

ASSOCIATION OF FORMER INTELLIGENCE OFFICERS  
14TH ANNUAL CONVENTION  
15 OCTOBER 1988

FUTURE INTELLIGENCE CHALLENGES  
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INTRODUCTION

THE THEME OF CHANGE IN THE SOVIET UNION HAS BEEN MUCH IN THE MEDIA IN RECENT MONTHS AS WE HAVE WATCHED THE EFFORTS OF MIKHAIL GORBACHEV TO MODERNIZE THE SOVIET ECONOMY AND CONSOLIDATE HIS POLITICAL POWER. KNOWLEDGE OF RUSSIAN WORDS SUCH AS "PERESTROIKA" AND "GLASNOST" HAS BECOME COMMONPLACE IN THE WEST. WITHOUT PARALLEL IN A GENERATION, DEVELOPMENTS IN THE SOVIET UNION HAVE CAPTURED THE INTEREST, AND IN SOME RESPECTS THE IMAGINATION, OF A WIDE AUDIENCE AROUND THE WORLD.

IT IS TYPICAL THAT WE IN THE WEST, AND PARTICULARLY IN THE UNITED STATES, WITH OUR FOCUS ON PERSONALITIES IN POLITICS, SHOULD FOCUS ON GORBACHEV'S PERSONNEL MOVES, WHO IS UP AND WHO IS DOWN, WHO IS IN AND WHO IS OUT. THUS THE SPECIAL ATTENTION FOCUSED ON THE CENTRAL COMMITTEE PLENUM AND SUPREME SOVIET SESSION SOME TWO WEEKS AGO.

AFTER ALL OF THE TALK OF GLASNOST AND DEMOCRATIZATION, STALIN WOULD HAVE BEEN PROUD OF THE SMOOTHLY ORCHESTRATED 44 MINUTE SUPREME SOVIET SESSION IN WHICH PEOPLE WERE FIRED, RETIRED, DEMOTED AND PROMOTED WITH NO DISSENT OR EVEN DISCUSSION AND 1500 DELEGATES VOTING AS ONE. THE SESSION WAS A POWER PLAY IN THE GRAND AND TRADITIONAL SOVIET MANNER. WHILE THE SESSION WAS TESTIMONY TO GORBACHEV'S POWER, THE NEED FOR IT ALSO WAS A MARK OF HIS VULNERABILITY AND HIS FRUSTRATION AT THE LACK OF PROGRESS, BUREAUCRATIC OBSTRUCTIONISM AND OPPOSITION IN THE PARTY TO HIS PROGRAMS AND POLICIES -- AND OF THE DESPERATE SITUATION FACING THE SOVIET UNION.

WE ARE IN AN EXTRAORDINARY PERIOD IN HISTORY. THE TUMBRELS ARE ROLLING IN MOSCOW; POLICIES A HALF-CENTURY OLD ARE BEING OVERTURNED; UNREST STALKS THE CAUCASUS; THERE IS TALK OF SECESSION IN THE BALTIC STATES; A REVOLUTION FROM ABOVE HAS BEEN LAUNCHED WITH NO ASSURANCE IT WILL SUCCEED. ELSEWHERE, COMMUNIST CHINA IS IN THE MIDST OF A MOMENTOUS REFORM PROGRAM THAT FLIRTS WITH CAPITALISM. A SINO-SOVIET SUMMIT IS LIKELY IN COMING MONTHS. ONE READS IN THE NEWSPAPERS OF PEACE BREAKING OUT ALL OVER. THERE HAS BEEN A REMARKABLE CHANGE IN THE RELATIONSHIP BETWEEN THE UNITED STATES AND THE SOVIET UNION OVER THE PAST YEAR OR SO, CULMINATING IN THE SIGNING OF THE TREATY ON INTERMEDIATE RANGE NUCLEAR FORCES AND CONTINUED NEGOTIATIONS IN A VARIETY OF OTHER FORUMS. THE SOVIETS ARE

WITHDRAWING FROM AFGHANISTAN, AND NEGOTIATIONS ARE UNDERWAY ON CAMBODIA AND ANGOLA. AFTER A DECADE LONG WAR, IRAQ AND IRAN HAVE AGREED TO A CEASEFIRE. LIBYA AND CHAD HAVE REESTABLISHED DIPLOMATIC RELATIONS. IRAQ AND OTHER ARABS ARE HELPING LEBANESE CHRISTIANS AGAINST SYRIA. WHAT IN THE WORLD IS GOING ON AND WHAT ARE WE TO MAKE OF IT?

