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IMPLICATIONS FOR THE DEPARTMENT OF
DEFENSE AND MILITARY OPERATIONS OF
PROPOSALS TO REORGANIZE THE UNITED STATES INTELLIGENCE COMMUNITY

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HEARINGS
before the
COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE
ONE HUNDRED EIGHTH CONGRESS
SECOND SESSION

AUGUST 16 AND 17, 2004

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IMPLICATIONS FOR THE DEPARTMENT OF DEFENSE AND MILITARY OPERATIONS OF
PROPOSALS TO REORGANIZE THE UNITED STATES INTELLIGENCE COMMUNITY

MONDAY, AUGUST 16, 2004

U.S. Senate,
Committee on Armed Services,
Washington, DC.

The committee met, pursuant to notice, at 2:40 p.m. in room SH-216, Hart Senate Office Building, Senator John Warner (chairman) presiding.

Committee members present: Senators Warner, McCain, Roberts, Sessions, Collins, Talent, Chambliss, Dole, Cornyn, Levin, Kennedy, Lieberman, Reed, Bill Nelson, E. Benjamin Nelson, Dayton, and Clinton.

Committee staff member present: Judith A. Ansley, staff director.

Majority staff members present: Charles W. Alsup, professional staff member; Brian R. Green, professional staff member; Thomas L. MacKenzie, professional staff member; Paula J. Philbin, professional staff member; and Richard F. Walsh, counsel.

Minority staff members present: Richard D. DeBobes, Democratic staff director; and Creighton Greene, professional staff member.

Staff assistants present: Alison E. Brill, Andrew W. Florell, and Bridget E. Ward.

Committee members' assistants present: Cord Sterling, assistant to Senator Warner; Darren M. Dick, assistant to Senator Roberts; Lindsey R. Neas, assistant to Senator Talent; Russell J. Thomasson, assistant to Senator Cornyn; Sharon L. Waxman, Mieke Y. Eoyang, and Jarret A. Wright, assistants to Senator Kennedy; Frederick M. Downey, assistant to Senator Lieberman; William K. Sutey, assistant to Senator Bill Nelson; Eric Pierce, assistant to Senator E. Benjamin Nelson; Mark Phillip Jones, assistant to Senator Dayton; and Andrew Shapiro, assistant to Senator Clinton.

OPENING STATEMENT OF SENATOR JOHN WARNER, CHAIRMAN

Chairman Warner. The committee meets this afternoon to receive testimony from three very distinguished former public officeholders, all of whom have performed service that eminently qualifies them to provide to the committee, and to the Senate as a whole--indeed Congress--their views. Former Secretaries of Defense (SECDEF) James Schlesinger and Frank C. Carlucci, and former Deputy Secretary of Defense John Hamre are with us today. We welcome each of you back before this committee.

Your views on the various recommendations for reform of the U.S. Intelligence Community, particularly the recommendations of the 9/11 Commission and the proposals of President Bush, are critical to this committee's understanding of how those recommended changes will impact the Department of Defense (DOD) and future military operations.

I note that the committee also invited former SECDEF Harold Brown to testify. He was unable to join us today, but, without objection, I shall place his statement in this record. It is a very interesting letter. I'm not sure but I think it was provided to each of you.

[The information referred to follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Chairman Warner. The findings and recommendations of the 9/11 Commission have captured the interest of our President, Congress, and perhaps most important, the American people. We are privileged to have with us today three individuals who have been attending a number of the hearings on behalf of the families, and, indeed, one who was a survivor of the attack. Mrs. Loreen Sellitto, of Families United to Bankrupt Terrorism, you lost your 23-year-old son in Tower 1; Mary Fletchet, Voices of September 11, you lost your 24-year-old son in Tower 2; and Rosemary Dillard, a critically-injured Pentagon survivor.

The Commission has given the Nation--and, indeed Congress-- a roadmap, a series of recommendations to move forward. It's now the responsibility of Congress, working with the administration, to thoroughly examine and evaluate these recommendations and to enact those changes which will strengthen--and I emphasize ``strengthen''--our Intelligence Community (IC).

The hearings we are conducting this week, together with the many hearings that other committees in both the Senate and the House have conducted or are conducting during the recess period, are an important part of this process. I commend the President, both for the swift action he has taken to embrace certain elements of the Commission's recommendation, and also for the many things he has done to make our Nation safer since the fateful day in September 2001.

Of the 41 recommendations made by the Commission, some have already been enacted over the past several years, more will be done through executive order. As the Commission noted: ``in the nearly 3 years since September 11, Americans have been better protected against terrorist attack.'' But we must constantly, Congress and the administration, work to improve it. It's not going to stop. Such legislation as we may enact will have to continue year after year to work on it.

Our focus, however, today is on the DOD. As our witnesses know, the DOD is home to the largest portion of the IC, and DOD is second only to the President as the largest consumer of the intelligence produced by the IC. We must not lose sight of these facts as we consider the way ahead. My overriding concern, as I examine changes to our IC, is, what changes will best help the warfighter--the soldier, the sailor, the airman, and the marine--who is fighting today and tomorrow and in the future to keep the terrorist threat far from our shores? How can we better provide the necessary intelligence to these warfighters?

I think we can all agree that the U.S. Armed Forces are the finest in the world. One of the reasons for that is, we have a very professional military intelligence organization. An organization starts with the combat support agencies (CSA), the Defense Intelligence Agency (DIA), the National Security Agency (NSA), and the National Geospatial-Intelligence Agency (NGA), which feed through the regional joint intelligence centers to the unified commanders, and then to the lowest-level tactical unit on the ground. This intelligence structure is an essential part of our military operations.

This has not always been the case. This committee was very deeply involved in overseeing the military actions in Iraq. It was not that long ago when national-level intelligence support to the warfighter was deemed by many of the professionals as somewhat inadequate. The military's experience during Operation Desert Storm was a watershed event. General Schwarzkopf testified before this committee, in June 1991, and told Congress that responsive national-level intelligence support for his mission in the first Persian Gulf War was

``unsatisfactory.''

Since then, the Department, together with other elements of the IC, has painstakingly built the intelligence and operational capabilities that we saw so convincingly demonstrated on the battlefields of Afghanistan and Iraq. As we examine ways to reform our IC in this process we're in now, we must ensure that we do nothing to break or degrade those aspects of the IC that are working well now.

We simply must not make any changes which could, despite the best of intentions, hinder the ability of our troops to successfully fulfill their missions. As members of this committee, it is our responsibility to ensure that the quality and timeliness of intelligence support to our regional combatant commanders and our deployed forces, as well as our Nation's leaders, is in no way degraded. We, in this mission here, seek to make it better.

The commissioners correctly pointed out that our intelligence structure failed to connect the dots, in terms of observing and then fusing together the indicators of the significant threat from al Qaeda in the recent years and months leading up to the actual attack on our Nation on September 11, 2001. Most agree that the most significant problems were an unwillingness to share information, on the part of some agencies, and a structural inability to combine domestic and foreign intelligence. The recommended solution, however, is to recognize the entire community, not just to focus on parts that were unsatisfactory. We must examine the reasons for these dramatic proposals by the 9/11 Commission, and understand how the recommended solutions do or do not address the problems identified in the Commission's report.

As I've considered the recommendations of the Commission and the unique challenges for our military forces in fighting the global war on terrorism, a number of questions come to mind. What is the essence of the problem: organization, budget authority, effective leadership, or the appointment authority? How can the National Intelligence Director (NID) and the SECDEF establish a more effective partnership to achieve success at all levels--national, regional, and tactical military operations?

Under current law, the Director of Central Intelligence (DCI), certainly on paper, in the statute, has significant budgetary authority over all elements of the IC. How has this authority been exercised, or not been exercised, in the past? Is there a view that that current statutory authority is inadequate? What should be the role of the SECDEF, in the budgets and operations, as he now performs them, on behalf of the agencies which consume constantly about 85 percent of the National Foreign Intelligence Program? Were the SECDEF to be excluded in some means, how can we assure that the requirements of the Department, the combatant commanders, and the warfighter be addressed?

These are sobering questions, and they're questions that require careful consideration. Clearly, we must seize this opportunity to act if we deem it necessary, but we also have a responsibility to ensure our actions are prudent, carefully analyzed, and thoroughly debated. Legislation of a similar importance to our national security structure, such as the National Security Act of 1947 and Goldwater-Nichols Act of 1986, were considered very carefully over a period of time before Congress acted. I am confident that we, Congress, can act, if we deem it necessary, during this session of Congress.

I have committed publicly that I, personally, am not engaged in a turf war with any other committee or any other part of this system. I, personally, will do everything I can, working with my colleagues here in the Senate, most particularly on this committee and the Intelligence Committee on which I am serving, to try and strengthen and to pass such

legislation as we deem essential to achieve that strengthening.

Thank you.

Senator Levin?

STATEMENT OF SENATOR CARL LEVIN

Senator Levin. Thank you, Mr. Chairman.

First, let me join you in welcoming our witnesses today. They are very important witnesses. They've made major contributions to the security of this Nation. We're grateful to them for that service, as well as for being here.

This is the first hearing of the Armed Services Committee on the recommendations of the 9/11 Commission and the implications of those recommendations for the DOD and military operations.

We have suffered from massive intelligence failures in the last several years. First, as reported by the 9/11 Commission, the IC failed to share information necessary to connect the dots in a manner that might have warned us of the coming terrorist attacks. Second, as reported by the Intelligence Committee, much of the intelligence analysis and the evidence in the possession of the Central Intelligence Agency (CIA) leading up to the war in Iraq was overstated, or unsupported, or exaggerated, or mischaracterized.

The 9/11 Commission performed a valuable service to the Nation in evaluating the intelligence problems preceding the attacks and recommending changes intended to improve our future intelligence and national security. Its identification of the huge failures of the intelligence agencies to share information with each other before September 11 is very similar to the findings of the joint investigation of the Senate and House Intelligence Committees that was released in July 2003. Those findings led to significant reform of the IC, including the creation of a new Terrorist Threat Integration Center (TTIC).

The 9/11 Commission recommends the creation of a similar National Counterterrorism Center (NCTC) which, like the TTIC, would be responsible for the fusion and analysis of terrorist intelligence. The main difference between the proposed NCTC and the recently established TTIC would be the NCTC's additional duty of joint planning, including operational tasking of counterterrorist operations, including, apparently, those conducted by military forces under the DOD.

The 9/11 Commission also recommended that we create the position of an NID within the Executive Office of the President, with authority over the national intelligence budget and the hiring and firing power over the leader of the national intelligence agencies, including agencies that reside within the DOD.

Although the President has agreed to the establishment of an NID, he apparently does not support placing the proposed director in the Executive Office of the President, or giving him control over the national intelligence budget, or the hiring and firing power over the leader of the national intelligence agencies. Without such authority, the 9/11 Commission argues that the new NID would not have the power needed to manage and oversee the IC effectively.

Similarly, while the President has agreed to the establishment of the NCTC, he apparently does not support the Commission's recommendation that the head of the NCTC ``must have the right to concur in the choices of personnel to lead the operating entities,' and that he should have the authority to jointly plan for and assign operational responsibilities to other agencies, and should be subject to Senate confirmation.

The DOD has expressed concern that some of the proposals of the 9/11 Commission could make us less secure by confusing the chain of command for military operations and by separating warfighters from the tactical intelligence that they need on an

urgent basis. Our committee has a special responsibility to weigh the impact of these proposals on the DOD and its military operations in light of these concerns. While we are clearly involved in a different kind of war than the Cold War, the lines between what might have been characterized in previous times as national or strategic intelligence and intelligence that is more tactical have become much less clear and distinct.

In trying to draw such lines, we should not overlook the fact that the military is involved directly in the war on terrorism. Tactical intelligence requirements of the combatant commanders include having information on al Qaeda and Osama bin Laden and the Taliban. That intelligence is essential in the war on terrorism. Indeed, combatant commanders are heavily engaged in the part of the war on terrorism, and that intelligence, therefore, is not just `national intelligence,' it is clearly tactical, critically-needed-urgently intelligence.

Regardless of what responsibilities that we choose to give to the proposed NID and the NCTC, and wherever we decide to place these offices on the organization chart, we must take steps to avoid the shaping and exaggeration of intelligence information to support the policies of an administration. Independent and objective intelligence is a matter of vital national importance. Objective, unvarnished intelligence should inform policy choices.

Policy should not drive intelligence assessments. We must take steps in any reorganization to minimize the potential for politicizing intelligence. In that regard, placing the NID in the White House may be problematic, because this placement would seem to increase the likelihood of politicization rather than to decrease it.

I look forward, Mr. Chairman, as I know all of us do, to hearing the witnesses' testimony. Again, we're very grateful to them.

Chairman Warner. Thank you very much.

Dr. Schlesinger, we invite you to lead off. I'd like to say to the committee that I had the privilege of knowing Dr. Schlesinger for many years. We served together in the DOD in 1972, 1973, and 1974. I was fortunate to work with you when you were in DCI. In all these many years, we have maintained a close personal and professional contact, so it's particularly enjoyable to see you here today, and you have extraordinary experience on which to address these issues.

STATEMENT OF DR. JAMES R. SCHLESINGER, FORMER SECRETARY OF DEFENSE, CHAIRMAN, THE MITRE CORPORATION

Dr. Schlesinger. Thank you very much, Mr. Chairman.

Mr. Chairman, members of the committee, I am grateful to this committee for providing this opportunity to comment on the nature of intelligence and on the reforms proposed by the 9/11 Commission.

The 9/11 Commission has given us a detailed and revealing narrative of events leading up to September 11. It has also proposed a substantial reorganization of the IC, changes that do not logically flow from the problems that the Commission identified in its narrative. It is, therefore, incumbent upon us to examine the Commission's proposals with care, lest in our haste, we do more harm than good.

The Commission has rightly observed that the events leading up to September 11 represented a failure of imagination, yet one should not assume that changing wiring diagrams is a sure-fire way to stimulate imagination. Imagination always has an uphill fight in bureaucratic organizations. Creating an additional bureaucratic layer scarcely leads to bringing imagination to the top.

Mr. Chairman, in these brief remarks I shall attempt to

discuss the issue of intelligence reform under three headings. First, the inherent problems of intelligence. Second, why control of intelligence from outside of the DOD is a particularly bad idea. Given the evolution of U.S. technology and military strategy, it would not, following your remarks, Mr. Chairman, be of help to the warfighter. Third, to draw some implications for intelligence reform.

First, intelligence is inherently a difficult business. Intelligence targets naturally seek to conceal what they are doing, and have a strong tendency to mislead you. A central problem in intelligence is to discern the true signals amidst the noise. The relevant signals may be very weak. Without question, there is a great deal of noise.

Countless events are being recorded each day, and countless events are failing to be recorded, or are deliberately hidden. Moreover, false signals are deliberately planted. We may talk glibly about ``connecting the dots,`` but that is far easier ex post than ex ante. It is only in retrospect that one knows which dots were the relevant dots among the countless observations and the unobserved phenomena, and how those relevant dots should be connected. Prior to that, one has only a mass of observations and possible evidence subject to a variety of hypotheses and interpretations.

Mr. Chairman, if I may?

[The information referred to follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Dr. Schlesinger. These are the dots that we can observe in advance. They are of different phenomena, they are of different size. There are hidden dots amongst them. After the event, certain dots stand out, as would be these four dots. But not in advance. Then when we look back, we can easily see, there is Mohammed Atta, and here are one-way tickets, and there are four Arab-looking men in aisle seats, and here they paid cash. After the event, we can see that very clearly.

I'll slip this up there for now. I'll come back to that later.

Mr. Chairman, even if there are no preconceptions or initial biases, organizations will drift toward a structured theory of an issue under study. Thus, an organization, any organization, develops a concept of reality. Over time, that concept likely will harden into a conviction or mindset that discounts observations or evidence in conflict with the prevailing concept, and highlights observations that seem to be supportive as evidence. Evidence to the contrary is regularly shaken off. Thus, the quality of analysis becomes critical in providing good intelligence. That is why reducing competition in analysis is the wrong way to go, especially in quest of the false goal of eliminating duplication. Centralization of intelligence analysis is inherently a dubious objective when there is a wide range of consumers of intelligence with a variety of interests, responsibilities, and needs.

Second, intelligence is increasingly interwoven with military operations. The advance of military technology and its embodiment in our military forces have made intelligence ever-more integral to our military strategy and battlefield tactics and to this country's immense military advantage. That military advantage is reflected in such rubrics as information superiority, information dominance, battlefield awareness, and net-centric warfare. In brief, it relies upon rapid detection of targets through sensors, the rapid communication of those target locations to command centers, the assignment of precisely guided weapons to those targets at the discerned locations, and damage assessment, again communicated to command centers, to determine whether additional weapons delivered are

necessary. In all of this, the accuracy, the immediacy, and the believability of intelligence are crucial.

Thus, in recent decades, intelligence, when wedded to command, control, and communications (C³), has become the core of America's battlefield dominance and military superiority. In short, C³-I has, in itself, become almost a powerful weapons system. But commanders in the field must have confidence that the intelligence assets will be available with certainty and that information will be reliably and quickly disseminated. It is for this reason that plucking intelligence away from C³ has become increasingly unwise. C³ and intelligence should be designed and operated as an integrated whole.

It has taken many years to persuade our military commanders that national assets will reliably be available to them in the event of conflict. This started in the 1970s, but did not really reach fruition until the Gulf War, in 1990-1991. Following your comments, Mr. Chairman, on that Gulf War, if one talks to those who participated, like General Horner, he is still irate about the failures of the national assets to be delivered to him in a timely way.

Sustaining that confidence of our military commanders that national assets will be designed and exercised with their wartime needs in mind remains crucial. In the absence of such confidence, the temptation for our combatant commanders will be to try to develop intelligence assets under their own control, even if those assets are inferior.

To possess intelligence assets of one's own is a time-honored goal for virtually all major decisionmakers. That is why intelligence assets are so widely distributed. That is why the perennial quest for greater centralization has been both delusory and invariably negated.

To shift control over crucial intelligence assets outside the DOD risks weakening the relative military advantage of the United States, and, at the same time, creates the incentive to divert resources into likely inferior intelligence capabilities which would further reduce the available forces.

But that is not the end, Mr. Chairman. The question would be, where does one draw the line? Take one critical example: Now central to information dominance and to our military operations is the Global Positioning System (GPS). It is an information system not normally regarded as part of the IC. Nevertheless, it is critical for effective intelligence operations and, thus, to the effectiveness of our military forces. Does budget control over GPS also pass to an NID?

In a complex system of systems, the perceived need to move further, beyond what historically has been defined as intelligence, will not cease. Historic intelligence and non-intelligence systems are now siamese twins. King Solomon had a comparatively easy task in proposing to split the baby in half.

Third, intelligence management, like intelligence, itself, is an inherently difficult business. There are countless questions. Which are the ones to bring to the attention of the decisionmakers? There are countless observations. Some are relevant signals, most are noise. Where are the missing signals? Only in retrospect can one be sure of the answer. Regrettably, we are not clairvoyant. Predicting the future is especially fraught with difficulty.

To speak of the failure of imagination is really to acknowledge the limitations of the human intellect. Individual analysts will all have their slightly different interpretations of what is going on. Their views must be selected and combined. Though we regularly urge ourselves to think outside of the box, that is mostly an exhortation. The problem with thinking the unthinkable is that nobody believes you. Analysts will temper their views within the range of acceptability. Those who stretch receptivity likely will be viewed, or dismissed, as

worrywarts, zealots, or, even worse, oddballs. That does little to enhance one's status in the organization, or one's career.

As mentioned earlier, organizations also have their inherent limits. Different organizations will gravitate towards different ways of organizing reality, based upon their range of responsibilities and also on their interests, in a narrower sense.

Most individuals make themselves comfortable in their own organizations by not challenging a prevailing consensus. It would be an immense help if management were to encourage criticism, contrarian views that challenge the prevailing orthodoxy. One way of doing this is to establish a devil's advocacy organization within the larger organization to challenge the predominant beliefs. But it is an imperfect solution; at best, an ameliorative. The individuals assigned to such an organization will have to be protected, at the top, from subsequent retribution.

