

REMARKS

BY

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Thank you very much, President Calgaard. It's a great pleasure as well as a privilege for me to come back to San Antonio and to speak to you tonight. As President Calgaard said, I had the pleasure of watching my son graduate from this university 10 years ago. In fact, he was back for his 10th reunion this spring. I am grateful to this university for what it did for him and I am also grateful for what it did for me -- he never took me seriously until you extended this invitation to speak tonight.

There is another reason that I am glad to be back in San Antonio. It brings back a somber, but triumphant, memory of a very difficult investigation -- perhaps the most difficult one ever undertaken by the Federal Bureau of Investigation -- the assassination of Judge John Wood. The first federal judge assassinated in this century with no crime-scene evidence and no eyewitnesses. It was an excruciating experience for the FBI to take on such a case. I came down to San Antonio a couple of years after I watched Bill graduate to try to see what I could do to support the FBI effort here. Two hundred thousand bits and pieces of intelligence had been collected in a computer, but there were no solutions at that time. In the end, as you know, the case was solved and justice was done. The very able judge who tried that case was Judge William Sessions. And now you have given us your great judge, and my great friend, to lead the FBI. We're just delighted to have Bill and Alice Sessions in Washington. He has been doing a distinguished job, and I am very proud to have him succeed me.

Well, during the 10 and 1/2 years that I've been in Washington I cannot remember a time when more things were going on around the world -- from Soviet

troops leaving Afghanistan, to worker strikes in Poland, to military coups in Burma and Haiti; the prospects, finally, of some kind of settlement in Angola and possibly Cambodia; the winding down of hostilities in the Persian Gulf to mention just a few. The prospect of additional arms agreements with the Soviets has enormous significance to us, and I'll be talking about that in a moment. And, of course, you watched the events of last week as the Soviets made significant changes in their government. All of these events will continue to make intelligence vitally important to our government.

I might mention a word about intelligence that my good friend, General Vernon Walters, our Ambassador to the United Nations, once said. He said, "Americans 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."

Intelligence has always been sought after in one form or another. During the Spanish-American War, publisher William Randolph Hearst sent this telegram to his on-the-spot reporter: "Send all the juicy details. Never mind the facts."

Well, tonight I'd like to give you both the facts and some details about the Central Intelligence Agency and how we do our job of supporting United States foreign policy and protecting our national security.

A major part of our job is to provide intelligence to policymakers on a wide range of issues. To give you some insight into that job, I want to focus briefly on recent events in the Soviet Union and what they mean for intelligence. Then I'd like to concentrate on two problems that threaten all

nations -- problems that have grown substantially in the last decade -- terrorism and narcotics.

Although the range of intelligence issues that we face today is broad, the Soviet Union is -- and I think 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 a serious threat to United States interests.

Gorbachev's efforts to reform his country have not fundamentally altered these truths. In fact, the Soviet reform effort presents the Intelligence Community with some formidable challenges.

We must now 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.

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, though welcome, challenges us within the Community to sort out what is important and what is not, what is real versus what Moscow wants us to hear.

We must support 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 conduct inspections at 117 Soviet facilities. Monitoring the START treaty, which is now being negotiated in

Geneva, could involve as many as 2,500 weapon locations spread throughout the Soviet Union.

Yet whatever arms control agreements the U.S. makes with the Soviets, our relationship is likely to remain 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.

This past weekend Gorbachev successfully challenged a number of individuals in the Soviet hierarchy. The changes made should allow the Soviet leader to push his policy agenda at home and abroad with renewed momentum.

Yet, this is only one victory in a very long war to reform the Soviet system. Gorbachev's real test will be his ability to implement his policies and their effectiveness -- and the jury will be deliberating on this verdict for a long time to come.

The Soviet Union is, of course, not our only focus. Two problems of increasing importance to United States policymakers are terrorism and narcotics -- problems that threaten not only our citizens but people in all nations.

Terrorism has been with us for centuries, but its nature has changed in recent years. It has become more intense and more widespread, and its targets have grown. Terrorists have attacked diplomats in embassies, passengers on airplanes, travelers on trains and ships, tourists in hotels and restaurants, and clerics in churches and synagogues.