IT IS A FACT, AS ANY POLICYMAKER WILL TELL YOU, THAT EVEN WITH ALL THESE CHANGES -- NEARLY ALL OF THEM WELCOME -- INTELLIGENCE LOOKS AT THE WORLD THROUGH A UNIQUE AND GLOOMY PRISM. INDEED, IT HAS BEEN SAID THAT WHEN AN INTELLIGENCE OFFICER SMELLS FLOWERS, HE LOOKS AROUND FOR A COFFIN. IT IS NOT OUR JOB IN INTELLIGENCE TO BE PROFESSIONAL CURMUGEONS, BUT IT IS OUR JOB TO LOOK BEHIND THE FACADE -- THE HEADLINES -- AND TO TRY TO DISCERN REALITY. MOVEMENT TOWARD NEGOTIATED SOLUTIONS TO INTERNATIONAL TENSIONS AND HOT SPOTS SURELY IS WELCOME, JUST AS ARE INITIATIVES IN THE SOVIET UNION THAT WE HOPE MIGHT ULTIMATELY POINT IN THE DIRECTION OF GREATER OPENNESS, PLURALISM, STRATEGIC STABILITY AND INTERNATIONAL TRANQUILLITY. BUT THESE TRENDS, AND PARTICULARLY THE PUBLICITY AND ATMOSPHERICS ATTENDANT TO THEM, MUST NOT BLIND US TO REALITY. I WANT TO SPEAK TO YOU TODAY ABOUT SOME OF THESE REALITIES AS WE LOOK AT THE WORLD AND TO CONSIDER THE IMPLICATIONS FOR INTELLIGENCE REQUIREMENTS. I WANT TO EXAMINE HOW SOME OLD THREATS ARE CHANGING AND GIVE SHAPE TO SEVERAL NEW AND OFTEN STILL HIDDEN DANGERS.

## THE SOVIET MILITARY

THE FIRST REALITY IS THE CONTINUING EXTRAORDINARY SCOPE AND SWEEP OF SOVIET MILITARY MODERNIZATION AND WEAPONS RESEARCH AND DEVELOPMENT. DESPITE SOVIET RHETORIC, WE STILL SEE NO SLACKENING OF THEIR WEAPONS PRODUCTION OR PROGRAMS, AND SOVIET RESEARCH ON NEW WEAPONS CONTINUES APACE. AS THE RATE OF GROWTH OF OUR DEFENSE BUDGET DECLINES, THEIRS CONTINUES TO GROW, ALBEIT SLOWLY. WE SEE A RAPID PACE OF SCIENTIFIC AND TECHNOLOGICAL DEVELOPMENT ON NEW AND EXOTIC SOVIET WEAPONS, MANY OF THEM BASED ON NEW PHYSICAL PRINCIPLES. I INCLUDE AMONG THESE NEW HIGH EXPLOSIVES WITH THE POTENTIAL TO BE THE ROUGH EQUIVALENT OF LOW YIELD NUCLEAR WEAPONS, SOVIET WORK ON "BRILLIANT" PRECISION GUIDED MUNITIONS WITH NEAR ZERO CEP AND HIGH RELIABILITY, SOVIET DEVELOPMENT OF HYPERVELOCITY IMPACT WEAPONS, AND THEIR PROGRESS IN AERODYNAMIC AND NAVAL ADVANCED PROPULSION TECHNOLOGIES.

UNDERSTANDING THESE DEVELOPMENTS IS CRUCIAL TO U.S. INTERESTS. IN THESE AND OTHER NEW TECHNOLOGIES, COLLECTION AND ANALYSIS REQUIREMENTS WILL POSE ENORMOUS CHALLENGES TO US. LET ME GIVE YOU FOUR EXAMPLES:

- THE DEVELOPMENT OF DIRECTED ENERGY WEAPONS, FOR BOTH TACTICAL AND STRATEGIC USE, EITHER ON THE GROUND OR IN

SPACE, REQUIRES THE DEVELOPMENT OF NEW COLLECTION SYSTEM CAPABILITIES.

- DEVELOPMENTS IN THE AREA OF HIGHLY ACCURATE NAVIGATION TYPIFIED BY THE GLONASS SPACE BASED NAVIGATION SYSTEM IN THE SOVIET UNION ARE MAKING POSSIBLE INCREASINGLY ACCURATE AND RELIABLE MOBILE WEAPONS SYSTEMS. AS THESE TECHNOLOGIES ADVANCE AND MOBILE SYSTEMS REACH THE PERFORMANCE LEVELS OF SILO-BASED SYSTEMS, COLLECTION SYSTEMS MUST DEAL WITH STRATEGIC TARGETS WHICH ARE MORE DIFFICULT TO LOCATE AND IDENTIFY AND ARE DEPLOYED ON A VARIETY OF BROADLY DISTRIBUTED PLATFORMS.
  
- CURRENT COLLECTION SYSTEMS ARE NOT ADEQUATE FOR THE DETECTION OF CHEMICAL AND BIOLOGICAL WARFARE ACTIVITIES, NOT JUST IN THE USSR BUT TO HELP COPE WITH THE WORLDWIDE PROLIFERATION OF THESE WEAPONS. NEW TECHNIQUES FOR DETECTING GENETICALLY ALTERED SUBSTANCES AND TRACING THEM TO THEIR SOURCE WILL BE NEEDED.
  