Mr. Chairman, we should always bear in mind that intelligence assessments, hopefully objective, will then rise through the political hierarchy to inform the judgments of decisionmakers. Politics, under normal conditions, is typically an engine to soothe and to reassure. It reflects that political imperative known as optimism. Until the Nation is aroused, alarmist views are treated with disbelief.

I recall an episode in 1950 when an intelligence analyst, examining the indicators, had concluded that Chinese troops had already been introduced, in large numbers, into North Korea, as the United Nations command advanced towards the Yalu. The recipient--he was peddling this tale around Washington, and ultimately reached high into the Department of State--of his briefing listened very politely. When it was over, he responded as follows, ``Young man, they wouldn't dare.''

Moreover, national perspectives frequently are dominated by political axioms, and intelligence failures--so-called--are quite frequently the failures of prevailing political axioms. In 1990, Iraq's neighbors reassured themselves that, ``An Arab state would never attack another Arab state.''

In 1973, a prevailing political axiom in Israel, an axiom which affected the intelligence, was that their Arab neighbors would never dare attack, as long as Israel had air superiority. Of course, I should mention the conviction--international, as well as national--that, without question, Saddam Hussein has weapons of mass destruction.

The process of fashioning such a political axiom is strongly abetted that, over time, any caveat coming up from lower levels in the IC gets stripped away as information moves up the political hierarchy.

Mr. Chairman, I trust that Congress will remember Hippocrates' injunction, ``First do no harm.''

In altering the structure of the IC, it is essential to deliberate long and hard, and not to be stampeded into doing harm.

On page 339 of the report of the 9/11 Commission, the commissioners wisely state, ``In composing this narrative, we have tried to remember that we write with the benefit and the handicap of hindsight. Hindsight can sometimes see the past clearly, with 20-20 vision, but the path of what happens is so brightly lit that it places everything else more deeply into shadow.''

Mr. Chairman, our understanding of past events becomes perfect only in hindsight, if then. There will never be any corresponding perfection in intelligence organizations, which necessarily must operate with foresight. Reform may now be necessary. Yet in the vain pursuit of a perfect intelligence organizations, do not shake up intelligence in a way that does do harm and, in pursuit of this will-of-the-wisp perfection, damage, in particular, those military capabilities that we alone possess.

Thank you, Mr. Chairman.

[The prepared statement of Dr. Schlesinger follows:]

Prepared Statement by Dr. James R. Schlesinger

Mr. Chairman, members of the committee: I am grateful to the committee for providing this opportunity to comment on the nature of intelligence and the reforms suggested by the 9/11 Commission. The 9/11 Commission has given us a detailed and revealing narrative of events leading up to September 11. It has also proposed a substantial reorganization of the Intelligence Community (IC)--changes that do not logically flow from the problems that the commission identified in its narrative. It is, therefore, incumbent upon us to examine the commission's proposals with care, lest in our haste we do more harm than good. The commission has rightly observed that the events leading up to September 11 represent ``a failure of imagination.' ' Yet, one should not assume that changing wiring diagrams is a sure fire way to stimulate imagination. Imagination always has an up-hill fight in bureaucratic organizations. Creating an additional bureaucratic layer scarcely leads to bringing imagination to the top.

Mr. Chairman, in these brief remarks, I shall attempt to discuss the issue of intelligence reform under three headings: first, the inherent problems of intelligence; second, why control of intelligence from outside of the Department of Defense is a particularly bad idea, given the evolution of U.S. technology and military strategy; and, third, to draw some implications for intelligence reform.

1. Intelligence is inherently a difficult business. Intelligence targets naturally seek to conceal what they are doing--and have a strong tendency to mislead you. The central problem in intelligence is to discern the true signals amidst the noise. The relevant signals may be very weak and, without question, there is a great deal of noise. Countless events are being recorded each day--and countless events are failing to be recorded or are deliberately hidden. Moreover, false signals are deliberately planted. We talk glibly about ``connecting the dots,' ' but that is far easier ex-post than ex-ante. It is only in retrospect that one knows which dots were the relevant dots, among the countless observations and unobserved phenomena--and how those relevant dots should be connected. Prior to that, one has only a mass of observations and possible evidence--subject to a variety of hypotheses and interpretations.

Even if there are no preconceptions, or initial biases, organizations will drift toward a structured theory of an issue under study. Thus, an organization--any organization--develops a concept of reality. Over time, that concept likely will harden into a conviction or mindset that discounts observations or evidence in conflict with the prevailing concept and highlights observations that seem to be supportive as evidence. Evidence to the contrary is regularly shaken off.

Thus, the quality of analysis becomes critical in providing good intelligence. That is why reducing competition in analysis is the wrong way to go--especially in quest of the false goal of eliminating duplication. Centralization of intelligence is inherently a dubious objective, when there is a wide range of consumers of intelligence--with a variety of interests, responsibilities, and needs.

2. Intelligence is increasingly interwoven with military operations. The advance of military technology and its embodiment in our military forces have made intelligence ever more integral to our military strategy and battlefield tactics and to this country's immense military advantage. That military advantage is reflected in such rubrics as ``information superiority,' ' ``information dominance,' ' ``battlefield awareness,' ' and ``net-centric warfare.' ' In brief, it relies upon rapid detection of targets through sensors, the rapid communication of those target locations to command centers, the assignment of precisely-guided weapons to those targets at the discerned locations, and damage assessment, again communicated to command centers, to determine whether additional weapons are necessary. In all of this, the accuracy, the immediacy, and the believability of intel is crucial.

Thus, in recent decades, intelligence, when wedded to command,

control, and communications, has become the core of America's battlefield dominance and military superiority. In short, C\3\I has in itself almost become a powerful weapon-system. But commanders in the field must have confidence that the intelligence assets will be available with certainty and that information will be reliably and quickly disseminated. It is for this reason that plucking intelligence away from command, control, and communications has become increasingly unwise. They should be designed and operated as an integrated whole.

To illustrate the now-enhanced role of intelligence in the system-of-systems that under girds U.S. military advantage, I have included as a backup an illustration from Vision 2020, with which you likely are familiar. It illustrates the crucial role of information superiority in binding together the several aspects of military engagement to achieve battlefield dominance.

It has taken many years to persuade military commanders that national assets will reliably be available to them in the event of conflict. This started in the 1970s, but did not really reach fruition until the Gulf War in 1990-1991. Sustaining that confidence of our military commanders that national assets will be designed and exercised with their wartime needs in mind remains crucial. In the absence of such confidence, the temptation for our combatant commanders will be to try to develop intelligence assets under their own control, even if they are inferior. To possess intelligence assets of one's own is time-honored for virtually all major decision-makers. That is why intelligence assets are so widely distributed. That is why the perennial quest for greater centralization has been both delusory and invariably negated.

To shift control over crucial intelligence assets outside the Department of Defense risks weakening the relative military advantage of the United States--and at the same time creates the incentive to divert resources into (likely inferior) intelligence capabilities, which would further reduce the available forces.

But that is not the end. The question is: where does one draw the line? Take one critical example. Now central to information dominance and to our military operations is the Global Positioning System (GPS). It is an information system, not normally regarded as part of the IC. Nevertheless, it is critical for effective intelligence operations--and thus to the effectiveness of our military forces. Does budget control over GPS also pass to a Director of National Intelligence? In a complex system-of-systems, the perceived need to move further beyond what historically has been defined as intelligence--will not cease. Historic intelligence and non-intelligence systems are now Siamese twins. King Solomon had a comparatively easy task in proposing to split the baby in half.

3. Intelligence management, like intelligence itself, is an inherently difficult business. There are countless questions. Which are the important ones to bring to the attention of the decisionmakers? There are countless observations. Some are relevant signals; most are noise. Where are the missing signals? Only in retrospect can one be sure of the answer. Regrettably, we are not clairvoyant. Predicting the future is especially fraught with difficulty.

To speak of the ``failure of imagination'' is really to acknowledge the limitations of the human intellect. Individual analysts will all have their slightly different interpretations of what is going on. Their views must be selected and combined. Though we regularly are urged to ``think outside the box,'' that is mostly an exhortation. The problem with ``thinking the unthinkable'' is that--nobody believes you! Analysts will temper their views within the range of acceptability. Those who stretch receptivity likely will be viewed--or dismissed--as ``worrywarts, zealots, or even worse, oddballs.'' That does little to enhance one's status in the organization or one's career.

As mentioned earlier, organizations also have their inherent limits. Different organizations will gravitate towards different ways of organizing reality--based upon their range of responsibilities and, also, their interests in a narrower sense. Most individuals make themselves comfortable in their own organizations by not challenging a prevailing consensus. The only solution within an organization is to

establish a Devil's Advocacy organization to challenge the prevailing beliefs. But, it is an imperfect solution, at best an ameliorative, and the individuals assigned to such an organization will have to be protected at the top from subsequent retribution.

Mr. Chairman, we should always bear in mind that intelligence assessments, hopefully objective, will then rise through the political hierarchy to inform the judgment of decisionmakers. Politics, under normal conditions, is typically an engine to soothe and to reassure. (It reflects that political imperative known as optimism.) Until the Nation is aroused, alarmist views are treated with disbelief. I recall an episode in 1950, when an intelligence analyst, examining the indicators, had concluded that the Chinese had already introduced large numbers of troops into North Korea, as the United Nations command advanced. He was pedaling this tale around Washington and ultimately reached high into the State Department. The recipient of his briefing listened very politely. When it was over, he responded as follows: ``Young man, they wouldn't dare.''

Moreover, national perspectives frequently are dominated by political axioms--and intelligence failures, so-called, are quite frequently the failures of prevailing political axioms. In 1990, Iraq's neighbors reassured themselves that ``an Arab state would never attack another Arab state.''

In 1973, a prevailing political axiom in Israel (which affected intelligence) was that their Arab neighbors would never attack as long as Israel had air superiority. Of course, I should mention the conviction, international as well as national, that ``without question, Saddam Hussein has weapons of mass destruction.''

The process of fashioning such a political axiom is strongly abetted that over time any caveats coming up from lower levels in the IC get stripped away as information moves up the political hierarchy.

Mr. Chairman, I trust that Congress will remember Hippocrates' injunction: ``First, do no harm.''

In altering the structure of the IC, it is essential to deliberate long and hard--and not to be stampeded into doing harm. On page 339 of the Report of the 9/11 Commission, the commissioners wisely state:

``In composing this narrative, we have tried to remember that we write with the benefit and the handicap of hindsight. Hindsight can sometimes see the past clearly--with 20/20 vision. But the path of what happened is so brightly lit that it places everything else more deeply into shadow.''

Mr. Chairman, our understanding of past events becomes perfect only in hindsight--if then. There will never be any corresponding perfection in intelligence organization--which necessarily must operate with foresight. Reform may now be necessary. Yet, in the vain pursuit of a perfect intelligence organization, do not shake up intelligence in a way that does do harm--and in pursuit of this will of the wisp, damage, in particular, those military capabilities that we alone possess.

Thank you, Mr. Chairman. I shall be pleased to answer any questions that you or members of the committee may have.

Chairman Warner. Thank you, Dr. Schlesinger. That's a very strong and clear message.

Secretary Carlucci, I'd like to also advise my colleagues, that while you are best known, maybe, for serving as SECDEF, you also served as the Deputy to the Director of CIA for some 4 years, am I not correct?

Mr. Carlucci. Three years.

Chairman Warner. So, much like Dr. Schlesinger, you've worked at both of those agencies and the Department.

Mr. Carlucci. Yes, sir.

STATEMENT OF FRANK C. CARLUCCI, FORMER SECRETARY OF DEFENSE,
CHAIRMAN EMERITUS, THE CARLYLE GROUP

Mr. Carlucci. Thank you, Mr. Chairman, and thank you for including me with this distinguished panel.

Senator Levin, members of the committee, I think this hearing is very important because any organization, any reorganization--and I've been through a number--is disruptive. You have to be certain that the long-term gain exceeds the short-term loss. You also have to be certain that the solution fits the problem.

Mr. Chairman, I have a prepared statement. I'm going to summarize it, with your permission.

Chairman Warner. Without objection, it will be admitted into the record.

Mr. Carlucci. We need to be sure that the solution fits the problem. It's tempting, because we have 15 organizations with the label ``intelligence'' on them, to say they ought to be under common management. But as Jim Schlesinger has just pointed out, some competition, particularly among the analytical agencies, is, indeed, healthy; I would argue, necessary.

As this committee is well aware, unity of command is necessary for any military operation. So is intelligence, and Jim Schlesinger has discussed that in some detail, and I agree with virtually everything he has said.

The failings of September 11, as I read the report, were in the areas of human resources intelligence (HUMINT) and analysis. These can be improved without disrupting the DOD chain of command. The CSAs are already subject to the DCI's programming and budgeting authority, as you, Mr. Chairman, pointed out in your opening statement. The DCI has the concurring authority on people. I question whether much more is needed. It is true that DIA, on the analytical side, competes with CIA in some areas, but that is, by and large, healthy.

I cannot find in the 9/11 Commission Report a convincing case that September 11 stemmed from any Pentagon failure to coordinate. The dots problems were mainly between domestic and foreign intelligence--and intelligence, on the one hand, and law enforcement, on the other--and the NCTC, as proposed by the 9/11 Commission, should go a long way to solving these problems.

I would have the center report to the DCI. I do not favor the creation of an NID, certainly not in the White House, for reasons, Senator Levin, that you have already discussed. I lived through that, as National Security Advisor, in the wake of Iran-Contra.

The dilemma is that if you give teeth to the NID, you risk disrupting combat support, as Jim has described in some detail, you disrupt the unity of command, and you have agency heads in one department, DOD, reporting to somebody outside that department--hardly a healthy relationship. If you don't give teeth to the NID, then you've created a useless layer. In either case, you've weakened the DCI, and you've created a competitor to the National Security Advisor.

A better approach, in my judgment, at least one that's less disruptive, would be to set up the NCTC and strengthen the DCI's authority in areas where analysis may show it's needed. I question whether it's needed. I think, Senator Lieberman and Senator Levin, you heard this morning from former Director Stansfield Turner, that he had plenty of authority at the time he was director. I can vouch for that, because I was his deputy, as I think you mentioned this morning. So I question how much more is needed. It may be just a question of exercising existing authority.

There's been a lot of focus on the organizational issue. Let me mention some other shortcomings which I think are at least as important. They are not mentioned--some of them are not mentioned in the 9/11 Commission Report.

I see no mention of better trade-craft in the recruitment of hard targets. I learned many years ago, as a Foreign Service Officer (FSO) in the field working with case officers, that the

best way to recruit is to be able to protect sources and methods, or at least have the perception that you can protect sources and methods.

Unfortunately, the perception out in the real world is that our country can't protect sources and methods. I can remember, when I was Deputy DCI, the head of a European Intelligence Service saying to me, ``Frank, we don't give you all our information, because you can't keep a secret.' ' Imagine, Senators, that you were an Iraqi under Saddam Hussein, and a CIA case officer came to you, and you took a look at the leaks coming out of the U.S. Government--there are a couple of investigations underway already--the Freedom of Information Act being applied to the CIA, and the proliferation of oversight committees. Would you put your name on the rolls? All the skilled in the world won't do us any good in that secretive part of the world unless we do a better job of keeping our own secrets.

The Commission did have some positive recommendations to make on the classification of information and on congressional oversight. But, in general, they were hostile to the need-to-know principle. I can't imagine distributing information to people who don't need to know. I think we need to retain the need-to-know principle.

Good collection of intelligence entails risk-taking in the recruitment process. Ever since the days of the Church Committee, we have discouraged risk in our intelligence organizations. We've indicted professionals for carrying out their responsibility. We've made it more complicated, or put a chill on the recruitment of people with human-rights violations on their record, when, indeed, those are some of the very people we need to be going after.

Sure, there are failures, and we need to determine why those failures came about; but there are also successes, largely unheralded, and we should not risk the successes by excessive finger-pointing at the failures.

Final point is resources. I think we can all agree that, in the 1990s, we shortchanged DOD, State, and our intelligence agencies. The rebuilding process is underway, thanks to members of this committee, among others, but it will take longer to rebuild than it takes to tear down. When I think of the length of time required to recruit, train, organize hard-cover for intelligence case officers, I agree with George Tenet when he says the rebuilding process will take 5 years. Let's hope that we don't prolong this process by hasty and ill-advised organizational moves.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Carlucci follows:]

Prepared Statement by Frank C. Carlucci

Mr. Chairman, Senator Levin, members of the committee: It is a pleasure to appear before you today and I commend you for holding these hearings. Reorganizations are always disruptive and we must be certain the long-term gain outweighs the inevitable short-term loss.

We must also be certain the solution fits the problem. Just because 15 agencies carry an intelligence label doesn't mean they all should be integrated. Indeed managed competition is a healthy component of good intelligence.

Unity of command is essential for military operations. So is good intelligence, as the 9/11 report acknowledges. Leaving aside the reluctance of policy makers to act on warning, the failings of September 11 appear to be principally in HUMINT and analysis. Improving HUMINT can be done without disrupting the Pentagon chain of command. Eighty percent of the Intelligence budget is frequently cited as disproportional DOD control. These assets are mainly in the hardware area and hence very costly. The NRO, NSA and NGA are already subject to the DCI's budgeting and programming authority. I question whether further DCI control is needed or desirable. The service HUMINT operations are largely tactical and nobody proposes separating them.

DIA's HUMINT largely comes through the Attache System and is coordinated by Ambassadors at the local level. DIA's analytical effort can and should compete with that of CIA.

I fail to find in the 9/11 report a convincing case that the September 11 problem stemmed from the failure of the Pentagon agencies to coordinate. On the contrary, the ``dots'' problem seems to be mainly between the CIA and the FBI on the one hand, and law enforcement and intelligence on the other, not with DOD. TTIC and the Patriot Act have gone a long way to solving some of these problems. The Counterterrorism Center, which would build on TTIC, is a good idea despite the dangers of putting intelligence and operational planning close to each other.

I believe the Counterterrorism Center should report to the DCI. I do not favor creating the post of NID, certainly not in the White House where it would be too close to both the political and the policy process. Its main value would be to serve as a coordinator of domestic and international intelligence. The dilemma is that if you give the NID budget and personnel authority over DOD, even if he or she is not in the White House, you jeopardize combat support and disrupt the military unity of command. You also create a competitor to the National Security Advisor. On the other hand, if you don't give the NID budget and personnel authority, you add a useless layer and weaken the DCI in the process. A better approach would be to set up the Counterterrorism Center and strengthen the DCI's concurring authority over the CSA's where it may be inadequate. The main thing though is to make sure the DCI has clout over both the CIA and the FBI.

If one goal is to improve HUMINT there are shortcomings more important than organizational structure. They are not dealt with in the 9/11 report. I learned as an FSO working with case officers in the field that the key to good HUMINT is the ability to protect sources and methods, or better said the perception that we can protect sources and methods. In the intelligence business perception is as important as fact.

Unfortunately the widespread perception is that we can't protect our sources and methods. I can recall the head of a major European Intelligence Service telling me when I was DDCI that he withheld information from us because we ``couldn't keep a secret.''

Imagine you were an Iraqi under Saddam Hussein and a CIA case officer approached you. Knowing about extensive leaks, the constant pressure on the Agency (including by the 9/11 Commission) to reveal more information, the use of FOIA to reveal CIA material and multiple congressional oversight committees, would you want your name on the rolls? All the skilled Arabist's in the world won't be able to recruit in the highly secretive Middle East unless we commit to better protection of sources and methods.

The commission did make some positive recommendations for a tiered classification system and streamlined congressional oversight but their overall thrust was to abolish ``need to know'' and have a more open intelligence process--an oxymoron. It is good to disseminate information, but the dissemination process is useless unless there is reliable information to disseminate. One source compromised means many sources not recruited.

