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**Remarks By
R. James Woolsey
Director of Central Intelligence
At The
Smithsonian Institution
Distinguished Speakers Program
11 March 1993**

"The End of the Cold War: Where Do We Go from Here?"

Having been a Regent of the Smithsonian Institution, it gives me a special pride to appear at the Resident Associate Distinguished Speakers Program. I'm told that this is the first Smithsonian sponsored meeting here at CIA Headquarters, and I think your presence here tonight helps to underscore the importance this Agency attaches to being as open as we possibly can about the work that we do.

Last December, we dedicated a new and important monument right here at CIA. It's a plain monument -- it has a simple concrete base that holds three erect sections of the Berlin Wall. I'm told that these three slabs of reinforced concrete were removed from an area right near the Brandenburg Gate in the wake of the peaceful revolutions which swept communist governments from power in Europe.

For members of the CIA and the intelligence family, this monument is much more than concrete and steel, it represents an important part of CIA history. In 1961, as the wall was being built, we were beginning to occupy this Headquarters building, CIA under Allen Dulles then. And for the next 29 years much of the Agency's work was devoted to breaking down the barriers to peace and freedom created by the Cold War and that were symbolized by the Wall.

Now that the Cold War is over and a portion of the Wall rests at the foot of our building, some have wondered, to paraphrase the title of this speech, "What's Next For The CIA?"

Some of the Agency's critics and critics of the Intelligence Community in general complain that the CIA and the Community are stuck in some sort of Cold War rut -- unable to move forward because of a mindset mired in the past. I hope to suggest to you tonight some reasons why I don't believe that is true.

But before I talk to you about how we are changing and evolving to meet the future challenges to the United States, to our friends and allies, I want to reflect just a bit on how our past has prepared America's intelligence services to meet the future.

When people think of CIA, they think of surreptitious meetings and secret spy swaps at midnight across the Glienecke Bridge in Berlin or checkpoint Charlie. But while much of the mythology about CIA has to do with clandestine operations, the history of American intelligence is just as firmly rooted in the traditions of academia -- of painstaking research and objective analysis.

Bill Donovan, the father of modern American intelligence, realized that merely collecting information at that time from spies -- or from any other source -- was not enough. The information had to be analyzed, placed in proper context and most importantly, the finished intelligence product had to be timely -- a lesson that was made painfully clear at Pearl Harbor. The failure of intelligence warning at Pearl Harbor was in fact the central event which led to the establishment of the CIA really right before the full beginning of the Cold War with reason for and the genesis of the institution dates from the understanding of what happened on December 7, 1941, not really from the post war years. So in creating a central intelligence organization after the war, Donovan enlisted the support of noted Harvard historian William Langer, Sherman Kent from Yale and

others, who together built a strong tradition of scholarship in intelligence.

Building on this tradition of scholarship, and over the last 46-years the CIA's accumulated a wealth of knowledge and developed unique insights into different peoples, languages, cultures, economies of countries in all corners of the globe -- formation that has relevance today.

In earlier years the Agency and the Intelligence Community were (of course) concerned that underdeveloped and unstable countries would be susceptible to communist influence. Today, many of these same countries are still unstable, threatened by fanatics, or facing humanitarian crises that not only endanger their sovereignty but also challenge regional stability. We had to understand how sophisticated weapons technologies could influence the outcome of war -- also the same technologies that some unfriendly third countries now seek to acquire to threaten their neighbors.

In many other areas -- from understanding the Soviet economy, to defense conversion, from the problems of Soviet oil production to understanding the many important religious and ethnic rivalries in

what's now the former Soviet Union -- our knowledge, gained from decades of careful study and research, can be now put into a broader context, important for understanding today's issues. Our country's leaders -- both civilian and military -- rely on this huge reservoir of knowledge. They count on our analysis of global events, and they look to us for judgments that are not only sound, but objective and fair.

But yet, while we focused on Cold War issues the CIA and the Intelligence Community in the United States never wholly consumed by them. We had experts looking at everything from the stability of major foreign currencies to water resources in the Middle East. On economic issues, our analysts monitored both the international economy -- trade, finance, economic competition -- and the domestic performance of countries around the world. We had -- and continue to have -- recognized authorities on international monetary affairs, advanced technology developments, the inner workings of regional economic groupings, and many other economic issues of direct interest today. We've learned from our past and we are using that knowledge as a springboard to the future.

