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It is really a great treat to be here and I most appreciate your asking me to be with you to talk about what we are doing in the world of intelligence to serve you and to serve the country better. We're reshaping the intelligence structure of your country. President Carter directed a major effort in this direction in February and after six months of scrutiny and close study, in August the President issued directives to make changes in the way we are organized. And as a result of this, we are starting an evolution today toward what I would call a new model of intelligence--an American model. This model contrasts with the old or traditional model in which intelligence organizations always operated in a cloak of maximum secrecy while attempting to operate with minimum of supervision. We hope today to develop a new model which is built to conform with American standards and culture. On the one hand it will be more open as our society is; on the other hand it will be more controlled with a system of checks and balances which characterize our governmental process. So I thought it might be of interest to you today if I discussed some of the actions we're taking to move toward this new model.

The President's directive of last August had two fundamental tenets in it. The first was to strengthen control over the entire intelligence apparatus of our country, thereby hoping to promote greater effectiveness. The second tenet was to assure stringent oversight control thereby increasing accountability.

Now, let me point out that I am the Director of the Central Intelligence Agency, but this is only one of the many intelligence agencies of the government. There are intelligence activities, of course, resident in the Department of Defense, Department of State, Treasury, FBI, and even the new Department of Energy. But I am also

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the Director of Central Intelligence. And in that capacity my task is to coordinate, bring together into one effective, harmonious operation the activities of all of these intelligence organizations.

The reorganization the President directed in August strengthens my hand in that regard in two very specific ways. It gave me full authority over the budgets of all of these intelligence activities I've enumerated and secondly, it gave me full authority to direct the tasking--the day-to-day operations of these organizations. This should enable me to better control, to coordinate this total effort of collecting intelligence, analyzing and producing it. And this is really what was intended, in my opinion, in the National Security Act of 1947 which first established the Central Intelligence Agency.

Some of the media have portrayed this as a creation of a dangerous and potential intelligence czar and I think this represents a misunderstanding of the intelligence process as such. Let me explain that intelligence is divided into two separate functions. The first is collecting information and that is the costliest and riskiest of our operations. Here you want good control. Here you want to be sure there is a minimum of overlap because it's very costly and to be sure there is a minimum of possibility of a gap in what you are collecting--because that can be very costly in a different manner. And only centralized control, in my opinion, will ensure this collection effort is well coordinated. The second half of intelligence--on college campuses it would be called research--is analysis, estimating, pulling all the little pieces of information that are obtained by the collectors into a puzzle and trying to make a picture of it. Trying to give the decision-makers, the policymakers of our country a better basis upon which to make those decisions.

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Now let me make it clear that I do not, under this new reorganizations, control the people who do all this analysis. I control those in the CIA but there is a strong analytic capability in the Department of Defense and again in the Department of State and our quest is to see to it that there is competitive, overlapping analyses. The Department of State specializes in political interpretation with a second suit in economics. The Department of Defense specializes in military with a second suit in political. The CIA covers the waterfront. So we have assurance that there will be divergent views come forward if they are warranted. And we encourage that and we want to be sure that the decisionmakers don't get just one point of view when several are justified.

Just let me remind you that should I try to be a czar, should I try to shortchange the dissenting and minority views, there is a Cabinet officer in the Department of Defense and a Cabinet officer in the Department of State who manage those intelligence analytic operations and if I try to run roughshod over them, I'm sure those Cabinet officers are not going to fail to take advantage of the access they have to get their amendments forward. So we are not trying to setup a centralized control over the important interpretive process, but over the collecting process. And I sincerely believe that this new organizational arrangement is going to assure better performance in both collecting and interpreting our intelligence for this country.

The fact that the President, Vice President and many other top officials spent so much time in working on this new reorganization, I believe is indicative of a keen awareness throughout the top echelons of our government that good intelligence is perhaps more important to our country today than in any time since the creation of the Central Intelligence Agency thirty years ago.

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You remember thirty years ago we, of course, had absolute military superiority. Since then the failure of the Soviets to make their system grow adequately in other areas of the military has led them to accent that particular competition. They have, I believe, achieved a position of reasonable parity in most areas of the military. That makes the value of our intelligence product much more important. When you know your enemy's potential and something of his intentions, you can use your forces to much greater advantage. Now, he doesn't give that information away but we can pick up pieces here and pieces there and over a long period of time you can bring that together. It gives your military commanders a sense of leverage for their somewhat equal forces.

Now, let's look past the military scene. Thirty years ago we were also a very dominant and independent economic power. Today we are in an era of economic interdependence, a growing interdependence, and the impact on our economy of events of other economies is more and more apparent. And here, too, I believe we desperately need good intelligence in order to make sure that we don't lose our shirt in the international economic arena.