Good collection also requires risk taking. Much of our approach to intelligence since the Church Committee has been to discourage risk. Whether it is indicting professionals for carrying out policy or making it complicated to recruit human rights violators we have put a chill on entrepreneurial activity. There will be failures and we should determine why, but there are successes, largely unheralded, and we should not risk them by seizing on every failure to point fingers of blame.

A final word on resources. They are needed. It is clear we cut DOD, State, and Intelligence too much in the 1990s--over 30 percent. The capability we lost can be rebuilt but not as quickly as it was eliminated. Bearing in mind the time required to recruit, train and organize effective cover in tightly closed societies or terrorist groups I think George Tenet's estimate of 5 years is on the mark. I hope we don't prolong that period by making the wrong organizational moves.

Chairman Warner. Thank you, Mr. Secretary. Another strong statement, very clear in your views.

Secretary Hamre?

STATEMENT OF DR. JOHN J. HAMRE, FORMER DEPUTY SECRETARY OF DEFENSE, PRESIDENT AND CHIEF EXECUTIVE OFFICER, CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES

Dr. Hamre. Chairman Warner, Senator Levin, thank you for inviting me.

I acknowledge I come here with severe disadvantage, compared to my colleagues at this table who have such deep richness of talent and experience compared to me, but I do have the indisputable advantage in that I worked for all of you for 10 years. So I throw myself on your mercy, and hope that you remember kindly your children. [Laughter.]

Chairman Warner. Before you further demean your credentials----[Laughter.]

--let me point out that you perhaps have as much experience as any of us with regard to the issue of budgeting. In the course of the colloquy here between my colleagues and myself and the witnesses, we will try and define your individual views on that.

Dr. Hamre. I'd be happy to respond to that, sir.

Chairman Warner. You do have experience there.

Dr. Hamre. I do, sir. Thank you.

Let me say, I am grateful to the work of the 9/11 Commission for having opened up, for all of us, a debate we really should have as a country. How do we need to organize our intelligence services that support us in this important endeavor to protect the country? As I've written before, my concern about the recommendations that flow from them is that they are organizing, or reorganizing, the IC too narrowly around one set of problems.

Yes, the connect-the-dot problem is very real, and we do need to anticipate, in our structure, how we try to solve that problem. Just as important, in my view, is the collective narrowness of thinking that's endemic in the intelligence process when it's supporting decisionmaking. Those two, I think, are, frankly, in tension with each other.

If you try to organize the entire IC around one dimension, connecting the dots, frankly, I feel that we're going to make it much susceptible for a narrowness and a group-think to set in if we put everything under one person. If, by contrast, we try to keep broad diversity in the IC, as we have now, we have a coordination problem. So it's these two, I think, that we have to try to solve simultaneously.

My concern about the 9/11 Commission is that it creates an NID and tries to coordinate by bringing all of the budget and personnel control under his authority. I must tell you, I would be very uneasy with that, having been the Comptroller in the DOD, and having been the Deputy Secretary. To have a major element of my department really working for another cabinet individual is, I think, a real mistake. You can't help but have that become a source of great friction over time, and I think that would not be healthy.

I also think it is really not a good idea to strip away from the Cabinet Secretaries their assessment capacity to evaluate intelligence on their own. They need to come into a meeting with the President--and, frankly, come before all of you in hearings on the Hill--with their own independent capacity to reach a judgment, not just simply receiving it from a central authority.

So I do not think it's a good idea to focus in such a narrow way that we get one point of view coming out of an IC. I really think a far greater risk lies in having that too

narrowly constrained, and for Cabinet Secretaries, like these two gentlemen, not to come before you in a hearing, or not to come before the President, to make their case on their own assessment.

Now, I've seen what the Commission has recommended, what Senator Kerry has recommended, and I've seen what the President has recommended. I, probably much like my two colleagues here, think that the current situation is preferable to the two that are on the table before you. I, personally, think that the 9/11 Commission's recommendation would create a very dysfunctional situation in the executive branch. But I also think that the President's recommendation is going to create a very weak NID and, the way it was announced, could weaken the CIA in the process. I think that's a step back.

So I come to a conclusion. If the politics is going to drive us to have an NID, then, I have to conclude, we have to find a way to make that individual have some genuine heft in the process. They're not going to be strong just simply running interagency coordination structures. They're going to have to have institutional depth.

So my recommendation, which I realize is controversial, would be to move the intelligence factories--and that is the NRO, the NSA, and the NGA--under the NID. Just the factories.

Now, some have asked me why do I not recommend that we move HUMINT. Frankly, those aren't factories. Those are artisan craft shops, and I don't think they're of the same scale. I think we should keep them where they are. I think they ought to be with the CIA and, to a lesser extent, the DOD or the Defense Human Intelligence Service. I think you should leave them there. But the factories that produce the raw material, I feel could be brought under this and give genuine depth to the NID.

Now, Secretary Schlesinger rightly raised how crucial it is for us, in the DOD, to have reliable intelligence for our warfighting. It isn't a matter of just getting a finished intelligence product. We need the electrons. We need the electrons on the battlefield, almost in real time, to be able to do our job.

Now, I will say that a good number of those platforms that produce tactical intelligence are under the management and control of the DOD already, and that would not change by moving the parent of the NSA to this new NID. But I do think that there would be problems that would emerge if you were to move the factories over under this individual. But I think they're manageable problems. At least I know how I would manage it if I were to do that. We come to this--we, DOD--would come to this with considerable clout, frankly. Each of those three agencies would collapse if we pulled out our people and our resources.

Dr. Schlesinger said that there would be a tendency to reproduce those capabilities. Frankly, we can't afford it. I mean, we are going to rationalize our process. We've had to do that by the expense of these platforms already.

So I think that there would be a--no question, there would be some tensions, but I think it is something we could manage. I, personally, would recommend that the deputies--myself, if I had been in the job, the deputy--or the Vice Chief of the Joint Chiefs, as well as other deputies--serve as a board of directors to the NID on, really, a daily basis, to ensure that we're getting the kind of support and product that we need.

As I said, I don't think this is--I propose this really because I'm trying to find a path. If it is inevitable that we're going to have an NID split away from the CIA, we have to have a strong position, and I think this is a plausible way to do it, although I do acknowledge that there are going to be some challenges. I look forward to answering your questions or talking with you about them.

[The prepared statement of Dr. Hamre follows:]

Prepared Statement by Dr. John J. Hamre

Chairman Warner, Ranking Member Levin, distinguished members of the committee, thank you for inviting me to participate in this critical hearing. I am grateful that you are undertaking this review. How we organize our government to undertake critical intelligence is one of the most fundamental problems we face. We need your thoughtful review and considered judgment. This is not something to rush. Please take your time to think through these issues carefully.

With your permission, I would ask that you accept as my statement a copy of the article I wrote that appeared Monday in the Washington Post. It outlines everything I would otherwise want to say this morning. I would like to amplify on that statement, however, to discuss the implications this holds for the Defense Department.

Let me say at the outset that American warfighting is more dependent on intelligence today than at any time in our history. The globe is not getting smaller; our forces are, so we have to get maximum efficiency by being precise in our planning and operation. We depend on superb tactical intelligence.

A good deal of those capabilities are organic to our operating forces. But we also depend on the intelligence support we receive from the National Security Agency (NSA), the National Geospatial-Intelligence Agency, and the National Reconnaissance Office. I honestly believe we can count on that support and have it tactically relevant, even if those organizations are transferred to a new central intelligence organization under a new DNI. But there are some steps we should take.

First, I believe we should continue to send our military personnel to those institutions, even after transfer. Frankly we need to do that because we don't have the rotation base exclusively within the military services to support our force structure and manage our personnel. We need the wider job rotation base that these agencies provide. So it is in our interests for two reasons--to insure they continue to focus on us and to insure that our best tactical intelligence operators have a rotation base.

Second, I would explicitly establish a very senior board of directors to oversee the new department. These individuals would actually be representatives for the Cabinet Secretaries who have the constitutional missions assigned them by the President. The Intelligence Community (IC) should be accountable to them, and we need a standing structure that insures that oversight and accountability.

Third, I believe that we are on the edge of a new set of military intelligence platforms--long dwell unmanned vehicles is a good example--that provide needed tactical intelligence, but which also feed the national system. I would make those DOD investments and keep them in the Defense Department. We already know how to jointly task them for tactical and national missions.

Fourth, I think the two Armed Services Committees need to strengthen their oversight of intelligence. But the focus should be on outputs, not on inputs. Too much of the oversight today is devoted to the review of the annual budget inputs to the system, not an assessment of the capabilities we get from the systems. Your oversight will help insure that the new intelligence system is responsive to our warfighters.

Thank you for inviting me to participate today. I am pleased to answer any questions you have at the appropriate point.

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Chairman Warner. Thank you. The committee will now proceed to its 6-minute round. I'll start off with Dr. Schlesinger.

On page 4--I repeat your testimony--`To shift control over crucial intelligence assets outside the DOD risks weakening the relative military advantage of the United States,' and so on. The operative word is `to shift control.'

Then I look at the statement by the National Security Advisor to the President, Ms. Rice, and she said the following, `We expect that the NID would have significant input into the

development of a budget.' ' Now, that's not shifting control in the President's position. Now, I recognize September 11 is on a different----

But let's go back and explore. Is there a bridge between these two ``poles,' ' so to speak, of shifting absolute control and the question of significant input? May I suggest the following, which I have mentioned publicly, and that is, let the SECDEF retain the budget structure, the actual people who work on all of these things and put it together. It's very complicated. We're talking about tens of thousands of people in these various agencies, am I not correct in that?

Dr. Schlesinger. Yes.

Chairman Warner. Tens of thousands of people. Leave them put. Let the SECDEF create the budget, but in coordination with the NID, allowing the maximum of input. At the time, presumably and optimally, when they would have a concurrence on the various points--that they would then jointly submit that budget to the President so that there would be accountability to both individuals.

Dr. Schlesinger. I have little problem with that. I think that Frank has already observed that we have moved a long way in that direction. I think that both Don Rumsfeld and George Tenet would say that they already have that degree of collaboration. This might formalize it.

Chairman Warner. I think that would be the objective of the legislation, which I hope, by the way, would not be driven by politics, Dr. Hamre. I hope it would be driven by good sense.

So on that point, you feel that that is a bridge between some of the poles here.

Mr. Carlucci. Yes.

Chairman Warner. Would you like to speak to that, Secretary Carlucci?

Mr. Carlucci. I think already, or at least when I was in the CIA, the Director put together the National Foreign Intelligence Program (NFIP), which was then worked out with the SECDEF. I can remember when I was in the job John Hamre was in, as Deputy Secretary of Defense, I persuaded the Office of Management and Budget (OMB) to let me determine the intelligence budget, because it was a straight tradeoff with the DOD budget, because the President had already determined the top line of the DOD budget. I gave intelligence a higher growth rate than I gave DOD. So a collaborative relationship already exists, and I think your suggestion is appropriate.

Chairman Warner. In your study of the 9/11 report, and in my study, I'm not sure that they recognize fully the extent to which this is currently done. Am I correct in that observation?

Dr. Schlesinger. I think that's correct, Mr. Chairman. If you recall, I think that what they're saying is, we have failed to connect the dots.

Chairman Warner. Right.

Dr. Schlesinger. That does not mean that there's not coordination on the budget.

Chairman Warner. No. I think we've reached consensus.

Dr. Hamre, how do you feel? You've had a lot of experience.

Dr. Hamre. I sure have, and I've put together eight budgets, four of them as the comptroller, then four when I was in the deputy's job. To be honest, there's not nearly the close review of the intelligence budget that people think there is. When you look at what we submit to all of you, it's really quite skimpy by comparison to what it is that you ask that we submit for the DOD. There is coordination, but it's really quite limited.

To be candid, I think the quality of oversight inside the executive branch isn't as strong as it ought to be of the intelligence, so that ought to be strengthened. But I think the reason it hasn't been, frankly, so strong is that there has been a de facto tug-of-war between DOD and the IC over who has

the lead. In that struggle, frankly, that--just really has not dug into it as deeply as we probably should have.

Chairman Warner. All right, then do you feel that the creation of the post of NID, with what I outlined, is a joint responsibility? While the people would be retained in the DOD, the actual work product would be coordinated carefully with the NID, and then they would both sign off on it, and both names would appear as it goes to the President. Do you think that would help remove some of the criticisms?

Dr. Hamre. I think that that is, as the secretaries have said, quite similar to what's done now. It needs to be strengthened, no matter what. Is it going to get better by creating the NID? Not necessarily. It isn't necessarily going to be better if you create the NID. The process is weak right now because there are two bosses and there are two separate chains, and, frankly, there's a lot of ambiguity between those two chains. That's, frankly, replicated up here on the Hill. We've divided the oversight of the intelligence budgets and the armed services budgets.

Chairman Warner. But that's a separate problem, budgets.

Dr. Hamre. So we see this throughout the system.

Dr. Schlesinger. Mr. Chairman?

Chairman Warner. Yes?

Dr. Schlesinger. The Secretary of Defense and the Secretary of Energy jointly sign off on the stockpile requirements for our nuclear weapons. There is also a Nuclear Weapons Council that is made up of members of the DOD and Energy Department, and that may be the model you're seeking.

Chairman Warner. Right. Let me just take it to the next step, and that is the hiring and firing. Here, I draw on some modest experience I had in 5 years working for you, Jim, and the two predecessors, Laird, Elliott, Richardson--three of them. The heads of DIA, traditionally--NSA--have been military officers. I can recall that each of the military secretaries were asked to nominate--you recognize that, too, in your experience--and maybe a dozen or more individuals. The SECDEF, together with the secretaries of the military departments, really had a lot of personal knowledge about each of those individuals, and the selection process was driven almost entirely on credentials and experience, and those were the factors that made the final decision.

Now, the NID simply doesn't have the benefit of having gotten to know those individuals through the many trips that each SECDEF and service secretaries make to the commands, visit with them and families, and everything else. Therefore, I think, again, I draw another parallel with the budget, and that is that there would be a joint consideration and a joint submission of that name. But given that the DOD would have more insight, certainly, into the military nominees--now, I don't suggest that they always have to be military.

So, again, I come down to a similar process on the hiring and firing, and that would be collaborative between the SECDEF and the NID, and then a joint recommendation. Would I be correct in that assumption?

Dr. Schlesinger. At the moment, there is collaboration on the hiring side. I think that that collaboration would break down on the firing side.

Chairman Warner. Let's hope it wouldn't.

Dr. Schlesinger. Yes.

Chairman Warner. They both have to remain accountable, if they have their two names on that nominee.

Dr. Schlesinger. I think when you were the Secretary of the Navy, Mr. Chairman, you might have been hesitant to share certain information with somebody who was necessarily reporting to somebody outside the building. I'd ask you to reflect on that possibility.

Chairman Warner. I think that we've come to the point--

there's the old adage, ``need to know,' ' but we also now have the ``need to share,' ' and there has to be a greater sharing of information.

Dr. Schlesinger. One very useful thing that an NID can do is to break down the classification boundaries among these intelligence agencies.

Chairman Warner. You and I have discussed that.

Dr. Schlesinger. Yes.

Chairman Warner. Secretary Carlucci, to you for an answer on the hiring and firing-sharing?

Mr. Carlucci. I think there would need to be a mechanism for breaking down an impasse. That is to say, if they can't agree, eventually one of them sends a name forward to the President, with a dissent by the other, so that the President can make a decision.

Chairman Warner. If there were an impasse, I would presume that the President would be involved----

Mr. Carlucci. Yes.

Chairman Warner.--and perhaps reconcile it.

Mr. Carlucci. The other point I would make--your comment that the DCI doesn't have the opportunity to know military people--my recollection is that either the DCI or the DDCI has to be a military officer, at least in----

Chairman Warner. It has been that practice.

Mr. Carlucci.--by practice, so that one or the other of them should have knowledge of the military people who are proposed.

Chairman Warner. Some knowledge, but perhaps not to the degree of the SECDEF.

Senator Levin?

Senator Levin. Thank you, Mr. Chairman.

Under the current law, the DCI is responsible for developing and presenting to the President the annual budget. That's the current law. So, in terms of preparation of the budget, it's right where the 9/11 Commission is saying it should be prepared, it seems to me, under law.

When it comes to execution of the budget--by executive order, that is now basically in the DOD. But, Secretary Carlucci, when you were deputy to Admiral Turner, as you just indicated and he indicated this morning, in the Carter administration, that was done differently, by executive order at that time. That execution of the budget was in the hands of the intelligence people. Is that correct? That's what Admiral Turner, at least, told us this morning. I thought you were indicating something like that earlier today.

Mr. Carlucci. I have trouble understanding what you mean by ``execution.' ' Do you mean, has the money been spent or has the program been carried out the way that Congress directed?

Senator Levin. Including reprogramming.

Mr. Carlucci. Including reprogramming?

Senator Levin. Right.

Mr. Carlucci. The answer to your question, then, is yes, that was done by the DCI.

Senator Levin. That was done by the DCI, so that--by executive order, I emphasize--this shift could be made back, if it were desirable----

Mr. Carlucci. Sure.

Senator Levin.--to the intelligence----

Mr. Carlucci. That's the----

Senator Levin.--the head of intelligence.

Mr. Carlucci.--point I tried to make, that we don't necessarily have to have statutes here.

Senator Levin. Right.

Mr. Carlucci. There is some flexibility.

Senator Levin. So that's, it seems to me, point one. To the extent that it's desirable to shift back, reprogramming into the DCI or a successor, that could be done by executive order

without legislation.

Now, when we look at the September 11 failures, what I don't see is any connection between the failures and where that reprogramming authority on the budget should lie. I don't see any connection to the remedy which is proposed. Do any of you see the relationship between the remedy proposed, which is, basically, put reprogramming or execution of the budget back in intelligence, and the failures which preceded September 11?

Mr. Carlucci. I think we're fixing a non-problem, to be honest with you.

Senator Levin. Do either of the other witnesses see the relationship between that remedy and the flaws before September 11?

Dr. Schlesinger. No. Here's the thing, Senator Levin. One of the commissioners confirms that they spent 18 months studying the problem of September 11, and 3 weeks to put together this reform of the IC. I think that that tells----

Senator Levin. But specifically, though. That's a general comment. But specifically then, at least--and I won't--Dr. Hamre, unless you have a difference on this, I'll say, so far we don't have any connection between the flaws before September 11 and that particular remedy, relative to who has the reprogramming power.

Dr. Hamre. The reprogramming isn't really going to solve a problem like that. It's really your capacity to structure the IC prospectively through your budget----

Senator Levin. Through the budget, which, by law, by title----

Dr. Hamre. Right.

Senator Levin.--Section 403-3 of----

Dr. Hamre. Right.

Senator Levin.--50 USC, belongs, or is, right now, in the DCI.

Now, if this is right, what we've said so far, we have this situation, that the remedy, relative to the budget change, does not correct the flaws. To the extent it's desirable, anyway, it can be done by executive order. Now, that's my summary of what your testimony is so far.

Now, on the personnel side of this issue, we have, under current law, the requirement that the SECDEF obtain the concurrence of the DCI before submitting to the President any nomination to head the NSA or NGA or NRO. The only one left out of that would be the DIA. So, right now, under law, with that one exception, which I think would be continued, probably, by the 9/11 Commission, although I may be wrong--right now, the concurrence of the DCI is required before the appointment, at least, is made. So that if that is robustly implemented, presumably we have a DCI who has a veto over any intelligence head of those three agencies. Is that--are you with me so far? Okay.

Is that not an adequate input into who the heads of that agency is--those agencies are to meet the goals, it seems to me, which are desirable goals, of the 9/11 Commission. Namely, which is that there be a significant input into who is going to run the intelligence for those three agencies? Does it meet the 9/11 Commission's very legitimate point about having the person responsible for intelligence also having hiring authority for the people who are going to be collecting it?

Mr. Carlucci. I think it does.

Dr. Schlesinger. It does.

Senator Levin. Do you agree with that?

Dr. Schlesinger. It does.

Mr. Carlucci. I agree with it.

