

DD/A Registry

89-0660X

17 April 1989

MEMORANDUM FOR: R. M. Huffstutler  
 Deputy Director for Administration

FROM: William M. Baker  
 Director, Public Affairs

SUBJECT: Recent Speeches by Judge Webster

1. I have enclosed three recent speeches given by Judge Webster. The speeches, delivered to the Society of Barristers (16 March), the Palm Beach Round Table (20 March), and the Town Hall of California (30 March), deal with substantive intelligence issues -- counterintelligence, terrorism, changes in the Soviet Union, and advanced weapons proliferation.

2. If you have any questions or comments about these speeches, please contact [redacted] Chief of our Speeches Unit. She can be reached at [redacted]

3. I encourage you to send these speeches to others in your office who may wish to know what the Director is saying in his public appearances.

[redacted signature box]

William M. Baker

Attachments:  
 As stated

DD/A REGISTRY  
 FILE: Feb 5-1

REMARKS  
BY  
WILLIAM H. WEBSTER  
DIRECTOR OF CENTRAL INTELLIGENCE  
BEFORE THE  
INTERNATIONAL SOCIETY OF BARRISTERS  
NAPLES, FLORIDA  
MARCH 16, 1989

Thank you, Fred.\* I appreciate all that you said. Fred very carefully distanced himself from our own association, and I want to acknowledge it because it has meant a lot to me. We were in law school together. When I became a United States Attorney, I found that Fred was in the United States Attorney's Office, having served with distinction for about five years as a Special Agent of the FBI. He became my first assistant and, ultimately, although we didn't get to practice law together, when I went to the bench Fred joined my old firm as a partner. He's a very dear friend and one that I always look forward to seeing.

If I may, I'd like to introduce Bill Baker, who came with me from the FBI and now heads the Public Affairs Office of the Central Intelligence Agency. Bill, could you please stand up? I can't think of anything more challenging than trying to represent an agency that consistently says "No comment." to the press. But he does it.

I was really pleased to see that you had my good friend Pete Bay on your program and also Tony Pappi, two of the real stars in the judicial system.\*\*

It's fun to be back with you again. This membership has a reputation not only in the art of trial lawyering but also in the art of selecting a great

\* Frederick Mayer, member of the Society of Barristers Board of Governors.

\*\* Peter T. Fay, Judge, United States Court of Appeals, Eleventh Circuit;  
Anthony M. Kennedy, Judge, United States Supreme Court.

site for an annual meeting. I hope you will someday invite me back again.

Those of you who have been following the events around the world know that Gorbachev is keeping us very, very busy. He somehow has mastered the art of public relations. As Larry Eagleburger said in his testimony yesterday, Gorbachev is able to control propaganda better than we are, and he's able to get his ideas out more quickly. It's still a challenge for President Bush -- as it was for President Reagan -- to deal with these constant initiatives which are captivating and hypnotizing a good part of central Europe. I saw the article in this morning's NEW YORK TIMES noting that Gorbachev is making new demands for agricultural reforms. These are important issues, and they emphasize the central role that he is playing now on the world screen. The words perestroika and glasnost are clearly words that have become popular as a result of Gorbachev and his activities. In fact, we have begun collecting stories about both perestroika and glasnost, and I will tell you only one of them.

According to this story, Gorbachev sent a representative out into the Urals to check on the progress of perestroika. The man went to a village and asked to see the mayor. He talked around the subject for a while, and then he said, "How is perestroika getting along?" And the mayor said, "We like perestroika; we like it very much." And the representative said, "Tell me, do you have any television sets here in the village?" And the mayor said, "Oh yes, we have television sets here. We have television sets, I believe, in every hut in the hamlet. In fact, in some huts there are two or three television sets." "Tell me about refrigerators." "Oh yes, we have plenty of

refrigerators here in this village." The representative said, "By the way, do you know who I am?" And the mayor said, "Of course I know who you are. Who else but a CIA agent would come into a village with no electricity and ask questions like that?"

The last time I had the pleasure of talking to you was in Phoenix in 1982, when I was Director of the FBI. In that speech I discussed -- from a law enforcement perspective -- the balance that must be maintained between each citizen's right to be let alone and the right to be kept safe and free. When I spoke at the American Bar Association's annual meeting in Toronto last August, I addressed this topic from my vantage point at CIA. And today, in the context of recent events, I would like to discuss how the work of intelligence can provide greater safety without unreasonable sacrifice of individual liberty.

The CIA and other components of the Intelligence Community collect information on a host of issues that affect our national security. Two of the issues that most clearly touch on the relationship between safety and liberty -- issues that therefore demand special safeguards -- are the threats posed by hostile intelligence services operating against this country worldwide, and the threats posed by international terrorists. Our activities in these and other areas are governed by Executive Order 12333, which specifies the duties and responsibilities of the CIA as well as the limitations upon intelligence activities undertaken by the Agency. The Order reflects the requirements of the National Security Act of 1947, the CIA Act of 1949, and other laws, regulations, and directives, as well as intelligence policies.

In addition to observing the Executive Order, the CIA and other agencies within the Intelligence Community are required to develop and have approved by the Attorney General their own guidelines and procedures. The procedures at the CIA were developed to:

- encourage legitimate intelligence activities;
- provide legal protection to employees by providing authority for intelligence activities;
- and -- I think this is of major importance -- assure the American public and the intelligence oversight committees that all CIA activities involving U.S. persons are lawful and related to legitimate intelligence objectives. For instance, we file an annual report with the House Permanent Select Committee on Intelligence on any involvement with U.S. persons, and we follow up with briefings if necessary. Our activity in this area is closely monitored by the oversight committees, which act as surrogates for the Congress as a whole and, indeed, for the American people.

It may surprise you to know that last year we provided over 1,000 briefings to the Congress. I believe we have formed an effective partnership with Congress that has and will continue to contribute to our national security.

The first of the issues that I mentioned, counterintelligence, is critical to our national security and is clearly a legitimate intelligence objective. Earlier this month, I spoke to the Senate Select Committee on Intelligence about the counterintelligence and security issues we now face. An effective

and comprehensive counterintelligence program has never been more important to our nation, because the threat against us -- despite perestroika -- has grown. The number of hostile operations against us and our allies has certainly increased, and the number of intelligence services involved in such operations has also grown.

