

Murder by the Book

by James Fallows

The breast-beating season has begun again among our friends in the press, this time about the CIA. In February *[MORE]* sponsored an editors' symposium about blowing the cover on an overseas operative. Question: You learn that an American businessman in Italy has been performing part-time labors for the CIA. He thinks he'll be killed if you print his name. Do you publish it? Answer: With the ghost of Richard Welch, the CIA station chief who was murdered in Athens, hovering in the background, the editors responded with an almost unanimous no.

A worthy enough sentiment, but it does seem to miss the point of what's been going on. During the laments and eulogies for Richard Welch, the authorities had great fun blaming the press—especially the previously unheralded *Counter-Spy* magazine—for sending Welch to his doom by publishing his name. The underlying idea seemed to be that a group of Greek leftists had been sitting at home, frustrated in their desire to assassinate an agent, until *Counter-Spy* gave them the necessary and otherwise-unavailable clue.

It must have been difficult to deliver these admonitions with a straight face, since no one knew better

than the CIA men themselves that *Counter-Spy* added very little to the perils of their trade. As the agency has known for years, anyone bent on killing an agent—or merely blowing his cover in an American embassy—need hardly resort to such exotic publications as *Counter-Spy*, but can instead rely on documents provided by the U. S. government itself. As long as the State Department keeps publishing its Diplomatic List and Biographic Register, enemies of the CIA will have quick and authoritative means of identifying our agents overseas.

As John Marks explained in this magazine in November 1974, the system works this way: The Diplomatic List tells you who's working in each overseas embassy, with their rank (FSO-3, for example, or FSR-4) and job title (secretary, deputy chief of mission, etc.). The Biographic Register provides a career history of the people mentioned in the Diplomatic List. For bona fide members of the Foreign Service, certain familiar patterns emerge. There is often a first consular assignment in Juarez or Lahore, then a spell back with the African desk in Washington, and next a step up the ladder as a deputy political officer in Quito or Bonn. Along with the assignments, ranks are listed, from the starting level of FSO-8 on up to the

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top, FSO-1.

Amidst these capsule biographies are alien entries for diplomats who are not FSOs but FSRs, or Reserve officers. Not all these Reserve officers are camouflaged spooks, but a good many are. When the CIA wants to hide a man in, say, Athens, it may designate him a "political officer" in the embassy and assign him an FSR rank. But the sophisticated observer will know that the only true political officers are FSOs. This is one clue. Another is Washington assignments such as "analyst" for the Army or Navy or Air Force. With such clues, the CIA man's listing in the Register might just as well say "Spy." To anyone who cares to look, the message will be clear.

The signposts provided by the Biographic Register are so plain that the CIA has on at least one occasion pleaded with the State Department to stop publishing it, or failing that, at least to make it a classified document. "I believe it was in 1968 that the Agency asked State to stop putting it out," says Ray S. Cline, who worked many years for the CIA before moving to the State Department as head of the Bureau of Intelligence and Research. (He has since joined Georgetown University's Center for Strategic Studies.) "It had always been a problem that the CIA was concerned about. After two or three tours as an

FSR, you really began to stand out in the Register. The fact that you falsely contaminated a few other people, who happened to be Reserve officers but didn't work for the Agency, didn't give a great deal of satisfaction, either."

The State Department turned the CIA down. When Cline moved over to State, he tried once again. His position within the Department was an influential one, but on this issue he could not make the Foreign Service budge. Finally, he says, "I tried to get Richard Helms [then the director of the CIA] to go to bat on this. I told him that I would be his advocate inside State. But Helms was never much of a scrapper."

And so the beleaguered agents were left to fend for themselves, knowing that the hand that lifted their cover came not from their foes of the committed left but from their brethren in Foggy Bottom.

What is so fascinating about all this is the State Department's intractability. Part of it, of course, results from the absence of fraternal affection between the two departments. In its own version of utopia, the CIA would give its agents much-improved cover by making them full-fledged members of the Foreign Service, complete with FSO rankings. The State Department, of course, will have none of that. On its scale of values, protect-

ing its members from "contamination" by spies vastly outranks protecting the CIA. But the Foreign Service could still preserve its own integrity without actively torpedoing the CIA if it simply refrained from publishing the Register. Why does it continue to do so? The answer leads us into the thickets of organizational life.

