State Department to utilize intelligence community experts in counterintelligence. SEO would monitor compliance of the State Department with the established standards and independently and objectively evaluate compliance. In addition, SEO would inspect overseas facilities and provide technical assistance and personnel to formulate and recommend²⁸ counterintelligence security standards to the Secretary of State.

◆◆ **Upgrading of the Diplomatic Security Service.** As a result of the Inman panel recommendations, the Office of Security at the State Department was elevated in 1985 to become the present Bureau of Diplomatic Security (DS) headed by an Assistant Secretary of State. The number of security officers and engineers assigned to DS has been increased dramatically. The training of the Bureau's staff has been upgraded and, after the revelations of the Marine Guard breach of security in Moscow, an FBI agent has been detailed to the DS Counterintelligence Staff to help ensure that rigorous security standards are upheld.

STRENGTHENING SECURITY AT STATE

The reforms underway are far from adequate. A number of actions remain to be taken by the U.S. government. Ronald Reagan's October 27, 1988, decision to reject the Moscow Embassy and, more recently, Secretary of State James Baker's suggestion that the building could be sold to private investors are needed first steps. The U.S. further needs to:

◆◆ **Hire Americans for U.S. embassies abroad.** The employment of foreign nationals at U.S. embassies in hostile countries is a mistake, not only because it permits espionage, but because it encourages American diplomats to lower their guard around fellow workers who serve another government.

27 Ronald Spiers, "The 'Budget Crunch' and the Foreign Service," *Department of State Bulletin*, July 1988, p. 30.
28 *Congressional Record*, September 14, 1988, p. H7565.

The State Department should replace the foreign national staffs at embassies and other diplomatic facilities in Eastern Europe and other communist countries with American citizens. An exception can be made for overseas posts of the U.S. Information Agency (USIA), which requires more access to foreign populations in order to fulfill its mission of public diplomacy.

♦ ♦ **Strengthen review of contractors.** Stricter standards of security review should be imposed on contractors constructing U.S. diplomatic buildings; in the short term, existing standards must be enforced. Such investigations must be closely monitored to insure consistent application of security standards at all U.S. embassies abroad, to prevent a recurrence of the disparities in enforcement which both the Senate Foreign Relations Committee and the GAO have reported.

♦ ♦ **Upgrade the status of the Bureau of Diplomatic Security.** The 1985 upgrading to bureau status of the former office of Security at the State Department is not enough. The Bureau of Diplomatic Security needs to be made independent of the State Department, or at least part of an independent entity within the State Department. To develop its own professional standards, discipline, and esprit, the members of the Bureau should be excepted from ordinary civil service regulations, as are the FBI, CIA, or Secret Service.

♦ ♦ **Create a separate career track for security officers at State.** The reformed DS should have its own career track and promotion panels. Currently, the senior positions of DS tend to be Foreign Service Officers who specialize in administrative careers within the Foreign Service. To win promotion, they must work in other areas of administration, eventually advancing out of security work to be a general administration officers. Security requires a separate career track so that the service is staffed from the top with officials expert in security matters.

♦ ♦ **Upgrade security staff status.** The Regional Officer should not report through the administrative officer in each U.S. embassy overseas, as he now must do. Instead, the Regional Officer in charge of security should report directly to the ambassador and deputy chief of mission. This would help to bring security matters frequently and directly to the attention of the embassy leadership. The transformation of DS into a full-scale independent career service will give greater status to security personnel within the embassy and greater weight to their findings and suggestions.

♦ ♦ **Establish a security training program.** The training requirements for DS are different from those for Foreign Service Officers. A training program needs to be developed to fit DS needs. This will require coordination with the CIA, FBI, and Secret Service. To achieve continuity within DS, the Bureau should have its own permanent instructors to train its officers, in addition to security experts assigned to DS from other agencies.

♦ ♦ **Remove authority for embassy construction from State.** The Foreign Building Office (FBO) at State is in charge of billions of dollars appropriated for the current worldwide construction program to improve U.S. embassy

defenses against terrorism. Under FBO's supervision there has been little coordination between contractors who build embassies and the engineers on the DS staff, who only check the premises for bugs after the building is finished.

Responsibility for the construction of embassies should be removed from the State Department for two reasons. First, the State Department consistently has undervalued security. Second, a number of U.S. government agencies, in addition to the State Department, are now tenants in embassy buildings. An "honest broker" outside the State Department could make the decisions about construction, security, logistics, communications, and other institutional issues concerning embassy arrangements, as the General Services Administration does for domestic buildings of the federal government.