Over the past four years, we have discovered more penetrations of the United States' defense and intelligence communities than at any time in our history. The costs of these compromises are estimated in billions of dollars.

Although many countries engage in intelligence operations against the United States, I think it is no surprise to you that the Soviet intelligence services -- the KGB and the military service, the GRU -- represent by far the most significant intelligence threats in terms of size, ability, and intent to act against U.S. interests both at home and abroad. And despite the economic and political changes Gorbachev is attempting to make, we have no evidence at all that the force of the Soviet intelligence effort has in any way abated. Just last week, the State Department ordered the expulsion of a Soviet diplomat on charges that he sought illegally to obtain documents showing how our government protects secrets in computer systems. It's a nice way of saying that he was caught spying. You probably read this morning that the Soviets ordered the removal of one of our defense attaches in Moscow. This act was plain retaliation; there was no basis at all for doing it.

Because we can protect ourselves best if we understand what our adversary wants, I think it's worth considering just what is being collected. This is the important thing for those on the collection side, because

counterintelligence tells us what our adversaries believe they need to know, and that tells us something about their strengths and their weaknesses. The highest Soviet collection priority is information on U.S. strategic nuclear forces. Other high-priority subjects are key foreign policy matters, Congressional intentions, defense information, U.S. intelligence sources and methods, and advanced dual-use technology -- the kind of technology that is civilian in nature but can be adapted to military purposes. The Soviets also target NATO intensively, partly as a means to obtain U.S. foreign policy and military information, and I think also because NATO has historically been more vulnerable and easier to penetrate because of the multilateral activities taking place there.

And the methods employed by the Soviets to get the information they want are becoming more sophisticated. We expect to see greater Soviet efforts to recruit U.S. personnel abroad, and you've read about some of that already. We expect to see increasing use of third countries for clandestine meetings with American agents -- with its successful counterintelligence work in the United States, the FBI has driven many of those meetings to Mexico and also to Vienna. We also expect to see greater efforts to penetrate allied governments that might be privy to U.S. secrets and greater emphasis on attempting to exploit the intelligence collection capabilities of the Warsaw Pact allies. Many of the cases that you've read about haven't involved the Soviets spying. They have been about Soviet Bloc intelligence services doing the work for the Soviets. That was certainly the case on the West Coast when efforts were being made to penetrate Hughes Aircraft.

Soviet efforts are formidable, but I want to take this opportunity to dispute allegations in a recently published book, also covered extensively in



TIME magazine, that the communications unit of our embassy in Moscow had been subject to electronic eavesdropping by Soviet agents. The Soviets had considerable success in the Moscow embassy, but not there. There was an implication that somehow CIA had covered up this information from the State Department. Actually, an interagency group -- which included representatives of the State Department, the National Security Agency, the FBI, and the CIA -- conducted the investigation and found no evidence of hostile penetration of this very sensitive equipment. It was all taken apart and carefully analyzed -- this is not to say that there may not be some microphone hidden somewhere in that room; they've certainly been successful in doing that in other places. But the equipment itself that transmits the communications shows no evidence at all of penetration. We are currently working with the State Department to protect all of our embassies from technical penetration.

The Soviet Union, of course, is by no means the only country trying to obtain our secrets. Intelligence and security services throughout the world have increased their efforts to penetrate our facilities. We have noted as well that several African states, among others, are cooperating with Soviet, East European, Cuban, and Libyan services, and we are monitoring these activities closely.

I think I should emphasize, though, that the methods the U.S. Intelligence Community uses to counter this threat are also impressive. And the most impressive of those methods is the increased cooperation among the various agencies within the Community. The arrest of former Army Master Sergeant Clyde Lee Conrad in West Germany last August demonstrated the strength of the

Community pulling together. The CIA, the FBI, and the Department of Justice worked very closely with the Army during this long and extensive investigation of Conrad. He is now awaiting trial in Germany on charges of spying for the Soviets and the Hungarians.

We had similar cooperation in the case of Army Warrant Officer James W. Hall, who was just recently sentenced to 40 years in prison for providing information about military operations and technical collection activities to the Soviets and the East Germans.

Here at home, the FBI in recent years has made great strides in countering the intelligence activities of the Soviet Union and Bloc countries. The FBI has improved the quality and sophistication of its capabilities and, as a result, has succeeded in disrupting hostile intelligence operations aimed at critical U.S. targets.

The FBI's main strategy has been to "spiderweb" known or suspected intelligence operatives. And this is an important approach. It's not one of suspecting and following and watching American citizens who have access to secrets, but one of trying to make it difficult enough, if not impossible, for that rare traitor to make contact with a Soviet intelligence officer without our knowing about it. And so we focus on those who would target us. That's called "spiderwebbing." In spinning webs with physical and electronic surveillance -- and, incidentally, all electronic surveillance must be court authorized under the Foreign Intelligence Surveillance Act -- U.S. intelligence has been able to weave a barrier between the hostile agents and our citizens. Those of you who are familiar with FISA, as we call it, will

recall that there's a much higher threshold required to direct electronic surveillance against U.S. persons. The "spiderweb" system is working and that is one of the reasons why so many of the "meets" are now taking place outside of the United States. This puts an extra burden on hostile intelligence services, and it also weakens the resolve of those who want to sell secrets, because they have to go through that extra risk and trouble.

To provide the information that will allow enforcement agencies to protect our citizens, we have bolstered counterintelligence efforts both at home and abroad. For the CIA, such efforts include collecting information outside the United States on hostile intelligence activities directed against Americans. We adhere to the laws and regulations for operations outside the United States that involve U.S. citizens.

To improve the effectiveness of counterintelligence activities both within the CIA and the Intelligence Community, I created a new Counterintelligence Center last April. The center works to protect the Agency's foreign operations and the security of all Agency components against penetration by foreign security or intelligence services. The Counterintelligence Center not only provides analysis of hostile intelligence threats and past espionage cases, it also provides guidance for our people going abroad.

The CIA is authorized to collect information on another major concern -- the activities of international terrorists.

