

REMARKS OF WILLIAM J. CASEY
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BEFORE

SOUTHERN CENTER FOR INTERNATIONAL STUDIES

8 NOVEMBER 1986

320 W. PACES FERRY ROAD, N.W.
ATLANTA, GEORGIA

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MR. WHITE, LADIES AND GENTLEMEN: FIRST OF ALL, LET ME APOLOGIZE FOR THE LAST MINUTE CANCELLATION OF THE SESSION WE HAD SCHEDULED EARLIER THIS YEAR. I AM GLAD THAT WE HAVE BEEN ABLE TO GET TOGETHER AFTER ALL SINCE THE PROCESS OF BUILDING THE NATIONAL CONSENSUS ON THE GREAT POLICY ISSUES AFFECTING OUR NATIONAL SECURITY IS SO VERY IMPORTANT. TODAY I'D LIKE TO TALK TO YOU ABOUT A FEW OF THE THREATS AND CHALLENGES CONFRONTING THE U.S. THAT HAVE BEEN WEIGHING HEAVILY ON MY MIND AND I EXPECT ON YOURS AS WELL. I WOULD ALSO LIKE TO TALK ABOUT THIS COUNTRY'S INTELLIGENCE CAPABILITIES AND HOW PEOPLE LIKE YOURSELVES CAN MAKE, AND ARE MAKING, SUCH AN IMPORTANT CONTRIBUTION TO OUR MISSION.

GIVEN THE DRAMATIC EVENTS THAT HAVE BEEN EVOLVING IN THE SOVIET RELATIONSHIP WITHIN RECENT WEEKS, I AM GOING TO START OUT ON A SOMEWHAT GENERAL, PERHAPS EVEN PHILOSOPHIC, NOTE ABOUT OUR COMPETITION WITH THE SOVIET UNION. HONEST MEN AND WOMEN CAN DISAGREE ABOUT THE PROPER STRATEGY AND TACTICS TO EMPLOY IN OUR POLICY TOWARD THE SOVIET UNION. BUT IT'S IMPORTANT THAT WE ALL UNDERSTAND THAT THE U.S. IS INVOLVED IN THE LINEAL DESCENDENT OF THE SAME CONFLICT THAT WESTERN CIVILIZATION HAS STRUGGLED WITH FOR MILLENIUMS -- STATE DESPOTISM VERSUS THE

NOTION THAT THE HIGHEST GOAL OF THE STATE IS TO PROTECT INDIVIDUAL FREEDOM AND CREATIVITY. IT'S IMPORTANT THAT WE UNDERSTAND JUST HOW DIFFERENT THE SOVIETS ARE FROM US IN THEIR HISTORY, CULTURE AND OUTLOOK.

LOOK AT THE DANILOFF AFFAIR. THE FACT THAT THE SOVIETS WERE INCAPABLE OF MAKING A DISTINCTION BETWEEN JOURNALISM AND ESPIONAGE, BUT PERFECTLY CAPABLE OF INDULGING IN THE MOST BLATANT FORM OF HOSTAGE-TAKING, TELLS ME THAT WE ARE DEALING WITH A FUNDAMENTALLY ALIEN AND TOTALLY UNPALATABLE VALUE SYSTEM THAT THREATENS OUR OWN CHERISHED INSTITUTIONS. LOOK AT THE KAL-747 SHOOTDOWN. WE SHOULD NOT GET BOGGED DOWN IN THE QUESTION OF WHETHER OR NOT THE SOVIET AIR DEFENSE COMMAND KNEW FOR A FACT THAT IT WAS SHOOTING DOWN A CIVILIAN 747. ALL WE NEED TO KNOW ON THAT IS THAT THE SOVIET SYSTEM WAS PERFECTLY CAPABLE OF SHOOTING DOWN A LARGE UNIDENTIFIED AIRCRAFT ON THE MERE SUSPICION THAT IT MIGHT HAVE BEEN ENGAGED IN ESPIONAGE.