Make no mistake about it. The world has changed in fundamental ways and is still changing in

fundamental ways. In his inaugural address just a couple of months ago, President Clinton said that, "today, as the old order passes, the new world is more free, but less stable. Communism's collapse has called forth old animosities and new dangers." Les Aspin said in his swearing in ceremony the other day quite succinctly, "we all rather wish that the new world order were not so long on new and so short on order."

Of the many issues that have come to the forefront in recent years, few have more serious and far-reaching implications for global and regional security and stability than the proliferation of weapons of mass destruction and of the means, particularly ballistic missiles to carry them. Weapons proliferation poses one of the most complex challenges that the Intelligence Community or any Intelligence Community has ever faced and it will pose such a challenge for the remainder of the century, and no doubt, beyond that.

Today, over two dozen countries are seeking advanced weapons, including nuclear, chemical, and biological, as well as the missiles to deliver them. Our job is getting more difficult, because as international awareness of the problem increases,

countries and their suppliers are becoming more clever in devising networks of front companies to frustrate export controls and to buy what would otherwise be prohibited to them. I said in my confirmation hearings that it is as if we have been struggling with a large dragon for some nearly half a century that we've finally slain it and we found ourselves in the midst of a jungle full of a large number of very well camouflaged and very poisonous snakes. In many ways the dragon was indeed much easier to keep track of.

The challenge we face in controlling proliferation is multifaceted: we have to decipher and untangle the complex web of suppliers, middlemen, and end users of weapons of mass destruction and ballistic missiles; we have to distinguish between legitimate and illicit purposes of much of the dual-use equipment and we have to help interdict the flow of material, technology, and know-how to potential proliferators. This interdiction and this sort of work requires very close cooperation between technical intelligence collection, human collection and those who can take action for the United States whether its diplomatically or otherwise.

The Middle East represents an area of special concern, because half of the countries have nuclear,

chemical or biological weapons programs, at least in development.

Iran, for example, has embarked on an ambitious across-the-board program to develop its military and defense industries -- and this includes their weapons of mass destruction programs. Tehran is shopping in Western markets for nuclear and missile technology and is trying to lure back technical experts Iranian experts that it drove abroad in the 1980s. Because it has not been able to get what it wants from the West, it has turned to Asian sources; Iran's principal suppliers of just these weapons and this technology today since their war with Iraq have come to be North Korea and China.

Iran has an active chemical weapons program and it makes no bones about its right to chemical weapons -- especially in light of Iraq's use of chemical weapons against it. Iran has produced at least several hundred tons of blister, choking and blood agents -- possibly as much as 2,000 tons -- and they have done so at a steadily increasing rate since 1984.

Iran's behavior in rearming and rebuilding its military and developing a strategic capability is ominously analogous to Iraq's action in the 1980s --

and could pose a very grave threat to regional stability in that very important part of the world. The development of an Iranian nuclear capability would not only dramatically alter the regional power balance but probably trigger an even greater arms race or worse.

The Middle East is an area in which our core strategic interests are engaged. Access to oil at market- and (not at politically-) determined prices is vital to the world's economic health. And as we learned during the Gulf War, it matters who controls this vital resource. Israel's security is an abiding concern, and it's one that's complicated by our wider interests in the region.

But these strategic concerns can't be viewed in isolation. They're caught up in a vortex of growing regional tension and instability into which we are increasingly drawn. Even our definition of what defines the Middle East is changing: the large and potentially unstable states of Central Asia, with their ties to neighboring Muslim states, are now part of this region. Tired authoritarian regimes identified with failed nationalist and socialist ideologies are being challenged from below by their exploding and economically desperate populations.

Some in the Middle East are drawn to a radical brand of politicized Islam which draws on deep-seated anti-Western feeling. Frustration and a sense of powerlessness give rise to terrorism and put some of our friends in the region and as we saw in New York not long ago, perhaps we ourselves at risk.

Thus, the transfer and introduction of important and new weapons technology has an incendiary effect on the stability of the Middle East and of Central and Southwest Asia. And the Intelligence Community is on the look-out very vigorously for systems and technologies that have the potential to alter the balance of power in that part of the world.

We are also paying careful attention to Research & Development and trends in technology that could affect the United States' security. For example, semiconductors under development promise to revolutionize segments of the electronics industry -- and they will likely lead to a new generation of smart weapons distributed far more broadly in the world an assortment that were used with such devastating effect by we ourselves in the Persian Gulf.