"It's a kind of stud book," says Cline. "When you run into someone, you can look him up and say, 'Oh yes, he was in Kuala Lumpur when I was in Hong Kong.'" Like the alumni directory for a high-powered school, the Register enables Foreign Service officers to keep track of their colleagues, especially on matters of advancement and decline. Has old Bill made Three yet? Who got that posting to Paris? Am I gaining or am I falling behind? The Register provides another service as well, for, like a Blue Book or Social Register, it indicates the appropriate degree of respect due any given visitor. The military has solved this problem by letting its members wear their ranks on their uniforms. When a gen-

eral comes calling, you only have to count his stars. Rank is nearly as important for an FSO, but the Foreign Service has not yet developed a tasteful means of putting stars on pin-striped suits. The solution is the Register. "It was miraculous the way people started treating me better after I became a One," says a former official at State.

There is one grand, solemn moral to this story, which is that the CIA has been pointing the finger at the wrong culprit. There is a more whimsical moral as well, which, in the days when Richard Welch and Philip Agee are long forgotten, may be the more important. It is that the necessities of organizational life—wanting to know how the competition is doing, needing a quick guide to protocol—can sometimes have as great an impact as the most fervent ideology. *Counter-Spy* wants to rub out the CIA; the State Department merely wants to keep score on the climb up the greasy pole. From which does the CIA have more to fear? ■

Lawyers cross-examine lawyers

Verdicts on Lawyers

edited by

**Ralph Nader
& Mark Green**

Are lawyers serving you—or themselves? Are legal services always essential? What can be done about high legal fees? How much power does the American Bar Association really have? Nader and Green, who collaborated on *Corporate Power in America*, invited a group of lawyers and journalists (including Ramsey Clark, John Tunney, Jack Newfield and Joseph Califano) to examine these and other crucial questions. Their ideas form some of the most intelligent and accessible writing on the law ever published—in an important, controversial and much needed book.

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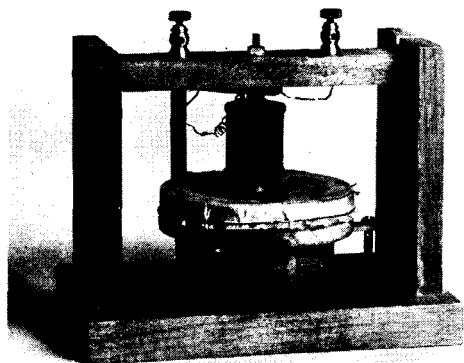
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One of a series of reports on the first hundred years of the telephone.

Now that you've invented the telephone, Professor Bell, how can you make it so people can afford it?

Alexander Graham Bell's fingers were all thumbs in mechanical matters. He had a sensitive ear, an original mind, and a deep knowledge of speech and hearing. These assets enabled him to invent the telephone "mentally." But translating the concept into a working model required mechanical gifts he did not possess. And manufacturing telephones for use by the public posed still other problems.



Alexander Graham Bell's first telephone

To be fair, very few people had any experience fabricating electrical devices in 1873, when Bell began the investigations that led to the telephone. Samuel F.B. Morse's telegraph, invented in 1835, was the only important commercial use yet made of electricity. The Massachusetts Institute of Technology was only 14 years old. Thomas Edison's electric light was still some years in the future.

In the United States, some of the most concentrated work on new applications of electricity was being done in the workshop of Charles Williams, Jr. at 109 Court Street, Boston. Inventors including Edison took their ideas to Williams, who translated them into working models—or more often, into models that did not work.

Bell sought Williams' aid in 1874. The helper assigned to him in January 1875 was Thomas A. Watson, aged 20. Bell was 27. The two complemented each other marvelously. Watson



Thomas A. Watson

had his own sort of genius—for the practical business of putting together metal and wood and glass to form devices that would do what he wanted. The collaboration between the two men produced, on March 10, 1876, that famous first telephone call: "Mr. Watson, come here. I want to see you."