◆ ◆ Consider independent status for the Office of Foreign Missions. The creation of the Office of Foreign Missions in 1982 was supported by the intelligence community, with the understanding that it would be headed by a former intelligence officer with the personal rank of ambassador. The mission of enforcing reciprocity, that is, of making U.S. government restrictions on foreign (especially communist bloc) embassy personnel in the United States depend in large part on how their governments treat U.S. embassy personnel in their own countries, sometimes may conflict with the requirements of security. Restrictions on the travel of Soviet diplomats in the U.S., for example, may be justified by security concerns quite distinct from the question of punishing or rewarding the Soviet government for its treatment of U.S. diplomats. For reasons of national security, it might be unwise to relax such restrictions on Soviet personnel in the U.S. even if the Soviet government eased restrictions on the travel and activities of U.S. diplomats in the Soviet Union.

The necessity of balancing security and reciprocity makes it important for the OFM head to have experience in security matters. However, while a former FBI official was given the job, the State Department blocked his ambassadorial rank for four years. The lack of support within the State Department for the OFM raises the question whether the function of enforcing reciprocity might also be better located outside the State Department.

◆ ◆ Manage spending more wisely. Despite an increase of over a billion dollars in the budget for embassy security after the Inman report, counterintelligence has been shortchanged by the State Department. There are two basic problems with the program to enhance the physical security of embassies and other facilities: too much money (over \$4 billion) requested, and failure to spend the appropriated amount wisely.

Congressional hearings in 1987 showed that the building program at State is choked with unassigned funds. Unassigned balances for new embassy construction have grown to almost \$1 billion, prompting former Senator Lawton Chiles, the Florida Democrat, to state "If the [budgetary] crisis exists,

it is in the inability of the State Department to effectively manage the long-scale programs authorized by Congress...."

State does not have enough experienced staff to manage effectively all of the money appropriated by Congress. Yet State has rejected help from those who might be able to manage the program, including a proposal to have the Army Corps of Engineers help with embassy construction.

Those projects that have been undertaken quite often have not been well thought out. Not every embassy faces the same security hazards. After the U.S. Embassy in Beirut was destroyed by a suicide mission, U.S. embassies around the world were redesigned for protection against trucks loaded with explosives. Just as generals often fail by attempting to fight the last war, so State is prepared to repel the last terrorist attack. In the future, State Department security officials should be more sensitive to the variety of security risks that threaten U.S. embassies overseas.

CONCLUSION

The State Department consistently underestimates the complexity and seriousness of the security threat to U.S. embassies abroad. In spite of repeated failure to correct the problem, the Department, from former Secretary of State George Shultz down, has lobbied against the kinds of substantive reforms that would correct the problem. The changes needed to improve security dramatically cannot be cosmetic, as they have been in the past. A serious restructuring of the way State provides for the physical security of U.S. embassies and the security of U.S. data and secrets is needed. Anything less will just be courting future security debacles.

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1 *The Washington Post*, October 27, 1988, p. 1.

2 The State Department is now exploring the idea of selling the bugged U.S. embassy building to American businessmen who want offices in Moscow. *The Washington Post*, January 27, 1989, A18.

This is the seventh in a series by The Heritage Foundation State Department Assessment Project. It was preceded by *Backgrounder* No 682, "A Country Like Any Other: The State Department and the Soviet Union" (December 7, 1988); *Backgrounder* No. 673, "The State Department's Structure Puts It at Odds with the White House" (September 22, 1988); *Backgrounder* No. 653, "Rethinking U.S. Foreign Aid" (June 1, 1988); *Backgrounder* No. 631, "Rethinking the State Department's Role in Intelligence" (February 11, 1988); *Backgrounder* No. 615, "Breaking the Logjam in State Department Reports from Overseas" (November 9, 1987); and *Backgrounder* No. 605, "Understanding the State Department" (September 25, 1987). An upcoming study will analyze the role of Foreign Service Officers.

In recent years, the Department has displayed a consistent inability to fulfill the security tasks assigned to it. The Soviets have been able to bug typewriters at the present Moscow Embassy and have received information from at least one Marine guard. The State Department also negotiated accords with the Soviets which allowed them to obtain a site for their new embassy in Washington that is ideally suited for electronic surveillance. Similar failures allowed a non-Soviet bloc country recently to gain access to sensitive arms control information that the State Department was supposed to protect.

Fundamental reforms are needed. The Bureau of Diplomatic Security (DS) should be removed from State Department jurisdiction and given separate status similar to the FBI, CIA, and Secret Service. Foreign construction should be removed from State Department oversight, and the employment of foreign nationals by U.S. embassies, especially in communist countries, should be reduced or eliminated. The Office of Foreign Missions, created by Congress to press for reciprocity in diplomatic dealings with other governments, should be given more support by the State Department, and the money appropriated for counterintelligence needs to be more effectively spent.

