

REMARKS

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AT THE

WORLD AFFAIRS COUNCIL OF WASHINGTON, D.C.

WASHINGTON, D.C.

OCTOBER 25, 1988

Intelligence collection may be in the eye of the beholder. About two months ago then KGB director Chebrikov made one of his rare, perhaps even one of his first, appearances to talk about intelligence. And he quoted a speech that I made last year -- or at least a press interview, I think with The Los Angeles Times -- in which I was asked whether, following the problem with our Moscow Embassy, it was still possible to collect inside the Soviet Union. And I had said yes, that we were indeed able to recruit assets who would supply needed intelligence for that purpose. And then Chebrikov said that nothing could be plainer -- this makes the point for why the Soviet Union should spend more money on counterintelligence. I suppose you've heard us make the same argument in this country. A few days ago, the chief of the KGB in Leningrad made a similar statement.

It brings to mind one of the stories collected for the President as part of his perestroika collection. This story was about Gorbachev's desire to find out how his program of perestroika was working in the outer areas. Gorbachev sent a representative out into the Ukraine to visit some of the smaller villages. The representative went to the mayor of one of the villages and, after talking to the mayor for a moment, he said, "Do you have any television sets in this village?" The mayor looked at him and said, "Of course we have television sets. In fact, there may be two television sets in many of these huts." The representative said, "That is very interesting. What about refrigerators?" And the mayor said, "Of course. We all have refrigerators." The representative looked the mayor in the eye and said, "Do you know who I am?" And the mayor said, "Of course I do. Who else but a CIA

agent would come into a village with no electricity and ask questions like that?"

Frank Carlucci, Crowe, Shultz and others are going around having bilaterals, but I have to tell you we have no planned bilaterals with the KGB.

It is the fall of 1988. We edge toward the end of the year and the end of the decade. I have been asked rather frequently in recent months to reflect on what the most important intelligence issues of the 1990s will be. The question reminds me of an observation once made by a nuclear physicist who said, "Prediction is very difficult, especially about the future." 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, who was Deputy Director of Central Intelligence and is 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 today 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, the transfer of strategic technology to the Soviet Bloc -- to name just a few intelligence issues that are global in nature.

Our interests around the world as a free superpower require our awareness of happenings, plans, capabilities, and intentions in many regions of the world where insurgencies, war, and political change are going on -- such as in the many different countries in Latin American and in Africa, the problems in the Middle East, the struggle in Cambodia, to name just a few.

This evening, I want to concentrate on three geographical areas that are -- and will continue to be -- of great interest to U.S. policymakers and, thus, to the Intelligence Community. These areas are the Soviet Union, South Asia, and the Persian Gulf.

The nations of these three areas have many common borders. Their interests are, necessarily, interrelated. Yet it is really a region without boundaries, for the force of developments there is felt far beyond Moscow, or Islamabad, or Tehran. Gorbachev's plans for reform, the withdrawal of Soviet troops from Afghanistan, and the cease-fire in the Iran-Iraq conflict -- one of the bloodiest wars of our time and one that breached the international restraint against the use of chemical weapons -- have an impact far beyond the immediate region. All these events have major implications not only for regional peace and stability, but for the interests of the United States and the West and, indeed, for the entire world.

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 continue to pose security challenges to United States interests.

Gorbachev'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 even 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 has not given the people enough breathing room -- room to innovate, room to inquire, room to unlock creativity.

Change is occurring in the area of foreign policy as well. For example, the Soviets are leaving Afghanistan and they are eliminating a whole class of nuclear weapons under the INF treaty -- a process that includes unprecedented on-site inspections of Soviet military facilities.

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 reform progresses, the extent to which central authority is relaxed, the general welfare of the individual, and how competitive the Soviet system will be over the next few decades.

Just a few weeks ago, Gorbachev successfully challenged a number of individuals in the Soviet hierarchy -- undertaking the most sweeping overhaul of the top party leadership since Khrushchev ousted his chief opponents in

1957. The changes made should allow Gorbachev to push his policy agenda at home and abroad with renewed momentum.

Yet this is only one victory in a very long-term undertaking to reform the Soviet system. 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 question 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 further test the Soviet system's ability to make reforms work.