- FINALLY, REDUCED OBSERVABILITY OF CERTAIN WEAPON SYSTEMS OBVIOUSLY MAKES COLLECTION MORE DIFFICULT. IN A RELATED AREA, COLLECTION AGAINST COUNTER LOW OBSERVABLE SYSTEMS REQUIRES PRECISION AND DETAIL IF EFFECTIVE COUNTERS ARE TO BE DEVELOPED. OUR ASSESSMENT OF SOVIET LOW OBSERVABLE SYSTEMS AND ABILITY ACCURATELY

TO CHARACTERIZE THE THREAT TO OUR OWN SYSTEMS DEPEND UPON OUR ABILITY TO IMPROVE COLLECTION AND ANALYSIS CAPABILITIES.

NEEDLESS TO SAY, THESE DEVELOPMENTS IN SOVIET WEAPONS AND DELIVERY SYSTEMS WILL GREATLY COMPLICATE THE JOB OF ARMS CONTROL MONITORING, WHICH IS SHAPING UP IN THE CURRENT PERIOD AS ONE OF THE MOST DIFFICULT TASKS OF THE INTELLIGENCE COMMUNITY.

#### ARMS CONTROL

DURING THE NEXT FIVE YEARS, ARMS CONTROL TREATIES COULD BE COMPLETED, UPDATED OR RATIFIED ON STRATEGIC WEAPONS, A THRESHHOLD TEST BAN, PEACEFUL NUCLEAR EXPLOSIONS, DEFENSE AND SPACE, CHEMICAL WEAPONS AND CONVENTIONAL ARMS. EACH OF THESE WILL PRESENT SPECIAL MONITORING CHALLENGES TO THE INTELLIGENCE COMMUNITY TO DETERMINE WHETHER THE SOVIETS ARE COMPLYING WITH PROVISIONS OF THE TREATIES.

OUR EXPERIENCE WITH MONITORING OF PREVIOUS AGREEMENTS, BOTH RATIFIED AND UNRATIFIED, AND OUR RECENT EXPERIENCE WITH ONSITE MONITORING OF THE INF TREATY AND THE JOINT VERIFICATION EXPERIMENT, LEAD US TO CONCLUDE THAT ONLY THROUGH SYNERGISTIC USE OF ALL OF OUR MONITORING TECHNIQUES WILL WE BE ABLE TO MEET OUR MONITORING OBLIGATIONS. THE MONETARY COST OF ARMS CONTROL

IS, AND WILL BE, SIGNIFICANT. HIGH TECHNOLOGY AND SPACE BASED COLLECTION SYSTEMS ARE EXTREMELY EXPENSIVE, BUT WILL BE ABSOLUTELY NECESSARY IN AN ARMS CONTROL WORLD WHERE MILITARILY SIGNIFICANT CHEATING COULD GAIN THE EDGE FOR AN ADVERSARY IN NUCLEAR, CHEMICAL OR CONVENTIONAL ARMS. MOREOVER, THESE RESOURCES ARE ONLY INDEPENDENT MEANS FOR ASSESSING COMPLIANCE WITH TREATY PROVISIONS.

ON SITE INSPECTION AND OTHER COOPERATIVE MEASURES WILL ADD SUBSTANTIALLY TO THE NATION'S MONITORING AND VERIFICATION CAPABILITIES. THESE HAVE THEIR COSTS AND LIMITATIONS, HOWEVER. THEY REQUIRE THE COOPERATION OF THE SIGNATORIES AND THEREFORE CAN BE CUT OFF OR INTERFERED WITH AT ANY TIME. FURTHERMORE, WE MUST BE PREPARED TO ACCEPT THE SAME INTRUSIVENESS WE EXPECT THE OTHER SIDE TO ACCEPT. IN THE ON SITE WORLD, WE MUST BE PREPARED TO RISK EXPOSURE OF OUR MOST SENSITIVE PUBLIC AND PRIVATE TECHNOLOGIES IF WE WANT SIMILAR ACCESS ELSEWHERE. THE COUNTERINTELLIGENCE RISKS OF SOVIET INSPECTORS IN THE U.S. CANNOT BE OVERLOOKED.

LET ME SAY A WORD ABOUT SPECIFIC MONITORING TASKS.

-- WITH RESPECT TO START, MOBILE MISSILES ARE PARTICULARLY DIFFICULT FOR US TO MONITOR. IT WILL TAKE A COMBINATION OF NATIONAL TECHNICAL MEANS AND ON SITE INSPECTIONS, AS WELL AS OTHER COOPERATIVE MEASURES, TO

DEAL WITH THIS AND, EVEN THEN, THERE WILL BE PROBLEMS. AS STRATEGIC SYSTEMS GET SMALLER, AS IN THE CASE OF CRUISE MISSILES, OUR CHALLENGE WILL BECOME EVEN GREATER. START ALSO WOULD REQUIRE US TO MONITOR A PRODIGIOUS ARRAY OF WEAPONS SYSTEMS AND FACILITIES. THE INF TREATY GIVES THE UNITED STATES THE RIGHT TO CONDUCT INSPECTIONS AT 117 SOVIET FACILITIES, BUT START COULD INVOLVE AS MANY AS 2500. UNDER THESE CIRCUMSTANCES, THE STRAIN ON EXISTING U.S. NATIONAL TECHNICAL COLLECTION RESOURCES WILL BE STAGGERING. ACCORDINGLY, WE MUST ANTICIPATE THE NEED FOR NEW AND IMPROVED TECHNICAL COLLECTION CAPABILITIES TO MEET THE DEMANDS OF ARMS CONTROL AND STRATEGIC FORCE MONITORING WITH INCREASED RELIANCE ON AUTOMATED SYSTEMS FOR TASKING AND EXPLOITING THESE ASSETS.