Some 15 years ago, while I was sitting on the Eighth Circuit Court of Appeals, I had occasion to review a statute which made it unlawful to carry or attempt to carry a firearm aboard a commercial aircraft. In the opinion that

I wrote, I discussed the evolution of the airport inspection or checkpoint system -- a system that at that time, remarkably enough, had been challenged as a gross intrusion into personal privacy. I think I even ruminated that if under those circumstances Americans should suddenly find that all checkpoints at airports had been taken away, there would probably be a cry of outrage. It's that balancing that we have to deal with in determining the minimum amount of intrusion that is appropriate to accomplish significant security gains. Subsequent to that opinion, a rash of hijackings brought home the reality of the terrorist threat and the need to balance individual privacy interests with legitimate security interests. The bombing of Pan Am Flight 103 last December, which killed 270 people, was a tragic reminder of that threat.

During the past four years, there have been nearly 300 cases in which some form of counterterrorist actions -- efforts to prevent terrorism -- were taken on the basis of intelligence information collected and disseminated by the Central Intelligence Agency. We can't say, of course, in all of those cases that the information or measures taken were the sole reason for the preventions, but they clearly had a role and this is important to us.

In one of these cases, the Agency received a report that terrorists planned to assassinate a senior American diplomat in a Middle Eastern country when he arrived for a meeting. When we told the diplomat about the report, he confirmed that he was to have such a meeting. At the last minute, he arranged for the meeting to be held elsewhere, a prudent measure that may have saved his life.

On numerous occasions in recent years, the Agency has received reports of planned terrorist attacks on our embassies in several parts of the world, including the Latin American countries of Colombia, Peru, and El Salvador. In each case, the embassy, upon receiving this kind of report, increased its security. On several occasions, we've had source information coming back to us that the increased security persuaded the terrorist group to cancel its plans to attack. I've observed that terrorists want to do these things the easy way. They will back off and wait for another occasion if they think the challenge has become too difficult. So, we want to keep them thinking that it is too difficult.

But in spite of the success we've had, in 1988 the property and citizens of some 70 nations were the victims or targets of international terrorist attacks -- attacks that killed 658 people and wounded more than 1,100. There were 856 attacks in 1988 and 835 in 1987. And I think that we should keep in mind that about one of five terrorist attacks last year was aimed at United States citizens, United States property, or United States institutions around the world.

The CIA collects valuable information about terrorist groups and cooperates with other U.S. government agencies to use that information to check and minimize the capabilities of terrorist organizations. We learned, for example, that the Palestinian terrorist, Abu Nidal, had an extensive international commercial network that dealt in the gray arms market. This network had key offices in Poland, East Germany, and several other countries. We used this information. The State Department delivered a series of

diplomatic demarches to the governments of these countries expressing our concern about the presence of these businesses and, as a result, the companies were shut down and one of the means of financing terrorism was dried up.

It's our job to keep track of the movements of wanted terrorists when we have an outstanding warrant for the arrest of terrorist individuals. The Agency can make any information that we have available to judicial authorities so that they can locate and apprehend them. In some cases, the United States asks for extradition. Sometimes we're successful and sometimes we're not. There's still a political aspect to terrorist law enforcement that keeps some countries, for a variety of reasons, just a little reluctant to be full players in the system. But in a case such as Fawaz Yunis, who was wanted for the June 1985 hijacking of a Jordanian airliner which carried United States citizens, the information the Agency was able to supply enabled the FBI to arrest Yunis in the Mediterranean Ocean and bring him to trial.

We also share information with foreign governments on names of potential terrorists, including the aliases that they used. This is an important and evolving computer base that will be extremely helpful. Information has also been used to deny entry and safe haven to known terrorists and their associates in various parts of the world. Finally, after years of effort in which I have participated on both the law enforcement and the intelligence side, countries are coming to the view that we have always held, as have the British, that denying sanctuary is one of the keys to reducing the threat of terrorism. It simply doesn't work to offer a "leave us alone and we'll leave you alone" exchange.

I have been trying to make the point that effective counterintelligence and counterterrorism programs are critical to our national security. And they are certainly critical to the safety of our citizens. But I'd like to emphasize as well that how the CIA and the other intelligence agencies carry out their responsibilities is of equal importance to our country. We are subject to specific laws and we operate under internal procedures approved by the Attorney General. In addition, my General Counsel's staff briefs employees -- both at home and abroad -- to ensure that those who deal with issues that affect the constitutional rights of American citizens know what our laws are and what our procedures are and that full compliance is expected. My Office of General Counsel also works closely with the Office of Intelligence Policy and Review at the Department of Justice in dealing with types of activities that may require Attorney General authorization. They work together to examine relevant issues and obtain the necessary approvals, consistent with applicable requirements of our law.

We want to catch spies and we want to curb terrorism, but we will not circumvent our own laws to do so. We must maintain absolute fidelity to our laws and our rules -- rules that are imposed to assure our citizens that we are indeed accountable. I do not think the CIA, or the FBI, or any member of the Intelligence Community is exempt from this principle. In fact, I believe that it is the key to public acceptance of our vitally important work.

We must, in the end, have both safety and liberty. The balance between the right to be let alone and the right to be kept safe and free is central to our profession and to our heritage. And in our ability to strike that balance

true, lies our future as a land of ordered liberty. Former Supreme Court Justice Robert Jackson must have had this balance in mind when he observed that the United States Constitution and its Bill of Rights was not a suicide pact. The protections it includes and affords to us must be rationally applied if we are to prevail against those who would threaten our national security.

I really believe that we have sufficient legislative restraints and that we should stop looking for legislative solutions to problems as they emerge, because such "solutions" can impede necessary work in the interest of national security. Rather, what is needed is a better understanding of the requirements of existing law and the discipline -- indeed the iron determination -- to see that our laws are scrupulously followed.

I've been at the CIA for nearly two years now, and during that time, I've gotten to know many of our dedicated people, both here and overseas. These are people who are risk takers, but are not risk seekers. People who are not particularly interested in fame or fortune, but who see in our work an opportunity to pursue their highest aspirations for a safer and a better world.

When I consider their commitment and integrity, I often come back to the words of my old friend, Sir William Stephenson, who died earlier this year at the age of 93. In the introduction to the book, A Man Called Intrepid, which chronicled his remarkable intelligence accomplishments during the Second World War, Sir William wrote:

"Perhaps a day will dawn when tyrants can no longer threaten the liberty of any people. When the functions of all nations, however varied their



ideologies, will be to enhance life, not to control it. If such a condition is possible, it is in a future too far distant to foresee. Until that safer, better day, the democracies will avoid disaster, and possibly total destruction, only by maintaining their defenses.