THE STATE DEPARTMENT SECURITY RECORD

The New Moscow Embassy: Flawed from the Start

“One of the true scandals of American foreign policy” is what *The Washington Post* calls “the saga of the two new embassies, ours in Moscow and theirs in Washington.”³ In 1969 and 1972, two agreements were signed by the U.S. and the Soviet Union which permitted the acquisition of land for expansion of their respective embassies and the construction of new buildings. By 1985, the U.S. government stopped construction in Moscow because of the discovery of bugs. So massive was the Soviet effort to wire the new building for sound that a congressional report termed it “fundamentally compromised.”⁴

In congressional testimony in 1987, Assistant Secretary of State and then Director of the Bureau of Diplomatic Security (DS) Robert E. Lamb admitted that the U.S. knew from the start that the KGB was going to try to place listening devices in the new embassy building. Said Lamb: “We knew the Soviets were going to bug us. We had a strategy for finding it.”⁵

3 *The Washington Post*, November 1, 1988, p. A18.

4 "Security at the U.S. Embassy in Moscow," Trip Report by Rep. Daniel A. Mica and Rep. Olympia J. Snowe, May 12, 1987, p. 2.

5 "U.S. Alerted to Embassy Bugs in '79," *The Washington Post*, April 23, 1987 p. 1.

The strategy failed. Security problems existed from the very start. According to a 1986 report by the Senate Foreign Relations Committee, "lax security standards allowed the American architects to employ a Soviet national, a structural engineer who was residing in the United States, to work on the U.S. Embassy design for approximately five months." After he completed his work on the design, he returned immediately to the USSR where he disappeared.⁶ In addition, a number of State Department contractors and almost half of the employees of the U.S. company responsible for the embassy's electrical and mechanical systems lacked required security clearances.⁷

Perhaps the greatest breach of security had to do with the construction of the new building itself. According to the 1972 construction agreement, the Soviet contractor was allowed to fabricate the U.S. Embassy's component parts off site without any U.S. supervision. In addition, the agreements permitted the Soviets to redesign the structure of the building substantially.

Soviet Sophistication. The result was predictable. The prefabricated building components were riddled with listening devices of such sophistication that they eluded detection for years and, even when found, could not be understood. As Assistant Secretary Lamb was later to comment, the U.S. government did not foresee the possibility that the Soviets would use "the structure itself as part of the bugging."

U.S. officials blithely had accepted Soviet assertions that Soviet construction practices did not permit on-site pouring of concrete. Consequently, State Department officials readily agreed to having major components cast away from the construction site.⁸ (By contrast, while the Soviets retained a U.S. company to construct their new embassy in Washington, they insisted that the components be fabricated on site and under heavy KGB supervision.)

Mount Alto and the Scandal of Reciprocity

In Washington, as well as in Moscow, the Soviets got the better of the U.S. government. In exchange for a microphone-riddled building at a swampy site at one of the lowest points in the Moscow area, State Department negotiators, under pressure from the Nixon White House,⁹ delivered 12 acres of prime Washington real estate at the second highest point in the capitol area, from which parabolic dishes currently intercept sensitive microwave transmissions.

Mount Alto is 350 feet above sea level, which places it above nearly every sensitive government site in Washington. Example: the White House is only

⁶ Subsequent attempts to contact "Ivan the Architect" were unavailing as Soviet officials turned away U.S. requests with news that he had died of a heart attack. Senate Foreign Relations Committee, "Trip Report: Visit to U.S. Embassy in Moscow; September 15-17, 1986," p. 4.

⁷ *Ibid.*, p. 6.

⁸ "Congress Hears \$70 Million Plan for Salvaging Moscow Embassy," *The New York Times*, June 30, 1987, p. 1.

⁹ "The Bugged Embassy Case: What Went Wrong," *The New York Times*, November 15, 1988, p. A12.

51 feet above sea level, the State Department only 32 feet, the Pentagon 21 feet, and the U.S. Capitol only 90.5 feet. From the Soviet eavesdropping antenna on Mt. Alto, the White House is less than 3 miles by direct line of sight, the State Department a little over 3 miles, the Pentagon about 4 miles, the U.S. Capitol slightly over 4 miles, and the FBI about 3.5 miles. Although the Soviets cannot occupy their new Washington chancery until the situation with the new U.S. Embassy in Moscow is resolved, the agreement permits the Soviets to use the residences in their new embassy compound.