IT IS SIMPLY IMPOSSIBLE TO UNDERSTAND WHY THIS COUNTRY NEEDS A STRONG INTELLIGENCE CAPABILITY IF WE DON'T UNDERSTAND WHY WE ARE ENGAGED IN A COMPETITION WITH THE SOVIETS IN THE FIRST PLACE AND WHAT THE REAL NATURE AND HISTORICAL CONTEXT OF THE CONTEST IS. A THOUSAND YEARS OF RUSSIAN HISTORY -- REINFORCED ONLY RECENTLY BY MARXISM-LENINISM -- TELLS THE SOVIET LEADERSHIP THAT CONFLICT IS INEVITABLE, THAT THE CONTEST FOR GLOBAL SUPREMACY IS UNENDING, THAT ONE SIDE WILL WIN AND

THE OTHER LOSE, AND THAT GOD, OR AS GOOD MARXISTS SAY "THE FORCES OF HISTORY," WILL ENSURE RUSSIAN VICTORY.

SO WHAT DOES THIS OUTLOOK MEAN FOR U.S. NATIONAL SECURITY AND FOR OUR INTELLIGENCE MISSION? IT MEANS, AMONG OTHER THINGS, THAT THE SOVIET LEADERSHIP REMAINS COMMITTED TO BUILDING A MILITARY FORCE THAT COULD FIGHT AND WIN A CONVENTIONAL OR NUCLEAR WAR. SINCE THE END OF WORLD WAR II, THE SOVIETS HAVE MAINTAINED A SIZEABLE EDGE IN CONVENTIONAL MANPOWER AND FIREPOWER IN EUROPE. AND SOME TIME AGO, THE SOVIETS BEGAN TO RELENTLESSLY EXPAND A LARGE ARSENAL OF NUCLEAR WEAPONS AIMED AT THE U.S., EUROPE AND EAST ASIA. NEW MISSILES AND MISSILE-CARRYING AIRCRAFT AND SUBMARINES ARE BEING DEVELOPED, TESTED AND DEPLOYED IN AMAZING PROFUSION. BY 1980 SOVIET STRATEGIC OFFENSIVE FORCES ALREADY HAD CAUGHT UP AND, IN SOME KEY AREAS, SURPASSED THOSE OF OUR OWN. JUST ONE SOBERING EXAMPLE: THE SOVIETS ARE NOW PROTECTING THEIR LAND-BASED MISSILE FORCES BY DEPLOYING MOBILE MISSILES. A MOBILE U.S. ICBM WILL NOT BE DEPLOYED UNTIL THE 1990s AT BEST.

PERHAPS EVEN MORE ALARMING, THE SOVIETS ARE IN THE MIDST OF A MAJOR LONGTERM MISSILE DEFENSE PROGRAM -- THEIR OWN "STAR WARS," IF YOU WILL, INVOLVING SOME 10 RESEARCH AND DEVELOPMENT FACILITIES AND THOUSANDS OF SCIENTISTS AND ENGINEERS. THEY LONG AGO DEPLOYED AN ABM SYSTEM AROUND MOSCOW AND THEY ARE EMBARKED ON A CIVIL DEFENSE PROGRAM FEATURING A HUGELY

EXPENSIVE AND AMBITIOUS UNDERGROUND CONSTRUCTION AND TRANSPORTATION FACILITIES TO ENSURE THE SURVIVABILITY OF THEIR NATIONAL LEADERSHIP DURING A NUCLEAR WAR. IN MISSILE DEFENSE, WE ARE THE NEWCOMERS ON THE BLOCK, ALTHOUGH YOU WOULD NEVER KNOW IT BY LISTENING TO SOVIET PROPAGANDA CONDEMNING THE PRESIDENT'S STRATEGIC DEFENSE INITIATIVE AS "DESTABILIZING."

THERE WAS A TIME WHEN UNDERSTANDING THE MILITARY CAPABILITIES OF OUR PRINCIPAL ADVERSARY WAS THE ONLY PART OF OUR INTELLIGENCE MISSION THAT REALLY MATTERED. THAT DAY IS LONG PAST. THE IRANIAN REVOLUTION, FOR EXAMPLE, MADE IT PAINFULLY CLEAR THAT THE LONGER TERM INTERESTS AND SECURITY OF THIS COUNTRY CAN BE DIRECTLY AT STAKE IN THE THIRD WORLD. IN THE WAKE OF OUR SAD EXPERIENCE IN IRAN, WE HAVE SIGNIFICANTLY EXPANDED OUR EFFORT TO MONITOR AND ANTICIPATE INSTABILITY AND UNREST IN COUNTRIES OF KEY IMPORTANCE TO THE U.S.