"Among the increasingly intricate arsenals across the world, intelligence is an essential weapon, perhaps the most important. But it is, being secret, the most dangerous. Safeguards to prevent its abuse must be devised, revised, and rigidly applied. But, as in all enterprise, the character and wisdom of those to whom it is entrusted will be decisive. In the integrity of that guardianship lies the hope of free people to endure and prevail."

It seems to me that a nation dedicated to the rule of law can protect itself and its heritage in no other way, and that is the way we are trying to serve you.

REMARKS

BY

WILLIAM H. WEBSTER

DIRECTOR OF CENTRAL INTELLIGENCE

BEFORE THE

PALM BEACH ROUND TABLE

WEST PALM BEACH, FLORIDA

MARCH 20, 1989

Mr. Daley and members of the Round Table, I just can't tell you how pleasing it is for me to be back after a lot of years. And, once again, I have to leave too soon. Some of you who may have been here ten years ago will recall that we had to hustle home because the hostage rescue attempt was about to take place and that interfered with enjoying the wonders of Palm Beach. But it's good to see so many friends here and to say how much we enjoy seeing you when you come to visit us in Washington. The one I'm really most pleased to see is one who is very dear to me, Sophia Casey. We always look forward to seeing her when she comes out to visit the Agency when she is in Washington, and she brings back very many warm memories.

When I came down to participate in a program with Admiral Turner and Marvin Stone,\* Stan Turner and I, who were classmates at Amherst, decided that the time had come to make it very clear that the FBI and the CIA were going to work together. It hadn't always been so. And we played tennis together to show that we got along and we did a number of other things to make the point. And relations really did improve. When Bill Casey came along, they got even better. We traveled together, we did a lot of things together. We even played golf together, and for a dedicated tennis player like me, that's a major concession to make to a very fine and gifted person. And Sophia, we have a lot of great memories, don't we?

\* Admiral Stansfield Turner, former Director of Central Intelligence, and Marvin Stone, former editor of U.S. News and World Report.

It is still early in the year and early in the term of our forty-first President. Yet President Bush already faces a host of international developments that affect U.S. interests -- from Central America to Central Africa, and from insurgency to narcotics trafficking. The President is going to rely on the Intelligence Community for accurate, timely, and objective information on all of these developments and what they mean for our national interests. Another friend of yours and a good friend of mine, General Vernon Walters, had a comment that I think tells us a lot about intelligence. He said the American people have always had some ambivalence about intelligence. When they feel threatened they want a lot of it, and when they don't they somehow think the whole thing may be a bit immoral.

Well, Dick Walters is right and I think right now the American people want a whole lot of intelligence. They want it carefully analyzed and presented in a timely and objective way so that the President and other policymakers in this country can make wise decisions for our national security.

This afternoon I would like to concentrate on two very important issues for the President and for the country -- what is going on in the Soviet Union and what we have recently seen develop with the spread of chemical weapons and ballistic missiles. We are witnessing many changes in the traditional threat posed to us by the Soviets. And, at the same time, we are seeing an increase in the threat posed to the United States and, indeed, to world peace by the production and use of chemical weapons. I would also like to discuss with you some of the changes we have undergone at the Central Intelligence Agency during the past two years -- changes that I believe are healthy, productive, and confidence building.

The Soviet Union is -- and will continue to be -- the primary focus of our intelligence collection and analysis. Its military capability, its efforts to increase global influence, and its aggressive intelligence activities are still serious threats to United States interests.

Gorbachev's efforts to reform his country have not fundamentally altered these truths. In fact, they probably make the Soviet Union of even greater concern to American intelligence.

Like many of you, I have been fascinated by what is occurring in the Soviet Union. Gorbachev has stirred up the stew -- bringing new life and dynamism to Soviet politics and pushing a series of reforms that none of us could have foreseen five years ago.

The forces of democracy are making some political and economic inroads there -- especially in the Baltic republics. Although the USSR is certainly not headed toward democracy as we know it, today's Soviet leaders appear to understand that their system is faltering largely because it has not given the people enough breathing room -- room to inquire and room to unlock creativity.

Change is occurring in the area of foreign policy as well. This Soviet leader has signaled by word and deed that he wants the USSR to be a more active and effective player on the world scene. He is more willing than past Soviet leaders to reevaluate the costs and benefits of Soviet foreign policies, to make decisions on that basis, and even, on occasion, to head off in new directions. For example, the Soviets did, in fact, withdraw from Afghanistan, reversing a policy that had been divisive and costly. And they are eliminating a whole class of nuclear weapons under the INF treaty -- a

process that includes unprecedented on-site inspections of Soviet military facilities.

Gorbachev's announcement of unilateral troop withdrawals at the United Nations last December illustrates his willingness to pursue radically different approaches even as it highlights the challenges that these new approaches present to the Western alliance. Two weeks ago the United States and its allies reconvened negotiations with the Warsaw Pact about conventional forces in all of Europe, including the European USSR. The Soviets are making it clear that they are prepared to reduce the advantage that they hold in some elements of ground forces. However, they are demanding that, in return, the West reduce what the Soviets claim is an advantage in air forces. These negotiations present challenges -- but also opportunities -- for the West to maintain unity within our alliance and yet work with the Warsaw Pact to make real reductions in conventional forces.

The dramatic nature of these policy changes clearly has provoked controversy within the Soviet Union. A major power struggle continues between reformers, who believe radical changes are necessary to make the Communist system work, and conservatives, who fear such changes could destabilize the very system they are trying to save. The recently concluded Central Committee Plenum dealing with Soviet agriculture provided clear evidence of this clash of views. Some of you, no doubt, have watched the crowds cheering Yeltsin, who is complaining that reform is not taking place fast enough. The ultimate outcome of struggles such as this one will affect how far and how fast reform progresses, the extent to which central authority is relaxed, the general

welfare of the individual, and how competitive the Soviet system will be over the next few decades.

There are strong reasons to question whether a system designed to centralize authority, maximize government control over its people, and concentrate resources on building up the nation's military can become more decentralized and democratic in its decisionmaking and more solicitous of its people.

