

REMARKS OF WILLIAM J. CASEY
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THE BUSINESS OF INTELLIGENCE

One of my associates suggested that I entitle my talk "Misery Loves Company." When I asked him why, he replied that the occasion would bring together the two "devils" of the press--the CIA and the multinational corporation. He went on, "I can see the headlines now. Casey teaches Robber Barons dirty tricks!" I said, "How do you know it won't be the other way around?"

It is easy and costly and painful to be misunderstood, but it's more costly and painful to misunderstand the kind of world in which we have to operate. Neither intelligence nor the business world yet understand it well enough. All of us are quick to talk about the interdependence of the political world and the interdependence of the global economy. But, we are slow to recognize the implications this interdependence has for our respective problems -- in terms of economic practicalities, political realities, security requirements and competitive tactics.

How well has intelligence been doing its job? I was in at the creation of modern intelligence. First with the Office of Strategic Services in World War II. Then with planning the organization of CIA -- the first American peacetime intelligence service. Now, about a third of a century later, I've spent four months looking over the American intelligence community that has evolved from that embryo and talking about how it measures up to today's needs and how it might be improved.

Over the years my predecessors have changed intelligence and made it far more than a simple spy service. They developed a great center of scholarship and research, with as many Doctors and Masters in every kind of art and science as any university campus.

They have produced a triumph of technology, stretching from the depths of the oceans to the limits of outer space. Using photography, electronics, acoustics and other technological marvels, we learn things totally hidden on the other side of the world. In the SALT debate, for example, Americans openly discussed the details of the Soviet missiles. These are held most secret in the Soviet Union, but are revealed by our intelligence systems.

All this has produced a staggering array of information, a veritable Niagara of facts. But facts can confuse. The wrong picture is not worth a thousand words. No photo, no electronic impulse can substitute for direct, on-the-scene knowledge of the key actors in a given country or region. No matter how spectacular a photo may be, it cannot reveal enough about plans, intentions, internal political dynamics, economics, and so forth. There are simply too many cases where photos are ambiguous or useless. Too many cases where electronic intelligence may drown the analyst in partial or conflicting information. Technical collection is of little help in the most important and difficult problem of all -- political intentions. This is where clandestine human intelligence can make a difference.

We started a clandestine intelligence service in OSS. Over the years it has proven itself and has served the nation well. It has also received slings and arrows which it did not deserve. I am personally dedicated to supporting it and strengthening it.

Of late, a good deal of the criticism of our intelligence has been leveled at the analytical function. The necessity of analysis is obvious. Collection is facts. Just as houses are made of stones, so is collection made of facts. But a pile of stones is not a house -- and a collection of facts is not likely to be intelligence.

Much of the criticism is based on unrealistic expectations of what an intelligence service can do. We produce good current intelligence. We also produce good intelligence on military and economic capabilities. But if one reduces all intelligence analysis to the predictive function -- and then looks for a 1000 batting average -- no intelligence organization will measure up. We are interested in foreknowledge, but we do not have a pipeline to God. Nor do we have a crystal ball. In short, the CIA does not have powers of prophecy. It has no crystal ball that can peer into the future with 20-20 sight. We are dealing with "probable" developments.

Also, it is one thing to deal with something that is knowable -- but unknown by us. It is another thing to deal with something that is unknown -- and unknowable. Often intelligence is expected to predict what course a country will take -- when the leaders of that country themselves don't know what they will do next.

If we can't expect infallible prophecy from the nation's investment in intelligence, what can we expect? We can expect foresight. We can expect a careful definition of possibilities. We can expect professional analysis which probes and weighs probabilities and assesses their

implications. We can expect analyses that assist the policymakers in devising ways to prepare for and cope with the full range of probabilities. The President does not need a single best view, a guru, or a prophet. The nation needs the best analysis and the full range of views it can get.

The process of analysis and arriving at estimates needs to be made as open and competitive as possible. We need to resist the bureaucratic urge for consensus.

We don't need analysts spending their time finding a middle ground or weasel words to conceal disagreement. Their time needs to go into evaluating information -- searching for the meaning and the implications of events and trends -- and expressing both their conclusions and their disagreements clearly. The search to unify the intelligence community around a single homogenized estimate serves policymakers badly. It buries valid differences, forcing the intelligence product to the lowest or blandest common denominator. The search for consensus also cultivates the myth of infallibility. It implicitly promises a reliability that cannot be delivered. Too frequently, it deprives the intelligence product of relevance and the policymaker of the range of possibilities for which prudence requires that he prepare.

The time has come to recognize that policymakers can easily sort through a wide range of opinions. But, they cannot consider views and opinions they do not receive. The time has come to recognize that CIA, military intelligence, and every other element of the intelligence community should not only be allowed to compete and surface differences, but be encouraged to do so.

The time has also come to recognize that the intelligence community has no monopoly on truth, on insight, and on initiative in foreseeing what will be relevant to policy. For that reason, we are in the process of reconstituting a President's Foreign Intelligence Advisory Board. It will be made up of strong and experienced individuals with a wide range of relevant backgrounds.

In addition, we are asking a wide variety of scientists, scholars, and other experts to serve on advisory panels and to address special problems. We contract with think tanks and a wide variety of business corporations to do specialized research for us. To get all the intelligence we need, we've got to ^{go} beyond the formal intelligence organizations. We've got to tap all the scholarly resources of the nation.