The CIA and the Intelligence Community are not just focused on weapons technology, many other areas

new technologies contribute also to the complexity of the issues and problems that the United States and the West in general face. In the financial marketplace for example, rapid communications are bringing countries, organizations and individuals closer together. Sophisticated computer networks move literally billions of dollars across international borders instantaneously. This has fueled a huge increase in world trade and has led to greater economic prosperity for many countries. But those same financial networks are being used with increasing frequency by drug kingpins and organized crime syndicates -- groups that now have a vehicle for moving laundered money quickly among a variety of front companies. This of course, complicates our job -- trying to unravel the complex trail of illegal drug transactions. It also makes more difficult the job of our partners in law enforcement such as the FBI, who seek to prosecute investigate and then prosecute those responsible for the flow of illegal drugs into the United States.

All of us have had terrorism on our mind recently, of course. The tragic bombing at the World Trade Center in New York and the deadly attack on CIA employees just outside the gates reminded us that the world -- including at times the United States -- is a

dangerous place. While we hope we are not now beginning a new chapter for terrorism, we have the organization I hope and believe that is designed and oriented to meet the challenge. CIA and the Intelligence Community -- through the Counterterrorist Center that we operate -- are working closely with law enforcement on these two particular cases and around the world a wide range of terrorist issues with friends and allies in many countries. We are looking at all the angles -- including the possibility in these two cases of international involvement. While this investigation, these investigations are on-going, people at the CIA are working hard -- checking our sources, following up on leads, using the knowledge of people and organizations, and making judgments about who would be capable of performing these acts. Feeding the results of these investigations to our domestic partners who are the lead Agencies such as the FBI.

Weapons proliferation, narcotics, terrorism, understanding the dynamic interaction of forces such as religious and ethnic strife -- it's clear that we have a pressing set of intelligence priorities on our plate. But we also, however, have been shifting our resources in ways that not only accommodate, but

anticipate new issues that are important to our policymakers.

For example, leaders in the United States are increasingly asking CIA to study environmental issues because we have special skills, special resources, and unique insights.

Last November, we brought in a group of well known and highly respected environmental scientists here to the CIA. After giving them the appropriate clearances, we briefed them on the technical capabilities of some of our most closely held intelligence collection systems. The scientists were then offered the opportunity to review what we collected. All of this was done with an eye toward determining if intelligence can help answer some of the most pressing environmental issues of our time -- ozone depletion, the effect of the diminishing rain forests, and global warming. We, of course, have the only systematically collected pictures of the depredations of the environment over the course of the last quarter century in the Eurasian land mass in particular.

It may surprise some of you to know that we have been looking at environmental issues for this long

time even consciously and intentionally. CIA has monitored Soviet handling of nuclear waste since 1948, when the reactor that produced the plutonium for the first Soviet nuclear weapon began operation. We now look at environmental contamination due to a variety of nuclear activities -- most of which on the other side of the Earth supported weapons production -- and questions about the safety of stored but radioactive liquid and solid waste. This includes reprocessing of fuel from civilian and naval reactors, in the Soviet Union and elsewhere and naval nuclear activities.

Since the Chernobyl disaster in 1986, CIA experts have worked closely with other US government agencies to prepare detailed studies of Soviet-designed power reactors there and in Eastern Europe. And we are now working with these agencies and with the Russians, Ukrainians, and Eastern Europeans themselves to determine the most effective way to improve the safety of such reactors.

Just as narcotics was considered a nontraditional intelligence topic ten years ago, today other issues -- such as the global impact of the AIDS epidemic -- have assumed greater importance for intelligence. We began to focus on the AIDS epidemic and its effects in the mid-1980s. The Intelligence Community's role is

not to study the medical aspects of the AIDS virus itself, of course but to collect and analyze information on the impact of AIDS on peoples of foreign countries -- and their leaders -- and on the responses of foreign governments to the epidemic which is a major and disastrous trend and development, of course, in many parts of Africa but also in some other parts of the world.

Today, I've identified just a few of the issues of concern to us. I haven't mentioned for instance, the detailed intelligence support that we provide our military in humanitarian efforts such as we saw in northern Iraq, in Somalia and most recently, in the airdrop of food to the Bosnians. I haven't mentioned our support to arms control negotiations, which I was the beneficiary of for a number of years as Arms Control Negotiator, reports and background briefings we provide to the President and to Congress on countless topics, or the whole host of other tasks for which we are responsible.

It is clear that in dealing with the aftershocks of the fall of communism and all of the new issues, that we in the Intelligence Community cannot handle tomorrow's problems using yesterday's solutions. We

have to continue to reinvent ourselves almost on a daily basis.

