

for RSM

WILLIAM J. CASEY
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MR. WILLIAMS: Our speaker today heads up one of the most important agencies in the national government, and perhaps what has been one of the more maligned agencies of the government.

Though some of this latter maligning may still go on from some quarters, I think there's been a very much renewed respect for and a renewed appreciation of the Central Intelligence Agency and the Central Intelligence activities of the country since William Casey took over as Director in January of 1981.

Mr. Casey is a New Yorker, grew up in Long Island, Fordham University, St. John's University Law School, then at the beginning of the war, just between law school and going into the service, he was in private practice for a short while. Then, in 1943, received his Navy Commission and was assigned to that organization we've all thought was all the glamor, and so on, in the war, the OSS, the Office of Strategic Services.

He was assigned to the European Sector, and his first duty was working with the French Resistance Movement to coordinate their efforts to help in the Normandy Invasion. For that effort, he received a Bronze Star. From there he moved quickly to the position of Chief of Secret Intelligence in Europe -- American Secret Intelligence in Europe. Following that, at the end of the war, he moved into Marshall Plan work in Europe, and then later returned to the United States where he was in the private sector, in law practice and other activities until 1971.

In 1971, he was made Chairman of the Securities and Exchange Commission. In 1973, he was moved to the Undersecretary of State for Economic Affairs. And, shortly after that, became Chairman of the Export-Import Bank.

Then, after returning to private practice for a short while, in 1980 he was campaign manager for President Reagan in both the primaries period and the general election campaign. And, following that, he moved into the present position he holds. And, interestingly enough, this position -- not only as head of the Central Intelligence Agency, but of all intelligence activities of the country, he's Director of that. And, for the first time, recognizing both his skills and background and the importance of the job, the position became a Cabinet -- of full-Cabinet officer level.

Mr. Casey will happily answer questions from the group

when he finish. He says he may not answer them all, but he'll happily receive them all.

[Laughter].

So -- so, we're very privileged today to have the Director of the Central Intelligence Agency, Mr. William Casey.

[Applause].

DIRECTOR WILLIAM J. CASEY: Thank you, Mr. Williams.

It's a quite pleasure for me to have this chance to give you a quick view of American intelligence and what it worries about these days, though intelligence collection and analysis is as old as our Republic.

George Washington was a one-man intelligence service. Without his instinct for intelligence and, indeed, covert action, his tiny rag-tail army would never have held out for over seven years against the largest expeditionary force that the then most powerful nation in the world had mobilized.

But, for many years, our country down-played the need for intelligence, and after World War I dismantled the intelligence machinery developed for that occasion. However, the disaster of Pearl Harbor once again underscored the importance of having accurate and timely information on the threats to peace and security.

Since that time, my predecessors, and -- as Director of Central Intelligence, developed an impressive array of technical marvels -- photography, electronics, accoustics, seismic centers and some things I can't mention -- to gather facts from all corners of the earth.

Additional information flows in from friendly intelligence services around the world and people around the world who want to help us. To sift through and evaluate this virtual niagara of facts, the American intelligence community today has more scholars and scientists than any university faculty, as well as a large array of engineers and specialists in computers and communications, and all aspects of sifting and handling, and processing data. Probably the largest computer installation in the world.

We maintain a huge all-source database and provides objective, nonpartisan research and analysis for the President and other senior national leaders. That's our task and our mission.

It's important to realize that CIA, as an intelligence community, do not make policy. Your elected officials do that. Our mission is to provide those officials with the best, most accurate and timely information we can find to develop on events and forces and influences around the world.

Intelligence is our first line of defense. It must identify danger, evaluate threats and prevent surprise. It must produce information to develop defenses, countermeasures and policies, calculated to minimize and divert the threats and the dangers that we see out there.

Now, the Soviet Union has been from the beginning and continues to be the main focus of our attention. It's the one country in the world that has the ability to deliver devastating nuclear power against our country. And as I will develop later, it also has a huge battery of other ways of threatening and damaging our interests.

Now we work hard to understand and develop insights into Russian leadership and objectives, its plans and its problems. For much the greater part of the last decade, the Soviet Union has functioned under the leadership of three very sick and dying men, Brezhnev, Adropov and Chernenko, its policies molded by a a Politburo, dominated by a gerontocracy of men in their 70s.

It was some months now that Chernenko fades in health and power. They seem to be locked in a succession struggle featuring competition and hurling hostile rhetoric at the United States.

While this is going on they have to struggle in an economy which has been faltering for some years now. They face a growing social disintegration as the life expectancy of males decline sharply, alcohol -- alcoholism increases especially among the young, health care erodes, crime and corruption grow. And all this is quite visible to anybody who studies or examines that -- that society.

Despite all this, they continue to expand a large arsenal of nuclear weapons aimed at the United States, Western Europe, and East Asia. New missiles and missile-carrying aircraft submarines are being designed, developed, tested and deployed in great numbers, and great profusion and versatility in their technical characteristics, sophistication. This is augmented by work carried on over the last decade to improve their missile defenses.