- IN THE NUCLEAR TESTING ARENA, OUR WELL-ESTABLISHED NATIONAL TECHNICAL MEANS WHICH DEPEND ON SEISMIC DATA, WILL BE AUGMENTED BY CORRTEX, THE U.S. METHOD FOR HYDRODYNAMIC MEASUREMENT OF NUCLEAR TEST YIELDS.
  
- CHEMICAL WEAPONS PRESENT AN EXCEPTIONALLY DIFFICULT MONITORING CHALLENGE FOR US. NATIONAL TECHNICAL MEANS CAN ONLY DO SO MUCH. THERE ARE FEW SIGNATURES FOR



PRODUCTION AND STORAGE OF CHEMICAL WEAPONS, AND LITTLE ON THE HORIZON THAT WILL HELP US SUBSTANTIALLY IN THIS AREA.

-- CONVENTIONAL ARMS CONTROL ALSO WILL ALMOST CERTAINLY BE ON THE AGENDA IN THE NEXT US ADMINISTRATION. WE EXPECT THE NEXT FIVE YEARS TO BE A PERIOD OF DYNAMIC CHANGE IN SOVIET THEATRE FORCES. THE SOVIETS SEE A NEED TO RESPOND WITH NEW SYSTEMS AND ORGANIZATIONAL CHANGES TO A REVOLUTION IN MILITARY TECHNOLOGY THAT THREATENS THEIR ADVANTAGE IN GROUND FORCES. AT THE SAME TIME, THE LEADERSHIP HAS CALLED FOR POLITICAL SOLUTIONS TO SECURITY PROBLEMS THAT RESULT IN THE NEED FOR SOVIET FORCES TO APPEAR LESS THREATENING BUT NO LESS CAPABLE. THE LEADERSHIP ALSO WILL BE LOOKING FOR WAYS TO REDUCE THE WEIGHT OF THE DEFENSE BURDEN. OUR TASKS WILL INCLUDE:

- DISTINGUISHING CHANGES IN CONVENTIONAL FORCES IN RESPONSE TO NEW TECHNOLOGIES FROM THOSE THAT MIGHT RESULT FROM CHANGES IN DOCTRINE OR ECONOMIC PRIORITIES.
  
- INCREASING OUR DETAILED ANALYTIC EFFORT ON THE SOVIET FORCES TO COVER ALL OF EUROPE FROM THE ATLANTIC TO THE URALS, FAR BEYOND THE MORE LIMITED FOCUS OF THE MBFR TALKS.

- IF AN AGREEMENT ON REDUCTION OF CONVENTIONAL FORCES IS ACHIEVED, SUBSTANTIALLY INCREASING COLLECTION AND ANALYTICAL RESOURCES TO SUPPORT MONITORING AND ON SITE INSPECTION OF HUNDREDS OF INSTALLATIONS.

BEYOND WEAPONS DEVELOPMENT, PROCUREMENT, AND DEPLOYMENT PROBLEMS, BEYOND ARMS CONTROL, IS THE CHALLENGE OF UNDERSTANDING AND RESPONDING TO NEW REQUIREMENTS IN THE TURBULENT SOVIET INTERNAL AND FOREIGN POLICY ARENAS. A KEY REQUIREMENT FOR US IS TO ESTABLISH REALISTIC CRITERIA BY WHICH WE CAN JUDGE IN THE COMING MONTHS AND YEARS WHETHER POLITICAL AND ECONOMIC CHANGE IN THE SOVIET UNION IS GENUINELY RESHAPING THE FOUNDATIONS OF THE SYSTEM -- OR WHETHER THE TOTALITARIAN STRUCTURE OF THE SOVIET UNION, INCLUDING THE INSTRUMENTS OF CENTRAL CONTROL AND REPRESSION, ENDURES DISCREETLY IN THE SHADOWS, AVAILABLE AT THE BECKON OF GORBACHEV'S SUCCESSOR, OR EVEN FOR GORBACHEV.

CW/BW

THE MOST IMMEDIATE THREAT TO WORLD PEACE AND TO THE SECURITY OF THE UNITED STATES AND ITS ALLIES MAY WELL COME FROM THE PROLIFERATION OF CHEMICAL AND BIOLOGICAL WARFARE CAPABILITIES IN THE THIRD WORLD. INDEED, ALMOST UNNOTICED, CHEMICAL WEAPONS HAVE BECOME THE "POOR MAN'S ATOMIC BOMB." NOW

THAT THE IRAN-IRAQ WAR HAS BROKEN THE MORAL BARRIERS AGAINST THEIR USE, SOME 20 THIRD WORLD COUNTRIES ARE DEVELOPING SUCH WEAPONS. UNLIKE OTHER WEAPONS OF MASS DESTRUCTION, THESE LOW-TECHNOLOGY HIGH-IMPACT ARMS ARE POTENTIAL ADDITIONS TO THE ARSENALS OF EVEN THE MOST BACKWARD DEVELOPING NATIONS. INDEED, LIBYA HAS NEARLY COMPLETED WORK ON ONE OF THE LARGEST CHEMICAL WEAPONS FACILITIES IN THE WORLD -- WITH THE HELP OF NEARLY A DOZEN NATIONS -- EAST AND WEST. ESSENTIALLY, THE TECHNOLOGY NEEDED TO PRODUCE CHEMICAL WEAPONS IS NOT SIGNIFICANTLY MORE COMPLICATED THAN THAT REQUIRED TO PRODUCE FERTILIZER OR SOFT DRINKS.