Also, on the political side, thirty years ago we were the dominant political influence in the world. Today even some of the most pipsqueak nations insist on a totally independent course of action. They go their own way and they don't want to be dictated to by Soviets or ourselves. Here again we must be smart, we must understand the attitudes, the cultures, the outlooks, the policies of these countries so that we are not outmaneuvered in this process.

Now at the same time that we are trying to produce better intelligence in all three of these fields we must, of course, be very careful that we do not undermine the principles, the standards of our country in the process of so doing. Thus, the second leg of the President's

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new policy--which is better oversight. Some of the mechanisms to conduct that oversight are, first, the keen and regular participation by both the President and the Vice President in the intelligence process. I can assure you they are both very much on top of it. But beyond that, we have a formalized procedure now in the intelligence oversight committees in the Congress. We have a committee called the Senate Select Committee on Intelligence and we are working very well with it. Our own Senator, Adlai Stevenson, is a member of that Committee and I really enjoy working with him. But we have the relationship here of closeness but yet aloofness. Closeness in that I feel very free in going to them for help and advice, particularly when I'm involved with other committees of the Congress and there may be boundaries that are being encroached upon. But aloofness in that I very definitely report to them when they call and want to know what we are doing and how we're doing it and why. It is a good oversight procedure.

The House of Representatives last August set up a corresponding committee. Representative McClory from Lake Forest is a member of that and a very fine and active one. And we hope and are sure that that relationship will develop as has the one with the Senate.

Beyond this we have oversight in what is known as the Intelligence Oversight Board, comprised of three distinguished Americans; ex-Senator Gore, Ex-Governor Scranton, and Mr. Tom Farmer, a lawyer from Washington. They are appointed by the President. Their only task is to oversee the legality and the propriety of our intelligence operations. They report only to the President. Anyone may go to them, bypassing me, saying, look, that fellow Turner is doing something dastardly or somebody else in the Intelligence Community is doing something he shouldn't be doing. The Board will look into it and let the President know whether they think he should do something in response.

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Now let me be perfectly clear and perfectly honest with you. There are risks to the oversight process. The first is that of timidity, I would say. Timidity in that it's easy when you're overseeing something to decide not to take a risk, not to take a chance and we could fail to do things that may be very important to the long-term benefit of our country. It may put avoidance of current risk over gaining of long-term benefits. And secondly the risk of security leaks. The more you proliferate the number of people involved in sensitive secret intelligence operations, the more danger there is of some inadvertent leak of release. I am confident at this time that we are moving to establish that right balance between the amount of oversight and the amount of danger that it entails. But it will be two or three years before we shake this process out--before we establish just how those relationships are going to exist. And in that time, in that process, we are going to need the understanding and support of the Congress and that, of course, means the support and understanding of the American people.

Accordingly, we are now reappraising the traditional outlook toward secrecy, toward relationships with the public and we are adopting a policy of more openness, more forthrightness in the hope that we can do this at the same time as we ensure preservation of that secrecy which is absolutely fundamental. As a first step we've tried to be more accessible to the American media. We have appeared on GOOD MORNING AMERICA, 60 MINUTES, TIME magazine and also we respond more readily now to inquiries from the media. We try to give substantive, meaningful answers whenever we can within the limits of our necessary secrecy.

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But perhaps more interesting to you who are so concerned with international affairs of this country, we are also today trying to share more of the product of our intelligence efforts-- more of the analyses, the estimates, the studies that we do. In fact, we have a policy that when we do a study and it comes out secret, top secret, or destroy before reading or whatever we may label it, we try to reduce it down to an unclassified form and ask ourselves the question, "Will this product still be useful to the American public?" If it is, we feel we have an obligation to print it and publish it. We are doing that to the maximum extent we can.

You have heard of our study last March on the world energy outlook. We've recently done one on the world steel prospects, whether there is over-capacity and what the expected demand is. We've done studies and published them on the Chinese and Soviet energy prospects. And under the aegis of the Joint Economic Committee of Congress last July we published one on the outlook for the Soviet economy itself.

Let me describe that just very briefly to give you the flavor of what we think we can put out in unclassified form what we hope to be of value to you and other Americans and perhaps help improve the general quality and tenor of American debate of major issues affecting our country. Previously, CIA has looked at the Soviet economy and felt that generally it had a capability to achieve three things; to sustain the level of military growth that they were trying to do to catch up with us generally; to make improvements if not spectacular improvements, in the quality of life inside the Soviet Union; and to sustain enough investment to carry on a generally growing economy. Our most recent study reexamines these premises and comes to the conclusion that the outlook for the Soviets is perhaps more bleak today in the economic sphere than at any time since the death of Stalin.