Nationalist unrest is currently testing the Soviet system's ability to make reforms work. Communal unrest in Armenia and Azerbaijan has forced Moscow to put the region in a virtual state of martial law on a semipermanent basis. Last November, the Communist leadership of Estonia declared the republic "sovereign" -- an unthinkable development even a year ago. In Lithuania, both the Popular Front organization and the Roman Catholic Church have publicly pledged to work for sovereignty. These developments are putting increasing pressure on Gorbachev. It is by no means certain -- and many doubt it -- that minority aspirations for autonomy or even independence can be squared with Moscow's clear need for control.

But if the last three years have taught us anything at all, it is that Gorbachev is a highly skilled politician. Only last fall, he successfully undertook the most sweeping overhaul of the top party leadership since Khrushchev ousted his chief opponents in 1957. We cannot rule out the possibility that he can, ultimately, pull off a "revolution from above" that actually increases authority below.

The Soviet reform effort presents the U.S. Intelligence Community with some very formidable challenges. We are going to have to pay closer attention

than ever to the political struggles and issues being raised as Gorbachev challenges the established interests of individuals and institutions within his country, particularly the party bureaucracy. And we will pay particular attention to the nationalist groups in the Baltic and in other parts of the USSR who are increasingly testing the limits of glasnost.

We must also help the policymaker sort out how reform will affect Soviet military and economic capabilities and -- even more difficult -- how it may change Moscow's foreign policy.

We must manage the information explosion that glasnost has produced which, although very welcome to us, challenges us to sort out what is important and what is not, what is real versus what Moscow wants us to hear. We are sorting through an incredible volume of position papers and public statements that have never been available to us in the past.

We must provide intelligence analysis for U.S. - Soviet arms control talks. As these negotiations progress, the Intelligence Community will be increasingly asked to assess Soviet motivations and monitor Soviet compliance with the provisions of agreements.

And the amount of support required is tremendous. The INF treaty has required the United States to monitor about 120 facilities declared by the Soviets. And monitoring the START treaty, which is being negotiated in Geneva, could involve as many as 2,500 weapon locations spread throughout the Soviet Union.

Monitoring agreements on strategic weapons, however, would be relatively simple compared to monitoring an agreement to reduce conventional forces. Our



government might have to monitor an area encompassing about 10 million square kilometers -- over 6 million square miles -- and literally thousands of Warsaw Pact units and hundreds of thousands of tanks, armored vehicles, artillery pieces, and other kinds of equipment. The cost in money and manpower could be staggering -- and yet this monitoring functions as an indispensable part of Congressional thinking as it approaches ratification of any such treaty.

Yet whatever arms control agreements we make with the Soviets, our relationship is likely to remain essentially adversarial. Policymakers will depend on the Intelligence Community to make quick and accurate assessments -- and even to anticipate Gorbachev's sometimes unorthodox and unexpected initiatives. And I think you have seen again and again how these unilateral initiatives have kept us reacting to a highly innovative and challenging individual.

But the Soviet Union is certainly not our only focus. Another major question we are considering is what lessons Iran and Iraq -- and the rest of the world -- have learned from their bitter conflict, a conflict that involved the first sustained use of chemical weapons since World War I.

After the First World War, the use of chemical weapons was outlawed by signers of the 1925 Geneva Protocol. During World War II -- even during the most desperate battles -- both sides refrained from using chemical weapons -- weapons that Winston Churchill referred to as "that hellish poison."

The Iran-Iraq war ended that restraint and set a dangerous precedent for future wars. The Intelligence Community has considerable evidence that Iraq used chemical weapons against Iran and also against Iraqi Kurds. Iran, too, employed chemical weapons against Iraqi troops.

I'm sure you've read many accounts during the last several months about the uses and effects of chemical weapons. You may know, too, that Congress is very concerned about chemical weapons proliferation. Just this past month I testified before the Senate Foreign Relations Committee and the Senate Governmental Affairs Committee on the production and use of chemical weapons. These weapons are thought by some to offer a cheap and readily obtainable means of redressing the military balance against more powerful foes. Some see them as the poor man's answer to nuclear weapons, and more than 20 countries may be developing chemical weapons.

Mustard gas, a terrible weapon first used in World War I, is one of the favored chemical agents for several reasons -- its relative ease of manufacture, its long life in storage and on the battlefield, and its ability to incapacitate those exposed to it.

Some countries are developing nerve agents. These agents, though more difficult to manufacture, can cause death in minutes by attacking the brain and nervous system. Other nations may use common industrial chemicals such as cyanide and phosgene. Cyanide prevents the blood from carrying oxygen, while phosgene, widely used in making plastics, can destroy the lungs. And others are working to develop something even more horrible -- biological weapons.

The Intelligence Community is going to continue to monitor the ability of foreign countries to develop and produce chemical weapons and their incentives for using such weapons. And with the increase of ballistic missiles in the Third World, we must now be alert to attempts by Third World countries to arm these missiles with chemical weapons. With the combination of chemical

weapons and ballistic missiles, no major city in the Middle East would be immune from attack.

The proliferation of chemical weapons affects the prospects for peace and stability in regions such as Southeast Asia and the Middle East. The nations of Iraq, Libya, Iran and Syria are of particular concern due to their use of chemical weapons or their association with international terrorist activities.

Intelligence support is vital to the success of United States efforts to prevent the use of chemical weapons. Our intelligence supports government efforts to restrict the export of chemicals and of ballistic missile technology that can be used to make chemical weapons.

The United States also participates in the Geneva Conference on Disarmament, an effort by 40 nations to negotiate a chemical weapons ban. And in early March, Secretary of State Baker proposed that we bring together governments and representatives of the international chemical industry to discuss the growing increase in international trade of the chemicals and technology needed to produce chemical weapons.

Assessing the proliferation of chemical weapons is one of the most difficult challenges we face in the Intelligence Community. Many of these buildings look like ordinary fertilizer plants or pharmaceutical operations, and indeed can be converted back and forth in a matter of 24 hours, as conditions warrant. I believe this is one of our most important tasks, and we will continue to provide policymakers with accurate and timely information on this issue. I think the identification of the activity in Libya was one of the great intelligence achievements of the last several years.

So far, I've talked about two concerns that will continue to be at the top of the Intelligence Community's agenda -- what's going on in the Soviet Union and the proliferation of chemical weapons. Now, if I may, I'd like to talk a bit about the changes that have occurred over the last 22 months -- changes that have strengthened the Central Intelligence Agency and helped to build a higher level of confidence in us and in our work.