ONCE AGAIN WE HAVE OUR HANDS FULL. MUCH OF THE THIRD WORLD IS IN CRISIS. ONE NEEDS TO LOOK NO FURTHER THAN JUST BEYOND OUR SOUTHERN BORDER TO SEE A GOOD CROSS-SECTION OF THE PROBLEM: CRUSHING DEBT, A GROWING DISEQUALIBRIUM IN FOOD SUPPLY, RAPID POPULATION GROWTH, AND EXPLOSIVE URBANIZATION.

A FEW HOURS AGO, IN AN ADDRESS I GAVE AT THE CENTER FOR THE STUDY OF THE PRESIDENCY, I TALKED ABOUT THE ENORMOUS STAKES INVOLVED IN OUR COMPETITION WITH MOSCOW FOR INFLUENCE IN THE

THIRD WORLD AND THE ENORMOUS POTENTIAL ADVANTAGES THE WEST HAS IN THIS STRUGGLE. THE PENDULUM OF HISTORY SLOWLY BUT SURELY IS SWINGING AWAY FROM SOVIET-STYLE COLLECTIVISM AS A MODEL FOR THE THIRD WORLD AND TOWARDS THE CONCEPTS OF DEMOCRACY AND FREE MARKET ECONOMICS. THE STOCK OF COMMUNISM AS AN IDEOLOGY AND AS A PREDICTABLE SOLUTION FOR THIRD WORLD SOCIAL AND ECONOMIC ILLS HAS NEVER BEEN LOWER. NOW IS THE TIME FOR THE WEST TO TAKE ADVANTAGE OF THIS WINDOW OF OPPORTUNITY AND COME TO GRIPS WITH THE CORE DEVELOPMENTAL PROBLEMS OF THE THIRD WORLD. IN MY OPINION, THE WEST'S TECHNOLOGICAL INGENUITY, ITS ENTREPRENEURIAL TALENTS, AND ITS FREE MARKET ECONOMICS, REPRESENT THE BEST -- INDEED THE ONLY LONG-TERM SOLUTION FOR BOTH THE THIRD WORLD AND FOR THE PROTECTION OF THE WEST'S OWN STRATEGIC INTERESTS.

BUT UNFORTUNATELY, THE THREAT TO THIRD WORLD STABILITY DOES NOT COME SOLELY FROM INHERENT DEVELOPMENTAL PROBLEMS. THERE IS ANOTHER ELEMENT OF THE THIRD WORLD CRISIS -- NAMELY OVERT AND COVERT SOVIET ACTIVITIES AIMED AT SUBVERTING OR DESTABILIZING GOVERNMENTS FRIENDLY TO THE U.S. AND, LADIES AND GENTLEMEN, WE HAVE NO CHOICE BUT TO DEAL RIGHT NOW WITH THIS IMMEDIATE CHALLENGE OR ELSE WE MAY AS WELL FORGET ABOUT THE LONG-TERM SOLUTIONS.

SINCE THE END OF THE VIETNAM WAR, THE SOVIET UNION HAS BEEN BUSILY TESTING WHETHER THE U.S. WILL RESIST FOREIGN PROVOKED

AND SUPPORTED INSTABILITY AND INSURGENCY IN THE THIRD WORLD. IT HAS DEVELOPED AN AGGRESSIVE STRATEGY WHICH AVOIDS DIRECT CONFRONTATION AND INSTEAD TAKES MAXIMUM ADVANTAGE OF THIRD WORLD SURROGATES LIKE CUBA, VIETNAM, LIBYA AND NICARAGUA TO OBTAIN SOVIET OBJECTIVES.

THIS CREEPING IMPERIALISM HAS, IN MY VIEW, TWO PRIMARY TARGETS -- THE OIL FIELDS OF THE MIDDLE EAST WHICH ARE THE LIFE LINE OF THE WESTERN ALLIANCE AND THE ISTHMUS AND CANAL OF PANAMA WHICH DIVIDE NORTH AND SOUTH AMERICA. AFGHANISTAN, SOUTH YEMEN, ETHIOPIA, AS WELL AS CAM RANH BAY IN VIETNAM, AND MOZAMBIQUE AND ANGOLA IN SOUTHERN AFRICA, BRING SOVIET POWER MUCH CLOSER TO THE SOURCES OF OIL AND MINERALS ON WHICH THE INDUSTRIAL NATIONS DEPEND AND PUTS SOVIET NAVAL AND AIR POWER ASTRIDE THE SEA LANES WHICH CARRY THOSE RESOURCES TO AMERICA, EUROPE AND JAPAN.