Today, terrorists take advantage of sophisticated weaponry, advanced electronics and improved communications. Perhaps even more important, terrorism has become a tool of international politics, as some countries

direct or sponsor terrorism as part of their foreign policy. Terrorists with state sponsorship are especially difficult to deal with. They obtain real and false documentation for travel and for cover. They receive training and intelligence. They gain a safe haven in the sponsoring country. And, of course, they get funding.

Last year the citizens and property of over 84 nations were the victims or targets of international terrorist attacks -- attacks that resulted in nearly 3,000 casualties. Information collected for this year indicates that the citizens and property of almost 70 countries have already been the victims of international terrorism. We anticipate that the total number of incidents will rise from 800 -- an all-time high two years ago -- to 900 by the end of 1988.

The number of terrorist incidents that occur within the United States has thankfully and, I think, largely thanks to the FBI, remained low in recent years. Last year there was not a single international terrorist incident in the United States. There were three domestic terrorist incidents in Puerto Rico, but no one was killed. Yet our nation remains a prime target of terrorist acts overseas. Our citizens and facilities are accessible to the public; our national policies are directly opposed to the interests of many terrorist groups; and our nation frequently supports governments that terrorists are trying to destabilize. Some 40 percent of terrorist incidents worldwide have been acts directed against United States citizens, property or institutions.

Intelligence is vital to understanding terrorism and taking effective measures to promote our security and our safety. The CIA, cooperating with

other intelligence and law enforcement organizations, has collected valuable information about terrorist groups. Some of the most useful information has come from walk-ins -- terrorists who wish to defect from their organizations. By protecting and in some cases resettling these individuals, we've been able to get their cooperation. And they've told us about their former colleagues, those who finance and protect their organizations, the location of their headquarters, and the names of their leaders.

Such information helps protect both U.S. and allied interests. 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. Using this information, the United States State Department approached the governments of these countries expressing concern about the presence of these businesses. As a result, the companies were closed down.

We also keep track of the movements of terrorists. If our government has an outstanding warrant for the arrest of a suspected terrorist, we can make information available to judicial authorities so that they can locate and apprehend him. In some cases the United States asks for extradition. In the case of Fawaz Yunis, wanted for the June 1985 hijacking of a Jordanian airliner that carried U.S. citizens, our information led the FBI to find and arrest Yunis. The terrorist Hammadi is now on trial in Germany. Another terrorist named Rashid, who blew up an airplane en route from Tokyo to Honolulu a few years ago, is currently under arrest in Greece.

It has taken quite a long time to bring the countries of the world around to the principle that there should be no sanctuary for terrorists, that

terrorism is not only a political issue, it is a criminal one. And the cooperation of every nation should be given in the arrest, apprehension and trial of terrorists. When I was director of the FBI, I made many trips to Europe to talk to officials at INTERPOL, to attend the United Nations Congress on Crime in Milan, and to meet with the Trevi Group, the ministers of interior and of justice of the European Community. Finally the concept came to be accepted both in the United Nations and in Europe that we cannot trade peace for sanctuary.

We also share information with foreign governments concerning known and potential terrorists, including aliases used and false documentation, enabling those countries to add such individuals to their watchlists. Such improved border control enabled one government to arrest a well-known supporter of several terrorist organizations. Information has also been used to deny entry and safe haven to known terrorists and their associates.

During the past three and a half years, there have been over 250 cases in which some form of counterterrorist action was taken on the basis of intelligence information collected and disseminated by the CIA. In one such case, 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 the diplomat was informed of the report, he confirmed that he had such an appointment. At the last moment, he changed the location of the meeting and escaped an attempt on his life.

In recent years, the Agency has received reports of planned terrorist attacks on our embassies in several different Latin American countries, including Colombia, Peru and El Salvador. In each case when we got the report

and gave it to the embassy, they increased their security. And on several occasions we've learned from our sources that the increased security persuaded the terrorist group involved to cancel its plans to attack.