At this time two years ago, the CIA was at the center of a storm that threatened to destroy confidence in our role in American government and to shatter the trust that is so indispensable to our mission. Throughout 1987, we were subjected to the most searching inquiry into our part in the Iran-Contra affair. As most of you know today, the center of responsibility for that exercise was in the National Security Council, but we came in for enormous heat and were handicapped by the loss of a leader able adequately to defend us.

At the end of 1987, I sent a note to all CIA employees that said: "If ever a time in the 40 years of the Central Intelligence Agency required the talent and energy of those who serve, this has been that time." And a year later, I can report that our people have responded, and we have together taken the Agency through one of the most challenging eras in our history.

We've also improved our relations with the Congress. And we've done this by establishing clear guidelines -- guidelines that are workable and well understood and have been scrupulously followed.

We have established policies to ensure that our intelligence assessments remain objective and that analysts are protected against the pressures of

political influence. And I am particularly pleased to say that in the time I have been at CIA, I haven't heard anyone accuse of us "cooking the books."

I'm also proud of what we have done to strengthen the review of covert activities -- the special capability that our Presidents have enjoyed during every Presidency in my lifetime to implement in a covert way important aspects of our foreign policy that cannot be done overtly. Under the guidelines that we've established, the Agency's senior managers must review all proposals for covert action -- which only accounts for about three percent of our resources, but about 98 percent of our problems -- the senior managers must review all proposals that are to be forwarded to the National Security Council. And I've asked that they apply, in addition to practical logistical tests, tests designed to assure that each program can be done, is consistent with our declared foreign policy, and would make sense to the American people if they were to become aware of it.

Our relations with Congress have always involved balancing the need for a candid relationship with the need -- indeed, my personal responsibility -- to protect intelligence sources and methods. To help our officers balance these demands, I have established guidelines to govern our dealings with the Congress. And I've made it known that in working with the Congress there is no excuse for deception.

During the Iran-Contra period of investigation, some of our officers, although well-meaning, were trapped by the questions and did not know how to answer and were charged with being disingenuous. Agency officials now who brief on the Hill are authorized to demur rather than skirt the issues that

they are not authorized to discuss. Sometimes these questions then come all the way back up to me and I have to work them out with the chairman and ranking minority member of the oversight committees. But we have not left the Congress feeling that anyone in CIA has been disingenuous with them. As a result, our relationship with the Congress will continue to improve.

It's my firm view that truth builds trust. But there are many things that we cannot safely discuss in large forums of hundreds of staffers and committee members. We have to work these problems out in an atmosphere in which everything we say is true but we do not always answer everything we're asked. An officer should not go around a question, he should simply say, "I'm not authorized to answer that question, but I'll take it up at Headquarters." And I think this approach is working. I've got some beautiful bruises and lost a few battles, but we have protected our sources and our methods.

I want to briefly note two other things that I've been working on that are of great importance to current issues. The formation of a Counterintelligence Center at the Agency now provides a forum for coordinating the counterintelligence efforts of the Intelligence Community to do a more effective job in a world in which the Soviets, while talking detente, are far more aggressive in pursuing clandestine intelligence collection in this country and around the world than ever before. And I think we're out in front of the curve on the narcotics issue. With the establishment of a Counternarcotics Center in which the expertise from all the various, diverse parts of the Intelligence Community is gathered, we can, in a centralized way, make a major contribution to Bill Bennett and to all those who are seeking to deal with this modern scourge.

I would like to make one final point about our work, and it is that the intelligence we provide to policymakers on the Soviet Union, chemical weapons, and many other issues is not easy to come by. In fact, it sometimes comes at great cost to the men and women of American intelligence.

Since I was appointed Director in May 1987, I have visited many of our intelligence facilities in this country and a great many nations around the world. I have observed firsthand the success of our operations in managing a myriad of complex issues -- issues so complex that we often rely upon highly sophisticated technical systems -- satellites in the sky and so on. But, our most important resource in the Intelligence Community has always been -- and will continue to be -- our people. It is their creativity, their determination, and their courage that spell the difference between success and failure. I've found that the men and women we have been able to attract into intelligence are not particularly concerned about fame or fortune, but they find in this important work a way to express their highest aspirations for a safer and a better world.

With such people we can continue to provide the intelligence that our policymakers need, observing the rules of oversight and accountability that both the Congress and the American people have a right to expect. This is what you would want of us, what all Americans would want of us, and we are doing our very best to supply it.

REMARKS

BY

WILLIAM H. WEBSTER

DIRECTOR OF CENTRAL INTELLIGENCE

BEFORE THE

TOWN HALL OF CALIFORNIA

LOS ANGELES, CALIFORNIA

MARCH 30, 1989



Thank you very much, Jim.\* It's a pleasure for me to be back. I would like to note that you first invited me to speak to you in 1980, just two years after I had taken office as Director of the FBI. You've now invited me back two years after I became Director of Central Intelligence. I don't know whether that's an apprentice period before I'm eligible to speak to you, but I can hardly wait to see on the next job that I hold.

Jim Miscoll and I were talking at lunch about some of the surprising events that have been taking place, particularly in the Soviet Union. I'm sure that most of you followed with interest the Soviet elections last Sunday and the astonishing surge of independent expression, most of it aimed at reform, that resulted from the elections to the new council. I think it's part of the Gorbachev experience.

I was a little amused at the experienced public figure in Leningrad who was defeated without opposition. I remember that when I was a young lawyer, the biggest fear that you had was that somehow you would lose an uncontested divorce case.

Well, there are a lot of things going on in the Soviet Union that I wish I had to time to discuss, but that's not what I'm here to talk about today, even though they're interesting and in some sense positive, at least with respect to the impact of glasnost. And we could debate endlessly about the implications of perestroika. It is producing some humor and President Reagan, particularly, took an interest in the stories that were coming out of the

\* James P. Miscoll, Executive Vice President, Bank of America Southern California, and Chairman, Town Hall of California.