Senator Levin. Okay.

Now, just on the accountability issue. Perhaps one of the two most troubling things to me is that the Commission did not address, in my book, the accountability failures prior to

September 11. I disagree with you here, Dr. Schlesinger. When you have all those dots up there, it's not just that the dots weren't connected; it's that the information was not shared which would have allowed for the dots to be connected. You put dots on a board, and obviously, there's no automatic logic to connecting them. But the information which would have allowed the dots to be connected was not shared, as required by job description. You had people in the CIA who knew that al Qaeda operatives, who had attacked the U.S.S. Cole and were members of al Qaeda, had entered the United States, and never notified the FBI, as their responsibility was. You had FBI people--in Minneapolis, in Phoenix--who did what they were supposed to do, notified the national FBI office, the bin Laden desk at the FBI office, and nothing was done with critically actionable information about people in the United States who were clearly connected to bin Laden. Those are failures to do one's job and there's no one been held accountable for that.

How do we get greater accountability into this process to address those kind of failures which were at the heart of the September 11 failure? They weren't who has budget responsibility; it was people not doing their jobs. How do we get that into this process?

Mr. Carlucci. If this were today--if that were being--happening today, we would look to TTIC. Presumably, after we set it up, we'd look to the NCTC.

Senator Levin. My time is up but do either of you have anything to add to that?

Dr. Schlesinger. My only observation is that, after the 1970s, it was prohibited to share intelligence information with law enforcement, and that that was one of our problems. I agree fully, Senator Levin, that we did not share as much as we could. But there were restrictions.

Chairman Warner. Thank you very much, Senator Levin.

Senator McCain.

Senator McCain. Thank you, Mr. Chairman.

I want to thank the witnesses for being here. There aren't three individuals for whom I have greater respect and appreciation for your incredible contributions to our country, and I'm very grateful they're here.

I must say, though, that I think I've had an out-of-body experience here, because when I summarize the testimony of the witnesses, we really don't have to do anything substantive, as far as reorganizing our ability and enhancing our ability to fight the war on terrorism, which all of us agree is going to be with us for a long time.

Secretary Carlucci mentioned we have to keep our own secrets. I don't know anyone who would disagree with that. The need to know--Senator Levin just pointed out that somebody felt it was such a need to know that they didn't inform the proper agencies that people were taking pilot training in Phoenix, Arizona. Risk-taking is at a minimum now, according to everything that I've read, and that is that our now-intelligence services sit in the embassy and wait for the somebody to walk in.

I don't know how long we're going to keep blaming the Church Committee. It's been about 30 years now since the Church Committee had their hearings. Maybe the effect of the Church Committee would have some kind of half-life after awhile.

Yes, we've had successes. But for us to rest on those successes, given the ample evidence of massive failures that caused the worst attack on the United States of America in our history, I think would not be satisfactory to my constituents.

Secretary Carlucci, you mentioned that rebuilding is underway, and that former DCI Tenet said it would take 5 years. What was he doing the previous years when he was in charge? As a member of the Weapons of Mass Destruction (WMD) Commission, I have been finding out more and more information, most of which

is public knowledge, that there were massive failures. A guy named ``Curveball'' gives information which was accepted on its face and somehow became a part of Secretary of State's testimony before the United Nations Security Council--that, and other information he now deeply regrets--that he presented as fact. According to Mr. Woodward, the WMD information was a ``slam dunk'' to the President of the United States.

I guess my counter-argument to the testimony is, for us to maintain the status quo is simply not acceptable. I am not a Member of the Intelligence Committee. But, reading this report, no matter whether they spent 3 days or 3 weeks or 3 months, they did some incredibly valuable work.

I'd be glad to hear your responses, but my question also is that, in your testimony, none of you have addressed the recommendations for a fundamental reorganization of how Congress exercises its oversight. They're very critical of Congress's oversight capabilities and activities, responsibility and blame that I think is well deserved, because--not because of the nature of the individuals, but the nature of the system. I'd like to hear your comments to mine, but also response to--if you have any ideas or thoughts--on reorganizing how Congress could better exercise its oversight responsibilities.

Dr. Schlesinger?

Dr. Schlesinger. Fools rush in where angels fear to tread, and recommendations as to how Congress should reorganize itself----

Senator McCain. I could help you.

Dr. Schlesinger.--usually fall on deaf ears. I think that you should carefully consider the joint-committee procedure that we had for atomic energy as a better way of organizing activities on both sides of the aisle. I'm not recommending it; I think you should consider it.

As to what is wrong with intelligence, that is a matter of good analysis, improved analysis, and hiring good people. The problem was not the Church Committee, it was the reaction to the Church Committee in law and executive orders that said, ``Don't talk amongst each other.'' There's some very silly examples that occurred as a response to those injunctions.

Senator McCain. I'd be glad to hear from Secretary Carlucci, but, in response, again, there was no law or any custom or anything else that prevented the information about people taking pilot training in Phoenix from getting to the right----

Dr. Schlesinger. Absolutely right.

Senator McCain. There are a lot of things that happened that there's neither law nor action of the Church Committee that would have prevented this incredible stovepiping which has been identified by a large number of experts as one of the serious problems that we have.

Dr. Schlesinger. That's absolutely right, and we need to get rid of the stovepiping, and that's one of the things that an NID can, indeed, do. Because only the clout of somebody with authority from the President can eliminate some of those classification barriers.

Senator McCain. Secretary Carlucci?

Mr. Carlucci. Senator McCain, I didn't mean to give the impression, and I hope I didn't, that I think everything is fine and we shouldn't make any changes. Indeed, I think we ought to set up the NCTC, and that's a major change. What I was saying is, be careful about moving the organizational boxes around, because you may make the problem worse.

So you can enhance the DCI's authority. Let's look at it--as Senator Warner is already doing, let's look at the DCI's authority and see where the shortcomings are, set up the NCTC, and proceed from there. There may be things that we could do afterwards that would be important. But, to take what Jim

Schlesinger said, ``First do no harm.''

Senator McCain. Do you have any comment about reorganizing Congress's oversight responsibilities?

Mr. Carlucci. It's not been my area of expertise. Clearly, there are too many committees. To set up some kind of a joint committee would be a highly desirable thing to do.

I mentioned trade-craft. There's been a lot of talk about connecting the dots, and that was the failing of our intelligence system. Okay, so be it. But had we had one asset inside of al Qaeda, we might have had highly accurate information. So let's also look at our trade-craft. Let's not just say it's a matter of organizational structure or connecting the dots.

Dr. Hamre. Senator McCain, first I--our current system of budgeting, as we--when it comes to the IC--and it's because we have two different chains--and, frankly, there's a lot of ambiguity over who's in charge. People fight for the authority, not necessarily following through with the kind of details that we should have. I, frankly, see the same extending up here on the Hill. The quality of oversight is very uneven. The committees are too big, as Secretary Carlucci said. Far too much time is being devoted to arguing over budget inputs, not enough about what's coming out of the system. The Intelligence Committees and the Armed Services Committees compete with the Appropriations Committees to try to do the same job: control dollars. I think that's something that we really should look at.

There is a range of things. I have some ideas. I think it would be useful to have, as Secretary Schlesinger said, a joint oversight committee that is comprised of the two Intelligence Committees to really do oversight of the intelligence process. So there are a number of things that need to happen. It's a rather wide set of recommendations I think you'd want to consider if you were looking at oversight for the community.

You don't have any jurisdiction, for example, over--or the Intelligence Committee really doesn't have much--over the FBI, and yet the connecting-the-dots problem was very much a domestic/foreign-intelligence issue. Those all have to be put on the table. How you structure it to deal up here is going to involve some fairly big changes.

I'd be happy to come and talk later. I got myself in a lot of trouble in the House for being too public, but I'll do it again, if you want.

Senator McCain. You never get in trouble here. [Laughter.]

Thank you, Mr. Chairman.

Chairman Warner. Thank you, Senator McCain.

Senator Kennedy.

Senator Kennedy. Thank you, Mr. Chairman. I join with all of those in welcoming a very distinguished panel.

I had the chance over the last 10 days or so to go through pretty much all of the 9/11 Commission Report, and it obviously has to bring back to all the families those extraordinary moments and times of deep loss, and you can't read through that extraordinary report without recognizing it. It's also a tremendous challenge for the country.

Now we are attempting to deal with these recommendations. It's against a background where I think all of our panelists have acknowledged the extraordinary progress that's been made, in terms of communications, intelligence, and information. The Gulf War, won 72 hours from the time of siting onto a target until the time weapons could be delivered, to--now to 20 minutes--the progress that's been made has been extraordinary. No one wants to upset that. No one wants to disturb it.

But the fact is, we're facing a newer world, a newer world with al Qaeda. A newer world with al Qaeda. This is not the issue of changing, ensuring that government is going to do what it has to do and should do, and has the most important

responsibility to do, and that is to protect its people--to protect its people--and also to secure, obviously, the best that we can, in terms of our national--of our defense forces. That's obviously important.

We're mindful that this is an issue which--in asking the Congressional Research Service, which I did in preparation for this hearing--this issue about how we can make our intelligence systems more effective, they've given me 15 different reports, going back to Herbert Hoover, about steps that could be taken, most of them not enormously dissimilar from the 9/11 Commission. Not enormously dissimilar. Not enormously dissimilar.

The one I want to speak to you about--I haven't got the time to go on through them--is the Scowcroft Commission Report. This isn't someone who is reckless in recommendations; this is a person who has served under seven Presidents, been a distinguished military leader, been a national security officer, heads the National Security Office for Bush 1, now the head of the Foreign Intelligence. He had some enormously important recommendations that are not greatly dissimilar from the recommendations of the 9/11 report.

Let me just summarize. This is a--just very quickly, from a New York--or from a Time magazine story. ``Scowcroft chaired a year-long study on the subject and sent his report to the President in March. There, it collects dust. At a black-tie dinner last week''--this is in December 2002--``when he presented an award to CIA George Tenet, Scowcroft broke cover again. `For years, we had a poorly organized intelligence system,' he said, `but it didn't matter, because all the threats were overseas. So now we have a huge problem. It is unfair,' he said, `to ask Tenet to take responsibility for intelligence matters when he has authority over only some of them. I think it's time we give him all the tools he needs to do the job.' The room, full of spooks, spy chiefs, exploded in applause.' ''

Now, maybe the Scowcroft Commission recommendations aren't the answer, maybe September 11 is not the answer, but the American people know we're dealing with al Qaeda that's out there in towns and communities, trying to steal weapons of mass destruction, bioterrorism, working day and night, in terms of its kind of a threat. I think we have to be able to evaluate--I don't know why we can't look at the Scowcroft Commission and make the recommendations--but we have to have serious recommendations, rather than, as Senator McCain has mentioned, just saying, ``Things are working okay.''

Let me ask you, Mr. Hamre. How satisfied are you, today, given what you know and given what you understand is the current situation, that we are doing everything that we can--should be doing, in terms of dealing with the threat of al Qaeda?

Dr. Hamre. Senator, this is a--that's a much broader question than just the issue before us. I think that--first of all, I would say, I think there's a good deal more cooperation between the intelligence and law enforcement communities than ever existed before. Is it sufficient to divert the next attack? Maybe not, I don't know, but it's certainly much, much better than it was. The focus--we have many more people who are now worrying on this issue, compared to what we had before.

Now, institutionally, you'll have to ask, is that--does that have staying power? I think the issue in front of you and the rest of Congress is, do you need to put an institutional framework to this? I, personally, think that the system that we have right now is, we tend to have a weak coordination structure. It's not that the authorities aren't strong for the DCI--he has very strong authorities--but he's not chosen to use them all, and they've fallen into, frankly, disrepair, because he's bucked up against very powerful SECDEFs through the years.

So I think you--now you have to ask the question, do you change that? Do you basically ask him to override the SECDEF, or do you institutionally give him more standing, independence, and power, as was recommended by the Commission? At some point, we're going to have to restore, in a more institutional way, some of those authorities to coordinate across the government. But I think that there is a lot of risk of doing it the way the 9/11 Commission recommended.

Senator Kennedy. Are you familiar with the recommendations of the Scowcroft Commission?

Dr. Hamre. Sir, I have never read it, because I don't think it's been publicly released, but I am aware of the recommendations.

Senator Kennedy. Could you give us any reaction as to----

Dr. Hamre. I think they were also trying--they recommended creating an NID, separated from the CIA director. I worry that there's not enough basis inside the Scowcroft recommendations for a strong NID, because, under that formula, he's still largely going to be managing a set of procedures, and I think that it needs to be stronger than that, frankly.

Senator Kennedy. Could I ask the other--if my time permits--Secretary Schlesinger and Secretary Carlucci, whether you're familiar with the Scowcroft Commission and what you could tell us about it?

Dr. Schlesinger. Yes, I am familiar with it. I make the first observation, General Scowcroft's remarks at the black-tie dinner, he said, ``In the past, the threat has been overseas.'' The inference from that is that we have to have better coordination between the agency and the other intelligence agencies and the FBI, which has been perhaps the weakest point of all. The reforms that he suggested do nothing about that.

Senator Kennedy. My time's up. Do you think we ought to have that before the committee, the Scowcroft Commission?

Dr. Schlesinger. I think that, whatever you do, you must have a better coordination between CIA and FBI, for the very reasons that you remind us----

Senator Kennedy. I was thinking about the report.

Dr. Schlesinger. On the report. As my remarks indicated, I do not think that it would be wise for the warfighter or for the DOD to take coordination between C\3\ and intelligence out of the DOD. I think that that would do damage to the warfighter, and I think that the attempt of commanders in the field will be to substitute other assets for the ones that they think have been lost to them.

Mr. Carlucci. Just one quick point. Nobody has said that, ``The intelligence system is working fine. Let's keep it the way it is.'' We've all made recommendations for change. I agree with what Jim has just said.

Senator Kennedy. Thank you.

Thank you, Mr. Chairman.

Chairman Warner. For the record, the Scowcroft Commission Report has not been released by the White House, so--there have been some public discussion of its major points, and we're going to look into seeing whether or not we can have greater access to it.

Senator Roberts.

Senator Roberts. Thank you, Mr. Chairman.

I just had a talk with Brent Scowcroft last Thursday. Even at my age, I begged him, on hands and knees, to release the report to the Intelligence Committee and to the Armed Services Committee. He pointed out he is still the president of the President's Foreign Policy Advisory Board, and, as such, comes under the jurisdiction of the National Security Council (NSC) and would have to receive clearance from the White House to make that report public. I agree with Senator Kennedy, and I agree with you.

Finally, after struggling from my hands and knees, I said

that Senator Rockefeller and I would make that request, and that we would also make a personal call to the White House to see if we couldn't get that done. With all of the horsepower that the chairman has, and the vice chairman has, I am very hopeful we can get that done.

Let nobody state that we are abrogating our responsibilities and challenge to try to implement the goals of the 9/11 Commission and to meet our responsibilities with the families. Senators Collins and Lieberman just concluded a hearing, as of this morning, where they had the DCIs, Webster, Woolsey, and Turner. All three indicated that they were for an NID, with some modification--I don't want to say that *carte blanche*--and also the NCTC. There was no comment on how we fix the oversight of Congress in which, by my count, we have at least eight committees, plus OMB, in charge of these decisions.

Let me say that, with Senators Warner and Levin and myself, I was also hopeful that Senator Rockefeller would be able to attend, being the Vice Chairman of the Intelligence Committee--we share their very strong feeling that we must preserve the tactical intelligence to the warfighter. That's a given. That's the tactical intelligence and related activities (TIARA) part of the program, in regards to tactical intelligence.

Now, we have seven committees, I think, that have held hearings during this break. It's not a break. We have about 13 to go, and it'll probably be up to 20 by the time we come back into session. So I think there is real work being done in September and I am very thankful for that.

Mr. Chairman, I'd like to ask unanimous consent that the speech you made on the Senate floor, as of July 22, be inserted into the record at this point.

You spoke before the Senate as the chairman of the Senate Armed Services Committee. You talked about the 9/11 report being a roadmap, but then you also pointed out, made the comment that amounted to a sweeping indictment that we have been dysfunctional in our oversight.

I've been a member of this committee for 8 years. Of course, you've been the chairman, off and on, along with Senator Levin. You pointed out that you structured the Goldwater-Nichols legislation and we created the Special Operations Command. Through the efforts of Senator Lieberman and Senator Coats, you have also created a Subcommittee on Emerging Threats and Capabilities. That subcommittee, by the way, warned, in 1999, what could happen to the World Trade Center. In that subcommittee, we have made a lot of progress with regards to joint experimentation, homeland defense, counterterrorism, and future technologies and concepts that will be needed to confront all sorts of future threats.

Then you had a minority-view report. This report is 10 years old, signed by Senators Warner, Danforth, Stevens, Lugar, and Wallop. Bottom line, ``Reductions in the U.S. intelligence capabilities in this period of international stability are unwise and do not serve the Nation's long-term security interests.'' There's more. Basically, this is 1994, 10 years ago.

So I'd like the entire speech to be made part of the record. I think it's pertinent. In setting the record straight, I congratulate you, sir, and I think you made some fine comments.

Chairman Warner. Without objection. I think we should also note that you've been the distinguished chairman of the Subcommittee on Emerging Threats and Capabilities since the day it was created.

[The information referred to follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Senator Roberts. As always, your humble servant, sir.

Let me just say that if I can sum up the testimony--and I know that I should not do this with Senator Collins being present, who's doing an outstanding job, along with Senator Lieberman, on the Governmental Affairs Committee--but the three of the witnesses there pretty much got on the NID stage and the counterterrorism stage and left town. Now, they didn't leave town, but at least that was their recommendation. From what I hear of the witnesses, I'm not sure if you're on the NID stage, or not.

Do you support really granting the NID direct supervision and control over the DOD elements of the NFIP? Now, saying that, there are 15 agencies; there are 4 of them under the DOD; then you have the 4 Services, that's 8; and then the rest of them are under the Intelligence Community, as all 3 of you well know. The suggestion has been made by the distinguished chairman that somehow we could work out some kind of an arrangement whereby there is better coordination. But it was just like Senator McCain said, I think, with the 9/11 Commission, with a lot of support in this town, and with the administration moving toward that goal, and it's not a set policy yet that they are for the NID, and they are for this NCTC. Yes/no, are you for it or against it?

We'll start with you, Jim. Pardon me. Secretary Schlesinger? And K State fan.

Dr. Schlesinger. Thank you, sir.

Now, we used to have greater uniformity in that, prior to the 1970s, the CIA was under the control of the Armed Services Committee. So what we have been doing on the Hill has been to split those authorities, reflecting the public reaction to the so-called ``scandals'' of the 1970s.

No, I don't think that the authorities in the DOD should be placed under the NID.

Senator Roberts. Secretary Carlucci?

Mr. Carlucci. I agree with the concept of an NCTC. I do not favor an NID. If we're going to have an NID, I don't think he ought to have line management over the CSAs.

Senator Roberts. Dr. Hamre.

Dr. Hamre. Sir, I do not favor the 9/11 Commission recommendation that gives the NID authority over DOD agencies. If you're going to have an NID, you'll want a strong one. If you're going to have a strong one, I think you're going to have to give him some real things to manage, other than just interagency coordination processes.

Senator Roberts. Let me give you the counter-argument. I have noted what appears to be very redundant, often wasteful, procurement of intelligence system, in my own view as chairman of the Intelligence Committee, shared by many across the several intelligence budgetary mechanisms down through the years, different agencies and different congressional committees--obviously, that's no surprise. You have the entrenched interest of several of these bureaucracies. We may see that, when an intelligence requirement is levied, the NRO always finds one of its satellites to be the best solution, if not all of them. The NGA will feel its imagery is the best. The NSA may offer signals intelligence. The Air Force may prefer its unmanned aerial vehicle (UAV). The CIA may obviously feel an agent collecting information is the best, not to mention a poor marine who would just want new tires on his high utility mobile mechanized vehicle.