Due to hard work, vigilance and effective cooperation between the intelligence and law enforcement agencies, both within the U.S. and internationally, we have made some progress against terrorism. There are far more terrorists in prison in various parts of the world than there were just two years ago. Countries around the world have spent billions of dollars to provide greater protection for their people and property. And, very thankfully, the international community was spared any terrorist incidents at the summer Olympic games in South Korea. I couldn't help but think of the six years that Peter Ueberroth and I worked together to be sure that there were no terrorist incidents at the Los Angeles Olympic Games or the Statue of Liberty event in New York Harbor just a couple of years ago.

Yet terrorist groups and their state sponsors remain active. In June, a U.S. naval attache, Captain Nordeen, was assassinated in Athens. In July, the Abu Nidal organization attacked a cruise ship. Both attacks showed ruthlessness and sophisticated planning.

All of the current trends indicate that international terrorism is a continuing threat and an unpredictable one. But I can report that, through the efforts of the Central Intelligence Agency's Counterterrorist Center and in coordination with our sister agencies in law enforcement and in intelligence, and with cooperating nations around the world, we are coming to grips with this problem.

Narcotics presents a related threat to our national security. Like terrorism, narcotics is a problem of international dimension. It, too, is characterized by violence and intimidation and it, too, can exact great human cost. Narcotics, like terrorism, is an important issue for the Intelligence Community as well as the law enforcement community. Our intelligence support has been vital to U.S. counternarcotics efforts -- and will be even more vital in the future.

You are all aware of the alarming extent of narcotics abuse in our own country. More than 70 million Americans have tried an illegal drug, and 12 percent of the population is thought to have used an illegal drug in the past month. Almost 40 percent of organized-crime activity in our country is related to drugs, generating an income estimated to be as high as \$110 billion. New York City, which has more AIDS cases than any other United States city, has estimated that intravenous drug use was responsible for 35 percent of known AIDS cases.

On the international scene, we have documented ever-increasing rates of narcotics production, trafficking and usage. This activity has been accompanied by a frightening increase in violence and intimidation -- especially in Latin America. Drug traffickers in Colombia routinely use violence to further their activities. Judges and other government officials, businessmen, and even journalists in that country have been the targets of bribery, intimidation and assassination.

I am really preaching to the choir here, because those of you who were here in 1979 know that drugs and drug trafficking were behind the assassination of Judge John Wood -- an act of intimidation which we could not and did not accept.

The Intelligence Community is actively involved in United States counternarcotics efforts for several reasons. The United States cannot develop its foreign policy without having an understanding of the role that narcotics plays in a country's political, economic, and social systems. Intelligence provides that kind of information. For example, we can provide information on the problems in getting opium farmers in northern Thailand to grow coffee instead. Opium is a product that requires no distribution; smugglers simply come along and buy it. It does not decay or perish either. And now those farmers are being asked to grow coffee, a product that's three years away from its first crop and is perishable. Intelligence can help our policymakers understand such problems and consider solutions.

Narcotics threatens our national security and that of our allies. Drug abuse and related activities have had a devastating effect in this country. Our allies around the world have faced a similar threat and some of them, as regional centers for narcotics production and trafficking, must also cope with escalating levels of violence, corruption and social disorder. Intelligence helps describe the nature of this threat and helps in developing countermeasures.

The Intelligence Community collects and analyzes information on every step in the operation of narcotics production, processing, distribution and the laundering of profits abroad. Our efforts are designed both to meet immediate needs for intelligence and to help fashion longer-term drug control strategies.

We provide intelligence to the FBI, the Drug Enforcement Administration, the Customs Service, and the Coast Guard to assist them in their drug interdiction and enforcement efforts. Just this fall, the U.S. Coast Guard

acted on our intelligence to seize over 1,200 pounds of cocaine and arrest five people.