Bell foresaw a time when telephone service would link the cities of the world. But that required vast improvements in the telephone and in telephone connections. The newborn Bell Telephone Company set out to make those improvements. Watson hired two assistants, and began what would be called today a research and development

program. He made the experimental phone sturdier, and devised a hand-cranked magneto to ring a bell. Williams began manufacturing Watson's designs. The invention's financial backers organized telephone companies in various cities, raised additional capital, and hired a General Manager, Theodore N. Vail.



The Western Electric Manufacturing Co., Chicago 1881

By 1879 demand for telephones exceeded the capacity of Williams' shop. Manufacturers in Indianapolis, Cincinnati and Baltimore were licensed to make telephones under the Bell patents. More were needed. One company in Chicago had gained considerable expertise in making telegraph equipment. Years later, Watson reminisced, "When a piece of equipment built by Western Electric came into our shop...we always used to admire the superlative excellence of the workmanship." In 1881, Bell Telephone acquired a controlling interest in Western Electric, and in 1882 made that company the manufacturer of Bell equipment.

This arrangement was desirable for a number of reasons. Western Electric workmanship improved the quality of voice reproduction by telephone, a step essential to winning wide public acceptance of the new invention. It ensured reliability. When repairs were needed, standardized parts from Western Electric made for speedy restoration of service. A fourth

advantage concerned the evolving nationwide network: a single manufacturer could see to it that telephone equipment throughout the country would work together compatibly, thus assuring the "interconnectedness" of the network—its capability of connecting any two phones.

The Engineering Department of Western Electric joined in the search for telephone improvements. Managers of local companies made suggestions based on day-to-day experience with customers. Outside inventors worked out refinements. Bell Telephone management weighed all the ideas, in terms of value to customers and practicality in manufacture. The best ideas were incorporated into the phones being made.

Organizational "feedback"—the subtle flow of engineering information and understanding within a technologically oriented enterprise—was a novel concept in those days. But the young telephone industry had already achieved a union of the successive stages of effort essential to the development of a coherent telephone system. Today Bell Laboratories is responsible for research and development. Western Electric looks for—and finds—better ways to make things. The 23 regional Bell companies provide telephone service and report back their needs and the needs of their customers. And American Telephone and Telegraph Company management provides overall coordination and guidance. Some of the names are different, but the functions had been established by 1882.

Vertical integration is one name economists give to this form of corporate organization. In a typical case, raw materials change to finished product with suc-

cessive stages of manufacture integrated under one company. For example, a printing company might own paper mills and even its own forests. But there is a difference, because the Bell company was not, and is not, primarily a manufacturer of products. From the beginning, the partners in the enterprise—whether engaged in invention or manufacture or operations—sold telephone service, not telephone equipment.

For instance, there was the fundamental item of connecting the lines of two subscribers who wanted to talk. This was handled in central offices by a corps of operators, using cords, plugs and jacks. Setting up a call could take as long as seven minutes. In 1884, Ezra T. Gilliland, working for the Bell company, devised a mechanical system that would allow a subscriber to reach up to 15 lines without the help of an operator. In 1891, Almon B. Strowger, a Kansas City undertaker, patented a dial machine constructed in a round collar box. It connected up to 99 lines. But the big city offices already handled thousands of lines, and the numbers were growing rapidly. The connection problem was growing much more rapidly, because of some basic geometry: it takes one line to interconnect two telephones, three lines for three telephones, six lines for four, 28 lines for eight, and 4,851 lines for 99 telephones. In connections, added telephones were just the opposite of “cheaper by the dozen.”

The Bell company set out to develop a machine that would connect any of 10,000 telephones—49,995,000 possible connections. The search was costly, but necessary for continued good service, and the various parts of the company joined to pursue it to a successful conclusion. (Today in the



Young men manually connecting phone calls in 1879

United States a telephone can be connected to any of 140 million others. There are 10 quadrillion—10 million billion—possible connections.)

