

8 September 1988

JUDGE:

You are scheduled to make two speeches to the World Affairs Council of Northern California on 19 September -- a 30-minute address to about 600 people on intelligence in the 1990s, and then 10-15 minutes of remarks during a dinner with 25 chief executive officers. The proposed remarks for the CEOs are described in the attached package.

In your speech on intelligence in the 1990s, you discuss three areas that are and will continue to be of great interest to U.S. policymakers and the Intelligence Community -- the Soviet Union, South Asia, and the Persian Gulf. After describing the Intelligence Community's role in these areas, you discuss two issues that are closely related to these geographical areas -- the proliferation of chemical and biological weapons and countering the threat posed by hostile intelligence services.

This speech has been prepared with the assistance of many offices throughout the Agency. Bob Blackwell, NIO/USSR, at the direction of [redacted] provided substantive input on the USSR section. A number of offices in the Directorate of Intelligence have helped prepare this speech -- the Office of Soviet Analysis, the Office of Near Eastern and South Asian Analysis, and the Office of Scientific and Weapons Research. The Agency's Counterintelligence Center and the Intelligence Community Counterintelligence and Security Countermeasures Staff have also assisted in this effort. The final draft was coordinated with [redacted] for substance and for policy sensitivity.

After making some introductory comments, we suggest that you mention the comment by Vernon Walters -- "Americans have always had an ambivalent attitude about intelligence. When they feel threatened, they want a lot of it. And when they don't, they tend to regard the whole thing as somewhat immoral." You then say: "With so much going on around the world that affects our national security, I think the American people want a lot of intelligence."

You begin the body of the speech by emphasizing that the Soviet Union will remain the primary focus of our intelligence collection and analysis in the 1990s. You then discuss Gorbachev's domestic reforms and foreign policy, and note the impact of glasnost on nationalist feeling in the Soviet Union and the spillover effect in Eastern Europe.



In discussing the intelligence challenges in South Asia, you discuss the impact of the Soviet troop withdrawal from Afghanistan and consider the future of Pakistan following President Zia's death.

Another region of great strategic interest which you address is the Persian Gulf. You mention the enormous costs -- both in human and economic terms -- of the Iran-Iraq war. You discuss the implications of the conflict, focusing on the precedent set by the first sustained use of chemical weapons since World War I. You state that the proliferation of chemical and biological weapons "is one of the most difficult intelligence challenges we face -- now and into the next decade. It is also one of our most important tasks, and we will continue to provide U.S. policymakers with accurate and timely information on this issue."

After discussing these intelligence questions, you stress the need for effective counterintelligence and security countermeasures.

You observe that "we cannot always anticipate the demands that will be made of us -- some great and some small." You mention a humorous story -- included in your draft remarks for Bohemian Grove -- about a military band leader calling the Agency for the score of an African national anthem.

You then emphasize the importance of attracting top people to the intelligence profession -- risk takers, not risk seekers. The conclusion reads: "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 all American people expect of us, and we are doing our very best to supply it."

Your proposed remarks are attached.

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Bill Baker

Attachments:
As stated

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SECRET

PROPOSED REMARKS
BY
WILLIAM H. WEBSTER
DIRECTOR OF CENTRAL INTELLIGENCE
AT THE
WORLD AFFAIRS COUNCIL OF NORTHERN CALIFORNIA
SAN FRANCISCO, CALIFORNIA
SEPTEMBER 19, 1988

WHEN PHIL HABIB ASKED ME TO SPEAK TO YOU, HE SUGGESTED THAT I DISCUSS WHAT THE MOST IMPORTANT INTELLIGENCE ISSUES OF THE 1990s WILL BE. WHAT PHIL SUGGESTED REMINDED ME OF AN OBSERVATION ONCE MADE BY A NUCLEAR PHYSICIST: "PREDICTION IS VERY DIFFICULT, ESPECIALLY ABOUT THE FUTURE."¹ WITH THAT CAUTIONARY NOTE IN MIND, I WILL MAKE A FEW PREDICTIONS ABOUT SOME OF THE KEY ISSUES THAT NOW CONFRONT THE INTELLIGENCE COMMUNITY -- ISSUES THAT WE EXPECT TO BE WITH US WELL INTO THE NEXT DECADE.