From their vantage point on Mount Alto, the Soviets are currently able to eavesdrop on an estimated 70 percent of the private telephone calls in the entire capital region, intercept sensitive military communications, and target other important government offices.

The Continuing Mess in Moscow: Swallows in the Embassy

On December 14, 1986, a CIA officer was startled when he was approached at a Christmas party at the U.S. Embassy in Vienna by a Marine Corps guard who confessed his involvement with the KGB at his previous posting in Moscow.

The Marine, who had served as a guard at the Moscow Embassy, admitted to having had a relationship with a Soviet woman who was employed at the Embassy. In espionage parlance, a woman employed by the KGB to compromise U.S. citizens is known as a "swallow."

According to a 1987 report of the Senate Select Committee on Intelligence, the worst-case assessments presume that Soviets had access for hours at a time to "the most sensitive areas of the embassy."¹⁰ The integrity of the entire system depended on the single Marine guard in control of the technical systems from the command post. Even the purely technical components of the system were inadequate. Television cameras did not cover the vaulted door of the Post Communications Unit, and there were "blind spots" on the perimeter that could be exploited. The Soviets also had access to the courtyard of the embassy since two Soviet drivers stayed there all night. Finally, most of the TV cameras used were not equipped with motion detectors nor was there adequate 24-hour recording equipment.

Foreign Nationals: Convenience or Threat?

Until very recently, there were about 250 Soviet nationals working in the U.S. Embassy in Moscow as chauffeurs, telephone operators, translators, maids, and cooks. The State Department has claimed in the past that Soviet nationals were not permitted to work in sensitive areas of the embassy.¹¹ With the revelations of the 1980s, that confidence has been demonstrated to have been misplaced.

10 "Senate Panel Urges Destruction of Moscow Site," *The New York Times*, April 30, 1987.

11 See, e.g., "House Votes to Ban Soviet Employees at U.S. Embassy," *Los Angeles Times*, May 9, 1985, p. 16.

In addition to the threat posed by Soviets planting bugging devices and seducing Marines, there are more subtle problems with employing foreign nationals at sensitive overseas posts. As American Foreign Service Officers become familiar with foreign employees, they tend not to look at them as loyal citizens of an often hostile power. Familiarity leads career diplomats to lower their vigilance with respect to foreign nationals. Foreign nationals hired as clerks or for similar jobs can pick up important information about what is happening at the embassy weaknesses of certain U.S. personnel, vulnerabilities of the system, and even the identities of intelligence personnel under cover. A senior State Department official told *The New York Times*: "Sure there are KGB agents....But there are also many other loyal people who have worked for the U.S. for years despite great hardship."¹² The idea that Soviet citizens, screened and hired by the Soviet government to work at the American Embassy, should be considered "loyal" to the U.S., might strike just about everyone as bizarre. Yet it is precisely this attitude that leads to the kind of fraternization between U.S. personnel and Soviet employees which was uncovered in the wake of the Moscow Embassy Marine Guard case. A 1987 congressional report criticized the U.S. Ambassador to Moscow, Arthur Hartman, who successfully argued against proposals to reduce the number of foreign nationals employed at U.S. posts. Concluded the report: "The Ambassador acted in ways to obstruct security enhancements."¹³

Widespread Security Laxity. The lax approach by the State Department to the problem of foreign nationals is not limited to the Soviet Union and the Eastern bloc. The Senate Foreign Relations Committee discovered in 1986 that almost half of the employees of one U.S. contractor for American embassies had arrived without any of the required security clearances.¹⁴ In another case, 19 of 42 State Department contractors lacked required security clearances.¹⁵ Eight of the nine overseas posts investigated for a recent General Accounting Office (GAO) study had failed to comply with security requirements for investigating foreign nationals and contractors employed by the State Department.¹⁶

In Algeria, only 52 of 229 foreign national employees and none of the local guard force of 94 had been investigated. Only 7 of 182 foreign nationals and contractors in Argentina had been investigated, while 204 of 328 local guards in Egypt had not been investigated at all. The situation was better at posts in Chile, India, Morocco, the Philippines, Thailand, and Uruguay, but at most of these posts there were backlogs of individuals who needed to be reinvestigated.

12 "Are Embassies Chronically Insecure?" *The New York Times*, April 12, 1987.

13 Mica-Snowe Trip Report, *op. cit.*

14 Senate Foreign Relations Committee Trip Report, *op. cit.*, p. 5.

15 *Ibid.*, p. 6.

16 United States General Accounting Office, *Embassy Security: Background Investigations of Foreign Employees*, January 1989.