There was also the problem of financing the nationwide conversion of central offices to dial. Service improvements on the scale required are enormously expensive—so expensive as to be impossible without the most careful attention to economy. Here again the integrated corporate structure shows its values. Western Electric, because its prime objective is to benefit telephone service, has become a world champion in cost control, and a pacesetter in the improvement of productivity. Data issued by the Federal Bureau of Labor Statistics show that overall the productivity of the telephone industry has increased by 50% since 1965. That is two and a half times the productivity increase in the United States economy as a whole.

Savings of that sort continue, as a recent example shows. Bell scientists, building on the semiconductor research that helped them invent the transistor, also aided in the development of the light-emitting diode or LED. These solid-state lamps, now familiar as displays in pocket calculators and watches, can replace incandescent lamps in many pieces of telephone

equipment. They will last the lifetime of the phone, operate with much less electrical power, and help hold down the cost of installation and maintenance. Over the next five years, LEDs should save the Bell System about \$120 million. Bell Labs semiconductor research also resulted in the invention of another solid-state light source, the tiny semiconductor laser.

Future uses of these solid-state light sources may be even more important than today's. They will almost certainly be used



For the nation's future communications needs, Bell engineers are today developing systems to transmit telephone calls on lightwaves.

in systems transmitting telephone calls and other communications over lightwaves. Lightwave communications could mean an enormous increase in the capacity of the phone network, making it possible to meet the need for increased call volumes and new communications services economically in the years ahead. And to do it while conserving energy and scarce raw materials.

Innovation, productivity, advance planning—all mean improved service and reasonable costs. And in the telephone

industry, cost savings benefit not only shareholders; they are passed along to the public as well.

In the decade 1965-1975, the cost of living rose 74%. Telephone rates for local service went up only 40%. And interstate long distance rates went up about 4%. Now 95% of all American homes have telephones. The quality of the service is the envy of the world.

Numerous studies have been made of the role of the Bell organizational structure in achieving those results. One of the most recent, concluded in 1974, was made by the independent auditing and management consulting firm of Touche, Ross & Co., acting as consultants for the staff of the Federal Communications Commission. According to their report:

"Western Electric's efficient performance has resulted in lower costs than otherwise would have been incurred. Because of Western's pricing policies and practices, these lower costs have not increased profits, but have been passed on to operating companies in the form of lower prices...The effect of the interrelationship between Bell and Western Electric is to operate Western, not as a manufacturing concern, but as an integral part of a vertically integrated communications firm. These interrelationships result in a favorable impact upon Western's costs, prices and service to operating companies."

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Bell System

Gentlemen-in-Waiting: The Democratic Shadow Cabinet

by Tom Bethell

For the Gentlemen-in-Waiting it had been a long wait, and a treacherous one. But now, at last, after almost eight long years of Republican rule, it looked as though the exile might soon be at an end. The election was upon us again, and with any luck a Democrat would win in November, and so would restore the Gentlemen-in-Waiting from the nooks of Brookings and the crags of Carnegie, and other second-class accommodations in and among the liberal foundations, to a more commodious seat in the staterooms of government.

The Gentlemen-in-Waiting did not themselves run for office. That they left to the politicians, or whoever had the time and money and fortitude to undertake such a risky enterprise. The Gentlemen-in-Waiting were the courtiers who gave advice—highly trained professionals in many instances, expert in the preparation of a position paper, generous with their expertise, ready for consultation at any hour. They were, in the most apt phrase, an “available resource,” the recipients of the best education available at the best schools, equipped with the finest

brains, and they were ready to serve their country.

Mostly they were Democrats. It had many times been said of Washington that the Republicans lived there during Republican administrations, but that during Democratic administrations they returned to their homes in Wyoming or Kansas, or wherever it was that Republicans came from; whereas the Democrats lived there all the time. It was their city. During the Republican interludes the Democrats waited nearby, and if they could not find employment in government, they could often find employment criticizing government. It was the next best thing.

And so, after almost eight lean Republican years, the Gentlemen-in-Waiting were waiting hungrily.

They were ready with their advice, but there was a troublesome difficulty brewing this year, a minor matter, perhaps, but in any event a hazard of the primary process: whom to advise? So many Democrats were running, and it was tactically unsound, obviously, to become too visibly a part of the entourage of one candidate—who might not turn out to be the *right* candidate—just as it was tactically unsound to be too notice-

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