I'd like to give another example that I was aware of at the time it was happening, for it illustrates what good work can result from effective cooperation between intelligence and law enforcement agencies. The case involved ethyl ether, which is a chemical used in refining cocaine. A transmitter was placed in barrels of the chemical, and the barrels were tracked from Indiana to Louisiana, where they were shipped to Cartagena, Colombia. From there, the barrels were tracked electronically to Caqueta, Colombia, where intelligence analysts had identified a cocaine manufacturing site located 500 miles from the nearest road. The Colombian national police were tipped off, and they successfully raided the site and seized about 10 tons of cocaine. In fact, we also advised the Colombians, based on intelligence, that barrels had been placed on the airstrip at the cocaine lab. They were then able to fly in with helicopters, rather than fixed-wing aircraft, and clear the runway. Those are the kind of results that good intelligence can bring to the narcotics fighting effort.

Our intelligence also assists foreign governments in their counternarcotics programs. Several Latin American countries are currently undertaking a major cooperative effort to destroy drug processing laboratories, airstrips and chemical holding areas. We are supporting an interdiction operation at the southwest border of the United States that involves federal, state and local authorities in both the U.S. and Mexico.

Our intelligence can also help foreign countries measure the extent of their own drug problem. Using some of our intelligence analysis, U.S.

diplomats were able to show one foreign government the extent of the environmental damage done by the slash-and-burn agriculture of its narcotics growers. The government intensified its eradication efforts and got immediate results. But the narcotics industry is resilient. In this case, narcotics production came down, but the country has increasingly become a regional transit point for drugs. This illustrates the extensive nature of the narcotics problem -- it may be suppressed in one area and yet remain in another.

Intelligence is also used to help implement the Anti-Drug Abuse Act of 1986. This legislation requires the United States to withhold some foreign assistance from nations that are not working to counter drug production, trafficking or money laundering within their borders. To support this act, we monitor the activities of the drug traffickers and analyze how well other countries' counternarcotics measures are working. We also give policymakers any information we have on the involvement of foreign governments in drug activities -- information that can affect a number of U.S. policies and decisions. For example, in late 1987 the United States asked one country to withdraw its nominee for a high-level diplomatic position in Washington, based on evidence he was involved in drug trafficking.

But policymakers recognize that intelligence, important as it is, does not provide a solution to the narcotics problem. Intelligence can illuminate an issue -- track, clarify, even predict an outcome. But the only solution -- in this country and worldwide -- is a reduced demand for narcotics, coupled with a real reduction in supply.

How are we doing on reducing the demand for drugs? A recent survey of American high school seniors suggests we are making some progress. In 1987, for the first time since the survey began, the number of high school seniors reporting cocaine use in the past year went down. And attitudes seem to be changing as well -- about half of the students surveyed felt that even one-time use of cocaine could be dangerous. Fewer of the students surveyed are using marijuana, and more believe that even limited use of that drug could be harmful. Educational programs are being complemented with initiatives in law enforcement and legislation.

There is progress. The Drug Enforcement Administration achieved about a 15 percent increase in arrests in 1987 over 1986, and convictions in 1987 were higher than they were the previous year. In 1987, the FBI achieved over 2,800 convictions -- an increase of about 200 over the 1986 level and a huge increase over the 1983 figure of 471. In 1987, 23 nations joined the United States in eradicating drug crops -- in 1981, there were only two.

Yet, as I mentioned earlier, the worldwide production and trafficking of narcotics has also risen. Efforts to reduce supply are designed to cause as much pain, confusion and frustration as possible among drug producers, traffickers and money launderers. This international effort relies on accurate information about drug traffickers and their activities. It also requires understanding the effectiveness of countermeasures. Narcotics -- worldwide cultivation, processing, transport, sale and use -- will remain an important issue for the Intelligence Community.

I have been trying to make the point that effective counterterrorism and counternarcotics programs are critical to our national security, and they are

certainly critical to the safety of our citizens. But I want to emphasize as well that how the CIA and other intelligence agencies carry out their responsibilities is of equal importance to our country. We are subject to specific laws and governed by congressional and executive oversight.

Our mission is to provide intelligence to policymakers. We do not make policy. We do, however, play a role in implementing U.S. foreign policy. This is done through covert action programs. And I want to discuss with you the proper, legal role of covert action in advancing U.S. foreign policy, as well as the type of accountability that governs our actions. As I do so, I think I should add that although our covert action programs attract the most interest and the most criticism, they represent only three percent of the Intelligence Community's resources.