TIME AND AGAIN WE HAVE WATCHED THE SOVIETS AND THEIR SURROGATES MOVE IN TO EXPLOIT AND INSTIGATE SOCIAL AND ECONOMIC DISCONTENT. THEY GAIN AN INSURGENT BASE, EXPAND IT WITH TRAINED MEN AND MILITARY ARMS, DRIVE OUT INVESTMENT, AND WAIT FOR ANOTHER COUNTRY TO FALL. SINCE 1975, MOSCOW HAS ADDED FIVE NEW CLIENT STATES IN THE THIRD WORLD AND THREATENS MORE THAN A DOZEN OTHER REGIMES VIA CROSSBORDER MILITARY OPERATIONS, INSURGENCIES AND SUBVERSION.

IT'S NOT A PRETTY PICTURE. MARXIST-LENINIST POLICIES AND TACTICS HAVE UNLEASHED THE FOUR HORSES OF THE APOCALYPSE. THROUGHOUT THE THIRD WORLD WE SEE FAMINE IN AFRICA, PESTILENCE THROUGH CHEMICAL AND BIOLOGICAL AGENTS IN AFGHANISTAN AND INDO-CHINA, WAR ON THREE CONTINENTS, AND DEATH EVERYWHERE. IN THOSE OCCUPIED COUNTRIES IN WHICH MARXIST REGIMES HAVE BEEN EITHER IMPOSED OR MAINTAINED BY EXTERNAL FORCES, THERE HAS OCCURRED A HOLOCAUST COMPARABLE TO THAT WHICH NAZI GERMANY INFLICTED IN EUROPE SOME 40 YEARS AGO. SOME FOUR MILLION AFGHANS, MORE THAN ONE-QUARTER OF THE POPULATION, HAVE HAD TO FLEE THEIR COUNTRY. IN CAMBODIA, 2 TO 3 MILLION PEOPLE, SOMETHING LIKE ONE-QUARTER OF THE PRE-WAR POPULATION, HAVE BEEN KILLED IN THE MOST VIOLENT AND BRUTAL MANNER BY BOTH INTERNAL AND EXTERNAL MARXIST FORCES.

I BELIEVE THE STAKES IN CENTRAL AMERICA ARE PARTICULARLY HUGE AND HISTORIC. A SOVIET MILITARY BASE ON THE AMERICAN CONTINENT DIVIDING NORTH AND SOUTH AMERICA IS BEING PUT INTO PLACE -- A TOEHOLD OF SOVIET MILITARY POWER AND SUBVERSION THAT COULD ENDANGER THE PANAMA CANAL IN THE SHORT TERM AND MEXICO IN THE SOMEWHAT LONGER TERM. RIGHT NOW THE SANDINISTA ARMY WITH CUBAN HELICOPTER PILOTS AND COMBAT DIRECTION, AND A HALF BILLION DOLLARS OF SOPHISTICATED SOVIET WEAPONRY, IS GOING ALL OUT TO DESTROY THE NICARAGUAN RESISTANCE BEFORE NEW ASSISTANCE CAN REACH IT. IN THE MEANTIME, THE SANDINISTAS ARE STICKING TO THEIR BLUEPRINT OF BUILDING AN ALL-POWERFUL STATE SECURITY

APPARATUS, THE STRONGEST ARMED FORCES IN CENTRAL AMERICA, AND IN DEVELOPING A CENTER FOR EXPORTING SUBVERSION AND TERRORISM TO THE REGION.