Sadly, all of these programs may be funded to meet similar, or even redundant, needs. Yet the SECDEF cannot do all that. We have an Under Secretary of Intelligence now who has his hands full. The SECDEF certainly has his hands full. Would an NID, with more powerful authorities, be able to make the tough and unpopular decisions that fiscal responsibility requires? It doesn't have to mean that you put the whole agency out of the

DOD over to the NID, but at least that person would have funding authority, hiring and firing authority, shifting personnel authority, and also transfer authority in regards to funds.

What I'm trying to say is the reprogramming--is your answer still no?

Jim?

Dr. Schlesinger. I think that the NID can do much more in the area of centralizing collection, which is the big money area, as your question raises. The NID should not be engaged in suppressing competition among the agencies. The SECDEF and the Joint Chiefs should have their own DIA.

Mr. Carlucci. The way you've described it, I can see an NID building a huge staff right now, and that would be just another layer. So I think we have to be cautious about giving him all this authority. Either he builds his staff or he yanks something out of DOD. There's no in-between.

Senator Roberts. Dr. Hamre?

Dr. Hamre. I'd agree with what Dr. Schlesinger just said to you.

Senator Roberts. Okay. My time is expired, and I thank you, Mr. Chairman.

Chairman Warner. Thank you, Senator Roberts.

Senator Lieberman.

Senator Lieberman. Thank you, Mr. Chairman. Thanks to you and Senator Levin for these hearings.

As has been indicated, Senator Collins and I have been involved in holding some hearings and we welcome--there's a lot of overlap between our two committees, Mr. Chairman. We look forward to working with you as our committee produces the legislation that Senator Frist and Senator Daschle have asked us to produce sometime in September.

I want to pick up on the questioning of Senator Roberts and some of the others, the line of questioning that they've been following.

You can't read the 9/11 report without concluding that it's an indictment of the status quo, in some measure. They don't quite say this, but it certainly left me with the impression that if the kind of reorganization they recommend was in place prior to September 11, maybe it wouldn't have happened. It goes to the connecting of the dots, to the focusing of resources where they were necessary. The bottom line seems to be, no one was in charge. The Commission says that. Mr. Zellico, the executive director, testified to the Governmental Affairs Committee that that remains the case. No one's in charge of the American IC. As a result, there is stovepiping, there's not an overview by somebody at the top of where priorities are and, therefore, where the money should go.

In that report, I believe it says that our IC is organized according to the best management principles of the 1950s, which is not surprising, because it came into being in the late 1940s, when the world was very different and the enemy was very different--Soviet Union, as opposed to all the diffusion of terrorism.

Incidentally, we know the toughest part of this is what to do about the Defense intelligence budget. Questions have been raised. It's true that a lot of the criticism in the 9/11 Commission Report was focused on other agencies, particularly the failure of CIA, FBI, et cetera, to cooperate. But there is some criticism of the NSA, which is in the DOD, obviously.

I'll just read from the Commission report, page 80, ``The NSA began''--let me start with page 87--``An almost obsessive protection of sources and methods by the NSA and its avoidance--its focus on foreign intelligence and its avoidance on anything domestic would, as will be seen''--in the report--``be important elements in the story of September 11.'' Basically, an accusation that the considerable assets of the

NSA were not being focused on the war on terrorism.

They say, ``The NSA began putting caveats on its bin Laden-related reports that required prior approval before they're sharing their contents with criminal investigators and prosecutors. These developments further blocked the arteries of information-sharing.''

Finally, from page 417, ``In the September 11 story, for example, we see examples of information that could be accessed, like the undistributed NSA information that would have helped identify Nawaf al Hazmi, in January 2000.''

So there is some direct connection in the report to failures of cooperation by intelligence assets now under the control of the DOD.

Senator Roberts asked about whether you were for the NID, and there was--as recommended, I think you generally said no. Bob Gates, former DCI, said in testimony he submitted to our committee this morning--strong statement--``The new intelligence director, as described'--he actually talks about the White House. He says, ``The President recently announced his initial decisions in response to the Commission recommendation. I hope, as the White House spokesman has suggested, that these decisions are only a first step, because the new intelligence director, as described, will impose a new layer of bureaucracy, but has no troops, no budget authority, and no power. Therefore, the new position would be worse than the current arrangement.''

So what's my question? [Laughter.]

My question is this. You've answered, in part. Let me go at it this way. You've had the extraordinary experience in administration, both in the public and the private sector. How can we, in something so fundamental as this war on terrorism, go on without having somebody in charge? If you put somebody in charge, doesn't that mean they have to have budget authority over the DOD--or at least significant non-TIARA, non-tactical parts of the DOD intelligence budget?

Secretary Carlucci?

Mr. Carlucci. I think we can do that without creating another layer. That's the point I tried to make, that we ought to look at the DCI's authority, and where they are found wanting, let's change that. But to create another layer with a whole staff, I agree with Bob Gates, that either he's toothless, in which case it's a useless layer, or he's a nuisance because he's intervening in the warfighting process of DOD.

Senator Lieberman. Okay, so that's helpful for me to understand. In some ways, you're saying if there's need for coordination and more strength, including some budget authority, give it to the DCI----

Mr. Carlucci. Absolutely.

Senator Lieberman.--instead of creating an NID.

Mr. Carlucci. Absolutely.

Senator Lieberman. Secretary Schlesinger?

Dr. Schlesinger. The first point that I make is that the stovepiping that has so badly damaged our ability to deal with September 11, evidenced beforehand, was basically between the FBI and the CIA, and that if that is the area that you must bring greater integration, how far the TTIC does in bringing FBI information to the benefit of the counterterrorism area, I don't know. The FBI has historically been outside, really, of the IC.

Second point, you mentioned that the NSA was obsessive about protecting its sources and methods and information, and the reason that it was obsessive was that during the 1970s and 1980s, we told the NSA, ``Never eavesdrop on an American citizen.''

If you tell people not to hear things, and then, certainly, if they've heard things inadvertently, not to pass them on, they will be obsessive.

Senator Lieberman. As you know better than anybody.

Dr. Schlesinger. Yes.

Senator Lieberman. You'd say it yourself, we're not in the 1970s and 1980s anymore; we're in a new century with a new enemy, about whom we----

Dr. Schlesinger. Absolutely.

Senator Lieberman.--need to know everything there is to know.

Dr. Schlesinger. Absolutely.

Those restrictions should be dropped, and they have been dropped.

Senator Lieberman. Dr. Hamre?

Dr. Hamre. Senator Lieberman, you really don't need to add more authority to the DCI on budget. He already has very strong authority, but he doesn't really use it. The reason is, he's up against very strong Cabinet Secretaries.

Senator Lieberman. So how do we deal with that? Because we know the SECDEF has a lot of authority and power. How are we going to equalize that competition, that tension, in a way that gives more resources to the war on terror?

Here we have, ``George Tenet declares war on terrorism as DCI in''--as the Commission report said, ``in 1998.'' Nobody responds to him. Maybe it's because they didn't think it mattered, because he didn't have any budget authority over them.

Dr. Hamre. But, Senator, it's not the only war we're fighting. We have a lot of things we're having to do besides war on terrorism. It is not the only focus. I think that's the primary worry I have: we're going to organize around just that one concept. I think that's where I have to ask you to be careful.

Senator Lieberman. My time's up. But, obviously, we're not going to organize just around that one concept. The problem--my fear is--and this report documents it--this is the great threat to the security and lives of the American people, and we're not devoting enough of our intelligence resources, in a coordinated way with somebody in charge, to it.

Thanks, Mr. Chairman.

Chairman Warner. Thank you, Senator Lieberman.

Dr. Schlesinger. May I, Mr. Chairman?

Chairman Warner. Yes.

Dr. Schlesinger. There are bureaucratic problems within the CIA, and when George Tenet, quite rightly, said, ``We are at war,'' even within the CIA, there was not the resource shifts that should have come, given the fact that we were at war.

Senator Lieberman. It's a point well made.

Chairman Warner. Thank you.

Senator Sessions.

Senator Sessions. Thank you, Mr. Chairman.

We're talking about the problems, and I think the panel has dealt with the problems, the deficiencies we had at the time of September 11. But a lot has happened since September 11, for heaven sakes. The NCTC that's been established, with CIA as the head officer--I think it's in the FBI building, supported fully by FBI--and every bit of intelligence involving terrorism is filtered through there so it can be properly analyzed. I guess, first of all, that's a big step forward, I think, and it's the kind of thing that was not happening before September 11. Also, I notice in the Commission's report that our expenditures for intelligence fell every year from 1990 to 1996. From 1996 to 2000, it was flat, except for a Gingrich supplemental, they note.

But since then, we've been spending a lot more money on intelligence, particularly HUMINT and other things that we know we were, in the aftermath of the disaster of September 11, to do better about.

Do any of you doubt that there is a great deal more

cooperation within the agencies now, a great deal of effort to knock down the stovepiping, that obviously existed before September 11, in the months since September 11? Secretary Hamre, I guess you're the most recent----

Dr. Hamre. Sir, just by way of disclosure, I serve on an advisory board to both the FBI and the NSA, and there is more cooperation than I have ever recalled between these agencies and with the NSA and with the CIA. There is dramatically more cooperation. There still are organizational impediments. The law enforcement perspective is constraining, from an intelligence standpoint, to be candid. So there are issues like that.

But, as you pointed out, lots has happened. Lots of good things have happened.

Senator Sessions. Secretary Hamre, I know you served as Deputy Secretary and also as the Comptroller to the DOD under President Clinton's administration, but let me ask you about this. It's the ``Central'' Intelligence Agency. I presume that means it's supposed to be the central source of intelligence for the country. Was that the purpose of the founding of this agency, or one of the purposes of it?

Dr. Hamre. Sir, it's supposed to be the one and only all-source intelligence center that's supposed to provide.

Senator Sessions. So if we create another one now, we're putting layer on layer. Is that what you're concerned about?

Dr. Hamre. Sir, I think the proposal that the Commission is recommending is not to duplicate the CIA, but, indeed, to split off the central coordination role of the DCI from the CIA. That's where my concern lies, is that I think that recommendation, if left at that, will actually weaken both, and that's not a good idea.

Senator Sessions. I had an opportunity to have dinner with some CIA agents and station chiefs and it was 8 o'clock. They said that was the earliest they had been at home. They're working 7 days a week to serve this country. I don't think they think that this Congress or the American people have any idea of what they do. My impression was, they simply felt that what they were doing was critical to this country, and they were doing it because they love this country.

Mr. Carlucci, you mentioned ``disruption'' and Secretary Schlesinger, ``do no harm.'' Isn't it important that we not do anything that damages the morale and the motivation of those agents in CIA and DIA around the world who are at risk for us this very moment?

Mr. Carlucci. I'm glad you raised that, Senator Sessions, because I don't think enough focus has been given to the recruitment of human assets around the world. I have worked with these people throughout a 26-year Foreign Service career. I have seen them do their day job during the day, do their CIA work all night. I've seen the strain on families. I've seen the dedication. There's no recognition. They can't become ambassadors. They just do it out of pure dedication. We need to support them. The name Dewey Claridge probably doesn't mean much these days, but there is a man who was indicted for carrying out his professional responsibilities. We don't treat them well. We need--one of the things--people say, ``Well, we're not recommending change.'' I'm recommending a very serious change, that we make sure we support our intelligence officers in the field. Recognize, sure, there are mistakes, there are intelligence failings, but there are a helluva lot of dedicated people out there doing a fine job.

Senator Sessions. Perhaps what Mr. Tenet meant when he said it would take 5 years to get this thing back on a level we'd like to see it move to, he was talking about the delays that occur when you establish HUMINT. You just can't do that overnight, isn't that correct, Mr. Carlucci?

Mr. Carlucci. You have to organize some cover. You have to

train, you have to organize cover. You don't just go out and hire an Arab-speaking officer and send him into Iraq or Afghanistan and say, ``Recruit.'' It takes years to get good cover, non-official cover. You can do embassy cover very quickly. But non-official cover, which is what you have to do against the terrorist target, or against hard targets, like North Korea or Iraq, takes years to develop.

Senator Sessions. Secretary Schlesinger, you've headed two cabinet agencies. I happened to be a prosecutor when we did the drug czar. That was supposed to coordinate all the Federal agencies on the drug front. I'm not saying it did not have some positive benefits, but it's pretty hard, is it not, to have some non-cabinet-level official order cabinet-level officials around?

Dr. Schlesinger. My observation is that, unless a czar is given an agency, that, sooner or later, like Nicholas II, he winds up at Ekaterinburg with a bullet in his head. [Laughter.]

Two quick points, Senator. First, the disruption that Frank referred to does not just affect our ability to recruit agents; it affects the morale of the people in the Department. When you shuffle around agencies, you're going to pay at least a short-term price, because individuals in the system will be concerned about where they fit into the new system.

Second point, we are now dealing with a different kind of conflict, and the CIA was established to bring together all of the information that came from the then-Army and Navy that was lost during the runup to Pearl Harbor. It was not designed to bring in the FBI.

When I joined the government in 1969, the Director of the FBI was Herbert Hoover, who had given orders to all FBI personnel never to speak to anybody in the CIA. Now, that is real stovepiping. Of course, there were all these clandestine, if I may use--these exchanges of information, because the people in both the FBI and the CIA recognized that, to some extent, they had to work together.

Chairman Warner. Thank you very much, Senator.

Senator Reed.

Senator Reed. Thank you very much, Mr. Chairman.

Thank you, gentlemen, not only for your testimony, but for your service to the Nation over many years.

It seems to me we've had two extraordinary failures in intelligence, both September 11 and Iraq. There were failures in collection, analysis, distribution of information, and, ultimately, decisionmaking. They represent--if not two sides of a coin, slightly different phenomenon. I would suspect that if we focus only on September 11, we might not fully realize all the changes that we have to make.

The September 11 problem has a domestic component, which is not the case if we look at North Korea, we hope, or Iran. Those are strategic problems we have to deal with. In September 11, it was more of a failure of warning. In Iraq, it certainly wasn't a failure of warning.

Consistent, though, were belief structures. We believed, before September 11, they could never do anything like this. With respect to Iraq, we believed they were going to do something the next day.

So, again, a very general question, but in terms of collection, analysis, distribution, decisionmaking, what specific advice would you have for us? Also, what about this notion of belief structure, about--we fool ourselves sometimes--not the bad guys, but we fool ourselves.

Dr. Schlesinger. Let me comment on WMD, if I may.

Senator Reed. Yes, sir.

Dr. Schlesinger. Given the information that the analysts had, theirs was not an unreasonable conclusion, that Saddam Hussein had WMD, given his history. The problem with the intelligence that went public was that it did not include the

caveats that should have been included, all of the doubts, all of the holes.

The real problem with intelligence on WMD was not the analysts; it was the failure to have effective HUMINT from inside Iraq, which is, unlike the Soviet Union or China, more readily penetrable. That we had no solid information. The analysts were working on the basis of inferences, and that's all they had, and the inferences are not unreasonable.

Senator Reed. Mr. Hamre?

Dr. Hamre. Sir, I think you've identified a very central problem, which is this--as you've talked about, belief structure, or some people call it ``group think,' ' which sets in. I can only think of one really structural solution to that, and that's to make sure that the various elements of the government that have to come together to make a decision in the executive branch have to report to different oversight committees up here on the Hill and explain it to people with different perspectives. That's the only way I can think you can do that. Therefore, they need to keep--retain intelligence capabilities for assessment purposes and for their own department.

Senator Reed. That presupposes that our oversight will be vigorous and consistent.

Dr. Hamre. Yes, sir, and I hope it will.

Senator Reed. Thank you.

This issue of stovepipes is interesting. We all understand about stovepipes, but eventually they end, and that's in the National Command Authority, where the President--not just this President, but any President--has to challenge these agencies.

Dr. Schlesinger. Usually stripped of their caveats.

Senator Reed. Caveats, yes. But that's where the President will ask about the caveats, one would hope, because to assume that this is all simple stuff, I think misses point from the beginning, which raises a question. Maybe it's a mundane question, but with all this anticipated moving around of institutions and organizations and analysis, how will that help the President and the White House make better decisions? I think it is really one of the fundamental questions, and I'd appreciate your comments.

Dr. Schlesinger. Look at the issue of the WMD once again. My problem with that is that the agency that had the best technical knowledge was disregarded. The Department of Energy said, ``All of our people who have looked at it said that these particular tubes are not intended for centrifuges,' ' and that, in the overall, was pushed aside. You have to have a system that has respect for those who have the closest technical knowledge.

Senator Reed. Again, I think that kind of nuance and detail is not being captured in the discussion of creating an NID and---

Dr. Schlesinger. No.

Senator Reed.--the TTIC. But that's really where it--eventually, you make the judgment, which is, basically, giving the experts their play, letting them give you the analysis. In that case, they did connect the dots.

Dr. Schlesinger. Yes.

Senator Reed. But they were ignored. So it's not all the time about just connecting the dots; it's having decisionmakers who are willing to listen and to probe the analysis.

Dr. Schlesinger. We not only want to connect the dots, we want to connect them correctly.

Senator Reed. It looks as if we will do something. I would ask you, what do you think is the minimum we should do, Mr. Carlucci and Dr. Schlesinger and Dr. Hamre? Then what things, specifically, we might defer because they're hard and they require more cogent thought and they require, perhaps, just more time?

Did you have any thoughts in that regard?

Mr. Carlucci. Let me start. I think we ought to go ahead and create the NCTC with the operational planning component in it. I'm a little nervous about putting operational planning too close to intelligence, but I think, given the changed circumstances--Senator Lieberman, you said, ``It's not the 1970s''--we ought to do that. We ought to find ways to tighten up cooperation between domestic and foreign intelligence. I would do that by looking at the DCI's authority, seeing if that could be enhanced, seeing what kind of participation the FBI's going to have in the NCTC.

I would defer the question of an NID until we've had opportunity to give it more study.

Senator Reed. Dr. Hamre? Dr. Schlesinger?

Dr. Hamre. Jim?

Dr. Schlesinger. Go ahead.

Dr. Hamre. As I said, I think that the 9/11 Commission recommendation would give us too strong an NID for what we want, and I think the President's recommendation is too weak an NID. So if we're going to have an NID, I think you have to ground him with enough institutional heft so he can carry out the duties that I think Secretary Carlucci just outlined. He's not going to become a strong coordinator if he has no underlying institutional base for it.

Senator Reed. Dr. Schlesinger?

Dr. Schlesinger. I agree with what Frank said, and partially agree with what John said.

The point to keep in mind is that one can establish a czar who has a sunset provision, not at any fixed date. But the power of a czar tends to fade over time. So when it's first established, there's great fanfare, and so on.

Two things that the NID could do. One is to break down the impediments to the flow of information that are represented by each agency having its own special classification system. There is no way that much of the agency material cannot pass from one to another, and somebody with the authority of the President, whether in the White House or out of the White House, can break down those classification barriers.

The second point that I would make is, going back at least to the time of Henry Kissinger, the National Security Advisor has done a lot of coordinating for the President. We can have that coordination formally established through an NID. But if the NID does not have large number of troops under his control, sooner or later his power will fade.

Senator Reed. Thank you.

Thank you, Mr. Chairman.

Chairman Warner. Thank you, Senator.

Dr. Schlesinger, for the record, you replied to an earlier question by Senator Reed comparing the former Soviet Union, China, and Iraq with regard to the ability to get HUMINT in. Would you, once again, repeat that? Because I understood you to say it would be easier to get into Iraq than China or Russia.

Dr. Schlesinger. That would be correct.

Chairman Warner. All right. Then the record is correct.

Senator Collins.

Senator Collins. Thank you.

I want to return to the issue that was raised by Senator Lieberman and Senator Levin, albeit from different perspectives, about whether there is a link between the failures prior to September 11 and the issue of budget authority for the NID. I want to return to this, because I think there is a link, and that there is an important link, which the 9/11 Commission revealed.

The Commission talks about DCI Tenet issuing a directive in December 1998 in which he says the following, ``We are at war. I want no resources or people spared in this effort, either inside the CIA or in the community.'' But the Commission goes

on to note that nothing really happened after that directive was issued.