MOST COUNTRIES INVOLVED WITH CHEMICAL WARFARE ALSO HAVE BIOLOGICAL WARFARE DEVELOPMENT PROGRAMS. THIRD WORLD PROGRAMS INVOLVE EITHER LIVING AGENTS OR TOXINS. LIVING AGENTS, SUCH AS ANTHRAX, VARY FROM INCAPACITATING TO LETHAL, REQUIRE THE LEAST RESOURCES AND TECHNOLOGY. TOXINS, WHICH USUALLY REQUIRE MORE TECHNOLOGICAL SOPHISTICATION, INCLUDE NATURALLY EXISTING POISONS FOUND IN PLANTS AND BACTERIAL OR FUNGAL AGENTS.

#### MISSILE TECHNOLOGY

THIRD WORLD COUNTRIES WILL NOT LACK MEANS TO DELIVER SUCH CHEMICAL AND BIOLOGICAL AGENTS AS THEY MAY DEVELOP. IN RECENT YEARS, MISSILE TECHNOLOGY HAS PROLIFERATED, ESPECIALLY IN THE MIDDLE EAST, SOUTH ASIA, AND THE SOUTHERN CONE OF SOUTH

AMERICA. BY THE YEAR 2000, AT LEAST 15 DEVELOPING COUNTRIES WILL EITHER HAVE PRODUCED OR BE ABLE TO BUILD THEIR OWN BALLISTIC MISSILES. WHILE THESE EARLY-GENERATION MISSILES MAY BE CRUDE AND INACCURATE BY DEVELOPED COUNTRY STANDARDS, THEY COULD PROVE EXTREMELY POTENT IN A REGIONAL SETTING -- ESPECIALLY IF PROVIDED WITH CHEMICAL, BIOLOGICAL, OR NUCLEAR WARHEADS.

NON-INDIGENOUS MISSILES ARE ALREADY CHANGING THE FACE OF WARFARE IN THE MIDDLE EAST. BOTH IRAN AND IRAQ USED CONVENTIONALLY ARMED MISSILE AS WEAPONS OF TERROR AGAINST CIVILIAN POPULATIONS. THE CHINESE SALE OF CSS-2 INTERMEDIATE-RANGE MISSILES TO SAUDI ARABIA REPRESENTS ANOTHER DISTURBING DEVELOPMENT -- THE TRANSFER OF COMPLETE MISSILE SYSTEMS. STEMMING THE FLOW OF MISSILES AND MISSILE TECHNOLOGY IS A DIFFICULT CHALLENGE.

### TERRORISM

OUR DISCUSSION OF CHEMICAL AND BIOLOGICAL WARFARE IS A NATURAL LEAD-IN TO WHAT I CALL "MEDIUM-TECH TERRORISM." THIS REPRESENTS NO GREAT ADVANCE IN TERRORIST SOPHISTICATION BUT RATHER THE INCREASING AVAILABILITY OF TECHNOLOGY THROUGHOUT SOCIETY. IN NOVEMBER 1987, FOR EXAMPLE, AGENTS OF THE POPULAR FRONT FOR THE LIBERATION OF PALESTINE-GENERAL COMMAND ATTACKED AN ISRAELI MILITARY CAMP, CROSSING THE BORDER FROM LEBANON ON

HANG GLIDERS EQUIPPED WITH NIGHT VISION DEVICES TO AID NAVIGATION. IN ANOTHER CASE, AIRCRAFT SABOTEURS ATTEMPTED TO SMUGGLE AN INTEGRATED CIRCUIT TIMER AND DETONATOR DISGUISED AS A HAND CALCULATOR ABOARD AN ISRAELI JET. IN STILL ANOTHER EXAMPLE OF MEDIUM-TECH TERRORISM, WEST GERMAN RADICALS ARE USING COMPUTERS TO SEND THREATENING MESSAGES TO POTENTIAL TARGETS AND TO COMMUNICATE BETWEEN CELLS -- BELIEVING THAT SUCH CHANNELS ARE MORE SECURE THAN THE POST OR TELEPHONE SYSTEMS.