The capability for covert action is essential to our foreign policy. Fashioned effectively, covert action programs complement other instruments of U.S. foreign policy, including diplomacy and economic activities, and they offer an important alternative to military action. Sometimes the country that the United States wishes to support through our foreign policy, or the insurgent group seeking democracy in a totalitarian country, wants our support only if it can be given without public acknowledgement. This is when covert action comes into play.

The decision to use covert action is a policy decision made by the National Security Council -- the President, the Vice President, and the Secretaries of State and Defense. The Secretary of the Treasury, the Attorney General, the Chairman of the Joint Chiefs of Staff and I also participate in

those sessions. And, by law, it is CIA's responsibility to implement the covert action decisions of the NSC.

Proposals for covert action often originate in a request by the State Department to support diplomatic initiatives that are vitally important to our national interests. The proposals that we design are put through a real scrubbing process which includes review within the CIA by the Covert Action Review Group, or CARG. A proposal is examined not only for practical considerations but for legality and for whether the proposed action is consistent with our overt foreign policy. We also consider whether it's consistent with American values and if, should it become public, it would make sense to the American people.

If a covert action proposal passes all these tests, it is forwarded for consideration by the National Security Council -- first by a working group and then by the National Security Planning Group, which is chaired by the President. Following the debate, a document called a finding is written to authorize the covert action.

Under the law, the President must sign this finding before a covert action can be implemented. These findings are shared with the congressional oversight committees -- the House Permanent Select Committee on Intelligence and the Senate Select Committee on Intelligence. Under a recently established procedure, the President and the National Security Council review all the CIA's covert action programs on an annual basis.

It has been our practice to notify the congressional oversight committees within 48 hours after a finding is authorized. There is a bill under consideration in Congress to make that 48-hour notification mandatory. The

President has asked that it not be mandatory because there are rare cases when lives may be at stake or when vital, foreign support is conditioned on delaying congressional notification. In such cases, the President has pledged to review the finding every 10 days with his senior advisers to see whether it can be presented to Congress. It's very important that you understand the procedures that govern covert action, especially in reference to what happened in the Iran-Contra situation, where decisions were made in the National Security Council, an organization not designed to be operational. The professionals within the CIA and others subject to these laws and procedures understand and carefully observe them.

The Central Intelligence Agency is governed by oversight as well as by law. This occurs at three levels. The first is an internal one, which I've described, and which includes our General Counsel and the Office of the Inspector General. Strengthening the mandate and the resources of these offices was one of my first priorities upon becoming Director in May 1987.

The CIA is also subject to oversight within the executive branch: by the Intelligence Oversight Board, which reports directly to the President, and by the President's Foreign Intelligence Advisory Board, which is headed by Anne Armstrong, who ably oversees intelligence in the President's and the country's best interests. And then, of course, there are the statutory oversight committees in Congress.

I believe in this system of oversight. A dependable system of oversight and accountability builds rather than erodes trust and confidence between those who have the intelligence responsibility and those who are the elected representatives of the American people.

In explaining how we do our job at the Central Intelligence Agency, I want to emphasize that we operate with fidelity to our laws and to the Constitution. But there is another important point I want to make about our work, and it is that the intelligence we provide to policymakers on terrorism, narcotics and myriad 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 that I pass the wall in our headquarters building where stars have been etched for those who have given their life in the line of duty. It is their creativity, their determination, their brilliance, and their courage that spell the difference between success and failure.

A German poet was once asked how the medieval Germans ever built their lofty cathedrals. He replied, "Men in those days had more than just an opinion, they felt a commitment."

I think our people show a similar commitment, and I hope that we continue to attract those best suited to carry out our mission. We are looking for people who are risk takers, but not risk seekers. People who are dedicated and responsive to our law. People to whom fame and fortune are not a necessary part of their life, but who can find in our important work an avenue to pursue their highest aspirations for a safer and better world.

This blend of requirements was best expressed by an old friend of mine -- Sir William Stephenson. 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 defense.

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."

Ladies and gentlemen, I subscribe fully to this statement, and I believe deeply that a nation dedicated to the rule of law can protect itself and its heritage in no other way.