To me, that is directly attributable to the fact that the DCI does not have the authority to mobilize resources across the government, and that's why I do think the idea of an NID with significant authority is part of the answer.

Secretary Carlucci, you mentioned this morning Stansfield Turner testifying before the Governmental Affairs Committee. He endorsed the creation of an NID. He tells a story about how, shortly after he took over as DCI, you came into his office, as deputy, and said something to the effect of, ``We have a lot of levers in this office, but I've come to the conclusion that the wires have been cut and that they aren't actually connected.'' I love that quote, because I think it sums up what's wrong, that we have, on paper, a position that looks like he would have considerable authority, but that when it comes to mobilizing the entire IC, the powers that are needed, the authority's simply not there.

Secretary Carlucci, I'll start with, could you respond to that, by quoting, or trying to quote you?

Mr. Carlucci. I've not had the opportunity recently to do an analysis. Certainly, I felt that Stan had ample authority, and exercised that authority.

My point is that if you don't have the requisite authority with the DCI, don't create another layer. Give the requisite authority to the DCI. Let's analyze that, see what he needs--he or she--and make sure that that person has the tools to do the job. I'm very much afraid of the disruption that goes with creating another layer, and the impact that might have on our warfighting capability, as well.

Senator Collins. Dr. Schlesinger?

Dr. Schlesinger. When DCI Tenet made that observation in 1998, that we are at war, he certainly had authority within the CIA, which has large numbers of people. Every element of the CIA said, ``That's right. Just don't take any resources away from me,'' so that you wound up with 6 or 8 or 10 people being assigned to Osama bin Laden. It wasn't that he did not recognize the problem. It was that there was bureaucratic resistance, or lethargy, whatever you want to call it.

I am sure that if the DCI talks to the Director of NSA and says, ``This is our problem. Listen carefully,'' that the Director of NSA will respond to that. If he doesn't, a conversation with the SECDEF would have been, should have been, sufficient.

The problem was that DOD was not responsive in that period. There was reluctance to get involved. Secretary Cohen, as John Hamre will remember, talked about the threat of WMD on U.S. soil, but DOD did not devote the resources, and was certainly opposed to any military action to go after al Qaeda.

Senator Collins. Dr. Hamre?

Dr. Hamre. Senator Collins, I think if you were to look at the statute that currently gives authority to the DCI, you'd find it really gives the authority that you're seeking in the NID. So, to Secretary Carlucci's point, you could--you really could--it's already there. The authority is there. I think you have to ask, why hasn't it worked? Why hasn't it happened? I think the candid reaction is that the DCI bucks up against big, powerful Cabinet Secretaries, and there's always compromise in all that. I don't want to quarrel about the priorities of the 1990s, but we were fighting other wars at the same time, and so you're using--you're always apportioning your scarce resources--your intelligence resources, your military resources--for a range of things, and you're making a judgment as to where you have to put them at the time. I don't think anybody consciously said, ``Well, we know there's a big terrorist threat out there. We're just going to ignore it.'' Nobody ever said that. I think there was a consciousness change

on September 11 that made all of our decisions on September 10 irrelevant. I think that's now what we're looking at. We're looking back at that period with the consciousness we now have, on September 11, that we didn't have before. Now, you have to ask yourself, ``What do I do about that,' ' in terms of changing the government.

Senator Collins. That's true. But it seems to me that when you have a call to action that is as stark as George Tenet's was in 1998, when he says, ``We are at war. I want no resources or people spared in this effort throughout the entire IC,' ' and yet little happens, that suggests to me a flaw in our structure, and that's why we're striving so hard to fix that.

I see my time has expired. Thank you.

Chairman Warner. Senator Collins, your question, to me, it goes to the heart of a point that I raised in my opening statement. Dr. Hamre said that the DCI has all the authority he feels he needs now; it's a question of whether to exercise it. I wondered, did the other two witnesses concur that the DCI, under current law, has sufficient authority to do those things that we envision an NID will do?

Mr. Carlucci. I haven't made a study of it, but I think he does. Certainly he did when I was in the CIA.

Chairman Warner. I don't think the law has been changed that way.

Dr. Schlesinger?

Dr. Schlesinger. I think that--I don't know whether he has all the authority. He certainly has a great deal more authority than was exercised.

I might observe, Mr. Chairman, that we had national complacency in that period. It is important not to blame national complacency on the failure of the IC. It was a general national failure.

Mr. Carlucci. Moreover, we don't know what actions George Tenet tried to take where he was blocked. I've not heard any evidence to that effect. He issued the warning. Did he do anything to follow up on the warning? I don't know.

Chairman Warner. Thank you.

Senator Ben Nelson?

Senator Ben Nelson. Thank you, Mr. Chairman.

I'm intrigued by the discussion about solving the right problem, because I think that the tendency in Washington, or in other areas of government and in the States is, typically if there's a problem, we need more money, a reorganization, some other layer of bureaucracy to solve it, and that's what we typically do. So I'm hopeful that we will avoid doing that here.

In that regard, I also hope that we will solve the current problem, rather than the problem on September 11. Let me be clear on that. I get the impression that maybe some of the circumstances that existed on September 11 have either been self-correcting or have had some correction along the way with subsequent knowledge and experience. If that's the case, isn't it important that we make sure that the recommendations that the 9/11 report have are for the current situation, versus the prior situation? I'd like to get your thoughts about that.

Dr. Schlesinger. I think that the first act of this committee might well be to make an inventory of the changes that have actually occurred in the IC and beyond the IC since September 11. Then you will be able to deal with the situation as you see it today rather than the defects of the period before September 11.

Mr. Carlucci. I think your point is right on, and endorse what Jim said.

Dr. Hamre. I agree.

Senator Ben Nelson. Now, in that regard, holding back, perhaps, on the NID might make a lot of sense, because if you're going to put somebody in a position to be part of the

solution, you're going to have to deal with the authority issue. That'll relate to budgeting, hiring and firing, policy relating to implementation. Would that also require an inventory of what really needs to be within the power of that NID if we choose to make that part of the solution?

Dr. Schlesinger. I think that you might well indicate to that NID the priority tasks, because, otherwise, you have an endless list of things that might be done, and there are certain things that are high priority that should be done.

Mr. Carlucci. I now have visions of an enormous bureaucracy turning itself inside out to reorganizing, everybody writing a job description, trying to figure out where they're going to be the next day, figuring out what pieces of the CIA should go to the new NID, how we ought to intervene, what kind of command-and-control arrangements he ought to have over the CSAs. I think we may be creating a real confusing mess.

Senator Ben Nelson. I was about to say that that's what we had with the Department of Homeland Security, but I would suggest that we're still having it.

Dr. Hamre?

Dr. Hamre. I'd agree with what you just said, and I would agree with what my colleagues said.

Senator Ben Nelson. Well, what an agreeable group.

[Laughter.]

I really appreciate that.

As we relate to the executive branch, with the oversight from the legislative branch, can you give us some enlightenment, your thoughts, about how we exercise oversight in this particular area, with a number of committees having some degree of oversight, some of it overlapping? Is there a way to help straighten out the relationship between the executive and legislative branches? Having served in both, myself, at the State level, and then here now, in the legislative branch--is that a bigger question than we have time for?

Dr. Schlesinger. Senator, if you can persuade your colleagues to put protection of turf further down their priority list, you will have accomplished a great deal.

Senator Ben Nelson. Are you going to touch that one, Mr. Carlucci?

Mr. Carlucci. I've never been on the Hill, so I'll bow out of that one.

Dr. Hamre. Sir, I worked up here for 10 years, and, frankly, congressional oversight amplifies the stovepipes in the executive branch.

Senator Ben Nelson. Do you think it also can--when you say ``amplifies,' ' it just creates----

Dr. Hamre. It reinforces----

Senator Ben Nelson. Reinforces them?

Dr. Hamre.--reinforces the parochialism inside the executive branch. The hearings, Congress tends to hear from its favorite departments and agencies, and that gets reinforced in the bureaucratic fights that we take into the executive branch. So it's--there does--it really does, in many ways, start here. I would think that spending some time figuring out some reform, bringing yourselves together in a cleaner oversight, would help a great deal.

Senator Ben Nelson. Probably we'd have to have some outside suggestions brought to us, because it's probably not easy to reform ourselves, when we have our own interests. But I do think that that will have to be part of the solution when we put together whatever the recommendations and/or legislation that might be forthcoming.

Thank you, Mr. Chairman.

Chairman Warner. Thank you, Senator.

I believe, under the leadership of Chairman Roberts and Vice Chairman Rockefeller, that that is the subject of review

of the Intelligence Committee on which I serve.

Senator Ben Nelson. I don't believe the process will work without reform on the inside here, as well.

Chairman Warner. Thank you.

Senator Talent.

Senator Talent. Thank you, Mr. Chairman. I really want to thank you for holding this hearing. It's been one of the best I've attended. I came in here really leaning towards this whole idea of an NID, and, I have to say, you've made a very powerful case against it, which, in all candor, I don't think has been shaken very much by those who have questioned you and who support it.

It seems to me--and tell me if I'm wrong--that what you're basically saying is, if we create this NID and he's too weak, it's just another layer of bureaucracy, which nobody wants; and if he's too strong, there is a considerable risk that he will disrupt the actions of his new directorate, will disrupt the considerable amount of good work that is going on within the agencies, certainly within the Department, without fixing what, in your judgment, really went wrong. Because, I take it from your testimony, that you just think there is no substitute for getting good people on the ground who are exercising good analytical judgment on the basis of both good technical and human intelligence. Is that a pretty fair summary of what you're saying?

Mr. Carlucci. Perfect.

Senator Talent. Perfect. Mr. Carlucci, I was going to raise a lot of issues and try and think of some hypotheticals about why an agency, let's say, station head or an agency official might not always share, in order to protect his sources. But I think the one you came up with in your testimony about the hypothetical Iraqi official who you're trying to recruit, and if he knows the watchword of the day throughout the Government of United States is ``share everything,' ' he might be a little bit disinclined to put his neck on the line, wouldn't want that floating up in every discussion that goes on in Washington.

Mr. Carlucci. Back in the days, Senator Talent, when we could protect sources and methods, I can remember as an FSO having a particularly important, but highly sensitive contact. I deliberately turned him over to the agency because they could run him in a covert way, and that would better benefit the U.S. Government, even though it would not help my career.

Senator Talent. So you turned him over to the agency because you knew they could stovepipe it.

Mr. Carlucci. Yes, I knew----

Senator Talent. Put it that way.

Mr. Carlucci. Exactly.

Senator Talent. They could protect that source.

Mr. Carlucci. They could protect that source, and he went on being protected for years.

Senator Talent. All right. So it seems to me--and tell me if I'm wrong--that you're recommending several things. One of them--and I think I heard you all very strongly on this, and I'm really inclined to agree with this--that there has been no effective case made, either by the 9/11 Commission or otherwise--and certainly sitting on this committee, both here in the Senate, and in the House, I agree with this--there's been no case made that the collection and dissemination of intelligence within the Department, for the purpose of supporting tactical military operations in theater, is broken. That is working, and working because of efforts made throughout the Department ever since--well, for the last 20 years, and certainly since Operation Desert Storm. So we must, at all accounts, not break that. In other words, it took a lot of effort to get that to where it is, and we have to be careful we don't break it. Is that a fair statement?

Mr. Carlucci. Jim made the case very well, I thought.

Dr. Schlesinger. May I----

Senator Talent. Yes, go ahead. Please.

Dr. Schlesinger.--go back to your first statement? It was perfect, except in one respect----

Senator Talent. Yes.

Dr. Schlesinger.--that NID can be too strong and too weak at the same time. [Laughter.]

Senator Talent. Having only 5 minutes, I don't know that I'll go into it; besides which, I understand in the less nuanced way that you've presented it to this point, and I don't know that I want to mess up my understanding.

I feel strongly about that, also. I have seen this work--I think we all have--in classified settings, and I know that commanders in theater now have confidence in this. I think if we turn this over to a directorate, I think you're absolutely right, Dr. Schlesinger, there's a tremendous danger that either it won't work, or they'll believe it won't work in theater, and that could cost us lives. The funny thing is, if it does cost us lives, and there's some huge failures, we'll probably appoint some commission and then have a bunch of hearings after that, and go back and ask ourselves why that happened, and it will have been the result of not being careful not to fix what isn't broken.

The second point I hear you saying is, look, if there are further obstacles to prevent sharing between FBI and CIA, we ought to get rid of them. Now, to utter a little dissenting point of view. I remember some of the abuses in the 1970s that were the reason why those Chinese walls were set up. Can we do the sharing without the abuses? I guess this isn't any of your field of expertise, but do you want to comment on it?

Mr. Carlucci. One thing that that ignores is the degree of oversight that you currently have.

Senator Talent. Yes.

Mr. Carlucci. Jim Angleton couldn't perform today the way he had performed--the way he performed back in the 1970s. Congress would have full knowledge of the activities. So I think oversight takes care of that problem.

Senator Talent. Okay. So, again, yes, allow the sharing, encourage the sharing, but have effective and honest people in charge to do the oversight.

Mr. Chairman, that's all I have to say. I had more coming in. I think they've made a pretty strong case. I appreciate your holding the hearing.

Thank you.

Chairman Warner. I appreciate, Senator, your arranging your schedule to be back here for today and tomorrow, and your participation. Thank you.

Senator Dayton.

Senator Dayton. Thank you, Mr. Chairman. I join with the others in thanking you for convening this and tomorrow's hearings. Gentlemen, thank you for your appearance and your service.

I want to focus on a different set of failures that were disclosed in the 9/11 Commission Report, which were the failures to, as I read it, follow some of the existing protocols and procedures, and, thereby, a failure to the respond to the actual attack, on September 11. Given especially your experience at the very top of the civilian chain of command, I'd just like to see whether what strikes me as some egregious disconnects were, in fact, what I perceive them to be.

Because we talk about this need for fundamental reorganization or reform and these different words at these levels of sophisticated intelligence gathering, coordination, et cetera, which I don't dispute. We've spent now this morning in another committee hearing and this afternoon. It's about 6 hours well spent on these various aspects.

But according to the Commission report, at least two, and probably three, orders from the Vice President of the United States, through a military aide, to North American Aerospace Defense Command (NORAD) to communicate to the fighter planes that were in the air at that time, the authority to shoot down an incoming enemy plane, a hijacked plane, were not passed on to the fighter pilots by the mission commander. On page 83, both the NORAD mission commander and the senior weapons director indicated they did not pass the order to the fighters circling Washington and New York because they were unsure how the pilots would or should proceed with this guidance. Leaving aside that this authorization from the Vice President, based on, as he's communicated, his conversation with the President occurred 2 hours after the first hijacking began, and 10 minutes after the last plane actually had crashed in the fields of Pennsylvania, the fact that it was not passed on by NORAD to the pilots, to me, just is astonishing.

The Commission goes on in the next paragraph to say, ``In most cases, the chain of command authorizing the use of force runs from the President to the Secretary of Defense, and from the Secretary of Defense to the combatant commander.'' The President apparently spoke to Secretary Rumsfeld the first time that morning shortly after 10:00. No one can recall the content of this conversation, but it was a brief call in which the subject of shoot-down authority was not discussed.

Then the SECDEF, who I give full credit for going courageously to the site of the Pentagon explosion, returned at 10:39--this is 2\1/2\ hours now after--almost 2 hours and 25 minutes after the first hijacking commenced--and the Vice President is understandably of the belief that he's passed on these orders and that they're being carried out, and the SECDEF seems to be--very appropriately is saying, ``Who did you give the direction to?''

The SECDEF, ``Let me''--you know, ``Has that directive been transmitted to the aircraft?''

The Vice President, ``Yes, it has.''

Secretary of Defense, ``Just to be clear, so you have a couple of aircraft up there that have those instructions at the present time.''

Vice President, ``That is correct. It's my understanding they've already taken a couple of aircraft out.''

Now, if you were the SECDEF in this situation, and that order from the Vice President of the United States, transmitted that way to the defense of this country has not been communicated to the pilots up there? I mean, is that an acceptable procedure, or is that as egregious a failure to defend this country as it appears to me?

Mr. Carlucci. It's certainly not acceptable. Defense never trained for this kind of circumstance.

Senator Dayton. Well, but----

Mr. Carlucci. But that's no excuse. But that's a fact.

Senator Dayton. They trained to follow out the command--I mean, that's what I'm trying to understand. Is it a failure to establish the proper chain of command? If the SECDEF had given a command from the President of the United States, would that have been carried out without question? Or, in this case, given that it came from the Vice President, based on a verbal conversation with the President, who's up on Air Force One, understandably--is up there and, by his own testimony, is having difficulty with the communications system there, which is another concern, to communicate in an ongoing line of communication with the Vice President. The Vice President transmits an order from--or an instruction from the President to NORAD, and it's not passed on. Where is the breakdown here? Just because it hasn't been rehearsed?

Mr. Carlucci. I can't answer that.

Senator Dayton. No, I mean, I--is it--I mean, I'm

astonished----

Dr. Hamre. Sir, I'm not going to try to answer it. But for something of this nature, there are procedures that an action officer in a command center will check that he's received a valid order. Very few action officers actually are talking to the Vice President on the other end. So there is a procedure and a set of very specified directions so that you get a validated order, so you know you are under the authority of the Commander in Chief of the United States to taken an action.

I surmise that those--that that wasn't in place. It was happening so--in such a chaotic way, and it just wasn't there. People said, ``Well, wait a minute, we don't--we didn't get X, Y, Z kind of a message from such and such,`` and they probably said, ``Well, how do you know this is real?``

I'm speculating here, sir, but I--we need to be--we know now that we have to be ready for this. We didn't have that consciousness on September 11, and my guess is, is that they didn't have the--they didn't follow a predesignated format for authenticating a communication from the President of the United States. We know how to do that for nuclear war. We've never had that for an episode like this. So before we just say that there was an egregious failure of duty, my guess is there are some operational details I need to understand better before I could jump to the conclusion that said that it was a dereliction of duty.

Senator Dayton. I'm not suggesting that at all. I think people were individually responding according to their own judgment. Certainly, the Vice President was running the command post there.

Dr. Hamre. Yes, sir.

Senator Dayton. The fact that we didn't receive--weren't receiving the kind of incoming enemy attack that we thought we would be receiving----

Dr. Hamre. Yes, sir.

Senator Dayton.--in some other circumstance----

Dr. Hamre. Yes, sir.

Senator Dayton.--obviously, is----

Dr. Hamre. I certainly understand your question. Yes, sir.

Senator Dayton. The other point I would just make, because it leads to--and I know I'm out of time here--but due to the--I think, the good graces of the chairman of the committee and his--the location of the National Airport at--in the State of Virginia, we're operating that with some risk to the Capitol, to the White House, and the like. We had a situation with the Governor of Kentucky which has been largely overlooked by Congress and by, I think, the powers that be in the last--about 2 months ago that says to me, if you look at the failure, again, of communications--we evacuated this entire complex. A couple of thousand people were literally running for their lives out of the buildings because of a failure again--and I can't get into this all--of the Federal Aviation Administration (FAA) to communicate with NORAD, to communicate, in this, with the Capitol Police. So, the axiom, what is condoned continues--yes, we were caught very much by surprise on September 11, but I see continuing evidence of a failure of the established procedures to be followed in a situation 2 months ago. Fortunately, it was the Governor of Kentucky in a propellor plane rather than some other kind of attack. But it really alarms me.

Mr. Chairman, I just would submit that I hope we can pursue this, because we can do all the intelligence reorganization, and we can spend billions more, or billions differently, but if we don't have basic lines of authority that we're going to follow in those situations of a national emergency, it doesn't matter, frankly, how much we spend, it's going to fail again.

Thank you.

Chairman Warner. Senator, your point is well taken. The

Senator's point is well-taken.

Dr. Schlesinger?

Dr. Schlesinger. I can well understand why you are perturbed----

Senator Dayton. Stunned.

