

TIME

Episodes in a Looking-Glass War

Soviet and U.S. spies expose each other's capers

The short, slick spy thriller had been written to order by Russia's famed detective novelist, Julian Semyonov—the Soviet Ian Fleming. Spread over five columns of *Izvestiya* last week, it had some of the suspense but none of the humor of a James Bond story. The tale began as Martha Peterson, 32, a tall, blonde vice consul in the U.S. embassy in Moscow, drove her car to a deserted street in the Soviet capital. Quickly changing from a white dress to a black outfit that would meld into the shadows, she boarded in rapid succession a bus, a streetcar, a subway and a taxi. Satisfied that she was not being tailed, she walked to a bridge over the Moscow River and deftly thrust a stone into a chink in the wall.

Suddenly, the area was alive with agents of SMERSH—the celebrated Soviet

counterintelligence service. As the lady yelled "I am a foreigner!" to alert her Russian accomplice, who was lurking near by; the agents examined the stone she had left at the dead drop. Cleverly concealed inside were espionage instructions, miniature cameras, Soviet currency and gold. Most damning were two ampuls of a deadly poison. Peterson was charged with passing them to a Russian contact who allegedly had used the same poison in an earlier CIA plot to kill an innocent man.

There was some truth to *Izvestiya's* fiction. As some Washington officials tacitly conceded last week, the lady vice consul had indeed been involved in some Moscow capers of a type that are more or less routine in the murky world of espionage. She was a CIA agent operating under diplomatic cover in Moscow. Nabbed by Soviet counterintelligence last July, she was photographed with an array of spy gear and quietly allowed to leave the U.S.S.R. under diplomatic immunity. She was reassigned to Washington. Hours after the appearance of the *Izvestiya* story, the State Department instructed the CIA to put Peterson on leave. She immediately dropped out of sight. In answer to queries about the *Izvestiya* charges, a CIA spokesman denied only that Peterson had been involved in murder—a crime that U.S. intelligence agents are prohibited from committing by Gerald Ford's 1976 presidential order.

The *Izvestiya* story was the most dramatic salvo in a Le Carré-like "looking-glass war" that has developed between Russian and American spooks; in a sense, it is the mirror image of the East-West battle of words being conducted on the



Russia's Enger after indictment



Soviet photograph of Peterson being confronted with spy equipment by KGB

Some of the suspense but none of the humor of a James Bond thriller.

World

diplomatic front. The Soviet decision to make a sensational public issue of the Peterson case was apparently prompted by U.S. disclosures four weeks ago that the FBI had captured three Soviet spies in Woodbridge, N.J. One of the Russians, a staff member of the Soviet mission to the U.N., had diplomatic immunity and was swiftly sent home. The other two, United Nations Employees Rudolf Chernyayev and Valdik Enger, were indicted by a grand jury on charges of passing U.S. Navy secrets and jailed with the unusually high bail of \$2 million each. FBI leaks to the press ridiculed the agents as ham-fisted operatives who had been caught with an orange-juice carton full of phony antisubmarine warfare documents that had been prepared for them by the feds.

Though the Justice Department had a strong case against the Russians, the decision to prosecute them (rather than hustle them out of the country) was made by the White House. "The Soviets were agitated, really ripped off," one State Department official said. "They accused us of changing the rules of the game." Indeed, the U.S. had deliberately violated an informal understanding between Soviet and American intelligence services that each other's spies will be discreetly ferreted out of the country when they are caught. Soviet Foreign Minister Andrei Gromyko complained angrily to Secretary of State Cyrus Vance about the indictment of the spies, threatening that "two can play this game."