Soviet Union on perestroika, and we used to deliver them to him when they came back from our officers in the field. And one of these involved Gorbachev's effort to determine the status of perestroika in some of the outlying areas of the country. So he sent a representative to the Urals to visit the small towns. The man went to a village and asked to see the mayor. He talked around the subject for a while, and then he said, "What do you think about perestroika?" And the mayor said, "We like perestroika." "Has it been good to you?" "Yes, it's been very good to us." And the representative said, "Tell me, do you have any television sets here in the village?" And the mayor said, "Oh yes, we have television sets here. We have television sets, I believe, in every hut in the hamlet. In fact, in some huts there are two or three television sets." "Tell me about refrigerators." "Oh yes, we have plenty of refrigerators here in this village." The representative looked the mayor in the eye and said, "By the way, do you know who I am?" And the mayor said, "Oh yes, I know who you are. Who else but a CIA agent would come into a village with no electricity and ask me questions like that?"

Well, I hope that we can keep our respective responsibilities on that kind of a note. There are some good things going on all over the world.

But I think it's ironic that at a time when the United States and the Soviet Union have agreed to eliminate a whole class of weapons with the INF Treaty, Third World nations are building up their own arsenals. This afternoon, I want to talk about the proliferation of nuclear, chemical, and biological weapons -- weapons that pose new dangers to regional stability and to the interests of the United States. I want to discuss the proliferation of

ballistic missiles, which are capable of delivering these weapons of mass destruction rapidly and over great distances. And I want to discuss the role intelligence plays in our government's efforts to stem proliferation of these weapons and their means of delivery.

Since the first detonation of a nuclear explosive device in 1945 and the subsequent first use of nuclear weapons in warfare that same year, the world has lived with the perennial threat of nuclear proliferation. In the early 1960s, President Kennedy predicted that there could be 15 to 20 nuclear states by 1975. But in 1989, as in the 1960s, there are still only five countries which possess declared (that is, acknowledge possessing) nuclear arsenals -- the United States, the Soviet Union, China, Britain, and France.

This is not altogether reassuring. While there are still only five declared nuclear powers, there are a number of other countries that have simply not acknowledged a nuclear weapons capability. Several countries either possess a nuclear device or can fabricate and assemble one on short notice, and I'm talking about in a matter of weeks. Others are developing key nuclear technology that could later be used for a nuclear explosive, should the decision be made to do so. And there are still other countries that are in the early stages of nuclear technology research and development.

Clearly, nuclear technology research has a number of applications. To be of nuclear proliferation concern to our government, a country must have technical know-how and, in addition to that, political intent. Technical know-how requires years of research and development. Once the technical means are in place, a country is in a position to develop nuclear explosives -- if a decision is made to do so.

But intent -- that is, the political will and the desire to sacrifice what are often limited national resources to begin developing nuclear weapons -- requires a conscious decision at the highest levels of government. Seldom do we have hard evidence of this kind of intention. By developing a civilian nuclear program, a country can postpone a decision to begin weapons work until much of the basic research and development have been done.

There are a number of serious dangers inherent in nuclear proliferation. First is the obvious danger that nuclear weapons might be used in regional conflicts -- particularly in areas of high tension and instability such as the Middle East and South Asia. Second, newly established nuclear powers could enter a nuclear arms race that might be politically destabilizing and, in itself, increase the likelihood of an outbreak of war. Third, the sheer quantity and distribution of nuclear weapons and nuclear material across the globe could increase the risk of theft, sabotage, and use by terrorists.

For potential proliferators the key to a weapons program is acquiring plutonium-239 or highly enriched uranium. Sensitive and highly specialized technologies are required to obtain enough of these materials for even the simplest nuclear weapon. The ability to acquire and master these technologies determines how quickly a nation can develop and produce nuclear weapons. You can see the need for a heavy emphasis on protecting the fuel when the technology is so readily available.

These sensitive nuclear technologies are subject to U.S. and international export controls. But nuclear technology can still be acquired illicitly and clandestinely through the use of front companies, falsification of export

documents, and multiple transshipment points -- we call that diversion. It is also possible to order equipment or material that is just below the export control guideline but which, in the aggregate, would be subject to controls.

Attempts to control equipment and material are complicated by the fact that many nuclear technologies are dual-use -- in other words, they can be used for both nuclear and non-nuclear purposes. This makes it harder to control nuclear exports and increases the difficulty of determining whether such a weapons program may, in fact, be under way. And that, of course, is part of our job.

In our view, nuclear nonproliferation efforts -- including treaties, organizations, and export controls, ways to focus and spotlight the problem -- represent an indispensable element of common security for mankind.

As one part of that effort, the United States has long promoted the peaceful use of nuclear energy because of its fuel economy and reliability, as well as for its important applications in medicine, industry, and agriculture. We support technical assistance programs to nations that have subscribed to the Nuclear Non-Proliferation Treaty. Despite the treaty's growing success over 20 years -- 140 nations are now treaty parties -- a handful of countries that are considered likely candidates for nuclear proliferation have not yet agreed to it.

We do bring to bear on the nuclear proliferation problem numerous intelligence assets and strategies. We begin with the premise that it takes some years under the best of conditions -- given a reasonably sophisticated nuclear energy and research program -- for a nation to develop a nuclear weapons capability.

There are both technical and political tip-offs that raise red flags for intelligence analysts in the community who closely study the nuclear proliferation problem. Our analysts not only look at the technical capabilities that are under development, they also consider whether these activities really make sense for purely civil reasons. For example, we would be concerned if a nation began developing a difficult and expensive uranium enrichment capability if its existing nuclear power reactors did not require it.

Still, developing a nuclear weapons capability requires a lengthy commitment of time and a major commitment of resources.

We cannot say the same of a nation's ability to develop a chemical and biological weapons capability -- weapons that have been called the poor man's atomic bomb. Twenty years ago, only five countries possessed chemical weapons. Today, more than 20 countries may be developing these weapons, and at least 10 countries are working to produce biological weapons.

Unlike nuclear arms, chemical and biological weapons offer a cheap and readily obtainable means of redressing the military balance against more powerful foes. The technology required for chemical and biological weapons is simpler than for nuclear weapons, and their production is harder to detect, monitor, and control.

But like nuclear proliferation, the ability to limit proliferation of chemical and biological weapons requires international agreements and requires cooperation in their enforcement.

After the First World War, the use of chemical weapons was outlawed by signers of the 1925 Geneva Protocol. During World War II -- even during the

most desperate battles -- both sides refrained from using such weapons -- weapons that Winston Churchill referred to as "that hellish poison."