Recently, we've seen signs of -- alarming signs of radar deployment, which may go beyond the 1972 treaty limiting

missile defenses, and we've also seen the testing of interceptors and other activities that would give the Soviets a running start if they should decide to break the treaty and establish a nationwide missile defense system. This, of course, would tip the strategic balance against us and the whole process of seeking to limit arms is going to become complicated and will have to be addressed very carefully to properly consider the interaction between these defensive and offensive capabilities in the next years.

In Europe, on the ground and lower level of threat, the Warsaw Pact conventional forces, the armies the air forces there, outnumber NATO in troop strength, in tanks, in guns, in planes by anywhere from two-to-four-to-one.

These, together with anti-tank and anti-aircraft missiles and other sophisticated conventional weapons are being deployed in an increasingly aggressive and forward way. A growing number of long-range offensive missiles, SS-20s, are aimed at capital cities and military targets throughout Western Europe.

But, despite these ominous destructive military threats, the main threat from the Soviets may lie elsewhere.

Khrushchev, then the national leader, told us in 1961 that Communism would win, not through nuclear war, which he said could destroy the world, or even conventional war, which could lead to nuclear war, but rather through wars of national liberation in Africa, Asia and Latin America.

Today, we can see the results of Soviet support for such wars around the world. Look at how the Soviets have expanded their presence in the Third World in a mere decade since 1975.

They are in Vietnam, along China's southern border and astride the sea lanes that bring Japan's oil from the Middle East, the Persian Gulf, to the home islands.

In Afghanistan, they have placed themselves 500 miles closer to the oil fields of the Middle East and the warm water ports of the Indian Ocean. They're infiltrating the Horn of Africa, which overlooks the Suez Canal, the passageway that connects the Mediterranean Sea to the Indian Ocean. They have placed themselves in southern Africa through proxies which is rich and important in the minerals vital to our economy and the economies of our Western allies.

And finally, they are supporting -- have established a base and are supporting revolutionary movements in our own

backyard -- the Caribbean and Central America.

Now, looking at this rather ominous picture of a power that has in 10 years moved sharply from a continental power to a power with global reach and global capabilities, we have to say that the area between the Rio Grande and the Panama Canal clearly is a -- is a one global region the control of which by the Soviet Union would prove most menacing to the United States.

There's no need here to describe how a hostile southern border would hamstring the United States in its ability to meet its global commitments, because Cuba is now a well-defended base for submarines -- Soviet submarines and aircraft. In any future war, our logistical support of overseas commitments is already certain to be incomparably more difficult than it was in the worst days of World War II.

Nor need we dwell here in the scenario of a twilight struggle against Latin terrorists in America's southwest swollen by refugees, and on the social consequence of such a struggle. I would simply note the conclusion of the Kissinger Report, a bipartisan report that's been many months studying that situation, in concluding that relatively little stands in the way of the Soviet drive to isolate the United States in its own hemisphere, and that Nicaragua is a continental spearhead of that drive.

As the Soviets, with Cuban, East German, North Korean help try to enforce the Brezhnev doctrine in all of these areas where they've installed proxy governments. The Brezhnev doctrine being once Communist always Communist, the subjugated people in those areas are resisting.

Today, in Afghanistan and Angola, Cambodia, Ethiopia and Nicaragua, to mention only the most promising areas, thousands of ordinary people are volunteers in irregular wars against the Soviet army or Soviet-supported regimes. Whereas in the 1960s and 1970s, anti-Western causes attracted recruits throughout the Third World, the 1980s have emerged as the decade of guerrillas resisting Communist regimes.

More than a quarter of a million people have taken up arms against Communist aggression in these five or six countries I mentioned.

Now, beyond the area of military force, to implement this overall strategy I've tried to quickly indicate the Soviets have the worldwide apparatus of the KGB, plus some 70 non-governing Communist parties around the world, plus peace and friendship organizations all over the world directed from

Moscow, plus the East German, Cuban and other bloc intelligence services -- all working to steal our technology, to damage our reputation, to divide us from our friends, to destabilize, subvert and overthrow governments friendly to us. And I will say that the CIA is the organization in the Free World most capable of dealing effectively with this enormous apparatus, identifying and hopefully frustrating its objectives.

This is an active, ongoing conflict.

Over the last year, the KGB has taken the worst shellacking in its history as well over a hundred Soviet intelligence agents defected or were expelled from over 20 countries on all continents. Most of them engaged in stealing our -- stealing Western technology.

There's another technique called active measures, rumors, agents of influence, subsidize and control press and radio facilities, forgeries, spreading poison around the world -- all this needs to be spotted and counted.

And then there is terrorism, a new West weapons system which works to dissolve the boundary between peace and war. We've seen it move in its techniques from plastic charges to assassinations, to hijackings, to car bombs, and we worry about nuclear and biological terrorism.