Dr. Schlesinger.--but not astonished. The order to shoot down a passenger airliner is met with a certain incredulity, and we were not prepared for this occasion. A fundamental point to bear in mind is, we had a clear chain of command, and yet there was a failure. Reorganization is not going to solve that problem.

Senator Dayton. Right. Thank you.

Thank you.

Chairman Warner. Thank you very much.

Senator Chambliss.

Senator Chambliss. Thank you, Mr. Chairman.

Gentlemen, you bring a wealth of experience and knowledge to this particular issue. By being here today, you're again performing a great public service to your country, so we thank you for your service here today.

I'm one of the folks who started out not being supportive of an NID, and for a lot of the same reasons that you have enunciated here today; particularly, Secretary Carlucci, your statement regarding another level of bureaucracy continues to bother me today, even though I've come around to thinking we need this position. But if we create simply another level of bureaucracy, we're going to do a lot more harm than we're going to do good, and the next 9/11 report's going to be twice as thick, say the same thing, and yet we're going to have another incident that has occurred.

But the fact of the matter is that there are a number of agencies involved. We've talked about a lot of them here today. We've been primarily concentrating on DOD, but there are a number of department heads that we've not even alluded to today, some of which are scratched, from a surface standpoint, in the 9/11 report. For example, the Department of Transportation. We were just talking about the FAA here. You have Amtrak involved. You have all of our major transportation systems in every major city in the country that would have to be involved.

The one major issue that, again, is touched on by the 9/11 Commission Report that complicates this issue even further is the immigration issue. We're in the process right now, Senator Kennedy and I, of trying to make some major changes relative to how we deal with visas and who comes into this country. You have to have some mechanism for tying all of these issues-- whether it's defense, immigration, transportation, or whatever--together and make sure that all of that information is getting into one funnel, and that that funnel is where it ought to be, and it can get there in real time--and not just get in the funnel in real time, but get out to the other people that need that information in real time.

Because of that, I have come to the conclusion that an NID can act in the same manner as a chief executive officer of a major corporation if he has the right tools with which to do it. If you don't give them to him, then he's not going to be able to do it.

But there's nobody out there right now--even with the powers that the DCI has, he has no control over the FBI. Director Mueller is responsible to Attorney General Ashcroft, he should be, and we can't change that structure. DIA is responsible to the SECDEF. We can't change that structure. You are absolutely right that the warfighter who is on the ground in Iraq has to have the confidence that his military superiors are the ones who are going to give that answer to him.

So there has to be somebody out there to get all of this information together, and get their arms around it, and make

sure that these folks are talking to each other, the stovepipes are broken down. The Chinese walls, Dr. Schlesinger, that you referred to, between law enforcement and intelligence, are-- they're down as a result of the Patriot Act. They have to stay down. It's absolutely imperative that they do. Somebody has to coordinate all of that.

I guess it's our job to try to figure out, taking the information that you and other folks are giving us as to how we do that--there is a statement that you made, Dr. Hamre, which I appreciate, and I wrote it down, where you said that an NID really has to have an institutional base if he's going to be successful. I know your comments relative to moving NRO and our other two agencies out of DIA--or DOD--under an NID would go towards doing that. But I'd like you to expand a little bit on that.

What else does this individual need to have? We can say he ought to be able to hire and fire, he ought to have budget authority, but, as you and I were talking earlier, from a practical standpoint that is going to be extremely difficult, and we're not going to be able to do this by the October 1 deadline that's been imposed on us.

But would you expand on what you mean by that institutional base and where we need to go?

Dr. Hamre. Yes, sir, Senator Chambliss. The reason I don't want to take away DIA from the SECDEF is the same as why I don't want to take the Bureau of Intelligence and Research away from the Secretary of State. They need those things. But there are a set of--the large collection agencies, the factories-- they run the satellites, they run the listening stations. They're in the business of just collecting wholesale, large amounts of information and then distributing it to the analysts. My view is that that could be brought under this NID. This would be a very significant institution. These would--this would be tens of millions--or tens of thousands of people, tens of billions of dollars annual budget. It would be a very substantial base, and he would be--or he or she would be the supplier, then, of intelligence to the analytic agencies, which would remain with the secretaries. That would be considerable institutional clout.

Now, it also means that everybody else in the government is going to be in the position of demanding better quality from him and those factories. Those factories need now to support all those people. Right, now, in DOD, frankly, we tend to spend more time defending them because they're in our budget, rather than demanding they give us good quality. We tend to do that through different channels.

So I don't personally believe that you need to have budget control in order to get good quality out of those agencies. Frankly, it hasn't been budget tools that we've largely used to get the coordination at the tactical level, it's been direct. It's making it a CSA. I, personally, would be--would want to make sure that the head of those agencies is a military officer, and remains under military command and control. I think there are ways you can handle that. But that way, you'll put genuine heft underneath that NID. If you don't have that, then he really--I think, a little like Secretary Schlesinger said, he's a czar, with power for the first half a year, and then it starts to atrophy quite quickly.

Senator Chambliss. Anybody else have a comment on that?

Dr. Schlesinger. The first comment is that any reorganization is going to have advantages and it's going to have disadvantages, and you want to be sure that the advantages outweigh the disadvantages.

The second point is this. There are a variety of ways to handle this. You could raise the DCI from executive-level two to executive-level one. You could double-hat him as not only the head of the CIA and DCI, but he could be the--designated as

part of the executive office as advisor to the President without splitting the analytic activities in a way that simply adds another layer to the system. You can create, by legislation, that the clandestine services, the Directorate of Operations is handed off to a deputy. You could do what has happened in the Department of Energy, which is to strip out the national security functions and put it under a quasi-independent agency known as the National Nuclear Security Administration, in which the clandestine services would be responsive to an administrator of clandestine services, whatever you call it.

So there are a whole variety of things that can be done, but having a DCI and an NID at the same time, it seems to me, is going to be counterproductive.

Chairman Warner. Thank you very much, Senator.

Senator Clinton.

Senator Clinton. Thank you, Mr. Chairman, and thanks to our witnesses for being here today.

Mr. Chairman, it seems to me that we're struggling with two very significant questions that are difficult to answer. One is, in a system with different and sometimes competing intelligence agencies, both for collection and analysis, how do we ensure accountability? The second is, how do we ensure that executive branch officials do not cherry-pick the intelligence that most conforms to their views, or, I think, in the words of Secretary Schlesinger, the concept of reality that they hold?

We're dealing with human beings, we're dealing with politics, we're dealing with, unfortunately, partisan politics. You had a DOD that already controlled 80 to 85 percent of the intelligence budget, and yet the current SECDEF thought it necessary to create an Office of Special Plans, and go and find even more intelligence to be used for whatever concept of reality existed. You had a Vice President who went over to the CIA--not once, but enumerable times--to find out what he could find out that would fit his concept of reality.

So we need a system that can ensure accountability, but also put some checks and balances back into this system. It is certainly clear that many signals were missed. There's no doubt about that. But I think it would be a shame and a tragic indictment of all of us if we are not more straightforward and honest about the problems we face.

I listened with great interest to my friend Senator Sessions go on and on about the questions concerning trade-craft and the exposure of people, yet I have not heard one call from anyone on the other side of the aisle to conduct a congressional investigation into the outing of Valerie Plame. Talk about an example that's going to send shockwaves through the existing CIA and any of our friends and allies around the world. There's no drumbeat for any congressional investigation. Why? Because it's in partisan politics.

So I think we can rearrange the deck chairs on the Titanic from now until doomsday, but we need to reassert a sense of ethics and responsibility that go beyond partisan politics again to get back to an old-fashioned American patriotism where our highest obligation is to whatever the facts lead us to. I don't know how we get that by changing statutes, laws, and rearranging government positions.

I also think it would be irresponsible of our committee not to take a hard look at Defense intelligence. It may very well be--and I think the arguments are quite compelling--that you don't want to interfere with the chain of command or in any way upset the tactical intelligence that's needed in combat. But there have been mistakes, and there have been missed opportunities, both operational and tactical.

I still don't understand what happened at Tora Bora. I don't understand what happened when the Predator allegedly had bin Laden in their sights and didn't fire. I don't know what

happened. I think we need to know what happened.

So even if we conclude that it is not prudent to put any overarching authority over Defense intelligence, we'd better make sure we're doing whatever is needed to improve Defense intelligence, both collection and analysis, and not act as though, ``Oh, well, we're not going to mess with Defense intelligence, because that might possibly interrupt the chain of command and tactical.'' We need to make sure we're doing the best job we can with Defense intelligence.

There was an example, and the 9/11 Commission talks about it. They call it ``the millennium exception.'' At a certain point in time, all the forces of our government were called into a room, day after day after day, run by the National Security Advisor, because, after all, all of these decisions ultimately are going to be decided in the White House. I don't care who you put in charge anywhere else. What we need to do is to figure out how to have a system that replicates what worked the one time in our recent history where we think it worked, and that required literally having people in the same room, being held accountable, having their information vetted, asking for further information from the collection, as well as the analyst, side.

So I think that it's important that we take seriously the need to reorganize if it is necessary, but there's a much more important, deeper issue at stake here. That is to try to de-politicize the collection, analysis, cherry-picking utilization of intelligence, no matter where it comes from. I hope that that won't even be an issue post-September 11. But, as I say, the outing of Valerie Plame does not give me a lot of confidence that we would use a CIA operative for partisan political advantage.

So I guess, from my perspective--and I take very seriously what each of you have said; I have high regard for your opinions, based on many years of service--but let's focus for just a minute in the area of each of your expertise. Are there types of changes that you think our Defense and military intelligence need to make to improve on its performance, going forward, in both battlefield situations like Afghanistan and Iraq and with respect to the point that my colleague Senator Dayton made? He's been beating this horse quite vigorously in every hearing, because he is--as, I think, rightly so--quite appalled by what the ticktock is that broke down the chain of command under unusual, but, nevertheless, pressing circumstances. So could each of you just address the Defense and military intelligence issue for a moment?

Dr. Schlesinger. Several comments. The first, Senator Clinton, is, there may be cherry-picking, but it does not affect, in my judgment, collection, which you mentioned. I think that the collection activities go on. I think that the attempt--we have had failures in collection--most obviously, HUMINT, in Iraq--but I don't think that the problem of collection is either partisan politics or cherry-picking. Now, the interpretation is a problem.

The second point that I would make is, in the past, we have, as you indicated, had less partisan politics, and I join with you in wishing that we could return to those days. But one must distinguish between partisan--problems of partisan politics and the problems of real policy differences. Real policy differences are appropriate, and people will disagree with regard to what should be done, given certain circumstances. They may do that for partisan reasons, but there are irreducible level of policy differences.

The third point I would make is, while you're here on Armed Services, strengthen the DIA. You ask, what do you do about Defense intelligence? It is not a real competitor, in my judgment, for the CIA, and we would be better off, analytically, if we had a stronger DIA.

Mr. Carlucci. I'd just make--certainly, I think we can all agree, those who have served professionally, that partisan politics is very damaging to our intelligence capability and to our military efforts.

I think the one area that requires some attention is, the distinction between national intelligence and tactical intelligence becomes increasingly blurred. You mentioned Tora Bora. That fighter in the field actually has to know everything there is to know about Osama bin Laden, his whereabouts. Things that used to be considered national intelligence now have to get into the tactical area. So that argues, once again, for some kind of closer relationship between the DCI and the DOD intelligence agencies.

Dr. Hamre. Senator, I would--lots of areas that we need to work. Specifically, I think the need in DOD is for what we call ``long dwell'' in collection capabilities. We have two types right now. We have collection that comes from airplanes that fly around. That's a little like looking over an area with a spotlight. So it doesn't--you can only look at a little spot for a period of time. Then, of course, we have satellites, and they have huge coverage, big floodlight-type thing. But they last for 10 minutes and then they won't be back for another hour and a half.

What we're really needing in the Defense world is what we call ``long dwell,'' the capacity to get broad-area surveillance that can linger. So it has the best attributes of both. It has the capacity to see wide areas, but stay over the target area for a long time.

Now, that's going to be done with a new generation of--remotely piloted vehicles, largely, is going to be the way we'll do this. It's a ways away, and there are some very serious technical challenges associated with it. They should be military assets, in my view. They should be funded under the TIARA and Joint Military Intelligence Program, because you want them integrated into warfighting. But they'll have tremendous capacity in the national world, as well. That's a very good example of where the tactical systems will feed the national environment. We do that a lot. That's a good case-in-point, where you would not want to break that relationship, and you probably would want to put the lead on developing that inside the DOD. But that's a case-in-point, and we could come up with other examples like that for you.

Senator Clinton. Thank you.

Chairman Warner. Thanks, Senator. Senator, I'm sure you're fully aware, because of your interest in the situation, Ambassador Wilson's wife--that the FBI is now conducting an ongoing criminal investigation. It's been my experience that, when that is taking place, should a parallel investigation begin in Congress, it could impede or imperil the work of the FBI.

Senator Clinton. Mr. Chairman, I remember very well Federal grand-jury investigations that had congressional investigations going on simultaneously.

Chairman Warner. I defer to your recollection.

Senator Clinton. I have personal experience with that.

Chairman Warner. Senator Dole.

Senator Dole. Thank you, Mr. Chairman.

Let me say to each of you, it's a privilege to have you testifying here today. I certainly appreciate your outstanding service to this country. I've had the privilege of working with two of you in past lives, so I particularly want to welcome you here today.

I'd like to follow up on what Senator McCain and Senator Nelson said earlier. Since the 9/11 Commission has made its recommendations, we, as lawmakers, have been told to look at ourselves in the mirror. Congressional oversight has been called ``lax,'' ``uneven,'' and ``dysfunctional.'' Critics have

attested that overlapping jurisdiction and turf battles are promoted, rather than the desired result, which is accountability.

I think we can point to the recently created Department of Homeland Security as an example of where lessons may be learned in incorporating a government overhaul of this magnitude. While we've been at war, Secretary of Homeland Security Tom Ridge and his top deputies have testified at 290 hearings in the past year and a half. They've received more than 4,000 letters from Congress requesting information. Furthermore, 88 committees and subcommittees assert jurisdictional interest over the Department of Homeland Security.

Is it not instructive to look at this most recent example of a major government overhaul as a reality check for a realistic timetable for Congress to work under, and perhaps a reason to exercise prudence and discipline, rather than rushing to judgment in considering the proposed recommendations?

Secretary Hamre?

Dr. Hamre. Yes, absolutely.

Mr. Carlucci. I agree.

Senator Dole. Anything else you'd like to add, utilizing this example?

Mr. Carlucci. I think the disruption that goes with a large-scale reorganization can't be overestimated.

Senator Dole. Right.

Mr. Carlucci. It's very harmful to performance. So I think your point is right on.

Dr. Schlesinger. Senator Dole, I'd be happy to submit my testimony to the House Select Committee on those 88 committees of oversight and how they have stretched out the senior officers of the Department of Homeland Security. I fully agree with your observations.

[The information referred to follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Senator Dole. Secretary Schlesinger, you've stressed the necessity of cautious interaction between intelligence and policymaking. Secretary Kissinger has said recently--this was a Washington Post piece, just in the last couple of days--''Intelligence should supply the facts relevant to decision. The direction of policy and the ultimate choices depend on many additional factors, and must be made by political leaders.''

How effectively would the administration's proposal allow our national policymakers to direct the intelligence efforts without compromising the independence and quality of analytical products? Are there better alternatives in this regard?

Dr. Schlesinger. I think that this adds that other layer, and that it compromises what Secretary Kissinger was calling for, which is that the facts should come up to the political leaders. The political leaders must decide on a policy. Their task is different from that of intelligence; and the division of authority that is being proposed, I think, compromises what he outlined.

Senator Dole. Secretary Hamre, since September 11, intelligence sharing and analysis have been significantly improved, with assistance from both the legislative and executive branches. How many of the Commission's recommendations would you estimate have already been addressed? Could you highlight the major ones? Would implementing any of the Commission's recommendations require the intelligence agencies to fix what is essentially not broken?

Dr. Hamre. Senator Dole, forgive me for not having that at the top of my head. Can I respond to you for the record on that?

Senator Dole. Surely.

Dr. Hamre. I don't have the 42 recommendations under my belt, and what's been done. I've heard it said that a large number have been implemented, but I just don't know that personally, and I'd be glad to get back to you on that.

Senator Dole. Fine. Just submit it for the record.
[The information referred to follows:]

I have reviewed the 39 recommendations contained in the Commission report. Some of them are rather general and some are specific. Some are easy to categorize and some are not. After considerable study, I would assess them in the following categories:

Completed.....	0
Not a recommendation but an observation.....	3
To be decided (e.g. congressional action needed).....	8
Tried and (largely) failed.....	2
Nothing or very little has happened.....	4
Lots of rhetoric, very little substance.....	11
Significant progress, work ongoing.....	11

Senator Dole. Thank you, Mr. Chairman.

Chairman Warner. Thank you very much.

Senator Bill Nelson.

Senator Bill Nelson. Thank you, Mr. Chairman.

Mr. Chairman, in your opening remarks you made reference that the committee's purpose in this examination is, in many ways, to look at the structure, the resources, and the leadership in trying to arrive at a decision. I've heard from the witnesses--and thank you, again, as to what has been said over and over, for your public service over the years to your country; thank you for that--I've heard them testify to basically that the structure they think that is there now is sound; it may need some tweaking. I've heard them say that the resources--there seems to be the resources that are committed to it, but I haven't heard the examination of the third issue that you raised, Mr. Chairman, which is the leadership.

So what I would like to ask is the question that is begged. Do we have a system that is set up that is too sensitive to the personalities of the people--the personalities of the President, the SECDEF, the Secretary of State, the DCI, the Attorney General? If so, how do we fix it?

Dr. Schlesinger. The second question is a lot harder than the first. Sure, we have a system that is sensitive to the personalities. That is, I think, unavoidable. Some of those are elected officials, some of them are appointed officials. The appointment of officials comes for a variety of reasons, including campaign contributions, in some cases. Obviously, you're going to have different levels of ability, as well as backgrounds, that may or may not be appropriate for the jobs to which these individuals are appointed.

I can't answer the second question. That's the nature of our system. We have to--the system, in part, adjusts to weak personalities in different executive-branch positions, and they lose influence, and others take over, to a greater extent.

Mr. Carlucci. I would agree that the system is very sensitive to personalities, but I would argue that that may not be totally undesirable. That's why we have elections. If we're not satisfied with the personalities, we throw them out.

It is true, as Senator Clinton pointed out, that we need to try and insulate intelligence from political vagaries. Some thought could be given to a fixed term, but I don't know that that totally insulates the DCI from politics.

I think you asked a very fundamental question, but I don't have a ready answer, unlike Jim.

Senator Bill Nelson. You must have the answer, then.

Dr. Hamre. No, sir, I certainly don't have the answer. But I think--first of all, I think the collection environment, the

collection process is less, I think, susceptible to personalities. I think it tends to be in the assessment, how do you--what do you make of what it is that's in front of you? Here, my only recommendation is, I think that you want lots of diversity in that, and you want those people to have to come up to different committees in Congress and explain why they think that. We need to force our system--as much diversity and perspective in our system as possible, and I think that's--use more open-source material, make sure that the oversight system up here is quite rigorous, that there is--I have a ``long dwell'' fly here, excuse me--that collection is available to everyone, that you are putting us through a process of explaining our thinking, both in classified and unclassified hearings. I think much more rigorous oversight and insistence that we come forward and explain what we're doing would be good. I think that would be the most helpful thing you could do, sir.

Dr. Schlesinger. Can I add something to that, Senator? We have something called ``noise,'' and each of these agencies takes the signals--or we hope it takes the signals--and forgets about what it regards as noise. But some other agency may not regard that as a noise. If that ``noise'' were disseminated--what is regarded by one agency as noise selectively, were disseminated more generally, we might be able to get something that is closer to the truth.