But if the last three years have taught us anything at all, it is that Gorbachev is a highly skilled politician, and we cannot rule out the possibility that he can, ultimately, pull off a "revolution from above" that actually increases authority below.

The Soviet reform effort presents the U.S. Intelligence Community with some very formidable challenges. We must pay closer attention than ever to the political struggles and issues being raised as Gorbachev continues to challenge the established interests of individuals and institutions.

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

In the Intelligence Community, we must manage the information explosion that glasnost has produced 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.

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 weapons locations spread throughout the Soviet Union.

Yet whatever arms control agreements the United States makes with the Soviet Union, 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, such as the proposal that he made recently to give up Cam Ranh Bay if we would give up the Philippines, or to withdraw troops from Hungary if we would give up our fighters based in Italy.

Moving south, 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 is going to 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.

I recall a meeting with President Zia this time last year. He went to his library shelf and pulled off a book showing a map of the region over which he had put a red celluloid overlay to illustrate Soviet influence in Afghanistan and show the strategic wedge that further occupation of that territory represented not only to Iran, but to Pakistan and nations further south.

We expect the Soviets to abide by their commitment to withdraw the rest of their troops from Afghanistan by February 15th of next year. That has not changed, despite the Soviets' pause in their withdrawal. At the same time, Moscow will try to retain its influence with Kabul through both economic and political means. The appointment of a new Soviet ambassador to Afghanistan just a few weeks ago indicates that Afghanistan remains a priority concern in Moscow.

Following the Soviet withdrawal, we believe that Afghanistan will be unstable for a considerable period and have so advised policymakers. 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 effort 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. We believe that the military could probably last for a longer period of time than we have predicted for the political structure itself.

The post-Soviet period will also find the Afghan rebels fighting among themselves. That has been historically so. They did it throughout the Soviet occupation and we expect that it will continue. Given that most ethnic groups

are better armed than ever before and are likely to capture additional weapons from the disintegrating Afghan army, we could expect to see tribal conflict continue for some time after the Soviet withdrawal.

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 its policies. But the nature and traditions of Afghanistan make the imposition of a Khomeini-style fundamentalism unlikely.

I think it's important to say that the United States cannot dictate who will finally emerge as the leaders in Afghanistan. A strong central government is unlikely, and residual hostility to the Soviets may eventually be matched by the return of historical suspicions about the West. Perhaps the good news about events in Afghanistan is not so much what has been gained, but what has been averted.

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 there will also receive our attention. In the longer term, we will examine the future Afghan government's attempts to rebuild the country and resettle the world's largest refugee population -- more than five million people.

About three million of those refugees now live in Pakistan, a country that has fully supported the Afghan resistance. Pakistan has always been of strategic interest to the United States and to its policymakers, but the death of President Zia in August has raised new issues.

The response to President Zia's death has been a smooth, constitutional transition. Ghulam Ishaq Khan, the President of the Senate, has taken over as Acting President. Under the Constitution, a new president must be elected within 30 days after Parliamentary elections. President Ishaq has announced that elections set for November 16th will be held on schedule. A series of judicial rulings have removed the constraints placed on Pakistan's political parties in the 1985 elections, and the November elections have become the most closely contested in Pakistan's history.

I think I should also add that the military has supported this effort to fill the vacancies through constitutional means. I think there is real support for this process. Pakistan is plagued by problems of terrorism, partly as a result of its role in support of the Afghan resistance. But I do not think, as long as the terrorism is under control, that this will change the military's willingness to let voters decide the issue.

Because of the close relationship between the United States and Pakistan and because of Pakistan's strategic importance, the U.S. Intelligence Community will be following these developments with the keenest interest.

Further south is another region of great strategic interest for the United States -- the Persian Gulf -- an area where tensions remain high despite the cease-fire between Iran and Iraq. Not surprisingly, the peace talks between the two nations have been fitful and difficult. The animosities built up over eight years of bitter conflict are not easy to dispel.