But of all the challenges that the Intelligence Community faces, perhaps our most difficult assignment in the coming years is going to be to provide an expanding level of service within a contracting envelope of resources. We take seriously our responsibilities as do the other parts of the Government in doing things efficiently and effectively in making a contribution in the reduction of the Federal deficit.

In the coming years, CIA and the Intelligence Community will be reducing personnel by about 17 and a half percent over the course of the next four years. This essentially means we will be reducing at just about the rate people retire. Leaving almost no room for new hiring. We face this prospect knowing full well that, as other defense organizations scale back, there is going to be an extraordinarily greater emphasis placed on intelligence to provide warning in international crises in order to help a smaller military get ready to take action and also to serve as a force multipliers, as the phrase goes, for the military forces as intelligence did very effectively in the Gulf.

We will meet this challenge by revising collection priorities, by refocusing our technical collection systems, such as reconnaissance satellites -- by learning what we can do, with what we will have and what we can live without. We know that more emphasis has to be placed on intelligence collection, new and innovative ways and we have to slim down and have what the military calls a better tooth-to-tail ratio. This means that our people will in some areas, need to be retrained; it means that the intelligence community will need to rely more heavily on artificial intelligence and expert systems and on a whole range of new technologies to help us sort through this expanding range of information. But most of all, it means that we will all have to be very flexible -- in the way we use collection systems human intelligence, signals intelligence and reconnaissance -- and we have to be more creative in our approach to new problems.

As we work to reinvent the Intelligence Community ourselves, we know there is a set of core responsibilities that will never change. Intelligence is and will remain the eyes and ears of the United States -- not just for warning our leaders of impending crises, but in providing information, insight and a context from which leaders, the

President and others, can make informed foreign policy choices.

I've barely scratched the surface of the wide array of issues that confront American intelligence and I'd like to leave the rest of the time -- the bulk of the time for questions. While the topics are many, the history and traditions of American intelligence -- the traditions of scholarship, unique insights, effective collection and timely analysis -- provide a fine guide for meeting the challenges of the future. American intelligence is focused on the important issues of today -- issues that represent barriers to peace and freedom for all of us and for our friends and allies. And, like the Berlin Wall, these barriers, I have confidence, too will someday come down.

QUESTION AND ANSWERS

We can go given how fast cars can move and so forth until a little after seven here. So let's go ahead with questions, anybody, I think we have microphones in the audience...down front. Please wait for the microphones so that you can be heard by everybody in the auditorium.

Q: I've heard you speak before Congress twice now and you stated your opposition to releasing the overall intelligence budget figure.

A: Yes.

Q: Given the fact that it's widely reported in the news media and that the people you might not want to know about it are getting some indication anyway and you want to be more open as this seminar shows, I still don't fully understand why you are opposed to this especially when Bob Gates when he was confirmed said that he saw no problem with doing this?

A: Good question. The Administration has not yet made a decision on whether to release, if one can find one, a single total for the intelligence budget. And whatever is decided we, of course, in the Intelligence Community will live with. What I said when asked about this in the two times I've testified in public on the Hill, is that there are some good arguments against it, and let me tell you what I think they are. There is no single reasonable figure. There are normally two totals that are mentioned. One, or what's called the National Foreign Intelligence Program, is the Intelligence Community somewhat narrowly defined. The other is for the National Foreign Intelligence Program, plus tactical intelligence in the Department of Defense, which adds considerably more money and is a larger figure. These numbers are of course known, as are all of the subordinate numbers and supporting numbers, to the Intelligence Committees who deal with the intelligence budget in the Congress, and they are known to all Congressmen and Senators. This is one reason that they, or something close, appear from time to time in the press. They are available for debate in Executive sessions in the Senate or the House and they are available for, of course, debate in the Oversight Committees and the Appropriations Committees. The reason I think there is a very good case for those debates being held in either Executive session in either body or in the Committees themselves which also operate in Executive session, is that any discussion of why one would want to increase or decrease those numbers immediately runs into the issue of what does that money go for. It is impossible to offer an argument either to make an arbitrary cut or to make an arbitrary increase without discussing substance. And if one discusses substance, one moves very quickly into disclosing what the components are and what different amounts of money are going for and why some may be more important than others and what over time has the change been, in say spending for reconnaissance