MY GOOD FRIEND, GENERAL VERNON WALTERS, FORMER DEPUTY DIRECTOR OF THE CIA AND NOW OUR AMBASSADOR TO THE UNITED NATIONS, DESCRIBES A VIEW HELD BY MANY IN THIS COUNTRY ABOUT INTELLIGENCE. "AMERICANS," HE SAID, "HAVE ALWAYS HAD AN AMBIVALENT ATTITUDE TOWARD INTELLIGENCE. WHEN THEY FEEL THREATENED, THEY WANT A LOT OF IT. AND WHEN THEY DON'T, THEY TEND TO REGARD THE WHOLE THING AS SOMEWHAT IMMORAL."

WITH SO MUCH GOING ON AROUND THE WORLD THAT AFFECTS OUR NATIONAL SECURITY, I THINK THE AMERICAN PEOPLE WANT A LOT OF INTELLIGENCE. AND A WHOLE RANGE OF ISSUES ARE COMMANDING THE INTELLIGENCE COMMUNITY'S ATTENTION -- INTERNATIONAL TERRORISM AND DRUG TRAFFICKING, THE PROLIFERATION OF ADVANCED WEAPONS, AND TECHNOLOGY TRANSFER, TO NAME JUST A FEW.

TODAY I WANT TO CONCENTRATE ON THREE GEOGRAPHICAL AREAS THAT ARE AND WILL CONTINUE TO BE OF GREAT INTEREST TO U.S. POLICYMAKERS AND, THUS, OF GREAT INTEREST TO THE INTELLIGENCE COMMUNITY. THESE AREAS ARE THE SOVIET UNION, SOUTH ASIA, AND THE PERSIAN GULF. AND I WOULD ALSO LIKE TO DISCUSS TWO ISSUES THAT ARE TIED TO THESE GEOGRAPHICAL AREAS -- THE PROLIFERATION OF CHEMICAL AND BIOLOGICAL WEAPONS AND OUR CONTINUING NEED FOR COUNTERINTELLIGENCE.

THE SOVIET UNION WILL REMAIN THE PRIMARY FOCUS OF OUR INTELLIGENCE COLLECTION AND ANALYSIS IN THE 1990s. ITS MILITARY CAPABILITY, ITS EFFORTS TO INCREASE GLOBAL INFLUENCE, AND ITS

AGGRESSIVE INTELLIGENCE ACTIVITIES ARE A SERIOUS THREAT TO U.S. INTERESTS.²

GORBACHEV'S ((GORE BAH CHOFF'S)) EFFORTS TO REFORM HIS COUNTRY HAVE NOT FUNDAMENTALLY ALTERED THESE TRUTHS AND, IN FACT, MAKE THE SOVIET UNION OF EVEN GREATER CONCERN TO U.S. 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. ALTHOUGH THE USSR CERTAINLY IS NOT HEADED TOWARD DEMOCRACY AS WE KNOW IT, TODAY'S SOVIET LEADERS APPEAR TO UNDERSTAND THAT THEIR SYSTEM IS FALTERING LARGELY BECAUSE IT HASN'T GIVEN THE PEOPLE ENOUGH BREATHING ROOM -- ROOM TO INNOVATE, ROOM TO INQUIRE, AND ROOM TO INVESTIGATE.

CHANGE IS OCCURRING IN THE AREA OF FOREIGN POLICY AS WELL. THE SOVIETS ARE LEAVING AFGHANISTAN AND ELIMINATING A WHOLE CLASS OF

NUCLEAR WEAPONS UNDER THE INF TREATY -- A PROCESS THAT INCLUDES UNPRECEDENTED ON-SITE INSPECTIONS OF SOVIET MILITARY FACILITIES.

THE DRAMATIC NATURE OF THESE POLICY CHANGES CLEARLY HAS PROVOKED CONTROVERSY WITHIN THE SOVIET UNION. A MAJOR POWER STRUGGLE IS UNDER WAY 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 OUTCOME OF THIS STRUGGLE WILL AFFECT HOW FAR AND HOW FAST REFORMS PROGRESS, 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.

NEITHER WE NOR THE SOVIETS KNOW FOR CERTAIN WHERE THIS REFORM IS LEADING. THE PROCESS WILL BE LONG AND DRAWN OUT AT BEST, REQUIRING GORBACHEV TO OVERCOME ENORMOUS POLITICAL, ECONOMIC, AND CULTURAL OBSTACLES.

