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THE HONORABLE WILLIAM CASEY, DIRECTOR, CENTRAL INTELLIGENCE

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[Applause.]

DIRECTOR WILLIAM CASEY: Good afternoon.

I'm very pleased to welcome you here, tell you a little about this institution, its capabilities and, in a very quick summary way, something about how we see the world.

I spent a few months looking over our intelligence capabilities as they've evolved over the last thirty years from an embryo that existed in World War II. And over the years my predecessors in this office have changed intelligence and made it far more than a simple spy service. They have developed a great center of scholarship and research, with as many doctors and masters in every kind of art and science in this building here as anywhere else in the world.

I find also that my predecessors 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, you'll remember, Americans openly discussed the details of Soviet missiles, which are held most secret in the Soviet Union, but are revealed in remarkable detail by our intelligence system.

All this has produced a staggering array of information, a veritable Niagara of facts that pours into this building. But facts can confuse. The wrong picture is not worth a thousand words. And no photo, no electronic impulse can substitute for direct, on-the-scene knowledge of the key actors in a given country or region. And technical collection is of very little help in the most important and difficult problem of all, political intentions -- what's in the other fellow's mind. And that is where clandestine human intelligence can make the difference.

So to get the information and make the judgments that our country needs to determine what it should be doing and what

what kind of investment it should be making in its national defense, and a whole galaxy of such questions, we need both human and technical collection.

We have a good collection service. And the bottom line is what you do with it. A good deal of criticism has been leveled at the analysis function. Collection, after all, is facts, and just as houses are made of stones, so is collection made of facts. And a pile of stones is not a house, and a collection of facts is not likely to be useful intelligence. So it's the analysis of this torrent of facts and the estimate of the situation which is the payoff.

Now, much of the criticism that is made of analysis and estimates is based on unrealistic expectation of what an intelligence service is able to do. No crystal ball, no powers of prophecy, no ability to peer into the future with 20/20 sight. We're dealing here with probable developments. Some facts, conclusions in most cases have to be in terms of probability and projections which cannot be guaranteed or certified.

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 professional analysis which probes and weighs probabilities and assesses their implications. We can expect analysis that assists the policy-makers in devising ways to prepare for and cope with the full range of probabilities. What the President needs is not a single best view, or a guru, or a prophet. The nation needs the best analysis and the full range of views it can get.

And for that purpose, the process of analysis and arriving at estimates needs to be as open and as competitive as possible. We need to resist the bureaucratic urge for consensus to arrive at some middle ground of agreement, to paper over differences with semantics. The time has come to recognize that policy-makers can easily sort through a wide range of opinions and judgments. But they cannot consider views and opinions they do not receive. So the time has come to recognize that CIA and 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.

I might say that in the American government, we have what we call an intelligence community, which is made up of an intelligence service in the Defense Department, one in the State Department, an intelligence center in Treasury, an intelligence center in the Energy Department, and in the FBI in certain aspects of counterintelligence. So that part of the job is to sift together this range of opinion and make sure that it's something that a policy-maker can use and that any disagreement is stated accurately so that the range of opinion is available. Because in

responding to a threat, you have to think in terms of being prepared to meet not only one thing that you can predict has happened, because you can't make that kind of prediction, but be prepared to meet the range of things that may happen.

And also the time has come to recognize that the official national intelligence community has no monopoly on truth or on insight or on initiative in foreseeing what may be relevant to policy in the future. And for that reason, we're in the process of reconstituting a President's Foreign Intelligence Advisory Board, which will be made up of a group of strong and experienced private individuals with a wide range of relevant backgrounds that will [be] charged with advising the President upon the adequacy and the performance of his intelligence arm and facilities, and also to challenge and second-guess them, if they are moved to do so.

So to get all the intelligence that we need in this very complicated world, we've got to go beyond our formal intelligence organizations. We've got to call on the scholarly resources of the nation. We need the perspectives and insights that businessmen develop in their activities around the world. And we are geared to do that in an open and direct contact with the campuses, the think tanks and business organizations around the country and, for that matter, around the world. And we will need to do more of that in the future if we are to cope with the intelligence requirements of an increasingly complex and dangerous world as it continues to generate new threats.

In World War II, 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 service, most of the effort had to do into understanding the production and capabilities of weapons that might threaten us. And it's only in the last decade that it has dawned upon us that we've been threatened and damaged more by subversion and economic aggression than by military force. We still devote a large slice of our effort to military estimates. We need to rely very heavily on them in estimating the defense budget and determining force structures. But it will have to be supplemented by an increased effort to assess economic vulnerabilities and technological breakthroughs. We've also got to identify social and political instabilities and how they can be, or are being exploited and fanned up and whipped up by propaganda, by subversion, and by terrorism.

To meet these challenges fully, we need to and will not hesitate to call upon expertise in the private sector.