satellites or spending for the covert HUMINT collection, human intelligence collection for the CIA. It is that debate being conducted in public that creates a serious problem, at least I think, and many people associated with intelligence budget issues in the past think, because it tends to reveal sources and methods in intelligence. One of the primary responsibilities of the Director of Central Intelligence under the 1947 National Security Act is to protect sources and methods. It is, in fact, the case that much of what we know today from either signals intelligence, human intelligence or reconnaissance comes from a very limited, sometimes single source. Furthermore, they are sources that, if the substance of what one knows is not described in a very general way, can lead to the disclosure of where something comes from. If it comes from signals intelligence, the source can be turned off very easily by anyone who suspects. If it comes from human intelligence, it can lead to Agents--people who help the United States in the West, some of them very courageously and some of them today resident in some very ugly countries, let's say they have very ugly governments. In many cases, of course, killed. So trying to avoid carrying on the argument about how much is this worth and how much is that not worth, what is this for and what is that not for, in public is something that I think you'll find anybody who holds this job being very skeptical of. We carry on these arguments and discussions very fully now before our Oversight Committees and indeed derivatively before the House and Senate as a whole. Bob Gates, shortly before he left this office, actually gave a speech up in Boston calling for more involvement by the Congressional Committees in Oversight, and I said it's a view that I share. But, although we would try, of course, to live with a regime in which the budget or subordinate budgetary figures of the Intelligence Community are a matter of public disclosure, of course, when we disclose them publicly, we are not just disclosing them to you, we are disclosing them around the world and therefore to the people we are worried about learning them. Although we would live with that, I feel a certain obligation to present the arguments on the other side and I have done so in Congressional testimony, as I just have here tonight.

Q: Do you think that the present organization of the Intelligence Community is suitable for the challenges of the new world order that you laid out, or do you agree to some extent with the ideas for restructuring that have been put forward?

A: I testified on the restructuring plans presented by the Senate and House Intelligence Committees a couple of years ago, that were debated as recently as last year in the Congress, and supported some aspects of the reorganization. Two main ones that I think were particularly important were approved by the Congress, although the wholesale reorganization was not. One that was approved was the establishment of something called Central Imagery Office, which is essentially an office that probably in time will grow to be a small Agency. It would be responsible for doing the architecture and coordinating all of

the collection and dissemination of imagery for intelligence purposes. It would do similar things to what the National Security Agency does for signals intelligence. This is, I think, important because whereas signals intelligence was used very effectively and very quickly during the Gulf War by our military forces, imagery was not used quite so quickly and so effectively. And part of the problem was that there was no central organization and architecture for how you collect imagery from all sorts of different things--satellites, aircraft, so forth--put it into the military pipeline in a way that can be fed out, and used quickly and effectively by a division Commander. That process is complicated; it is important. Today some aspects of it had some of the same problems that you will remember from the description of the command in control links in the military back at the time of the invasion of Grenada, in which Army radios couldn't talk to Navy radios. And I think one military officer on Grenada placed a credit card phone call back to Norfolk in order to get through to the ship, and so forth. It's not quite that bad, but there are some disconnects, and the establishment of the Central Imagery Office, I think, will help a lot. The other thing that I thought was important even before I testified for and had this job, was that the Director of Central Intelligence be given a substantial amount of reprogramming authority for money and people within the whole Intelligence Community rather than having to go and simply advance a suggestion to the various parts of the Community. But the rest of those reorganization proposals were heavily driven by solving a problem that I think now is more or less over and done with. They sought to separate intelligence operations, particularly human collection and the clandestine services, or the Directorate of Operations here, from analysis--to put it in a completely different organization from intelligence analysis. The idea was to avoid corrupting the analysts by having some kind of a covert action or policy program that was going on which would lead them to think they had to support it. The way this mainly came up in the public debates in mid-80's was, of course, in connection with Nicaragua. If one was operating a clandestine covert action war, would it be possible for people from the same Agency to do analysis of the intelligence in the situation, and say for example, the Contras were losing or whatever? That tension and that difficulty was a problem in some cases. I don't think it was particularly a bad one, but it was some kind of a problem in the mid 1980's. In case no one has noticed, the mid 1980's are gone. The Cold War is over. We don't have any of those types of operations going on now. The problem now is that one wants to get the people who are involved in human intelligence collection working closely together with the analysts so that if what you are trying to do is understand how to recruit an agent in some particular country, let's say, that has a government that is particularly inclined toward weapons dissemination and you're only going to have access to this person for a very brief period of time when he is outside that country travelling somewhere, you want to be able to send the smartest person in this building, and perhaps in the entire government with respect to how chemical

weapons are constructed and how a chemical weapons laboratory would work, to work closely together with the person who is trying to recruit the agent. You want analysis and understanding to, I think, be wedded up with collection operations. Especially now in this new age where there are these types of problems and we're facing such problems as weapons proliferation, counternarcotics and so forth. So, I think that what we want to do now and what we're trying to do here is to foster cooperation between intelligence analysis and those who collect it, to have things work together far more closely. I think that the proposal that the two Committees made a few years ago was a reasonable proposal. But I think now it's largely been overtaken by events. And generally speaking, I don't think these very large changes in intelligence organizations that they were talking about with that in mind really are even needed or even in line at this point.