THERE ARE STRONG REASONS TO DOUBT WHETHER A SYSTEM DESIGNED TO CENTRALIZE AUTHORITY, MAXIMIZE GOVERNMENT CONTROL OVER ITS PEOPLE, AND CONCENTRATE RESOURCES ON BUILDING UP THE NATION'S MILITARY STRENGTH CAN BECOME MORE DECENTRALIZED AND DEMOCRATIC IN ITS DECISIONMAKING AND MORE SOLICITOUS OF ITS PEOPLE. THE NATIONALIST UNREST IN THE BALTIC STATES, ARMENIA, AND OTHER REGIONS OF THE USSR WILL TEST THE SOVIET SYSTEM'S ABILITY TO MAKE REFORMS WORK.

BUT IF THE LAST THREE YEARS HAVE TAUGHT US ANYTHING, IT IS THAT GORBACHEV IS A HIGHLY SKILLED POLITICIAN, AND WE CANNOT RULE OUT THE POSSIBILITY THAT HE CAN PULL OFF A "REVOLUTION FROM ABOVE" THAT ACTUALLY INCREASES AUTHORITY BELOW.

THE SOVIET REFORM EFFORT PRESENTS THE U.S. INTELLIGENCE COMMUNITY WITH SOME FORMIDABLE CHALLENGES IN ANALYZING THE SOVIET UNION. WE MUST PAY CLOSER ATTENTION THAN EVER TO THE POLITICAL STRUGGLES AND ISSUES BEING RAISED AS GORBACHEV CHALLENGES THE ESTABLISHED INTERESTS OF INDIVIDUALS AND INSTITUTIONS.

WE MUST ALSO HELP THE POLICYMAKER SORT OUT HOW REFORM WILL AFFECT MOSCOW'S MILITARY AND ECONOMIC CAPABILITIES AND -- EVEN MORE DIFFICULT -- JUST HOW SERIOUS THE SOVIETS ARE ABOUT MODERATING THEIR INTERNATIONAL BEHAVIOR.

GLASNOST HAS PRODUCED AN INFORMATION EXPLOSION WHICH, THOUGH WELCOME, CHALLENGES US TO SORT OUT WHAT IS IMPORTANT AND WHAT IS NOT, WHAT IS REAL VERSUS WHAT MOSCOW WANTS US TO HEAR.

U.S.-SOVIET ARMS CONTROL TALKS PROVIDE THE INTELLIGENCE COMMUNITY WITH FURTHER TASKS. AS THESE NEGOTIATIONS PROGRESS, WE WILL INCREASINGLY BE ASKED TO ASSESS SOVIET MOTIVATIONS AND MONITOR SOVIET COMPLIANCE WITH THE PROVISIONS OF AGREEMENTS. AS WE ARE FINDING OUT WITH THE INF TREATY, THIS TASK IS MANPOWER INTENSIVE FOR THE INTELLIGENCE COMMUNITY.

YET WHATEVER GORBACHEV'S SPECIFIC DOMESTIC AND FOREIGN POLICIES, THE ADVERSARIAL RELATIONSHIP WE HAVE WITH THE USSR WILL REMAIN. GORBACHEV AIMS TO MAKE THE SOVIET UNION MORE COMPETITIVE WITH THE

WEST -- BOTH ECONOMICALLY AND MILITARILY -- AND MORE INFLUENTIAL IN WORLD AFFAIRS. FOR THESE REASONS, SOVIET INTENTIONS AND CAPABILITIES WILL REMAIN THE INTELLIGENCE COMMUNITY'S PRIMARY FOCUS.

INTELLIGENCE ABOUT SOUTH ASIA WILL CONTINUE TO BE IMPORTANT TO POLICYMAKERS FOR A NUMBER OF REASONS, NOT THE LEAST OF WHICH IS SOVIET INFLUENCE IN THE REGION. GORBACHEV'S DECISION TO WITHDRAW SOVIET TROOPS FROM AFGHANISTAN DEMONSTRATES HIS DESIRE TO CUT SOVIET LOSSES IN ORDER TO PURSUE OTHER OBJECTIVES. BUT DESPITE THE SOVIET TROOP WITHDRAWAL, AFGHANISTAN WILL REMAIN A KEY FOREIGN POLICY CONCERN IN MOSCOW. BECAUSE OF THE SOVIETS' CONTINUED INTEREST AND ITS STRATEGIC LOCATION, AFGHANISTAN WILL REMAIN AN IMPORTANT CONCERN IN WASHINGTON AS WELL.