This terrorism has a home in North Korea, Iran, Libya, Bulgaria, East Bloc and radical Arab states on the whole. It's increasingly used as a foreign policy instrument of foreign states, state terrorism, and this weapons system, this foreign policy instrument, must not be allowed to work. The implications are too ominous. Today, there is no more urgent task for statesmanship -- trying to develop a rational way to check rampant terrorism through improved security, intelligence gathering, retaliation and pre-emption against specific targets, political isolation and economic squeeze on states which....

[Cassette Tape Turned].

There's a steady flow of drugs into the United States from South America, the Golden Triangle of Southeastern Asia, from Afghanistan, Pakistan and Iran, and the flow is increasing. The methods by which drug smugglers bring narcotics into this country defy the imagination. And some of the huge amounts of money being made in drugs are used to finance terrorists and revolutionary political groups around the world.

We in the intelligence community are committing additional resources to collecting information about narcotics channels and where it come from, and we dedicate more people to analyze that information. And we continue to work to improve coordination between intelligence and the law enforcement agencies which in the last analysis are out there on the battleline fighting the narcotics threat.

Another major intelligence problem is determining the state of Soviet technology and science and its potential for military and strategic technological surprise.

In some technology areas, Soviet capability now rivals our own, although the periodic estimates we produce show the U.S. remains in the lead in most critical categories. However, we can't afford to be complacent. The Soviets are making remarkable progress in science and technology and its application to weaponry, and they are doing it with our help.

During the late 1970's, the Soviets got about 30,000 samples of Western production equipment, weapons, and military components and over 400,000 technical documents, both classified and unclassified. Most of this material came from the United States, some from Western Europe and Japan.

This is a large subject, but quickly, how do the Soviets get so much of our technical know-how?

First, they comb through our open literature, buy through legal channels, attend our scientific and technical conferences, send their students here to study. Then they use dummy firms and sophisticated international diversion operations, some legal, some illegal, to purchase Western technology. We know of some 300 firms operating from more than 30 countries worldwide engaged in these trade diversion schemes.

And then, of course, their intelligence apparatus is engaged actively in stealing as much as they can.

So it's clear that we and our Western allies must take steps to protect our military, industrial and scientific communities. And in doing this, you must keep two objectives in view.

First, to keep our technological lead-time over the Soviets in vital design and manufacturing know-how.

And, second, to control the export and manufacture of inspection and automatic test equipment that enables the

Soviets to overcome their own deficiencies in military, industrial design or production.

A final few words. I don't want to leave you with the impression that the only challenges the United States faces are military threats. As businessmen, you're only too aware that our industry faces tough competition around the world.

American businesses are being challenged by newly industrialized countries in East Asia, our Western allies. These fast-rising stars are aggressively reshaping their industries and producing simple labor-intensive goods to new high-growth technology. Lower labor costs and government subsidization in manufacturing make them tough competitors in the market.

The near-term economic impact of growing competition and technological capability in other countries is familiar to all of us -- the loss of jobs, its foreign trade deficits, and so on, weak currencies.

But we in the intelligence community must ask one additional question. What are the strategic implications of the loss of U.S. technological and market leadership?

The fact that advanced technology is available outside the United States diminishes our ability to limit its flow to countries with interests hostile to ours. Moreover, other countries development of technology more advanced than ours could lead to growing U.S. dependency on foreign sources and supplies for components or assemblies that our military needs.

We are already heavily dependent on Japan for highly reliable ceramic packages, for integrated circuits. If our companies lose their competitive position in other high technology sectors, our firms could withdraw from market or elect not to develop a future generation of products. And our military programs, as a result, simply may not have the talent pool and the relevant experience to draw upon to develop and manufacture future weapons systems.

This is of special concern in the machine tool and semi-conductor industries. So, your interests as businessmen about trade imbalances and our concern for national security clearly overlap in this respect.

Well, I've outlined a diverse and sometimes bewildering array of challenges that our national leaders face -- the violence of small terrorist groups, destabilization of foreign-backed insurgencies, and even outright aggression. To defend our national interests, our leaders need multiple capabilities and options ranging from negotiations and

embargoes to covert military actions, and even the ability to threaten and use military force where it's necessary.

And these are the instruments of statecraft which our national leaders must have at their disposal if they're to carefully tailor responses to they're to carefully tailor responses to the -- their evaluation of our national interests.

What we need as a nation is to develop a consensus on the objectives of our foreign policy. We need a foreign policy that is both bipartisan and stable. Such a foreign policy must be developed by the Executive Branch in close consultation with key members of Congress, and in open public debates so that the President has the necessary support at crucial moments.

Great losing battles over the objectives of our foreign policy, played out on the world stage at critical times, can represent devastating setbacks for us and propaganda fodder for our adversaries. And without a sustained constant policy -- one that transcends inevitable political change -- we cannot effectively counter the relentless pressure of the Soviets or help bring the progress we're capable of bringing to the Third World. In a democracy, there's no substitute for a fully-articulated, vigorously-defended policy.

Thank you very much.

[Applause].