### NARCOTICS

THE THREAT OF TERRORISM IS IN SOME RESPECTS MINOR COMPARED WITH THE MULTIPLE DANGERS POSED BY THE INTERNATIONAL NARCOTICS TRADE. THIS HAS BECOME A HUGE MULTINATIONAL BUSINESS. LET ME GIVE YOU A FEW STATISTICS. THE WORLDWIDE DRUG TRADE GENERATES MORE THAN \$300 BILLION A YEAR, \$110 BILLION IN THE UNITED STATES ALONE. LAST YEAR'S COCA CROP PRODUCED SOME 400 TONS OF COCAINE, ROUGHLY FOUR TIMES ESTIMATED US DEMAND. DURING THE SAME YEAR, WORLDWIDE OPIUM PRODUCTION WAS ESTIMATED AT JUST OVER 2400 METRIC TONS. 2400 TONS OF OPIUM TRANSFORMED INTO HEROIN EQUALS 240 BILLION FIXES! AND THAT'S IN A SINGLE YEAR. DESPITE A FEW POSITIVE TRENDS -- ESPECIALLY IN THE AREAS OF REGIONAL COOPERATION AND LEGAL REFORM -- I FEAR THAT THE SITUATION WILL GET MUCH WORSE BEFORE IT GETS BETTER. PRODUCTION LEVELS ARE SO HIGH THAT, DESPITE RECORD SEIZURES DURING THE PAST TWO YEARS, PRICES ARE FALLING AND PURITY LEVELS

ARE INCREASING. GIVEN THAT TOTAL WORLD DEMAND FOR HARD DRUGS CAN BE SUPPLIED FROM CROPS GROWN ON A FEW HUNDRED THOUSAND HECTARES OF LAND, IT IS OBVIOUS THAT EVEN THE MOST SUCCESSFUL EFFORTS OF A SINGLE COUNTRY OR GROUP OF COUNTRIES CANNOT SOLVE THE PROBLEM.

ALTHOUGH IT IS EASY ENOUGH FOR THE MAJOR TRAFFICKING ORGANIZATIONS TO SWITCH -- METHODS, ROUTES, OR COUNTRIES -- MANY ARE SO POWERFUL THAT THEY CHOOSE TO STAND AND FIGHT. SOMETIMES THIS FIGHT TAKES THE FORM OF ACTIVE GUERRILLA WARFARE, TERRORISM, AND THE ESTABLISHMENT OF "NO-GO" AREAS WITHIN COUNTRIES. MORE OFTEN THE BATTLE IS WAGED THROUGH CORRUPTION AND COOPTATION. POLICE OFFICIALS, JUDGES, POLITICIANS, AND EDITORS ARE BOUGHT. PUBLIC OPINION IS COURTED THROUGH PUBLIC WORKS, LAVISH CHARITY, AND PATRIOTIC POSTURING. IN SOME COUNTRIES, TRAFFICKERS ARE RUNNING FOR OFFICE AND WINNING. IT MAY ONLY BE A MATTER OF TIME BEFORE WE ARE FACED WITH A FREELY ELECTED, LEGAL NARCO-GOVERNMENT IN A MAJOR COUNTRY.

## AIDS

GOING FROM THE SYMBOLIC PLAGUE OF DRUGS TO A REAL PLAGUE, I NOW TURN TO THE AIDS PANDEMIC. AIDS, UNLIKE MOST IF NOT ALL OF THE DREAD PLAGUES OF THE PAST, TENDS NOT TO STRIKE THE OLD, THE VERY YOUNG, THE WEAK, AND THE ILL. RATHER IT STRIKES THE

WORKING POPULATION WHILE LEAVING THE DEPENDENT POPULATION RELATIVELY UNSCATHED. MOREOVER, IN MANY AREAS OF THE THIRD WORLD, IT HAS A DISPROPORTIONATE EFFECT ON EDUCATED, MIDDLE-CLASS URBANITES -- THE VERY CADRE THAT NO DEVELOPING COUNTRY CAN AFFORD TO LOSE. WHEN WE CONSIDER THE HAVOC WREAKED IN THE PAST BY PANDEMICS SUCH AS THE BUBONIC PLAGUE AND THE BLACK DEATH, WHAT CAN WE EXPECT OF THIS NEW OUTBREAK? AT A MINIMUM, IT WILL SERIOUSLY UNDERMINE THE POLITICAL STABILITY, ECONOMIC PROGRESS, AND SOCIAL WELL-BEING OF THE MOST AFFECTED COUNTRIES. SOME ECONOMIES -- OR AT LEAST THEIR INDUSTRIAL STRUCTURES -- MAY COLLAPSE, AND SOME COUNTRIES COULD BECOME VIRTUALLY UNGOVERNABLE.