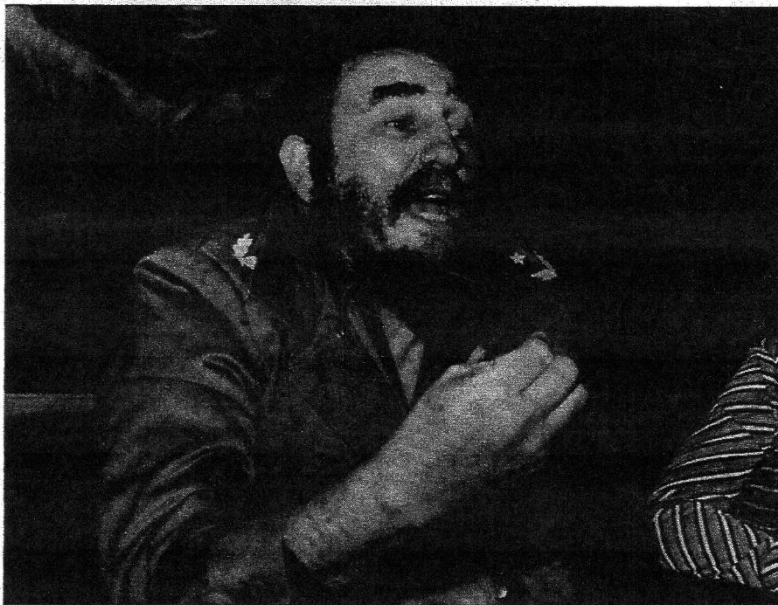
In addition to brandishing Peterson's transgressions, the Soviets have coolly demanded indemnification for damage done to their equipment by American security officers who had discovered KGB devices bugging the U.S. embassy in Moscow. Furious about the U.S. discovery of the eavesdropping equipment and subsequent news stories about it, the Soviets countered by declaring that the Americans had actually been using the apparatus to spy on the Russians.

The spy war intensified last week when the Soviets arrested F. Jay Crawford, 37, a Moscow representative of the International Harvester Co., and accused him of selling foreign currency to Soviet citizens at speculative prices—a charge that could cost him eight years in a forced-labor camp plus a five-year term of exile in the U.S.S.R. Crawford, a genial Alabaman, was driving to a cocktail party with his fiancée, U.S. Embassy Secretary Virginia Olbrish, when policemen accosted him at a traffic light and dragged him from his car. When his fiancée resisted the cops, she was bruised in the scuffle. Late last week, U.S. Consul Clifford Gross was allowed to visit Crawford at Moscow's Lefortovo Prison. Crawford appeared to be in good health but was distraught. U.S. officials insist that the Soviet allegations are trumped up. "There is no indication that he was into anything that wasn't

completely aboveboard," said a senior State Department official.

Crawford's arrest worried American businessmen in Moscow. Many fear that another representative of a U.S. firm will be arrested by the KGB so that they can have two Americans on hand to trade for the two Soviet spies held in the U.S. Washington has been adamant in advance about rejecting such a trade. Meanwhile, American firms doing business with the U.S.S.R. were reassessing the pros and cons of U.S.-Soviet trade.

Many were alarmed by the fact that the Russians picked on International Harvester, which has sold the Soviets more than \$300 million worth of much needed heavy construction equipment and gas turbines. Moreover, Harvester's board chairman, Brooks McCormick, has been one of the U.S.'s most active boosters of trade between the two countries. Declared a White House aide: "Crawford's arrest is not the kind of move designed to inspire confidence in the American business community." ■



Fidel Castro defends the Cuban position in talk with U.S. Congressmen

It's Carter vs. Castro

The two leaders argue about Cuba's role in Zaïre

"I don't really desire to get into a public dispute with Mr. Castro through the news media," protested Jimmy Carter at the start of his press conference last week. In fact, however, he was already deeply involved in a shouting match with the Cuban Premier over Havana's involvement in last month's invasion of southern Zaïre.

For the second time in 14 months, Zaïre's Shaba region, once known as Katanga province, had been invaded by Katangese rebels who had fled to neighboring Angola in the mid-1960s and were now trying to regain their homeland. Everybody agreed that the Katangese had once fought for the Portuguese against the Angolan guerrilla armies but switched sides to the strongest of these groups, Agostinho Neto's Popular Movement for the Liberation of Angola, which later came to power. Even Castro conceded that throughout this period and until some time in early 1976, the Cubans in Angola had helped train and arm the Katangese

because they were fighting with the Popular Movement against two rival liberation groups.

Carter's argument last week seemed to be that Castro, who has admitted knowing of the invasion plan in advance, should have taken decisive action to stop it. Of Castro's 20,000 troops in Angola, Carter charged, 4,000 were located in the northeastern region of the country where the Katangese were based. At the very least, Carter implied, Castro could have notified neighboring countries, or the Organization of African Unity, or the "world at large," of impending trouble.

Some of Carter's details were a bit fuzzy. He alluded to "a story published, I think, in TIME magazine the last week in May" and recalled that "later Castro informed one of our own diplomats that he knew about the impending invasion ahead of time and that he attempted to notify President Neto of Angola and was unsuccessful." TIME's cover story on Africa reported that Castro had called in Lyle