Q: As economics become more and more important what do you think the role of the Agency is going to be in commercial industrial intelligence?

A: I said something rather gently in my confirmation hearings that was, I think, rather intentionally misrepresented overseas by a couple of publications, particularly one in Germany and one in Italy, and was somewhat confused by some press reports in this country. Earlier this week, although it wasn't reported because it wasn't new and fun and exciting, I said something to clarify this in the open testimony before the House Permanent Select Committee on Intelligence, so let me reiterate here what I said then. What I said originally was that economic intelligence is an important issue. It covers a wide variety of subjects, counterintelligence, economic trends around the globe, and so forth. That industrial espionage being conducted by American intelligence agencies on behalf of American corporations was a difficult subject that was fraught with problems, in both international affairs and for law. But on issues as this whole set of economic intelligence issues, including industrial espionage, we were going to have a look at and review what had been reviewed before in the government. That was the set of remarks that got interpreted, at least in some circles, as Woolsey wants to spy for American corporations. Let me say now what I said earlier this week. Fraught means loaded; the field or the idea of the United States collecting through its intelligence agencies information from foreign corporations and passing it on to American corporations to try to help American companies understand what foreign companies are doing is loaded, repeat loaded, with problems. Legal problems, foreign policy problems of all kind. It has been reviewed three times to my knowledge over the last quarter century in the US government. The answers always come out the same; we're not going to do it. I don't know anything in present writing that would suggest that we're going to come out with a different answer when we review it this time. But you need to understand, new Administrations come in and we review everything. Now--full stop. That is a small segment of the subject of economic intelligence. Economic

intelligence broadly includes a lot of other things. It includes understanding where oil production is going generally in the world, what wheat crops are going to be like, what technology trends are going to be like. Particularly, with respect to issues like electronic systems that might have dual use, military and non-military use. It includes understanding how sanctions are working against Iraq and Serbia. It includes a whole range of issues that the CIA and Intelligence Community in the United States and other countries have looked at a long time in order to help American government, American policymakers to make decisions about what to do about various matters of foreign policy, and international economic policy. There are two areas of economic intelligence, and you might call it economic counterintelligence, that have always been important but we've treated rather gingerly. They are understanding what foreign intelligence services are doing and how they do it when they conduct industrial espionage against American corporations. And, it includes understanding what the issues are and how it's done when foreign countries, their governments, their intelligence services, and foreign corporations together cooperate in bribing other foreign governments in order to get contracts for their companies and to deny American companies contracts for which they have fairly competed. Those two subjects, foreign industrial espionage against American companies and foreign efforts to bribe their way into contracts that they can't win fairly in other countries, have always been subjects of intelligence collection by US intelligence communities. During the days of the Cold War, since some of the countries that were doing this were friends and indeed allies, some rather close allies of the United States, we tended to be relatively nice when we found out about this. We would pass it on to the Executive branch and the Executive branch would, from time to time, say something to a foreign government that you shouldn't do that and sometimes they would say it very sternly. But, our reaction was muted by the fact that we had the main show going. The Cold War and what was really important above all else was to keep the team together in the Cold War. The Cold War is now over. I believe that work on you might call counterintelligence work with respect to what foreign countries are doing with both bribery and industrial espionage against American corporations will be a high priority. And furthermore, now in the aftermath of the Cold War, not only will we use some ingenuity in trying to help the rest of the government figure how to react strongly and firmly against those types of shenanigans by other countries, I said in the hearings, that frankly, I rather relish the opportunity to work out what we might do in order to help protect American companies against that sort of thing. That, I hope, puts the economic intelligence issue into some context.

Q: A couple of weeks ago on t.v. there was an interview with Michael Levine, the ex-undercover agent for the DEA. He stated that a couple of years ago he was involved in an investigation in Chiang Mai, Thailand against major international traffickers, not that you would be up-to-date on that or anything, but he said

that eventually it was quashed because those traffickers were being protected by the CIA. And I was wondering how you addressed charges like that in general coming from somebody who has so much credibility on the issue?

