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REMARKS OF WILLIAM J. CASEY
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before the
EXECUTIVE SEMINAR
in
NATIONAL AND INTERNATIONAL AFFAIRS

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DCI WELCOMING REMARKS

EXECUTIVE SEMINAR IN NATIONAL AND INTERNATIONAL AFFAIRS

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9:00 a.m.

Good Morning and welcome to the Central Intelligence Agency. I am pleased that you have scheduled a session with us. Your ten month seminar is unique in the depth and exposure you obtain on domestic and foreign policy issues. The staff of the Foreign Service Institute is to be commended.

Senior representatives of CIA's three Directorates and our Executive Director Charles Briggs will be briefing you today on how the Agency is structured, their Directorates' missions, and how we carry out our primary responsibility which is to provide our national leaders with accurate, timely information and analysis of foreign developments. My predecessor in this job developed an apparatus which uses photography, electronics, acoustics, seismic sensors, and other technical marvels to gather facts on a daily basis from all parts of the world. CIA has thousands of scholars in every discipline of technology and social science to evaluate, analyze and task the collectors to get the critical information which is needed to improve our understanding of what's going on in the world today. That mission and the people and apparatus

which carries it out is the Intelligence Community. Let me run over key challenges we face and briefly bring you up-to-date on some of the changes underway in the Intelligence Community as we rebuild our resources from the somewhat depleted condition that developed in the '70s.

The challenges we face today are many, of broad variety, and worldwide. They include such problems as serious Western European-U.S. frictions, a very troubled financial scene, terrorism crossing borders, and the Third World's countless vulnerabilities. But the challenges to which we in intelligence have to devote most of our resources arise primarily from the growing military capabilities and political aggressiveness of the Soviet Union. Too often Soviet foreign policy discussions focus only on missile counting or the strategic dimensions of the threat. I would like to speak to you today about the total scope of this sweeping challenge to our national interests. At the beginning of every session of Congress I give worldwide briefings to the two foreign relations committees, the two military committees, and the two appropriations committees. I developed these presentations in terms of five major threats.

The first of these threats are the Soviet intercontinental missiles and other strategic systems. Measured in dollar terms, the Soviets have been spending three

times as much as we do on these strategic forces. They have enough intercontinental missiles to knock out about 80 percent of our land-based missiles while keeping two-thirds of their warheads in reserve. They are developing mobile ICBMs for survivability and long-range submarine-based missiles that can be launched close to their own shores where the Soviet Navy can protect them. Already deployed are about 500 intermediate range missiles with the ability to fire 1,000 warheads at cities and other targets in Europe. Moreover, the Soviets continue to field a major improvement to their key missile systems about every five years. We have seen as many new systems in the first three years of this decade as we saw during the whole decade of the '70s. So this is a growing threat.

The second area of concern is their conventional forces. They already have three times as many men in their land forces as we have, four times as many tanks, four times as much artillery, and three times as many armored personnel carriers. They are deploying in forward areas on the European front large numbers of a new tank with improved armor protection, fast, self-propelled artillery capable of firing chemical and nuclear weapons, and the all-weather Fencer aircraft which can strike deeply and quickly into NATO's rear areas with a payload much larger than the aircraft it replaced.

The third threat comes from the Soviet's ability to project their military power over long distances. This gives them the capability to support actual or potential pro-Soviet factions in troubled countries. We have seen them use transport planes and cargo ships to carry sophisticated weapons thousands of miles away to meet up with Cuban troops in Angola and Ethiopia. We saw them go into Afghanistan with their own troops. They see their presence in Afghanistan as enhancing their ability to project power into the Persian Gulf area. More recently they have boldly stationed long-range SA-5s in Syria -- indicating a more assertive policy in the Middle East.

The fourth threat is one I call "creeping expansionism." The Soviets have successfully developed an array of threats and tactics of various kinds to front them. They use a mix of tactics -- political, diplomatic, subversion, terrorism, and insurgency -- to expand their influence and destabilize governments. They have compiled a remarkable record. We have seen Soviet allies gain power or influence in Cuba, Vietnam, Angola, South Yemen, Ethiopia, Libya, and more recently in Grenada and Nicaragua.