Now, so much for the kind of intelligence capabilities we have and need to develop. Let me now give you a few of the specifics of the problems that we need to tackle.

Our first priority is still the Soviet Union, its military

capability and economic strength. It's been our number one adversary for 35 years. It's the only country in the world with major weapons systems directly targeted at the United States, which could destroy the United States in half an hour. And for that reason alone, it must remain the number one target.

However, given this complexity I've talked about in today's world, there are many other problems of concern -- nationalism, resource dependency, terrorism, overloads of debt, other economic imbalances, economic breakthroughs, and so on.

In many respects, as we look out there and assess these problems, we're asking ourselves the same question, the same kinds of questions that you ask yourselves in business and investment activity and decisions. You'll be looking for the investment and business implications of what these facts reveal. We'll be looking for the national security implications.

For example, what will the increasing globalization of the automobile industry do to the industrial base on which we must depend for our national defense? How will the attrition of our computer and semi-conductor industry under the impact of the drive the Japanese have mounted to capture this market: what will that do to undermine our defense capability? And how will it impact on our way to pay our way in the world through the manufacture of machinery and equipment, which will be increasingly controlled and guided by microprocesses and which is increasingly being, today, built to compete and even to excel us in world markets by the Japanese, by the Germans, by the French, other countries.

If the French, the Germans and Japanese, and less developed countries too, like Korea and Brazil, convert more rapidly than the United States from fossil fuels to nuclear energy, how rapidly will lower power costs in those countries be converted into competitive advantages in manufacturing costs? And how will the instabilities in southern Africa, on the one hand, and sea bed mining, on the other, affect the structure of world mineral markets and impact on our manufacturing industries?

So that's just a sort of quick sampling of the kind of forward looking issues and questions that need to be defined and dug into. And they're not very different, as I say, from the kind of things you need to look ahead at in a particular business, maybe greater in scope, because they're universal, and in terms of reference. In our case, it will be national security. In your case, a balance sheet or an earnings statement.

Now, looking at the world more broadly, what do we see as we look around the world? Well, we see a Soviet Union rapidly building its military strength while ours has been declining. We see the United States falling behind in economic competitiveness as the Japanese and Germans save, invest and innovate more, and

Koreans, Singaporeans, Taiwanese, Brazilians, Mexicans increasing their share of the world market as our share diminishes. We see political and economic instability -- in the Middle East, in Africa, in Latin America -- where we get the fuel and the minerals to keep our economy going. And we see the Soviet Union with its Cuban, East German, Libyan, Syrian proxies demonstrating a remarkable ability to exploit instabilities of all kinds by well orchestrated subversion and paramilitary operations conducted with guerrilla fighters that they have camps in which to train, equip and, with communications and other capabilities, to direct. We see large numbers of tanks and guns stockpiled in Syria, Libya and Yemen on the fringe of the Arab Peninsula and transported from Nicaragua and Cuba, Angola and Ethiopia, and used in Chad and Lebanon and El Salvador and Guatemala.

Now, I'm not here to frighten you. I'm here to say that the world is full of economic, political and military dangers which need to be taken seriously and watched closely, and sometimes responded to. But I'd also like to say that the outlook is not all black. The Soviet Union has fallen into a hornets' nest in Afghanistan. After eighteen months with a hundred thousand troops there, Afghan freedom fighters with rifles confine Soviet troops to a half a dozen cities, to the main roads, and make them stay within their barracks at night.

The Soviets are rightly concerned that developments in Poland could unravel the communist system. Also, that suppression of what is happening there would entail heavy economic and political costs, as well as bloodshed and prolonged resistance from militant Polish people. And the Soviet Union is gasping under its inherent inefficiencies. Her economy is gasping under its inherent inefficiencies and the burden of enormously expanding military expenditures. Also, its many billions each year sent to Cuba and Vietnam, providing cut-rate oil to East European satellites, and huge worldwide expenditures for propaganda and subversion. There's got to somewhere be a bottom to that barrel.

Now here in the United States, I'd like to think that we have reason to think that our economy is becoming revitalized and that it will again become competitive, and that we are in the process of restoring our military strength. And just the very fact that that signal is being sent out, that effort is being made, if it's a credible effort, that will restore confidence around the world among our allies. I believe this new tone has brought new vigor to our friends and new caution to nations inclined to adventure in far-off places.

As Learned Hand said, "Freedom imposes a burden." We Americans must willingly shoulder that burden today, as four forefathers did in the past.

Thank you. That's the -- those are the remarks that I

wanted to address to you. And I'd be glad to take any questions that you'd like to put to me.

[Applause.]

I can't necessarily answer them all, but I'd be glad to try.

Q: Did I hear you correctly that the Soviets could knock out this nation in a half-hour?

DIRECTOR CASEY: Yes. They have the missiles to do it, and it takes a half-hour to get here.

Q: Sir, I didn't hear the end.