IN THIS LATTER REGARD, THE LINK BETWEEN LIBYAN-AND CUBAN-SPONSORED TERRORISM IN CUBA AND NICARAGUA IS LARGE AND GROWING LARGER. FOR SOME YEARS, THE LIBYANS HAVE BEEN SUPPORTING THE SANDINISTA GOVERNMENT IN NICARAGUA WITH SOMETHING LIKE \$100 MILLION DOLLARS A YEAR. WE NOW SEE NICARAGUA TRAINING YOUNG MEN FOR VIOLENCE AND SUBVERSION, SENDING THEM AS FAR DOWN INTO SOUTH AMERICA AS CHILE. YOUNG MEN FROM LATIN AMERICA ARE BEING SENT TO LIBYA FOR TRAINING IN THE TERRORIST CAMPS THERE AND THEN ARE BROUGHT BACK TO BE PLANTED AMONG THE POPULATION IN CENTRAL AMERICA, IN VENEZUELA, IN ECUADOR. IF THE SANDINISTA REGIME CONSOLIDATES ITSELF, WE CAN EXPECT MANAGUA TO BECOME THE BEIRUT OF THE WESTERN HEMISPHERE.

AND OF COURSE, THERE IS NO WAY THIS COUNTRY CAN IMMUNIZE ITSELF FROM SUCH AN INFECTION. ALREADY HUNDREDS OF THOUSANDS OF NICARAGUANS AND SALVADORANS HAVE FLED THEIR COUNTRIES AND HEADED NORTH. CAN ANYONE DOUBT THAT AS SOON AS IT BECOMES APPARENT THAT THE COMMUNISTS ARE ABOUT TO COMPLETE THEIR CONQUEST OF NICARAGUA, ANOTHER SIGNAL WILL BE FLASHED AND MILLIONS OF PEOPLE WILL LEAVE CENTRAL AMERICA, AND ULTIMATELY MEXICO, TO CROSS THE BORDER INTO THE UNITED STATES.

THERE IS NOTHING INEVITABLE ABOUT THIS SCENARIO. TWO CAN PLAY THE SAME GAME. JUST AS THERE IS A CLASSIC FORMULA FOR COMMUNIST SUBVERSION AND TAKEOVER, THERE ALSO IS A PROVEN METHOD OF OVERTHROWING REPRESSIVE GOVERNMENT THAT CAN BE APPLIED SUCCESSFULLY IN NICARAGUA.

THE NEW MONEY RECENTLY VOTED BY CONGRESS WILL MAKE IT POSSIBLE TO FURTHER TURN UP THE HEAT ON THE SANDINISTAS BY STEADILY EXPANDING THE NUMBER OF RESISTANCE TROOPS IN THE FIELD AND BY OPENING NEW AREAS OF OPERATION. I'M NOT TALKING ABOUT MATCHING THE SANDINISTAS WEAPON-FOR-WEAPON OR OF ACHIEVING A CLASSIC MILITARY VICTORY. HISTORY SHOWS THAT A COMBINATION OF NAGGING INSURGENT MILITARY PRESSURE AND PROGRESSIVE WITHDRAWAL OF DOMESTIC AND INTERNATIONAL SUPPORT IS WHAT BRINGS DOWN OR ALTERS AN UNPOPULAR GOVERNMENT. BELIEVE ME, THIS PROCESS ALREADY IS UNDERWAY IN NICARAGUA. I'M CONVINCED THAT WITH ONLY VERY MODEST MILITARY ASSISTANCE FROM THE WEST, THE ANTI-COMMUNIST LIBERATION MOVEMENTS NOW UNDERWAY THERE AND ELSEWHERE IN THE THIRD WORLD CAN CONTINUE TO DEVELOP AND EVENTUALLY BRING DEMOCRACY TO THOSE COUNTRIES.

BUT WE SHOULD NOT KID OURSELVES ABOUT MOSCOW'S RESOLVE TO STAY IN THIS GAME -- TO FIGHT FOR ITS TOEHOLDS AND SEEK NEW ONES.

-- IN ANGOLA, NEW SHIPMENTS OF SOVIET AND CUBAN MILITARY SUPPLIES CONTINUE TO FLOOD INTO PLACE IN ORDER TO KEEP THE PRESSURE ON SAVIMBI'S RESISTANCE FIGHTERS (OVER 2 BILLION DOLLARS OF SOVIET MILITARY ASSISTANCE SINCE 1983).

-- DON'T BE MISLED BY THE BLATANTLY PHONY STAGED WITHDRAWAL OF SOVIET COMBAT UNITS FROM AFGHANISTAN, THE SOVIETS CONTINUE TO WAGE THEIR CRUEL WAR OF OCCUPATION AND CONTINUE THEIR EFFORTS TO PRESSURE AND INTIMIDATE PAKISTAN FROM SUPPORTING THE AFGHAN RESISTANCE.