WE EXPECT THE SOVIETS TO ABIDE BY THEIR COMMITMENT TO WITHDRAW THE REST OF THEIR TROOPS FROM AFGHANISTAN BY FEBRUARY 15TH OF NEXT YEAR. AT THE SAME TIME, MOSCOW WILL TRY TO RETAIN ITS INFLUENCE WITH KABUL ((COB BLE)) THROUGH BOTH ECONOMIC AND POLITICAL MEANS.

FOLLOWING THE SOVIET WITHDRAWAL, WE BELIEVE THAT AFGHANISTAN WILL BE UNSTABLE FOR A CONSIDERABLE PERIOD AND HAVE SO ADVISED POLICYMAKERS.³ THE SOVIET-BACKED REGIME HAS MINIMAL CONTROL OR SUPPORT OUTSIDE KABUL, AND THE WITHDRAWAL WILL MAKE ITS POSITION EVEN MORE PRECARIOUS. THE AFGHAN RESISTANCE WILL CONTINUE ITS EFFORTS TO DESTROY WHAT IS LEFT OF THE REGIME. HOWEVER, THE RULING PARTY'S FRAGMENTATION MAY BE AS LARGE A FACTOR IN THE REGIME'S COLLAPSE AS THE MILITARY INITIATIVES OF THE RESISTANCE.⁴

THE POST-SOVIET PERIOD WILL ALSO FIND THE AFGHAN REBELS FIGHTING AMONG THEMSELVES -- AS THEY DID THROUGHOUT THE SOVIET OCCUPATION -- FOR POLITICAL POWER IN AFGHANISTAN. GIVEN THAT MOST ETHNIC GROUPS ARE BETTER ARMED THAN EVER BEFORE AND ARE LIKELY TO CAPTURE ADDITIONAL WEAPONS FROM THE DISINTEGRATING AFGHAN ARMY, WE WOULD EXPECT TO SEE TRIBAL CONFLICT CONTINUE FOR SOME TIME AFTER THE SOVIET WITHDRAWAL.⁵

THE FUNDAMENTALIST GROUPS OF THE AFGHAN RESISTANCE WILL ENTER THE POST-SOVIET ERA WELL-ARMED AND WELL-ORGANIZED. WHATEVER THE COMPOSITION OF A FUTURE GOVERNMENT IN AFGHANISTAN, ISLAMIC RITUAL AND LAW WILL PROBABLY PLAY A LARGER ROLE IN ITS OPERATIONS AND POLICIES.⁶ BUT THE NATURE AND TRADITIONS OF AFGHANISTAN MAKE THE IMPOSITION OF A KHOMEINI-STYLE FUNDAMENTALISM UNLIKELY.

CLEARLY, THE SOVIET WITHDRAWAL AND THE STRUGGLE FOR POLITICAL CONTROL ARE THE PRIMARY INTELLIGENCE ISSUES IN AFGHANISTAN FOR THE NEAR TERM. BUT EFFORTS BY NEIGHBORING COUNTRIES TO EXERT INFLUENCE IN AFGHANISTAN WILL ALSO RECEIVE OUR ATTENTION. IN THE LONGER TERM, WE WILL EXAMINE THE FUTURE GOVERNMENT'S ATTEMPTS TO REBUILD THE COUNTRY AND RESETTLE THE WORLD'S LARGEST REFUGEE POPULATION -- MORE THAN 5 MILLION PEOPLE.⁷

ABOUT THREE MILLION OF THOSE REFUGEES NOW LIVE IN PAKISTAN, A COUNTRY THAT HAS FULLY SUPPORTED THE AFGHAN RESISTANCE.⁸ PAKISTAN HAS ALWAYS BEEN OF STRATEGIC INTEREST TO U.S. POLICYMAKERS. BUT THE DEATH OF PRESIDENT ZIA IN A PLANE CRASH LAST MONTH RAISES NEW ISSUES.