We will need to do even more of this in the future to cope with the intelligence requirements of our increasingly complex and dangerous world as it generates new threats. In the OSS, we were doing pretty well if we knew where the enemy was and how he was redeploying his forces. For the first twenty years of a peacetime intelligence, most of the effort went to understanding the production and capabilities of weapons. It is only in the last decade that it has dawned upon us that we have been threatened and damaged more by coups and subversion and economic aggression than by military force. We will still devote a large slice of our effort to military estimates and rely very heavily on them in formulating our defense budget and force structures. But they will have to be supplemented by increased efforts to assess economic vulnerabilities and technological breakthroughs. We've also got to identify social and political instabilities --

and how they can or are being exploited by propaganda, by subversion, and by terrorism. To meet these challenges fully, we will not hesitate to call upon the expertise in the private sector for assistance.

So much for the kind of intelligence capabilities we have and need to develop. Let me now give you some of the specifics of the problems we face.

Our first priority is still the Soviet Union. It has been the number one adversary for 35 years. It is the only country in the world with major weapons systems directly targeted at the United States which could destroy the U.S. in half an hour. For that reason alone, it remains the number one target.

However -- given the complexity of today's world, there are many other problems of concern to intelligence. For example: nationalism -- resource dependency -- terrorism.

The tide of nationalism is running strong in the less-developed countries of the world. There is hostility and negativism toward free enterprise. There are potential dangers there for American, European, and even Japanese multinational corporations. Local politicians cannot always manage this distrust of foreigners. Free enterprise from abroad suddenly appears as foreign domination or neo-colonialism. It is difficult to predict when and where this hostility will break out -- as it does periodically.

Nationalism is not new. Its manifestations range from restrictive

policies to outright expropriation. What is new today is that it is accompanied by global economic distress. This is caused by the explosive growth in energy costs -- in both the industrialized countries and the less-developed ones.

The enormous cost of fueling economic activity is forcing the less-developed countries into austerity and no-growth policies. They are running out of credit. They cannot meet the very high interest rates required. All this intensifies instability.

One form of instability that we are likely to see more of around the world is terrorism -- hijacking, hostage-taking, kidnapping, assassination, bombing, armed attack, sniping, and coercive threats. These are all mindless acts of violence designed to create a political effect -- regardless of the innocence of the victims.

Last year also marked the first time that a large number of deadly attacks were carried out by individual nations. This is a dangerous development. It is one thing for a demented individual or a private group of fanatics to resort to terror. For a nation to resort to it with all the resources it can command is another -- and much more serious -- matter.

It is a grim story. What do we do about it? At CIA, international terrorism has been high on the list of intelligence priorities for some time. Defensive tactics are taught to key personnel serving abroad.

Many business corporations have been searching for defensive measures to protect their people. What must be done is to adopt a firm policy and develop a strategy for dealing with terrorism before a crisis situation arises -- when the terrorists hold all the cards. Terrorists have got to learn that there is little or no payoff where Americans and American interests are involved.

Lastly, a word about resource dependency. Roughly a decade ago, we received a jolt. Shifting geopolitical patterns, coupled with rising Third World nationalism, sharply tempered our expectations. The oil crisis of 1973 was the first time we could actually see and feel the crushing impact of international "non-military warfare" strike us squarely where it hurts the most -- in our pocketbooks and in our life-styles.

That crisis still haunts us with a new reality. Others, well away from our borders, can now place their hands on our economic throttles and on our economic throats. International tensions and threats are not limited to military ones.

Let me now conclude with a quick word about accountability. It is often said that intelligence is not accountable. Nothing could be further from the truth. It always has had to answer fully to the President -- and in varying degrees to Congress, the National Security Council, the Office of Management and Budget, and the Intelligence Oversight Board. In the past few years, we have witnessed an expanded intelligence oversight role for the Attorney General and the Courts.

Today our relations with the two permanent Congressional intelligence committees are excellent. We are responsive to their concerns, as we should be. In turn, their attitude is one of "what can we do to help you accomplish your mission?" Our response has been to ask them to help us protect necessary secrecy, with such legislation as may be appropriate.

The first bill along these lines was passed by Congress last October. It deals with intelligence oversight and how it is to be exercised. For us, it means that we have to report important activities at most to two instead of eight committees. Congress realized that it is very difficult to keep something secret when up to 200 people have to be cut in on it. It's down to about 20 now.

The second legislative bill that would help us is not yet passed. It is designed to protect the secret identities of intelligence officers and agents under cover. It is really outrageous that dedicated people engaged or assisting in U.S. foreign intelligence activities can be endangered, and are endangered, by a few individuals. Individuals whose avowed purpose is to destroy the effectiveness of intelligence activities and programs duly authorized by Congress. It's got to be stopped.

Third, we need an exemption from the Freedom of Information Act. There is too much information released that should remain secret. This law is a poor law in that it allows anyone to request information on the activities of our intelligence agencies. FOIA also costs intelligence agencies millions of dollars and ties up people who could -- and should -- be doing intelligence work.

Recently, we spent \$300,000 to meet one FOIA request. It was from Mr. Philip Agee, a renegade from the CIA who goes around the world exposing those he thinks are CIA people.

If the KGB wrote us (and we assume that they do), we would have to respond in ten days. Do we really want to turn the CIA into a purveyor of information for the world rather than a supplier of intelligence to our policymakers?

Secrecy is essential to any intelligence organization. Ironically, secrecy is accepted without protest in many areas of our society. Physicians, lawyers, clergymen, grand juries, journalists, income tax returns, crop futures -- all have confidential aspects protected by law. Why should national security information be entitled to any less protection?