THE INCREASING APPEARANCE OF VIETNAMESE-SUPPLIED U.S. ARMS IN TROUBLE SPOTS AROUND THE WORLD IS A PARTICULARLY GRAPHIC EXAMPLE OF THE AGGRESSIVE NATURE OF MOSCOW'S EXPANSIONISM. SOME OF THE TREMENDOUS STOCKPILE OF U.S. WEAPONRY SEIZED BY THE VIETNAMESE COMMUNISTS IN 1975 HAS BEGUN TO SHOW UP IN VARIOUS PLACES IN ASIA AND LATIN AMERICA -- IN HONDURAS, EL SALVADOR, JAMAICA AND COLOMBIA WITH CUBA, WE BELIEVE, DOING THE DELIVERY.

MOST RECENTLY, WE HAVE DISCOVERED AN ENORMOUS CACHE OF SUCH WEAPONS IN CHILE--SOME 3400 U.S. M-16 RIFLES AND MORE THAN A HUNDRED U.S. ANTI-TANK WEAPONS. THIS IS THE LARGEST BATCH OF SUCH WEAPONS WE HAVE DETECTED TO DATE. BUT IT IS A TRIVIAL AMOUNT COMPARED TO THE STOCKPILE THE COMMUNISTS ARE SITTING ON IN VIETNAM AND APPARENTLY ARE NOW READY TO EXPORT FOR

SUBVERSIVE PURPOSES. FOR EXAMPLE, WE ESTIMATE THE COMMUNISTS HAVE AT THEIR DISPOSAL OVER 200,000 U.S. RIFLES, OVER 100,000 PISTOLS, OVER 60,000 ANTI-TANK WEAPONS, OVER 60,000 GRENADE LAUNCHERS, NOT TO MENTION LARGE NUMBERS OF MACHINE GUNS AND MORTARS. AGAIN, U.S. POLICY HAS TO DEAL, RIGHT NOW WITH THE REALITY OF A SOVIET AND SOVIET-SURROGATE NETWORK OF THIRD WORLD SUBVERSION. IT CANNOT BE WISHED AWAY.

I TOLD YOU I WOULD DISCUSS THE STATE OF U.S. INTELLIGENCE. THANKS TO THE SUPPORT OF THE PRESIDENT AND CONGRESS, I CAN TELL YOU THAT OUR INTELLIGENCE SYSTEM TODAY IS MORE ROBUST THAN AT ANY TIME IN OUR HISTORY AND IN FAR BETTER SHAPE THAN 6 OR 7 YEARS AGO. WE HAVE MADE ENORMOUS PROGRESS ACROSS THE BOARD IN INTELLIGENCE COLLECTION AND ANALYSIS.

IN OUR BUSINESS WE CAN'T AFFORD TO STAND STILL. THE KGB AND ITS ALLIED INTELLIGENCE SERVICES AND FRONT ORGANIZATIONS CONSTITUTE A WORLD-WIDE APPARATUS THAT IS WORKING TO STEAL OUR TECHNOLOGY, DAMAGE OUR REPUTATION, DIVIDE US FROM OUR FRIENDS, AND DESTABILIZE, SUBVERT, AND OVERTHROW GOVERNMENTS FRIENDLY TO US. THEIR RUMORS, AGENTS OF INFLUENCE, AND FORGERIES, SPREADING POISON AROUND THE WORLD, HAVE TO BE SPOTTED AND COUNTERED. CIA IS THE ONLY ORGANIZATION IN THE WEST WITH THE RESOURCES AND CAPABILITIES NECESSARY TO DEAL EFFECTIVELY WITH THIS CHALLENGE. WE ARE IN ACTION EVERY DAY TRACKING AND COUNTERING DRUG-RUNNERS AND GUN-SMUGGLERS, THE SOME 300 FIRMS

ENGAGED IN ILLEGAL TECHNOLOGY ACQUISITION; THE VIOLENT REVOLUTIONARY ORGANIZATIONS AND TERRORIST TRAINING CAMPS AROUND THE WORLD.