DIRECTOR CASEY: I say they have 1500 missiles that could get here in a half-hour. And there wouldn't be much left.

Q: This morning we listened to Secretary Weinberger, three generals and an admiral tell us of the deterioration of our ability to respond by the armed forces and what they hope to do about it. It's also fairly well known that the CIA has also suffered deterioration here in the last few years. And they're really our eyes. What are we doing to rebuild this ability?

DIRECTOR CASEY: Well, it's a functioning capability. As I said, we are able to see what is happening pretty well in the world. You can always improve it. It has been permitted to run down. It will take time to overcome some of the deficiencies that have developed from underfunding and discouragement of the past.

I find, however, that there's a good spirit; there's a good -- there's a good will to get the job done. There's a core of dedicated people, and some marvelous capabilities that have been developed over the years. They've got to be maintained; they've got to be improved. It's much like the problem in the Defense Department, and we're sharing in the increased budget that they're getting, and we're applying those funds to improve the thing. But we're not blind. If we don't do anything, we could be blind. But we're doing it. That's a long story to tell you how, and I can't tell you all about it.

Q: Sir?

DIRECTOR CASEY: Yes.

Q: In the intelligence community, how do you deal with gathering information in a closed society, such as they have over there, and the open society we have here, where we have literally thousands of adversaries who are floating around -- Iranians and Russians -- roaming freely about our country. How do you deal with

that problem?

DIRECTOR CASEY: Well, it's not easy. We are at a disadvantage. There are compensating advantages. One of them I touched upon. We have greater economic strength. We can carry a greater burden of defense or military capability, if we will do it, than perhaps they can do. We have a lot of people who know how to shoulder responsibility and make decisions. They don't. Although it's a closed society, we find out a great many things about it in a variety of ways. I hope we make better judgments and do better analysis and come to better conclusions.

They can get an enormous amount of information. They can come. We have a law that says that if they ask us for certain information, we've got to consider the request and see if we can comply with it. So we're in the process of handing out information, as well as gathering it.

But I don't think the situation is as dark as your question would imply that it is. We've been dealing with it for some time. We think we know as much about their military structure as they know about ours, about their capabilities. They have more freedom to run around and make trouble than we have. But that hasn't been annoying. People have been killed and everything, but it hasn't threatened our national survival yet.

Q: Mr. Casey?

DIRECTOR CASEY: Yes.

Q: In the ongoing confrontation with the KGB, the Soviet KGB, are we getting cooperation cooperation, and are we cooperating with worldwide services as the British Military Intelligence and the Israeli Mosad?

DIRECTOR CASEY: Oh, yes. We get -- we share information. We work with other intelligence services of allied nations. Certainly. The answer to that is yes.

Yes?

Q: We have weather satellites to predict the world crop situation. How successful or how accurate are those, and how well do you compare it with the agricultural assessment in this country?

DIRECTOR CASEY: They're pretty good. The crop predictions are pretty good. Yes?

Q: Are you able to predict U. S. crops as well from those satellites? Does the Agriculture Department....?

DIRECTOR CASEY: I don't think I want to comment on that

that capability.

Yes?

Q: Do you think that the Russian build-up that we've heard about the last ten years has been directed toward a slow takeover of countries, as we've seen in Angola and Afghanistan, or do you think that they're waiting for a one-two punch at some point when they think the time is right?

DIRECTOR CASEY: Well, I'm not keen about engaging in public prophecy. I will say in response to that question I think they work on an opportunistic basis, and they want to be prepared for whatever they need to do. I think they like to pick them up on the cheap. They like to do it by subversion, if they can. They'd rather have figured out some better way to control Afghanistan. They've had a hundred thousand troops in there for eighteen months getting chopped up.

But it's a matter -- they've got the capabilities. And what are their objectives? And what are the stakes? And I can't deal with that in general.

Q: Do your experts, sir, give you a feel for how they're thinking? Are they very adventurous at this point, or are they sort of cautious? You read in the press....

DIRECTOR CASEY: They're always cautious.

Q: They're always cautious.

DIRECTOR CASEY: They're usually cautious. They're usually cautious. They're not -- they're pretty persistent. But on the whole I'd say they're cautious. And they will be adventurous where there isn't much jeopardy. They'll go down into Angola or Ethiopia and they'll turn a lot of planes loose and carry tanks across the continent. But there's not much risk there. When they're talking about Poland where there's a greater concentration of people and more risk, I think they're more cautious. But those are generalities.

Any analyst who told me what he thought about that, what the Russians were going to do in five years, I wouldn't believe him any way.

Hello.

Q: Sir, to what extent has your ability to recruit new people for the Central Intelligence Agency improved, hopefully improved since there's been a change in attitude on the part of the government?

DIRECTOR CASEY: We're doing much better. We're doing quite well. Never -- never satisfied, but we're doing pretty well.

Well, thank you very much.

[Applause.]