A: Well, first of all, I don't know the gentleman and I don't know that he does have credibility. But, we'd look at it the way we'd look at any other charge. We'd go out to the field and look at people's records and interview people, and so forth, to see whether it was true. And if it were true, why it were true and look into it. I have no idea whether this has anything to it or it's entirely fantasy. You must realize, and I'm not casting any aspersions on this gentleman's charges, but you must realize that a secret organization in a free society is by virtue, of the way it does business and has to do business, the focus of a lot of paranoia. And, the most salient example of that was out here, of course, on Route 123 on January 25. We have no idea what was motivating Mr. Kanssi, but there are lots of people in the United States and around the world that are convinced that their lives would have been simpler, and anything they wanted to do would have gone smoothly and would not have been thwarted, if it had just been that the CIA hadn't stopped them. And sometimes when somebody has to put up with those charges, occasionally in the past it has been true. And, the device for finding out about it and getting it straight and keeping this organization from doing things it shouldn't are a vigorous Inspector General and two very vigorous Oversight Committees of the Congress from whom we have no secrets--believe me.

Q: You mentioned the need to more carefully monitor dual-use technologies. Could you comment a bit on the measures that you think are necessary and what sort of cooperation would be involved with State and Commerce and Defense who tend to arbitrate and monitor those uses and export?

A: Well, we are the information collection system for them. They make the policy determinations about whether something's technology on the Commerce Department's list or the weapons list mentioned by the State Department's munitions list; they make the decision about what substantively can or cannot be exported from the United States. We're the overseas eyes and ears. And our job, really, is to ascertain what some of the technologies are being used for when they are exported to other countries and to make sure that State, Commerce, Defense--the substantive decision makers--are informed about what uses things are being put to and what they're capable of being put to in various countries. An export of some type of equipment, for example, to a country that did not have particularly high technology might really only have a reasonable and legitimate civilian use, whereas an export of that same equipment to Iraq or Iran, which have rather advanced technical capabilities for the Mid East and really for many areas--in some areas of the world, might be a subject of a good deal more concern. So the job we're in is using reconnaissance, human sources, and signals intelligence to help put together an

understanding of what things might be used for and what things are dangerous and potentially useful, particularly for weapons proliferation and then we step out of it. We're not a decisionmaker and won't pretend to be.

Q: What can you tell us about Russia and Boris Yeltsin's troubles and will he survive to make it to the summit next month...

A: We all hope so. He's a brave and in many ways a very able man. And, I think genuinely someone who is trying to do his best to try and bring a democracy and an open economy to Russia. His real problem is that he didn't take action when he had the first opportunity, in the aftermath of the coup, to obtain some sort of constitutional restructure of Russia which would give him the possibility of working with a legislature, whatever its power, that was not dominated by old Communist Party Apparatchik's. The real problem is the Congress of People's Deputies, which under this Stalinist era constitution has had these other things layered into it. Is composed of about 85% of Communist Apparatchiks from the old era because it was elected in 1990 before the Soviet Union broke up. And some of them had evolved into being reasonable, at least halfway reasonable, on some issues, but there is at least very hard core of something anyway. One third and perhaps close to half of some issues, perhaps more than half of the Congress of People's Deputies, that is quite hostile to economic reform and to political democratization. Just one example of how odd this all is, hyperinflation is a major concern for Russia--something that we watch very closely and because it can have extremely serious impacts on the whole country's cohesion. The Russian economy is very close to hyperinflation now which is typically defined as 30% inflation a month. And the authority and responsibility for the central bank in deciding how much money gets printed is essentially under that constitution, something that the legislature has responsibility for rather than the President, rather than being independent the way, say, the Federal Reserve Board is here. And it is very tough, I think, for President Yeltsin to operate in that kind of environment. It's been in a way remarkable that he's done as well as he has and the reform movement has carried on as long as it has, has implemented so much privatization and so much change in the lives of Russian's already. But its a dicey and uncertain situation, one that troubles us a great deal and we watch very carefully. I think anyone who makes a prediction to you, though, about exactly what's going to happen from day to day is really sticking his neck out more than anyone should. What we do is watch it indicate the trends, indicate where the points of differences may be and what factors are likely to guide decisionmaking. But making a point prediction that "X" is going to happen tomorrow or why tomorrow in Russia--I wouldn't do it--somebody might. Let's see.