AND WE ARE BEING DRAWN INTO NON-TRADITIONAL AREAS OF COLLECTION AND ANALYSIS AT A BREATHTAKING PACE. I AM TALKING ABOUT THE KIND OF INTERNATIONAL ISSUES THAT ARE IMPOSING INCREASINGLY DIFFICULT CHALLENGES TO OUR SOCIETY. INTERNATIONAL TERRORISM HEADS THE LIST BUT THE LIST IS LONG -- INTERNATIONAL FINANCE, INDUSTRIAL COMPETITIVENESS, THE PROLIFERATION OF NUCLEAR, CHEMICAL AND BIOLOGICAL WEAPONS, JUST TO MENTION A FEW OTHER ITEMS.

I'M PROUD OF THE MANNER IN WHICH WE HAVE MOVED SMARTLY TO EXTEND OUR REACH TO DEVELOP NEW COLLECTION TECHNIQUES, HIRING NEW KINDS OF ANALYSTS, AND DEVELOPING NEW TECHNOLOGIES. WE KNOW THAT IF WE DON'T TAP THE IMPRESSIVE SOURCES OF EXPERTISE OUTSIDE OUR BUILDING, OUR OWN CAPITAL STOCK OF KNOWLEDGE AND IMAGINATION WILL RAPIDLY DEplete. WE HAVE WORKED HARD TO REBUILD OUR BRIDGES TO THE ACADEMIC COMMUNITY FOLLOWING THE BAD OLD DAYS OF THE VIETNAM ERA. WE SUBMIT MANY OF OUR MOST IMPORTANT ASSESSMENTS FOR REVIEW BY OUTSIDE ACADEMIC EXPERTS WHO WORK WITH US ON A CONSULTANT BASIS.

THE PRIVATE BUSINESS SECTOR IS ANOTHER IMPORTANT SOURCE OF OUTSIDE EXPERTISE. IN ADDITION TO ALL THE COMMERCIAL

INFORMATION SERVICES WE SUBSCRIBE TO, THE PUBLICATIONS WE PURCHASE, THE DATABASES WE RECEIVE OR COMPILE, AND OUR OWN PEOPLE OVERSEAS, WE LISTEN CLOSELY TO WHAT THE U.S. BUSINESS COMMUNITY HAS TO TELL US. WE FIND U.S. BUSINESSMEN -- WHETHER THEY BE MANUFACTURERS, BANKERS, OR COMMODITY DEALERS -- READY AND WILLING TO SHARE THEIR INSIGHTS WITH US ON SUBJECTS RANGING FROM HIGH-TECHNOLOGY DEVELOPMENTS IN EUROPE AND JAPAN TO THIRD WORLD DEBT PROBLEMS TO SOVIET GRAIN PURCHASES AND MANY MORE.

WE KNOW THEY'RE OUT THERE DEALING WITH THEIR FOREIGN COUNTERPARTS EVERY DAY AND HAVE ACCESS TO INFORMATION AND IDEAS THAT THE U.S. GOVERNMENT CANNOT GET IN ANY OTHER WAY. WE HAVE REORGANIZED OUR COMPONENT RESPONSIBLE FOR BEING IN TOUCH WITH THE BUSINESS COMMUNITY AND WE ARE DEVOTING SOME OF OUR BEST TALENT -- AND A LOT OF IT -- TO THE ENDEAVOR.

WELL, I'VE BARELY SKIMMED THE SURFACE -- BOTH IN TERMS OF THE WORLD SITUATION AND WHAT THE AMERICAN INTELLIGENCE COMMUNITY IS DOING IN SUPPORT OF U.S. POLICY. IT'S YOUR TURN NOW. I'LL BE GLAD TO TRY TO ANSWER ANY QUESTIONS ON EITHER WHAT I'VE SAID OR TOPICS ON WHICH I'VE FAILED TO TOUCH. BUT IN CONCLUSION, LET ME ASK FOR YOUR HELP. OUR EFFECTIVENESS DEPENDS ON RECRUITING GOOD PEOPLE. YOU CAN DIRECT TALENTED PEOPLE OUR WAY. SHARE YOUR KNOWLEDGE AND ACCESS. SUPPORT US IN THE COURT OF PUBLIC OPINION. WE ALL BENEFIT FROM A STRONG INTELLIGENCE CAPABILITY. WE WILL ALL PAY IF IT IS WEAKENED.

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