The GAO study attributes these failures to “(1) the inconsistent application of State’s regulations by overseas posts, (2) the low priority generally assigned to background investigations relative to other security concerns, (3) the lack of monitoring by State’s headquarters to see that posts perform background investigations or reinvestigations of foreign nationals, and (4) inadequate tracking systems to determine who needed background investigations.”¹⁷

Moscow on the East River

“Our best watch-tower in the West” is how one top-ranking Soviet official described the United Nations to Soviet defector, Arkady Shevchenko, the former U.N. Undersecretary General.¹⁸ The U.N. Secretariat in New York houses the largest concentration of Soviet and Soviet bloc officers in the U.S., most of them under cover as U.N. “international civil servants.” In addition to using many of its more than 200 Soviet nationals working in Manhattan at the U.N. as a base for domestic espionage, the KGB and related espionage services recruit Third World and even Western diplomats in New York.¹⁹ Outside of Manhattan, the USSR and Warsaw Pact nations routinely conduct espionage through trade and commercial establishments in regional centers such as Charlotte, North Carolina, and Columbus, Ohio.

The Office of Foreign Missions (OFM) was created within the State Department by Congress in 1982, to insure that foreign diplomats in the U.S., including those at the United Nations, are treated in the same manner as U.S. diplomats are treated by particular other countries. OFM also coordinates the efforts of U.S. federal, state, and municipal authorities to prevent spies from abusing their diplomatic privileges.

The 1985 Roth-Hyde Amendment to the Foreign Missions Act places employees of the U.N. Secretariat under the restrictions applied to the officers of diplomatic missions. As a result, Soviet officials must coordinate in advance all travel beyond a 25-mile radius of their base cities with the OFM Travel Service Bureau. These regulations are important, but are applied inconsistently. Relatively looser standards are applied to Soviet allies, while Hungarian and Romanian officials are not restricted at all. Furthermore, the FBI lacks the manpower for adequate surveillance of the approximately 10,000 communist bloc nationals in the U.S. Making this situation worse is the apparent lack of support for the OFM within the State Department.

The Case of the Careless Employee

Though a small agency housed within the State Department building, the Arms Control and Disarmament Agency (ACDA) has access to highly classified information about nuclear programs and strategic weapons. Although ACDA has its own security officer, its Sensitive Compartmented Information Facility is under State Department jurisdiction.

17 *Ibid.*, p. 3.

18 Arkady Shevchenko, *Breaking with Moscow* (New York: Alfred A. Knopf, 1985), p. 237.

19 Thomas E. L. Dewey and Charles M. Lichenstein, "New Measures Needed to Fight Anti-U.S. Spying," Heritage Foundation *Backgrounder* No. 590, July 2, 1987.

In 1985 it was revealed that an ACDA employee had improperly stored a large number of highly classified "codeword" documents in her office safe in spite of assurances given to the ACDA security officer that she had no such documents. A subsequent assessment by the National Security Agency determined that she had taken classified material to officials of a foreign, albeit "friendly," country.

The case of the careless employee at ACDA led to an investigation by the General Accounting Office of how classified information was being handled. The investigation determined that ACDA could not locate one-quarter of a random sample of classified material requested by the GAO. The GAO further concluded that the State Department had failed to provide adequate security support to ACDA. Though there is no evidence that any of the material found its way into Soviet hands, the case shows that the State Department's security deficiencies are not limited to embassies overseas.

THE STATE DEPARTMENT AND U.S. SECURITY

Security and the State Culture

The persistent exposure of security failures, prompting the creation of task forces and special committees that conduct investigations and inquiries, followed ultimately by pledges to fix the problems by responsible State Department officials, cannot be explained by incompetence. The deficiency in State's view of security matters is institutional.

Within the State Department, the Bureau of Diplomatic Security (DS) has the duty of protecting U.S. diplomatic personnel and property overseas. Each overseas post has a regional security officer, who is responsible not only for the security of State Department posts in that country but also for those of the U.S. Information Agency (USIA), the U.S. Agency for International Development (AID), and the Peace Corps.

The attitudes of many State Department officials impair the effectiveness of the Bureau of Diplomatic Security. To many American career foreign service officers, security and diplomacy have come to appear antithetical. The diplomatic function as defined by the State Department is to get along with the host country and foreign nationals, even when this conflicts with the requirements of security. By contrast, security personnel perform a function that exposes the limits of the diplomatic enterprise, a world not amenable to rational resolution. To many American foreign service officers, military and security personnel represent the failure of diplomacy.