#### COUNTERINTELLIGENCE

THE LAST AREA OF REQUIREMENTS I WANT TO MENTION TODAY IS COUNTERINTELLIGENCE. DESPITE RECENT ENCOURAGING DEVELOPMENTS IN THE USSR AND IMPROVED US-SOVIET RELATIONS, AN EFFECTIVE AND COMPREHENSIVE COUNTERINTELLIGENCE PROGRAM HAS NEVER BEEN MORE IMPORTANT TO OUR NATION. SINCE GORBACHEV'S ACCESSION TO POWER, THE HOSTILE INTELLIGENCE THREAT AGAINST US HAS GROWN. THE NUMBER OF OPERATIONS AGAINST US HAS CERTAINLY INCREASED. OVER THE PAST THREE YEARS, WE HAVE DISCOVERED MORE PENETRATIONS OF THE U.S. DEFENSE AND INTELLIGENCE COMMUNITIES THAN AT ANY TIME IN OUR HISTORY. THE COST OF THESE COMPROMISES ARE ESTIMATED IN THE BILLIONS OF DOLLARS. ALTHOUGH MANY COUNTRIES ENGAGE IN

INTELLIGENCE OPERATIONS AGAINST THE UNITED STATES, THE SOVIET INTELLIGENCE SERVICES, THE KGB AND GRU, REPRESENT BY FAR THE MOST SIGNIFICANT INTELLIGENCE THREAT IN TERMS OF SIZE, ABILITY AND INTENT TO ACT AGAINST U.S. INTERESTS, BOTH AT HOME AND ABROAD. AND DESPITE IMPROVED US-SOVIET RELATIONS, WE HAVE SEEN AN INCREASE THIS YEAR OF SOVIET ATTEMPTS TO RECRUIT U.S. SOURCES.

AN EFFECTIVE COUNTERINTELLIGENCE PROGRAM REQUIRES VIGILANCE ON BOTH THE DEFENSIVE AND OFFENSIVE FRONTS. FIRST, WE MUST PROTECT SENSITIVE INFORMATION, TECHNOLOGY, EQUIPMENT AND PERSONNEL. SECOND, WE MUST DETECT, MONITOR AND COUNTER THE ACTIONS OF HOSTILE INTELLIGENCE SERVICES. AS THE SOVIET BLOC INTELLIGENCE SERVICES BECOME MORE SOPHISTICATED, OUR COUNTERINTELLIGENCE MEASURES MUST GROW CORRESPONDINGLY STRONGER. RECENT CASES ALSO POINT TO THE IMPORTANCE OF TENACITY AND OF CLOSE COOPERATION AMONG THE VARIOUS AGENCIES WITHIN THE INTELLIGENCE COMMUNITY. I BELIEVE THAT THE CHOICE OF VLADIMIR KRYUCHKOV AS CHAIRMAN OF THE KGB LIKELY WILL MEAN AN INTENSIFICATION OF SOVIET INTELLIGENCE EFFORTS AGAINST THE UNITED STATES AND ITS ALLIES. COUNTERING THIS CHALLENGE WILL BE ONE OF OUR MOST DIFFICULT REQUIREMENTS IN THE FUTURE.



CONCLUSION

I MENTIONED IN JEST AT THE OUTSET THE DETAIL WITH WHICH MY REMARKS TO AFIO IN OCTOBER 1985 WERE REPORTED BY JOHN RANELAGH IN HIS BOOK ON CIA. I SPOKE THEN OF TRENDS THAT I THOUGHT WOULD DOMINATE THE INTELLIGENCE BUSINESS. RANELAGH INTERPRETED MY REMARKS IN THE FOLLOWING WAY: "THE AGENCY WAS BECOMING AN INSTRUMENT FOR APPLIED SOCIAL SCIENCE, EVER LESS OPERATIONAL AND EVER MORE SEEKING TO FILL IN THE BLANK SPACES AT FORECASTING. THE RANGE OF SUBJECTS SHOWED AN AGENCY TERRIFIED OF MISSING ANYTHING. IT WAS ANOTHER BUREAUCRACY SAYING IT COVERED THE WATERFRONT, THE REVERSE OF ITS STARTING ATTITUDE OF BEING THE WORTHY CHALLENGER TO THE STATE DEPARTMENT OR THE DEPARTMENT OF DEFENSE, OF BEING THE AGENCY THAT IDENTIFIED A FEW ESSENTIAL THEMES AND MASTERED THEM. NOW IT WAS, IN EFFECT, A SECRET EXTENSION OF THE LIBRARY OF CONGRESS."

THE SEEMINGLY ENDLESS PROLIFERATION OF NEW REQUIREMENTS ON US, THE RISK OF BEING SPREAD SO BROADLY THAT WE HAVE NO DEPTH, THE DANGER OF LOSING FOCUS ON OUR PRIMARY RESPONSIBILITY TO COVER THE SOVIET UNION AND PROVIDE WARNING OF HOSTILE ACTIONS AGAINST THE UNITED STATES, ARE CONTINUING WORRIES AMONG INTELLIGENCE COMMUNITY MANAGERS, EVEN FOR WE BUREAUCRATS. HOWEVER, MANY OF THE PROBLEMS APART FROM THE SOVIET UNION, SUCH AS THOSE I HAVE DESCRIBED TODAY, ARE ISSUES WITH DIRECT IMPACT

ON THE NATIONAL SECURITY OF THE UNITED STATES AND WHERE UNIQUE INTELLIGENCE INFORMATION IS CRITICAL TO DIPLOMATIC OR ANY OTHER ACTION. WE IN INTELLIGENCE CANNOT NEGLECT SUCH MAJOR PROBLEMS AS CHEMICAL AND BIOLOGICAL WEAPONS PROLIFERATION AMONG MANY COUNTRIES OF THE WORLD, THE PROLIFERATION OF MISSILE TECHNOLOGIES, OUR RESPONSIBILITY FOR CONTINUING AND IMPROVING OUR EFFORTS TO HELP THE NATION'S COUNTERNARCOTICS PROGRAM, COPING WITH TERRORISM, DEVELOPMENTS IN THE THIRD WORLD, AND A HOST OF OTHER PROBLEMS. THE REQUIREMENTS PROCESS IN WHICH WE TRY TO INVOLVE THE POLICY COMMUNITY EVER MORE AGGRESSIVELY HAS A TENDENCY TO EXPAND, NOT TO CONTRACT, THE REQUIREMENTS FACING US.