This creeping imperialism threatens our interests most immediately in Central America and the Caribbean. Cuban support of subversion and insurgency now occurring in Central America could divide our own hemisphere, threatens the rich

Mexican oil fields and, perhaps, control of the Panama Canal. And they maintain a firm base of operations on the Caribbean island of Grenada. They have an airfield, training site, intelligence center, and extensive propaganda facilities. We have reason to worry that a similar process may be underway in Suriname, on the South American continent, for the first time.

The fifth threat is the combined Soviet diplomatic, political, and propaganda initiatives designed to confuse or divide our friends from us. A good, recent example is the Soviet campaign to exploit the widespread fear of nuclear weapons and the political risk which European governments perceive in the deployment of Pershings and guided missiles in NATO countries.

This far-flung, worldwide competition in the five areas I've specified is being carried out against the backdrop of serious economic problems in both the East and the West. The stability of international trade and the world financial system is at risk due to heavy debt, IMF enforced austerity, and rising protectionism. More than 25 countries have debt service burdens that cannot be financed without major economic adjustments. And these readjustments will mean substantial political pressure on foreign governments which can result in widespread instability and upheavals.

But all is not grim. All is not going the Soviets way. They do face constraints such as declining economic growth, four successive crop failures, and a growing sense of malaise over the quality of life. Soviet society suffers from declining health. It is the only industrialized nation where the life expectancy for men is actually declining. Corruption and alcohol addiction are rampant. The Soviet government does not seem to know how to deal with these problems, beyond trying to improve discipline through strong-arm tactics. At best, we believe that real Soviet GNP growth will average less than 2 percent in the 1980s. And Andropov does not simply command the Soviet government. He has to preside over conflicting bureaucratic claims as he tries to allocate national resources.

Their forces are bogged down in Afghanistan. Poland is a running sore and Rumania is increasingly a serious economic problem. They are probably realizing that Eastern Europe is a place of questionable loyalties as well as an asset. Cuba, Vietnam, and other clients are a heavy economic drain. In short, the challenges for the U.S. in the eighties will be many and we in intelligence must continue to do our best to keep alert to the dangers as well as the opportunities.

Just a quick final word on the process of rebuilding of intelligence capabilities. During the 1970s intelligence was run down by a loss of 50% of our personnel and 40% cut in

funds. We have been very busy for the past two years rebuilding these resources.

While the Soviet threat is still the number one concern to which most of our resources are focused, there are a wide variety of others growing in intensity and complexity such as the Third World problems, nuclear proliferation, international terrorism, insurgency, instability, global resources and narcotics. The recent bombing of our embassy in Lebanon and the tragic waste of lives is a tragic example of how sub-national, radical groups can threaten US interests, our people abroad, and the very stability of the international system. We are bringing in more analysts to better study these areas of increasing concern. We are taking advantage of the expertise of outside scholars and researchers. We have some 100 conferences over the course of a year to which we bring in the best experts we can find--members of think tanks and universities.

We have created new analytical centers for rapidly moving issues such as terrorism, instability and insurgency, and technology transfer. These centers take acute problems out of the routine of the organization and separate them for special cross-cutting attention which we frequently handle on an interdepartmental basis. In our analytical efforts, we are beginning to apply some of the more traditional methodologies

for identifying military warning signals to the political and economic arenas. For major problem areas, we take a continuing look and make an annual assessment of the degree of political stability to avoid getting caught by surprise with that kind of situation as we did in Tehran. New training courses are sensitizing our analysts to the key events leading to the crisis that spans the political, economic, and social spectrums. For all these changes we have initiated, we have had and will continue to have the support of the current administration.

Once again, this is a brief overview of what goes on here, what our concerns are, and how we go about our business. We are happy to have you with us today. I think you will find your discussions during the rest of the day with Chuck Briggs, Clair George, Bob Gates, and Evan Hineman, to be enlightening. We are also anxious to get your perspectives and suggestions upon our efforts based on your discussions with other agencies and policymakers. Thank you very much.