Disdain for Security. The result is a low regard, even disdain, by the State Department for security officers. This is reflected in the pecking order at the typical U.S. embassy. The Regional Security Officer, the local representative of the Bureau of Diplomatic Security, reports to the embassy's administrative officer, the foreign service official with typically the lowest prestige in the embassy. What is more, the security officer is considered part of the "support staff."

State Department officials also tend to see embassies as extensions of the U.S. — slices of America transplanted abroad. They consider security measures as barriers between themselves and the locals. Ironically, this was one argument used by State Department careerists against eliminating foreign nationals in the Moscow Embassy. Arthur Hartman, U.S. ambassador in Moscow during some of the most damaging security lapses, told Representative James Courter, the New Jersey Republican, that Soviet citizens working at the embassy came away with a new and fresh perspective about democracy.²⁰

The public diplomacy mission of the United States Information Agency (USIA), meanwhile, requires its own approach to security. Because of the lack of Americans with adequate language skills and familiarity with local institutions, USIA needs foreign nationals in its Eastern European offices. USIA buildings, moreover, must be easily accessible to foreigners if the agency is to fulfill its mandate to acquaint foreign publics with American institutions and ideas. In the special case of USIA, the balance between security and accessibility should be weighted in favor of the latter. This need not undermine U.S. security, because USIA personnel deal with far fewer secrets than do embassy personnel, and such confidential material can easily be segregated in “core sections” of USIA facilities abroad.

State Department Resistance to a Security Priority

The attitude of the State Department and its resistance to change are well illustrated by the reaction to legislative initiatives to bar foreign nationals from the U.S. Embassy in Moscow. Representative Courter introduced legislation in 1985 to bar Soviet nationals as employees in Moscow, Leningrad, and other Soviet cities. He voiced his concern that even the chauffeurs were Soviets who could overhear the confidential conversations of U.S. diplomats.²¹ When Ambassador Hartman visited Capitol Hill to lobby against passage of the legislation, he joked that employing KGB agents sometimes made it easier to communicate with the Soviet leadership. To illustrate the pervasive presence of Soviet agents, Hartman told the congressmen that he believed that his driver was a colonel in the KGB.²² When Courter expressed shock at this news, he was ridiculed. One unnamed Administration official described Courter’s reaction as “silly”: “The guy [Courter] doesn’t know what he’s talking about. It’s like the guy from Kansas who goes to New York and is shocked by the tall buildings.”²³

1986 Expulsions. The elimination of Soviet employees from the U.S. Embassy in Moscow finally occurred in fall 1986, but not because the U.S. government expelled them. Ironically, it was the Soviet government that did so, ordering its citizens to resign from their jobs at the embassy in retaliation for the expulsion from the U.S. of 80 suspected Soviet spies.

20 "Courter Sees Incompetence in Moscow Embassy Scandal," *Star-Ledger* (N.J.), April 3, 1987.

21 *Congressional Record*, May 8, 1985, p. H3007.

22 *The New York Times*, September 29, 1985.

23 "Courter Faults Hiring of Soviets at U.S. Embassy," *Star-Ledger* (N.J.), September 29, 1985, p. 11.

Even after the Soviet nationals left that embassy, 380 foreign nationals remained at work at American embassies in Warsaw Pact countries. To make matters worse, the State Department frequently waives security criteria for posting Americans to U.S. embassies in those countries. The criteria, developed by the Diplomatic Security Service, are regularly waived, according to one congressional report, "merely to prevent inconveniences in the personnel assignment process."

The response of the State Department to the threats posed in these other countries has been predictable. For example, when Courter introduced legislation in 1987 banning all foreign nationals from employment in U.S. diplomatic facilities in Eastern Europe, the Department opposed it, using the arguments that it had used to lobby against Courter's 1985 legislation prohibiting Soviet employees in Moscow.²⁴

State's Pattern of Neglect

In recent years, the State Department largely has ignored the recommendations of a number of high-level studies on making U.S. embassies more secure. After the bombing of the U.S. Embassy in Beirut in 1983, an advisory panel chaired by former CIA Deputy Director Robert Inman was asked by the State Department to recommend anti-terrorist measures; the panel did so, but its counterintelligence recommendations have been ignored. The State Department also has implemented only a few of the dozen proposals recommended in the 1985 President's Foreign Intelligence Advisory Board (PFIAB) report.²⁵

The State Department has failed to carry out recommendations both of the Senate Foreign Relations Committee Trip Report (September 15-17, 1986), which exposed many of the flaws of the new Moscow chancery construction, and of the Senate Select Committee on Intelligence (SSCI), in its April 1987 report which called for the destruction of the compromised embassy building and the removal of foreign employees from other U.S. embassies. Similar recommendations were made in the report authored by Representatives Dan Mica, the Florida Democrat, and Olympia Snowe,²⁶ the Maine Republican, which criticized the lack of coordination between the State Department and the Marine Corps guard unit in Moscow.