NEITHER I NOR THE DIRECTOR SEE IT AS OUR RESPONSIBILITY TO CHALLENGE THE DEPARTMENTS OF STATE OR DEFENSE. RATHER, WE SEEK TO PROVIDE THEM AND THE WHITE HOUSE WITH THE INFORMATION TO ASSIST IN AND INFORM DECISION-MAKING AND, WHERE APPROPRIATE, THE COVERT MECHANISMS NEEDED TO IMPLEMENT APPROVED POLICY. OUR JOB IS NOT TO CHALLENGE THEIR POLICYMAKING ROLE OR TO PROVIDE AN ALTERNATIVE POLICY BUT INSTEAD TO SUPPORT THEM -- EVEN THOUGH THAT SUPPORT WITH SOME FREQUENCY INVOLVES TELLING THEM WHAT THEY MIGHT NOT WISH TO HEAR. THIS IS THE ROLE ENVISIONED FOR CIA 40 YEARS AGO -- NOT AN ALTERNATIVE POWER OR POLICY CENTER. IN AN OTHERWISE GENERALLY LAUDABLE BOOK, RANELAGH HAS THIS WRONG.

IN AN ERA OF AGAIN CONSTRAINED SPENDING FOR DEFENSE AND INTELLIGENCE, FINDING THE RESOURCES TO MEET THE RESPONSIBILITIES IMPOSED UPON US BY THE NEEDS OF THE NATION AND THE REQUIREMENTS OF ITS LEADERS IS DAUNTING. WHERE WILL THE MONEY COME FROM? PEOPLE POINT TO THE INCREASE IN RESOURCES AVAILABLE TO US IN RECENT YEARS. A SUBSTANTIAL PORTION OF THOSE RESOURCES WERE REQUIRED SIMPLY TO RECOVER FROM THE DRAWDOWNS IN OUR CAPABILITIES IN THE 1970S, A TIME WHEN U.S. INTELLIGENCE LOST SOME FIFTY PERCENT OF ITS PEOPLE AND FORTY PERCENT OF ITS SPENDING POWER. WE HAVE REBUILT SUBSTANTIAL CAPABILITIES, BUT THE REQUIREMENTS PLACED UPON US HAVE GROWN EXPLOSIVELY.

THERE ARE NEW INITIATIVES UNDERWAY TO EXPAND OUR CAPABILITIES, BUT THE EXECUTIVE AND LEGISLATIVE BRANCHES MUST WORK TOGETHER TO ENSURE THAT WE ARE SIMPLY NOT PLUGGING HOLES IN THE DIKE OR DEALING WITH TODAY'S PROBLEMS BUT THAT WE ARE LOOKING AND PLANNING AHEAD FIVE, TEN, EVEN FIFTEEN YEARS TO ENSURE THAT THE RESOURCES AND CAPABILITIES WE WILL NEED TO RESPOND TO THE REQUIREMENTS OF THE LATE 1990S ARE AVAILABLE WHEN WE NEED THEM.

IN RECOUNTING THE INTELLIGENCE PROBLEMS AND DANGERS OF THE REAL WORLD, I HAVE NOT INTENDED TO COST YOU A NIGHT'S SLEEP BY WARNING OF A PANOPLY OF THINGS THAT GO BUMP IN THE NIGHT. MY PURPOSE HAS BEEN TO REMIND YOU THAT BEHIND THE HEADLINES ARE

BOTH ENDURING CHALLENGES AND A WHOLE RANGE OF NEW ONES THAT WE MUST RECOGNIZE AND DEAL WITH. THE WORLD IS NOT A STATIC PLACE. PERMANENT PEACE AND SECURITY ARE DREAMS. REAL PEACE, STABILITY, AND OUR NATIONAL WELL-BEING CAN BE ACHIEVED AND PRESERVED ONLY BY REALISTIC AWARENESS OF DEVELOPMENTS AROUND US AND BY THE CAPABILITY AND WILL TO OUTTHINK AND OUTPLAN OUR ADVERSARIES AND TO ANTICIPATE GLOBAL DEVELOPMENTS. OUR COUNTRY'S ABILITY TO DO THIS WILL DEPEND UPON FIRST OF ALL ON FAR SIGHTED RECOGNITION BY OUR INTELLIGENCE SERVICES OF NEW CHALLENGES AND OPPORTUNITIES THAT WILL CONFRONT THE NATION AND ITS GOVERNMENT.