

PROPOSED REMARKS

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NEW HAVEN, CONNECTICUT

NOVEMBER 16, 1988

During the 11 years I have been in Washington, I cannot remember a time when so many things were going on around the world requiring our attention -- Soviet troops leaving Afghanistan, the elections in Pakistan, ethnic unrest in Yugoslavia, the emergence of China as a major arms supplier -- a whole range of issues. These issues continue to make intelligence vital to our government.

My good friend, General Vernon Walters, former Deputy Director of Central Intelligence 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 tonight I'd like to talk about how the Central Intelligence Agency does its job of supporting U.S. foreign policy and protecting our national security. I want to focus on recent events in the Soviet Union and what they mean for intelligence. Then I'd like to concentrate on two problems that are not confined to national or regional borders -- problems that have grown substantially in the last decade -- terrorism and narcotics.

As you might expect, those of us in the intelligence business have been keeping a close watch on leadership changes and reform efforts in the Soviet Union.

Although the range of intelligence issues that we face today is broad, the Soviet Union is -- and will continue to be -- the primary focus of our intelligence collection and analysis. Its military capability, its efforts to increase global influence, and its aggressive intelligence activities are still serious threats to U.S. interests.

Gorbachev's efforts to reform his country have not fundamentally altered these truths. Arguably, they 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 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, however petulantly. And in the area of arms control, 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 continues between reformers, who believe radical changes are necessary to make the Communist

system work, and conservatives, who fear such changes could destabilize the very system they are trying to save. The 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 six 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 is currently testing 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 formidable challenges. 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 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 to sort out what is important and what is not, what is real versus what Moscow wants us to hear.

We must provide intelligence and analysis for U.S.-Soviet arms control talks. As these negotiations progress, the Intelligence Community will be increasingly asked to assess Soviet motivations and monitor Soviet compliance with the provisions of agreements. And the amount of support required is tremendous. The INF treaty has required the United States to monitor about 120 facilities declared by the Soviets. Monitoring the START treaty, which is 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.

But the Soviet Union is certainly not our only focus. Two problems of increasing importance to U.S. policymakers are terrorism and narcotics -- problems that threaten not only our citizens, but people in all nations.

Soviet dissident Andrei Sakharov summed up the problem of terrorism this way: "No matter how high the aims predicted by terrorists . . . their activities are always criminal, always destructive, throwing humankind back to a time of lawlessness and chaos, providing internal and international complications, contradicting the goals of peace and progress."

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 today 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.

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 indicated 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 could 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 remained very low in recent years. 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.

Intelligence helps us understand terrorism and take effective measures to promote our security and 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 have been able to gain their cooperation. They have told us much about their former colleagues and organizations.

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 U.S. 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 and provide information to our own judicial authorities and to foreign governments. 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 enabled the FBI to find and arrest Yunis. 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 sort 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. In each case, the embassy, upon receiving such a report, increased its security. On several occasions, a source has subsequently informed us that this increased security persuaded the terrorist group involved to cancel its plans to attack.

Due to hard work, vigilance, and effective cooperation between CIA's Counterterrorist Center and other 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 making their people and property safer and more secure.

Yet all of the current trends indicate that international terrorism is a continuing threat and an unpredictable one. It will remain a priority issue for the Intelligence Community.

Like terrorism, the narcotics problem is not confined to a single nation or region. Like terrorism, narcotics is a serious threat to our national security. 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. And our intelligence support has been vital to U.S. counternarcotics efforts.

You are all aware of the alarming extent of narcotics abuse in our own country. 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.

On the international scene, we have documented ever-increasing rates of drug production and trafficking. Narcotics activity has been accompanied by a horrifying increase in violence and intimidation -- especially in Latin America. Drug traffickers in Colombia routinely use violence. Judges and other government officials, businessmen and journalists in that country have been the targets of bribery, intimidation, and assassination. I suppose this was symbolized especially in the destruction of the Supreme Court building by drug dealers or terrorists employed for that purpose who literally assaulted the Supreme Court building with artillery.

The Intelligence Community collects and analyzes information on every step in the operation of narcotics production, processing, distribution, and the laundering of profits. 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.

Our intelligence also assists foreign governments in their counter-narcotics programs. Several Latin American countries are undertaking a major cooperative effort to destroy drug processing laboratories, airstrips, and chemical holding areas. We are also supporting an interdiction operation at

the southwest border that involves federal, state, and local authorities in both countries.

Our intelligence can 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 environmental damage done by the slash-and-burn agriculture of its narcotics growers. The government intensified its eradication efforts and made a major dent in drug production. But the narcotics industry is resilient. In this case, narcotics production came down, but the country has increasingly become a regional transit point for narcotics.

Intelligence is also used to help implement anti-drug laws. The Anti-Drug Abuse Act of 1986 and the bill recently passed by Congress call for the United States to withhold some foreign assistance from nations that are not working to counter drug activity within their borders. To support such legislation, we monitor the activities of the drug traffickers and analyze how well other countries' counternarcotics measures are working.

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, and predict an outcome. But the only real solution -- in this country and worldwide -- is a reduced demand for narcotics, coupled with a real reduction in supply.

Perhaps most important, international cooperation in fighting the drug problem has increased considerably. In 1987, 23 nations joined the U.S. in eradicating drug crops -- in 1981, there were only two.

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, their activities, and the effectiveness of countermeasures. Narcotics -- worldwide cultivation, processing, transport, sale, and use -- will remain an important issue for the Intelligence Community.

I have been making 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 are governed by oversight.

Our mission is to provide intelligence to policymakers. We do not make policy. We do, however, play a role in implementing 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 a great deal of interest and 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 alternative to military action.

Proposals for covert action are examined within the CIA by the Covert Action Review Group. The group asks three basic questions in considering whether to recommend a covert action: is it legal? Will it effectively promote United States foreign policy? And, if disclosed, would it make sense?

If these questions are answered satisfactorily, the proposal 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.

I want to emphasize that the decision to use covert action is a policy decision made by the President after consultation with the National Security Council. Under the law, the President must sign a document called a finding to authorize the covert action. And, by law, it is CIA's responsibility to implement the covert action. Findings are shared with the congressional oversight committees -- the House Permanent Select Committee on Intelligence and the Senate Select Committee on Intelligence.

The CIA is governed by oversight as well as by law. In fact, oversight occurs at three levels. The first is an internal one, directed by the Agency's Office of General Counsel and Office of the Inspector General. Strengthening the mandate and resources of these offices was one of my first priorities upon being appointed director in May, 1987.

The CIA is also subject to oversight within the executive branch, and then, of course, there are the statutory oversight committees in Congress.

I believe in this system of oversight -- it builds, rather than erodes,

trust between those who have the intelligence responsibility and those who are elected to represent the American people.

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 many other issues is not easy to come by. In fact, it sometimes comes at great cost to the men and women of American intelligence. And it is their creativity, their determination, their brilliance, and their courage that spell the difference between success and failure.

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 lives, but who can find in our 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, 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 this:

"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."

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.