The State Department's neglect of many of the measures advocated by these reports confirms the low priority that the State Department assigns to security matters.

24 Ironically, this legislation was anticipated in 1985 and was used by the State Department's allies on Capitol Hill to try to defeat Courter's 1985 legislation banning Soviets from the Moscow Embassy. Representative Dan Mica, the Florida Democrat, arguing the State Department's position, observed that if the U.S. banned foreign nationals from the Moscow Embassy, it might have to ban foreign nationals from other embassies as well. *Congressional Record*, May 8, 1985, p. H3008.

25 "State Department Accused of Moscow Security Laxness," *The Washington Times*, April 6, 1987, p. 3A.

26 Security at the U.S. Embassy in Moscow, May 12, 1987.

Recent Security Reforms

There have been, however, a few improvements in recent years in State Department security procedures. These reforms, many of which are being imposed over the objections and procrastination of key State Department career officers, include:

◆ ◆ **Introduction of Plain Text Processing.** The bugging of the embassy typewriters in Moscow has led to the creation of a joint facility with the CIA to protect office equipment. Purchasing, shipping, and maintenance are all done by trained U.S. personnel.²⁷ This prevents the Soviets from inserting devices in the typewriters that can record secret typed information.

◆ ◆ **Establishment of a Security Evaluation Office (SEO).** The State Department and the Central Intelligence Agency are currently working together to establish a Security Evaluation Office (SEO). SEO, which would report to the CIA Director, is to assist the Secretary of State in setting security standards for U.S. missions overseas. This would enable the State Department to utilize intelligence community experts in counterintelligence. SEO would monitor compliance of the State Department with the established standards and independently and objectively evaluate compliance. In addition, SEO would inspect overseas facilities and provide technical assistance and personnel to formulate and recommend²⁸ counterintelligence security standards to the Secretary of State.

◆ ◆ **Upgrading of the Diplomatic Security Service.** As a result of the Inman panel recommendations, the Office of Security at the State Department was elevated in 1985 to become the present Bureau of Diplomatic Security (DS) headed by an Assistant Secretary of State. The number of security officers and engineers assigned to DS has been increased dramatically. The training of the Bureau's staff has been upgraded and, after the revelations of the Marine Guard breach of security in Moscow, an FBI agent has been detailed to the DS Counterintelligence Staff to help ensure that rigorous security standards are upheld.

STRENGTHENING SECURITY AT STATE

The reforms underway are far from adequate. A number of actions remain to be taken by the U.S. government. Ronald Reagan's October 27, 1988, decision to reject the Moscow Embassy and, more recently, Secretary of State James Baker's suggestion that the building could be sold to private investors are needed first steps. The U.S. further needs to:

◆ ◆ **Hire Americans for U.S. embassies abroad.** The employment of foreign nationals at U.S. embassies in hostile countries is a mistake, not only because it permits espionage, but because it encourages American diplomats to lower their guard around fellow workers who serve another government.

27 Ronald Spiers, "The 'Budget Crunch' and the Foreign Service," *Department of State Bulletin*, July 1988, p. 30.

28 *Congressional Record*, September 14, 1988, p. H7565.

The State Department should replace the foreign national staffs at embassies and other diplomatic facilities in Eastern Europe and other communist countries with American citizens. An exception can be made for overseas posts of the U.S. Information Agency (USIA), which requires more access to foreign populations in order to fulfill its mission of public diplomacy.

♦ ♦ **Strengthen review of contractors.** Stricter standards of security review should be imposed on contractors constructing U.S. diplomatic buildings; in the short term, existing standards must be enforced. Such investigations must be closely monitored to insure consistent application of security standards at all U.S. embassies abroad, to prevent a recurrence of the disparities in enforcement which both the Senate Foreign Relations Committee and the GAO have reported.

♦ ♦ **Upgrade the status of the Bureau of Diplomatic Security.** The 1985 upgrading to bureau status of the former office of Security at the State Department is not enough. The Bureau of Diplomatic Security needs to be made independent of the State Department, or at least part of an independent entity within the State Department. To develop its own professional standards, discipline, and esprit, the members of the Bureau should be excepted from ordinary civil service regulations, as are the FBI, CIA, or Secret Service.