THE INITIAL RESPONSE TO PRESIDENT ZIA'S DEATH HAS BEEN A SMOOTH, CONSTITUTIONAL TRANSITION. GHULAM ISHAQ KHAN ((GOO LOM ISH OCK CON)), THE SPEAKER OF THE SENATE, HAS TAKEN OVER AS ACTING PRESIDENT. UNDER THE CONSTITUTION, A NEW PRESIDENT MUST BE ELECTED WITHIN 30 DAYS AFTER PARLIAMENTARY ELECTIONS. ISHAQ KHAN HAS ANNOUNCED THAT THE ELECTIONS SET FOR NOVEMBER 16TH WILL BE HELD ON SCHEDULE.⁹

BECAUSE OF THE CLOSENESS OF OUR RELATIONSHIP AND THE STRATEGIC IMPORTANCE OF PAKISTAN, NATURALLY, THE U.S. INTELLIGENCE COMMUNITY WILL BE FOLLOWING THESE DEVELOPMENTS WITH THE KEENEST INTEREST.

ANOTHER REGION OF GREAT STRATEGIC INTEREST FOR THE UNITED STATES IS THE PERSIAN GULF -- AN AREA WHERE TENSIONS REMAIN HIGH DESPITE THE CEASE-FIRE BETWEEN IRAN AND IRAQ. ALTHOUGH WE ARE ENCOURAGED THAT THE TWO NATIONS ARE HOLDING PEACE TALKS IN GENEVA, THESE NEGOTIATIONS ARE LIKELY TO BE PROTRACTED AND DIFFICULT. BOTH

COUNTRIES HAVE SHARPLY DIVERGENT VIEWS ABOUT THE WAY THE TALKS SHOULD PROCEED AND THE KEY ISSUES INVOLVED.¹⁰ THE ANIMOSITIES BUILT UP OVER EIGHT YEARS OF BITTER CONFLICT WILL NOT SUDDENLY DISAPPEAR.

THE IRAN-IRAQ WAR COST THE TWO COUNTRIES MORE THAN 350 BILLION DOLLARS, AND EVEN MORE IN HUMAN COSTS -- MORE THAN 1 MILLION CASUALTIES AND 1.5 MILLION REFUGEES. THIS WAR WAS ONE OF THE BLOODIEST OF THE CENTURY, AND IT WILL TAKE MANY YEARS FOR THE TWO NATIONS TO RECOVER.¹¹

THE WAR HAS AFFECTED NEARLY EVERY ASPECT OF ECONOMIC LIFE IN IRAN AND IRAQ. THE LOSS OF OIL REVENUES -- THE PRIMARY SOURCE OF FOREIGN EXCHANGE AND ECONOMIC GROWTH IN BOTH COUNTRIES -- HAS DRAGGED BOTH ECONOMIES DOWN. LARGE-SCALE ARMS PURCHASES HAVE ALSO WEAKENED BOTH ECONOMIES, AND THE COSTS OF RECONSTRUCTION WILL BE A FURTHER DRAIN.

FINANCING THE WAR HAS VIRTUALLY EXHAUSTED BOTH STATES' FINANCIAL RESERVES. BOTH COUNTRIES HAVE IMPOSED STRICT AUSTERITY MEASURES AND CUT ECONOMIC DEVELOPMENT PROGRAMS.

WE BELIEVE THESE COSTS OF THE WAR WILL DETER BOTH SIDES FROM RESUMING AN ALL-OUT CONFLICT ANYTIME SOON. HOWEVER, IRAN AND IRAQ CONTINUE TO DISTRUST EACH OTHER AND BOTH WILL PROBABLY MAINTAIN THEIR MILITARY READINESS.¹²

THE U.S. INTELLIGENCE COMMUNITY HAS CLOSELY FOLLOWED THE IRAN-IRAQ CONFLICT, PROVIDING ASSESSMENTS OF THE INTENTIONS AND CAPABILITIES OF BOTH SIDES AS WELL AS THE IMPLICATIONS FOR THE REGION AND THE UNITED STATES. WHEN THE U.S. PRESENCE IN THE GULF WAS INCREASED, WE BEGAN PROVIDING DAILY TACTICAL INTELLIGENCE SUPPORT TO NAVAL FORCES OPERATING WITH THE U.S. CENTRAL COMMAND. OUR SUPPORT HAS INCLUDED REPORTS ON IRANIAN ANTISHIP CRUISE MISSILE SITES, NAVAL BASES, AIRFIELDS, AND COASTAL DEFENSE INSTALLATIONS. AS A RESULT, U.S. FORCES HAVE BEEN ABLE TO SUCCESSFULLY CARRY OUT U.S. FOREIGN POLICY AND PROTECT OUR SECURITY INTERESTS.¹³