Q: One of the activities of the CIA during the Cold War was subversion or the overthrowing of governments. Do you think with

the end of the Cold War, the rationale for subversion has changed and is this a capability that you think should be increased or decreased with the end of the Cold War?

A: Well, the field of so-called covert action, which is a phrase that's used in the statute now that regulates, includes a lot more than trying to overthrow governments. In the past history of the CIA it is only relatively rarely that, although from time to time it has meant that. I don't see any reasonable possibility in the near future that this Agency is going to be involved in covert actions of any kind, that, if they were disclosed, would be something that the American people as a whole would be opposed to. We may well continue to be involved in covert action, I think not of the sort you described, but covert actions of various sorts, that have to be secret in order to be effective. But the amount of that today is a very small share in the CIA's budget. Way down from the period in the 1980's for example, when they were operating the war in Afghanistan. Now, subversion is a loaded word, but you might say that one thing the CIA was involved in during the 1980's was subverting the Afghan government. And subverting the government that was responsive to Soviet rulers essentially of Afghanistan. It was expensive; on the other hand, it played a major role in stopping the Soviet Union's expansion and thwarting them in a way that helped lead to the crumbling of the Soviet state. As Patrick Henry said about treason, "if that be subversion--make the most of it."

Q: How has the role of intelligence changed with the focus of America as the international peacekeeping force especially in its relationship to the United Nations?

A: It is in the process of beginning to evolve. It is a very important question because in the aftermath of the Cold War, with the United States being the world's only superpower now, it means we have now the only remaining world-wide intelligence service. There are some intelligence services that are very good and some, one or two, that have some reach around the world. The KGB was the only sort of world-wide competitor of us in terms of intelligence collection and now the Russian intelligence service (SVRR) is orienting toward somewhat different things and is not operating in some parts of the world. So the United States really is, not just the CIA, but the whole intelligence community of the United States, is really the only worldwide intelligence service now. It imposes a particular obligation, I think, on us to look for ways in which we can do a good job of helping the United Nations both in peacekeeping operations, which under Chapter 6 of the Charter are operations which don't really involve the use of force and are effectively the blue helmets on the line between people who have already agreed to make peace. And also under Chapter 7 of the UN Charter, peacemaking or enforcement operations to which under UN authority, one has to go out and tangle with some bad folks, whether it's Saddam Hussein or warlords in Somalia. The provision of intelligence to UN forces was quite extensive in the Gulf War and I don't mean just

to Americans. I mean the United States shared things like satellite imagery with a lot of countries who were working together and were trying to defeat a tyrant. We worked very closely with several countries. We did certain things to keep secret the details and the way that satellites work and the way the reconnaissance is conducted. But in terms of the product, we worked very closely with a number of countries from around the world. We are working very closely with the UN force and not just the American portion of it in Somalia. We will continue to provide the logistics and command and control in intelligence support for that force when it comes to be commanded shortly by a Turkish General, and includes only American support elements, not American combat forces. We have found it somewhat more complex, but we still are able to do it in some ways to provide certain types of intelligence to some of the peacekeeping operations, that is Chapter 6, essentially the non-forceful ones. And we are very much involved, and I think quite helpfully so, in providing intelligence to UN organizations, such as the International Atomic Energy Agency, in their efforts to understand what is going on in places like Iraq and North Korea, and in that capacity, we work very hard to keep sources and methods protected. But we are involved rather continually in briefing those international agencies, and people from around the world who serve in them, on what they need to do and what they can learn from us and other countries as well, in doing a good job with inspections and nuclear materials and the like. It's growing a little bit like common law, kind of case-by-case. It's not that there is some overarching new policy, but it's growing, I think, rather perceptively and steadily. And as the United Nations comes to be more and more important in enforcement to peacekeeping actions around the world, I think this cooperation by us and by some other countries, the UK and others that have excellent intelligence services, is going to grow too.

Q: You had said that you were looking at possible foreign involvement in the world trade center bombing. Are there any indications of a state-sponsor of that bombing?

A: Not so far as we know. Not yet. But, we will, of course, look for that. But as far as we know now, there is nothing on a country being involved.

Q: ...a group though that you're looking at...that you suspect?

A: I don't want to go, at this point, beyond what I have said. But your specific question was state-sponsored, and to this point I can answer that. Well, I mean it was quite clear there was a foreign individual who is not a citizen of the United States who is involved and has fled to a foreign country. But I'm not trying to suggest tonight nor anytime that we have any indication that there is any state sponsorship involved in that.

Thank you.