♦ ♦ **Create a separate career track for security officers at State.** The reformed DS should have its own career track and promotion panels. Currently, the senior positions of DS tend to be Foreign Service Officers who specialize in administrative careers within the Foreign Service. To win promotion, they must work in other areas of administration, eventually advancing out of security work to be a general administration officers. Security requires a separate career track so that the service is staffed from the top with officials expert in security matters.

♦ ♦ **Upgrade security staff status.** The Regional Officer should not report through the administrative officer in each U.S. embassy overseas, as he now must do. Instead, the Regional Officer in charge of security should report directly to the ambassador and deputy chief of mission. This would help to bring security matters frequently and directly to the attention of the embassy leadership. The transformation of DS into a full-scale independent career service will give greater status to security personnel within the embassy and greater weight to their findings and suggestions.

♦ ♦ **Establish a security training program.** The training requirements for DS are different from those for Foreign Service Officers. A training program needs to be developed to fit DS needs. This will require coordination with the CIA, FBI, and Secret Service. To achieve continuity within DS, the Bureau should have its own permanent instructors to train its officers, in addition to security experts assigned to DS from other agencies.

♦ ♦ **Remove authority for embassy construction from State.** The Foreign Building Office (FBO) at State is in charge of billions of dollars appropriated for the current worldwide construction program to improve U.S. embassy

defenses against terrorism. Under FBO's supervision there has been little coordination between contractors who build embassies and the engineers on the DS staff, who only check the premises for bugs after the building is finished.

Responsibility for the construction of embassies should be removed from the State Department for two reasons. First, the State Department consistently has undervalued security. Second, a number of U.S. government agencies, in addition to the State Department, are now tenants in embassy buildings. An "honest broker" outside the State Department could make the decisions about construction, security, logistics, communications, and other institutional issues concerning embassy arrangements, as the General Services Administration does for domestic buildings of the federal government.

♦ ♦ Consider independent status for the Office of Foreign Missions. The creation of the Office of Foreign Missions in 1982 was supported by the intelligence community, with the understanding that it would be headed by a former intelligence officer with the personal rank of ambassador. The mission of enforcing reciprocity, that is, of making U.S. government restrictions on foreign (especially communist bloc) embassy personnel in the United States depend in large part on how their governments treat U.S. embassy personnel in their own countries, sometimes may conflict with the requirements of security. Restrictions on the travel of Soviet diplomats in the U.S., for example, may be justified by security concerns quite distinct from the question of punishing or rewarding the Soviet government for its treatment of U.S. diplomats. For reasons of national security, it might be unwise to relax such restrictions on Soviet personnel in the U.S. even if the Soviet government eased restrictions on the travel and activities of U.S. diplomats in the Soviet Union.

The necessity of balancing security and reciprocity makes it important for the OFM head to have experience in security matters. However, while a former FBI official was given the job, the State Department blocked his ambassadorial rank for four years. The lack of support within the State Department for the OFM raises the question whether the function of enforcing reciprocity might also be better located outside the State Department.

♦ ♦ Manage spending more wisely. Despite an increase of over a billion dollars in the budget for embassy security after the Inman report, counterintelligence has been shortchanged by the State Department. There are two basic problems with the program to enhance the physical security of embassies and other facilities: too much money (over \$4 billion) requested, and failure to spend the appropriated amount wisely.

Congressional hearings in 1987 showed that the building program at State is choked with unassigned funds. Unassigned balances for new embassy construction have grown to almost \$1 billion, prompting former Senator Lawton Chiles, the Florida Democrat, to state "If the [budgetary] crisis exists,

it is in the inability of the State Department to effectively manage the long-scale programs authorized by Congress...."

State does not have enough experienced staff to manage effectively all of the money appropriated by Congress. Yet State has rejected help from those who might be able to manage the program, including a proposal to have the Army Corps of Engineers help with embassy construction.

Those projects that have been undertaken quite often have not been well thought out. Not every embassy faces the same security hazards. After the U.S. Embassy in Beirut was destroyed by a suicide mission, U.S. embassies around the world were redesigned for protection against trucks loaded with explosives. Just as generals often fail by attempting to fight the last war, so State is prepared to repel the last terrorist attack. In the future, State Department security officials should be more sensitive to the variety of security risks that threaten U.S. embassies overseas.

CONCLUSION

The State Department consistently underestimates the complexity and seriousness of the security threat to U.S. embassies abroad. In spite of repeated failure to correct the problem, the Department, from former Secretary of State George Shultz down, has lobbied against the kinds of substantive reforms that would correct the problem. The changes needed to improve security dramatically cannot be cosmetic, as they have been in the past. A serious restructuring of the way State provides for the physical security of U.S. embassies and the security of U.S. data and secrets is needed. Anything less will just be courting future security debacles.

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