The Iran-Iraq war ended that restraint and set a dangerous precedent for future use. The Intelligence Community has considerable evidence that Iraq used chemical weapons against Iran and also against Iraqi Kurds. Iran, too, employed chemical weapons against Iraqi troops.

As in the case of nuclear technologies, much of the equipment needed to produce chemical and biological weapons is dual-use in nature. All of the equipment needed to produce chemical warfare agents can also be used to produce industrial chemicals, and many pharmaceutical or pesticide plants could be converted to chemical weapons production. In appearance they are almost indistinguishable. The equipment, materials, and expertise needed to produce biological warfare agents all have legitimate uses in the pharmaceutical and medical industries. With currently available technology, biological warfare agents can be produced at such a rate that large stockpiles are no longer necessary. Actually, any nation with a modestly developed pharmaceutical industry can produce biological warfare agents, if it chooses.

I'm sure that you've read many accounts during the last several months about chemical and biological weapons. You may know, too, that Congress is very concerned about weapons proliferation. Both last month and earlier this month, I testified before Senate committees on the subject.

The conference on chemical weapons in Paris last January contributed a great deal toward galvanizing national and international concern. The United States also participates in negotiations for a global chemical weapons ban at

the Geneva Conference on Disarmament. We are one of 40 members of this conference. Earlier this month, Secretary of State Baker proposed that we bring together governments and representatives of the international chemical industry to discuss the increase in international trade of the chemicals and technology needed to produce these weapons.

As for biological weapons, the United States and 110 other countries have signed the Biological and Toxin Weapons Convention of 1972. This convention prohibits the production, development, and stockpiling of these weapons, but contains no provisions for formal verification.

The Intelligence Community has and will continue to investigate the technical and political tip-offs that raise red flags about a nation's development, production, and incentives for using chemical and biological weapons. We will also continue to track and report on the illegal transfer of material for such weapons. We provided, I think, significant intelligence support to our own policymakers in specific reference to the chemical weapons plant in Libya. And, while it has been embarrassing to at least one country, because of its citizens' cooperation with the development of that plant, that focus of attention is producing progress in limiting its use and its threat.

The ability to develop a weapon and deliver it to a distant target with a nuclear, chemical, or biological warhead significantly increases the threat to global security. Until recently, we were primarily concerned about the proliferation of ballistic missiles used mainly as the delivery vehicles for nuclear weapons. Now we see a threat that these missiles could be used to deliver chemical and biological weapons as well as nuclear and conventional



weapons. We thus see that chemical weapons, particularly in tense regions of the world, have moved on from tactical to strategic importance.

Ballistic missiles armed with conventional warheads were used against civilians last year, when Iran and Iraq launched scores of missiles at each other's capitals in the "war of the cities." These missiles made the Iran-Iraq war a harbinger: missiles have now become, it appears, an acceptable means of waging war in the Third World.

By the year 2000, at least 15 developing countries will be producing their own ballistic missiles. Although missiles being developed by these countries are somewhat crude and inaccurate, many of them have capabilities well beyond battlefield range and can strike in a matter of minutes. Once fired, they cannot be called back. I think there is no city in the Middle East that is now immune from this threat.

Ballistic missiles convey important new political and military status to those who acquire them, so that's an incentive. Many of the countries where these missiles are being developed are in the Middle East -- an area where we have important security interests, and where regional tensions are highest. Even a short-range ballistic missile provides Middle Eastern countries with a truly strategic weapons system.

Like nuclear, chemical, and biological weapons programs, Third World missile programs rely on foreign technology to some degree. But much of this critical technology is already diffused throughout the world. It's available for other purposes or can easily be diverted. Third World countries are extensively sharing technology, and they are increasingly pooling their resources and technical know-how.

Another disturbing development we have seen is the outright transfer of complete missile systems from one country to another. This could become a way for developing countries to leapfrog ahead of the competition, although most countries will still seek to develop their own indigenous missile capabilities. We can also look for Third World countries themselves to become major exporters of missiles and missile technology -- just as we see the threat that an oversized chemical plant in Libya can become a political and economic brokering point for Colonel Qadhafi.

In April 1987, seven industrial nations -- the United States, Canada, France, Britain, Italy, Japan, and West Germany -- announced the formation of a Missile Technology Control Regime, which we call MTCR. The MTCR was designed to limit transfers of technology and equipment that could make a contribution to nuclear-capable missiles. While it has had some success, it does not include some of the key players in today's missile and advanced technology market. The agreement also doesn't reduce the incentive or ability of Third World nations to develop ballistic missile technology on their own.

The Intelligence Community is closely following efforts by Third World nations to acquire or develop ballistic missiles. By providing timely information on missile proliferation, we are supporting policymakers in their efforts to make the MTCR more effective. And we are supporting the policymakers in their efforts to dissuade non-members of the MTCR from marketing their missiles.

Assessing the proliferation of nuclear, chemical, and biological weapons, as well as ballistic missiles, is among the most difficult challenges that we

in the Intelligence Community face. I believe it is also among our most important tasks. For, in our time, we have reached a point where agreements to limit weapons of mass destruction are absolutely critical. And on each nation's willingness to control and limit such weapons will depend the security of all nations throughout the world. The intelligence that we provide our policymakers, therefore, becomes increasingly important in developing and verifying international agreements and in making wise decisions in the interest of our country.

I'd like to make one final point about our work, and it is that the intelligence we provide to the policymakers on the Soviet Union, advanced weapons proliferation, terrorism, and many other issues is not easy to come by. In fact, it sometimes comes at great cost to the men and women of American intelligence. And I think of that every time I walk through the main foyer of our headquarters building, where stars have been carved in the wall for those who have given their lives in the line of duty.

In the nearly two years since I was appointed Director of Central Intelligence, I have met with many of our intelligence officers, both at home and abroad. I have observed firsthand the success of our operations in managing a myriad of very complex issues -- issues so complex that we often rely upon sophisticated technical systems such as satellites in the sky. But our most important resource in the Intelligence Community has always been -- and will continue to be -- our people. It is their creativity, their determination, and their courage that spell the difference between success and failure.

With such people we can continue to provide the intelligence that policymakers need in order to make wise decisions in the interests of our national security. This is what you expect of us, what I believe all Americans expect of us, and I can assure you we are doing our very best to supply it to you.