The Iran-Iraq war cost the two countries more than \$350 billion, and even more in human costs -- more than one million casualties and one and a half

million refugees. This was one of the bloodiest wars of the century, and it will take many years for the two nations to recover.

The conflict has affected nearly every aspect of economic life in Iran and Iraq. Both economies have been weakened by the loss of oil revenues and both have borne the expense of large-scale arms purchases. Both countries have exhausted their financial reserves and have been compelled to 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.

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 included reports on Iranian antiship cruise missile sites, naval bases, airfields, and coastal defense installations. As a result, U.S. forces have been better able to successfully carry out U.S. foreign policy and protect our security interests.

The end of the Gulf war has created a whole new set of intelligence questions which we are now addressing -- questions such as what effect the cease-fire may have on the Western hostages being held in Lebanon; how the political struggle in Tehran to succeed Khomeini will be affected; what impact the cease-fire will have on each country's drive for regional influence; and the long-term impact of these developments on the cost of oil.

Perhaps the biggest question we are considering is what lessons Iran and Iraq -- and the rest of the world -- have learned from a war that involved the first sustained use of chemical weapons since World War I.

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

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

I'm sure you've read many accounts recently about the use of and the effects of chemical weapons. These weapons are thought to offer a cheap and readily obtainable means of redressing the military balance against more powerful foes. Some see them as the poor man's answer to nuclear weapons, and more than 20 countries may be developing chemical weapons.

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

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

Most of these plants look like nothing more than pesticide plants and are difficult to detect.

The Intelligence Community will continue to monitor the ability of foreign countries to develop and produce chemical weapons, and their incentives for using such weapons. And with the increase of ballistic missiles in the Third World, we must be alert to attempts by Third World nations to arm these missiles with chemical warheads. Virtually every city in the Middle East would be subject to such an attack, if these two types of weapons are combined.

The proliferation of advanced weapons affects the prospects for peace and stability in regions such as Southeast Asia and the Middle East. For Israel, the spread of chemical weapons among the Arab states -- principally Iraq, Libya, and Syria -- could seriously alter the regional balance of power. This has major implications for peace in the Middle East.

It also appears that the moral barrier to biological warfare has been lifted. At least 10 countries are working to produce biological weapons, and this presents us with another intelligence concern.

Intelligence support is also vital to the success of United States efforts to prevent the use of chemical weapons -- efforts such as restricting the export of certain key chemicals and of ballistic missile technology. On the international front, the United States participates in the Geneva Conference on Disarmament, which is trying to negotiate a chemical weapons ban. And on September 26th, President Reagan addressed the United Nations General Assembly. He called on the signers of the 1925 Geneva Protocol and other concerned nations to convene a conference to consider actions that we can take together to reverse the serious erosion of this treaty.

Yes, assessing the proliferation of chemical and biological weapons is one of the most difficult challenges we face in the Intelligence Community -- now and into the next decade. It is also one of our most important tasks, for these weapons may well represent one of the most serious threats to world peace in the coming years.

The famed British writer and cynic, Somerset Maugham, once noted, "It is bad enough to know the past; it would be intolerable to know the future." It would, of course, be just as intolerable not to be prepared for the future. The intelligence issues that I have chosen for discussion today -- reform in the Soviet Union, unrest in Afghanistan, and tensions in the Persian Gulf -- are issues that will be with us into the next decade. Assessing these questions and their far-reaching effects is the critical task of intelligence.

Our machines, our systems, and our satellites are the wonders of the age. They help us to do our very difficult work. But intelligence is preeminently an affair of people. It is the caliber of the men and women of American intelligence -- their creativity, determination, brilliance, and courage -- that spells the difference between success and failure.

And I hope very much that we continue to attract those best suited to carry out our mission -- people who are risk takers, but not risk seekers. People who are dedicated and responsive to our law and discipline. People who understand and play by the rules. People to whom fame and fortune are not a necessary part of their life, but who can find in this difficult work an avenue to pursue their highest aspirations for a safer and a better world.

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 Americans expect of us, and I can assure you we are doing our very best to supply it.