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This is based on our belief that the Soviets have maintained their levels of productivity over these many years primarily by infusing large quantities of labor and capital and we think they are coming to a dead end here. For instance, in the 1960s they had a very big drop in their birth rate. In the 1980s the rate of growth of their labor force is going to drop markedly from about 1.5 percent to about .5 percent. They are not going to be able to find the additional labor to go into increases, keep up their productivity. A lot of the growth of their labor force also today is coming from the central Asian areas of the Soviet Union where they just don't like to go on into the big cities.

Secondly, as far as investment is concerned--capital--their resources are becoming more scarce and more difficult to obtain. They're having to reach for minerals further into the Siberian wasteland which is costly. They can't bring in as much as they have before, particularly in the area of petroleum where we have made this forecast that their emphasis in recent years on current production has been at the expense of developing reserves and new supplies.

Now if you look carefully at the Soviet's five-year development plan you'll see that they are the ones who predict they are not going to be able to make the same infusions of capital and labor as they have in the past. They, however, do come to the conclusion that somehow and nonetheless they are going to increase productivity. We don't think that is in the cards. We see no sign of increasing efficiency, no sign of any willingness to become less shackled to their economic doctrines which are harnessing them back. Instead, we think the Soviets in the years ahead between now and the early 1980s are going to be faced with some difficult pragmatic choices. One may be a debate over the size, the amount of investment in their

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armed forces. Clearly, this is one avenue to find labor and capital. Another may be over whether they will continue to fulfill their promises for the delivery of oil to the Eastern European satellites. Will they be able to afford doing this when it becomes more and more difficult for them to obtain hard currency. And the third may be, what are they going to do to obtain the necessary foreign exchange to sustain the rate of infusion of American and Western technology and equipment which they are currently depending upon to increase and improve their economic position. Interestingly, when they face these and other decisions there is a high probability that they are going to be in the midst of a major leadership change. It could be a very difficult time and situation for them. It may go very smoothly--we just can't tell.

One of the important points that comes out of all this is that we believe as they make these policy decisions it's not going to be remote from you and me--it's going to be important to us. What they do with their armed forces obviously impacts on what we do with ours. What they do with their oil inputs to the Eastern European countries and whether that area remains politically stable is going to have a major impact on the events throughout the European scene. If there is too much competition for energy because they don't produce what they need, what is that going to do to the overall world prices of petroleum? If they enter the money markets in an attempt to borrow more from us and others in the West, what is going to be our response? What is going to be our policy in that regard?

Now let me say that when we produce a study like this we are not so confident that we don't want to have a good debate with the others in the American public as to the quality of what we've done. And therefore we find that publishing these studies is also helping us to maintain a good dialogue with the American public. When we did the

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oil study last March, for instance, and it received criticism from the press, we wrote to professors, to oil companies, to think tanks who had come out with criticisms and we said, "Detail those for us--we'd like to have them." When they did we invited them to come into the Agency and discuss them with us and we had some very interesting and stimulating dialogues of the results. It's very beneficial to us to publish these studies as well, I hope, as to the American public. We hope as more of them come off the press we will have more dialogue with the business community and with academia.

Let me assure you, however, while we're on this subject of openness, that we cannot and we will not open up everything. There clearly must be a degree of intelligence that remains secret. Some of the information behind the Soviet oil and economic studies clearly was derived from very sensitive sources. They would dry up if we made them known. Thus, we can't forget that while we're moving ahead with this dialogue with the public and trying to build up more public understanding and respect for what we do in defense of our country, we must also obtain the public understanding for preserving that level of secrecy which is essential for these activities. In short, we're moving in two directions at once today. On the one hand, we're opening up more, but in that process we expect to obtain greater secrecy for what remains classified. When too much is classified it is not respected and not well treated. The other direction we're moving is simply to tighten the noose of security around those things which must be kept secret.

What I'm really saying in summary is that we're trying to develop a model of intelligence uniquely tailored to this country, which on the one hand balances an increased emphasis on openness with a preservation of that necessary secrecy where it truly is necessary.

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And the model which also combines an emphasis on continued effectiveness in getting the job done and obtaining that information which our policymakers require while on the other hand exercising effective control. I am confident that while this model is still evolving it is moving in a direction in which we can preserve the necessary secrecy while at the same time conducting our necessary intelligence operations only in a way which will in the long run strengthen our open and free society.

Thank you very much.

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