Senator Bill Nelson. In summary, I sense that there are two things, two ideas, around which you all would clearly congregate, that came out of the 9/11 Commission Report recommendations. A number of them that you disagreed with, which we appreciate very much your input. But these two, I think you would. Obviously, congressional oversight and direction ought to be much more robust. Then the other one is, I've heard all of you speak favorably--and correct me if I'm wrong--about an NCTC, that being the place that you could bring together all the collected information so that you're getting analysis of it, and that all the various agencies dealing with intelligence would be knowledgeable of that, and participate in, that analysis, and then determine how to use it.

Mr. Carlucci. Agreed.

Dr. Schlesinger. Those in the community who keep their nuggets to themselves and refuse to share them should be removed from the community.

Senator Bill Nelson. I would suggest that the most recent example of that--and it wasn't specifically defined as intelligence, but it was certainly critical information--was when the Governor of Kentucky's inbound plane--the transponder wasn't working, and the FAA was all happy with it, and they knew about it, but they forgot to tell the military. Then they send the alert to the Capitol Police. Of course, we get this emergency announcement, ``You get out of the building immediately. There's an inbound aircraft.'' So there, sadly, is another example of where one hand is not knowing what the other hand is doing.

Dr. Schlesinger. There's a distinction between a failure of communication and a deliberate failure of communication; and the latter, I think that we should be able to cope with.

Senator Sessions [presiding]. The Senator from Texas?

Senator Cornyn. Thank you.

Thank you, gentlemen, for being here, and for hanging in there.

Dr. Schlesinger. Senator, Senator Cornyn has been very patient.

Senator Cornyn. You were patient, too, to wait until we get all the way down at this end of the table for questions. I appreciate that very much.

I especially appreciate all three of you talking, at the outset, about the fact that solutions must logically flow from

problems identified. In other words, I trust that we will be on guard about a solution looking for a problem.

Indeed, I was also interested to hear a number of references to the fact that the specific causes of September 11, as identified by the 9/11 Commission, had very little to do with the issues that we are talking about when we talk about budget authority, and particularly the role of the DOD in supporting the warfighter. But I think this is a very constructive and important exercise, and I commend the members of the 9/11 Commission for doing an outstanding job. But I think it's a difficult and complex subject.

The one thing that I think cannot be overlooked is the fact that this administration and this Congress have not waited for 3 years for the 9/11 Commission to issue its report to act in many ways that I think have been very constructive, and designed to solve the problems that we all know have existed. For example, we've talked some about the creation of the TTIC. The NCTC, which is one of the 9/11 Commission's recommendations, would indeed build on that to enhance the information-sharing between the CIA and the FBI, as appropriate under the law.

We also need to identify the fact--as Attorney General Janet Reno and Attorney General John Ashcroft, and others testified to at the hearing--about the fact that it was the Patriot Act--sometimes maligned, but frequently misunderstood--that was responsible for tearing down the wall between law enforcement and intelligence agencies, and allowing the kind of sharing of information that has, indeed, I believe, made America safer. Indeed, of course, the creation of the Department of Homeland Security, billions of dollars being appropriated to first-responders--variety of potential targets for terrorists.

But I believe, of the recommendations that have been made by the 9/11 Commission--the NCTC and certainly the legislative oversight reform, which we have not talked about much here today, other than to avoid the subject because it is not necessarily the role of this committee, but certainly a matter of interest--but to me it seems less important when we look at reform to try to see how we can reorganize the wire diagram or the organizational chart. Indeed, as I think has been alluded to several times, the kind of authority that some have proposed giving to the NID already exists since 1997, when Congress passed legislation which created a Deputy DCI for Community Management, and gave that person responsibility for coordination of all intelligence agencies. I hope we wouldn't give too much--we wouldn't elevate the anecdote about DCI Tenet declaring war in 1998--we wouldn't elevate that too much, because, indeed, we all know it takes more than a declaration of war by the DCI to make things actually happen. That is really where the rubber meets the road.

But let me ask a question that, I think, Dr. Hamre, you alluded to, but we haven't seemed to talk about very much. I don't think the 9/11 Commission Report really addresses this. In addition to the failure of HUMINT, which has literally made us blind, what happened in Iraq since 1998--and I fear we won't talk about it here--but I fear that is not an isolated event--open-source intelligence collection. We spent a lot of money on satellites and all sorts of interesting gizmos that, indeed, I think are very useful, in terms of intelligence collection. But are you familiar with any effort in our IC anywhere to have a systematic and comprehensive open-source intelligence collection?

Dr. Hamre. Sir, there are procedures that the IC uses to survey the thinking in the private sector on issues as they're trying to derive an assessment. For example, the National Intelligence Council will routinely go out and pull in the thinking of outsiders. It tends to be in the assessment phase.

That's a little different from open-source, which is seen as a collection, as well as an assessment, activity.

I think you will find that there's also a strategic study group that works for the Agency which routinely goes out to outside of government to try to augment its classified activities, but they tend to be bringing perspective more toward to the tail-end of an assessment, as opposed to being seen as a routine source of information-collection. I think the advocates--and I certainly do advocate wider use--of open source is to use it as a collection modality, as well, not just simply a second guess on the assessment phase.

Senator Cornyn. Secretary Schlesinger?

Dr. Schlesinger. I think, Senator, if you look at the fusion methods of the Special Operations Command down in Tampa, that they have brought together, or have attempted to bring together, open-source information, in part because the part of the world that they deal with, you have basically more open-source information than you have secret information. A problem. It is a long, historic problem of the CIA, or has been, that if something's good, it has to be secret. Sometimes we just get the gems out of open-source.

Senator Cornyn. I've sometimes joked among my colleagues that I have learned in classified briefing sessions since I've been in the Senate as much by reading the New York Times and Washington Post, and watching cable news. I wonder whether we are missing opportunities as hundreds of new newspapers and news sources arise in places like Iraq and all around the world, gleaning, systematically, information we could obtain from non-classified public sources of information, and do that on a more systematic and rigorous basis.

Dr. Schlesinger. We should.

Mr. Carlucci. May I comment, Senator?

Senator Cornyn. Secretary Carlucci?

Mr. Carlucci. We, of course, have FBIS, where we monitor all the radio broadcasts around the world, and CIA has had a Domestic Collection Division for some time. But, more fundamentally, what you describe is a basic responsibility of embassy reporting. It is up to the embassies around the world to deal with open-source information, to tell the Department of State what the press is doing in Country X or Country Y, what the politicians are saying. That's why we have political sections in our embassies.

Senator Cornyn. Thank you. My time is expired.

Thank you, Mr. Chairman.

Chairman Warner [presiding]. Did you wish to follow up on Secretary Carlucci's response to you?

Senator Cornyn. Are we going to have another round, Mr. Chairman?

Chairman Warner. Yes.

Senator Cornyn. I'll reserve any other questions.

Thank you very much.

Chairman Warner. Thank you, Senator.

Senator Levin and I feel that we'll just take a brief round of questions apiece here. Let me see if I can bring some conclusion to this very important contribution that each of you has made.

It seems that you would want Congress to very carefully explore what we could do, by way of law, to give to the DCI all those powers needed, such that he or she, as the case may be, would then be on a coequal basis with the Secretary of Defense, Secretary of Homeland Security, Secretary of State, and that that would, in my judgment, require less disruption. If you start pulling DIA and NSA out of DOD, and all of the things accompanying that, at a critical time in our history of this country, when we are on the verge of a presidential election, a congressional election, with the understanding that we'd take a look at how that works for a period of time, and then perhaps

come back and reexamine the need to have some other individual, or converting the DCI to the NID and then bring in subordinates under him to do the work of the agency, is that a possible thing that we should consider, Secretary Schlesinger?

Dr. Schlesinger. I think so, and I think you were out of the room, Mr. Chairman, but we were elevating the DCI to executive-level one, which makes them coequal.

Chairman Warner. Yes, I heard that testimony.

Dr. Schlesinger. Yes. There are a number of things that can be done.

Chairman Warner. Putting him on a total par----

Mr. Carlucci. You may not need legislation. It's good to look at the possibility of legislation.

Chairman Warner. We'll figure that out----

Mr. Carlucci. But, as Senator Levin pointed out, you may not need it.

Chairman Warner. My point is, use that as an interim step.

Mr. Carlucci. Oh, yes.

Chairman Warner. With the extraordinary confluence of events taking place in the United States now, two very significant elections of both the President and Congress----

Dr. Schlesinger. Some DCIs have been very timid about exercising the community power.

Chairman Warner. Yes.

Dr. Schlesinger. I think that a strong statement from Congress, that we expect the DCI to be seriously in charge of the community, would be helpful.

Mr. Carlucci. With oversight followup on that.

Chairman Warner. I understand that.

Dr. Hamre, we were exploring, as you stepped out momentarily----

Dr. Hamre. I sure did, sir.

Chairman Warner.--whether or not an interim step, given the confluence of the events facing us--a presidential election and a congressional election--but if Congress desired to act in this current Congress, which is due to expire here in October, unless we have a lame duck--of addressing whether it needs to be in law, or otherwise, elevating the DCI to equate, in every respect, by way of authority, emoluments, and everything else, with the Secretaries of Defense, State, and Homeland Security as an interim step, and see how that system might work, and that would be less disruption, as envisioned by other proposals on the table.

Dr. Hamre. I think I agree with my colleagues, I think it certainly would be less disruption. I think it's very hard to keep energy behind an initiative like that for every long. Things will fall back into their old patterns very, very quickly.

Chairman Warner. So then your conclusion, we have to go to the NID.

Dr. Hamre. No, sir. I think you need to take time to make sure we get this right and I know you're going to do that.

Chairman Warner. I'm sure the leadership of Congress will make certain we do take the time.

Dr. Hamre. Yes, sir.

It isn't the sort of thing, just by putting emphasis behind it--will fade quite quickly, so you'll need to decide whether or not you want to make this decision or take other structural changes to increase the standing and stature of the DCI if you want to stay with the current structure.

Chairman Warner. I'm not suggesting that the current structure--I think we could enhance the DCI considerably so that he's on a total par. Very often, in your testimony----

Dr. Hamre. Sure.

Chairman Warner.--today, you feel that the SECDEF--and I'm not suggesting the personality of the current----

Dr. Hamre. No, no----

Chairman Warner.--but the office itself is overwhelming of the DCI, and that, therefore, he's not been able to exercise maybe some of the current authority he now has in law.

Dr. Hamre. The DCI actually has more expansive authorities than the SECDEF does in oversight and use of funds and that sort of thing, than--he has enormous authorities, authorities that the SECDEF had 50 years ago.

Chairman Warner. All right.

Secretary Schlesinger said, often some of the personalities did not fully exercise that, for whatever reason.

Dr. Hamre. Right. They've been neutralized through the process, the interagency process, through time.

Chairman Warner. Do you all think that's a proposal that we should at least consider?

Dr. Schlesinger. Yes.

Mr. Carlucci. Yes.

Dr. Hamre. Yes.

Chairman Warner. It's worthy of consideration.

I thank you.

Senator Levin.

Senator Levin. Mr. Chairman, I think what the witnesses are saying is that, interestingly enough, that if you put the SECDEF on a par with the DCI, or whatever the successor to the DCI is, you will demote the DCI, legally, from where the DCI now is, legally, in terms, at least, of developing and presenting the budget. Because under Title 50, it is the DCI who is responsible to develop and present that budget. It's not par. It's the DCI who has responsibility. Now, for various reasons, which our witnesses have outlined, that has been watered down over the years, for interagency conflicts and whatever the reasons are. But, by law, to the extent we worry about such things, under Title 50--I'm reading it--I think I'm reading--and this is an exact quote, I hope--`The development and presentation to the President of the annual budget for the NFIP is the responsibility of the DCI.' I'm not sure I would want to change that. That would be a reduction in the authority of the----

Chairman Warner. I've not suggested that be changed.

Senator Levin. You said `par,' though. That would put him on a par, in terms of that. But I think what you're suggesting, Mr. Chairman, if I can be a little technical here and legalistic--which I know is not my wont, but let me try it anyway--not too much laughter here. [Laughter.]

My wife may be watching this. When it comes to reprogramming and the execution of the budget, I think, what the chairman--and I don't want to put words in his mouth--would like to see is a greater equality. Because, right now, that really belongs to the SECDEF, rather than to the DCI, when we'd come to the reprogramming.

Now, the SECDEF has a serious responsibility in that, because I believe that there must be concurrence under current law when it comes to reprogramming. Does the SECDEF have to----

Dr. Hamre. That depends entirely on where the dollars are appropriated and what part of fiscal law is governing. There's enormous flexibility in the intelligence budget.

Senator Levin. No, but in the law itself----

Dr. Hamre. There's very little flexibility----

Senator Levin.--in Title 50, when it comes to the reprogramming power----

Dr. Hamre. But, sir, it all depends on where it's appropriated up here.

Senator Levin. All right. Okay.

Dr. Hamre. That's what is governing.

Senator Levin. But, in any event, I think that's an area where we ought to be looking, because that's a very critical area.

Then when it comes to the hiring and firing point there, we

have in the DCI in effect, the power now to veto in law, except for the DIA. But for these other three agencies, a concurrence of the DCI is required under 10 USC. So that's a pretty powerful position that the DCI is now in. He doesn't exercise it, apparently. But that's not the lack of authority; that's the lack of a will to exercise it. I don't know if we can legislate willpower, but, nonetheless, that's where the current law is.

So I think that the one area where we really have to focus, in terms of where the chairman is discussing this--at least from my understanding of what he's saying, or perhaps his intent--is that area of budget execution, or the reprogramming area. That's where it seems to me there's real need to consider this power question.

Chairman Warner. Let me just comment on that, because I was addressing this question of how the Secretaries of the many Departments--Defense, Homeland Security, and so forth--which contain the affected element or elements of the IC, does not object to such reprogramming transfer. Now, it seems to me if we took the--they have veto power now, and what I was trying to do is to make certain that the DCI--I didn't mean to demote him; I don't know how I'd be demoting him if we passed laws to further strengthen him----

Senator Levin. Developing and presenting the budget?

Chairman Warner. That's right, and also to eliminate these vetos over his reprogramming.

Senator Levin. Now, reprogramming, I misspoke. Let me just go back to the reprogramming issue.

Chairman Warner. At some point we'd want to hear from the witnesses.

Senator Levin. Yes, but I misspoke, and I'd like to get their reaction to see if I want to correct myself.

By executive order, the reprogramming power is now in the DOD. But, as Secretary Carlucci has said, when he was the deputy to the DCI, and as Admiral Turner said today, when he was the DCI, President Carter put that power in the DCI so that by executive order, with the stroke of a pen, literally, that power on reprogramming could go back to the DCI if that's what President Bush or the next President wants to do. So we don't even need a legal change for that one, because that's an executive order allocation. That's my question. Am I correct on that, Mr. Carlucci? Then I'd ask the others.

Mr. Carlucci. That's my understanding.

Senator Levin. Now, do our other witnesses want to come in on that? Then I'll be done on that.

Chairman Warner. That's all right. Take your time.

Dr. Schlesinger. I'm not sure I'm answering your question or the Chairman's observation, but it would really help if the senior leadership got together every once in awhile and just talked--the head of NSA, the DCI, the head of DIA. Right now you have people coming to what used to be--is now the foreign intelligence something-or-other board and their representatives of their agencies. It would help enormously if we had the principals meeting.

Senator Levin. That's true. But I'm being very precise. There's an executive order, number 12333, which now designates the SECDEF the power to provide fiscal management for the NSA, for defense and military intelligence, and national reconnaissance entities. That means that by executive order, the SECDEF is given the power to supervise execution, including reprogramming, of that NFIP budget. That's an executive order. That can be changed back to what it was in the President Carter years, when it was the--if we want to, or if the President wants to--not me, or us--if the President wants to, he can give that power right back to the DCI or the successor.

Dr. Schlesinger. Right.

Senator Levin. So I just want----

Dr. Hamre. That's true, sir, but I'll tell you, there's remarkably thin budget-justification material that comes with the intelligence budget. It's nothing compared to what you insist coming from us in DOD. I remember when the NRO piled up \$3 billion worth of cash and nobody knew about it. I didn't know about it. I was the Comptroller, I didn't know about it. Okay? I mean, this happened. They do not get much oversight. They have tremendous flexibility right now.

So I'm not sure that this is really the panacea that you think it is.

Senator Levin. What?

Dr. Hamre. Moving the authorities around a little bit for more flexibility, for money. They have so much flexibility, they don't even know where the money all is.

Chairman Warner. My simple question was, if we did, by a combination of execution order and, if necessary, statutory change, elevate the DCI to level one, put him on a par--and hopefully, they would meet, Mr. Secretary--would that be an interim step, avoiding a lot of dislocation at this critical point in our----

Mr. Carlucci. I see no objection to that.

Chairman Warner. Do you have any support for it?

Mr. Carlucci. I think it helps.

Chairman Warner. All right.

Mr. Carlucci. Gives him a little more clout.

Dr. Schlesinger. I think that it might be desirable to establish a committee of principals----

Chairman Warner. All right.

Dr. Schlesinger.--and force the heads of these agencies to talk about their common interests.

Chairman Warner. That's certainly in the realm of the President. All right, thank you very much.

Senator Sessions.

Senator Sessions. Mr. Chairman, this has been just a marvelous hearing and a marvelous discussion about government and responsibility and how to improve it. We have some of the finest people that I know of that work in our government agencies, spent 15 years at Department of Justice, and I know how fine the FBI agents are, and I've worked with them. But bureaucracies intercede, and we have real, real problems.

The best example that I've seen in my experience of change in government was early in the Reagan administration, when he put a young leader in charge of coordinating law enforcement around America. It was Rudi Giuliani. He was third in command in the Department of Justice, but everybody knew he was setting the policy on law enforcement, and he made things happen.

The drug czar, a non-cabinet agency, which we're talking about here, under Bill Bennett's leadership for several years, was a pretty significant force in establishing drug policy and coordinating drug efforts for a number of years. But I'm willing to bet that our drug czar today, his name is not known by the majority of the Drug Enforcement Agency agents. They probably don't even know his name, although John Walters is a fine person, doing a good job. But as Secretary Hamre said, it tends to fade. They have 150 people, and they're going to tell the Department of Justice how to run their business? Somebody with 200-300 people is going to order the DOD around? It just--over time, it doesn't seem to work.

So I guess I am intrigued and more inclined to be supportive of your views that, let's take the system we have, see if it is broken so badly we need major reform, or maybe the better approach is to see if we can't deal with the problem itself.

Now, we talk about these agencies, and they deal with one another as if they're foreign nations. They enter memorandums of understanding which are the equivalent of treaties. They--and it takes years of negotiating these things. It's worse than

dealing with the Russians to get an agreement. Sometimes they never agree on issues.

It seems to me that, really, the President can set this tone. If the President says, ``The CIA is going to coordinate my intelligence. Every agency is going to back--and if they don't, I want him to come tell me, and then I'm going to call in the Secretary of Defense and the Secretary of State, and we're going to have a prayer meeting over why he isn't working with the CIA Director.'' Am I off base on that?

Mr. Carlucci. Sir, you're absolutely right. The one thing we haven't really talked much about is the NSC and the role of the NSC in implementing that kind of presidential directive.

Senator Sessions. I know the President has really stepped up his commitment to this. The whole Nation, bipartisan, Republicans and Democrats--since September 11, we have dealt with many of the problems we've talked about today already, and made a lot of progress. Together we've done that. But I do think, ultimately, that if the President does not assert himself effectively, we won't see the progress there, because these agencies will retreat to their turf.

One thing that still I believe is not completely fixed with the Patriot Act--Senator Cornyn, you might correct me--but it seems to me we still have some fear on the part of the foreign intelligence agencies, the CIA, that if they are involved with somebody who may be a citizen, even though they're connected to a foreign power, that they feel somewhat intimidated and reluctant to pursue that. Shouldn't we make sure that it's crystal clear that if an individual--there's probable cause to believe an American individual citizen is connected to a terrorist organization or a foreign power hostile to the United States, that they ought to be covered under the Foreign Intelligence Surveillance Act (FISA)?

Secretary Schlesinger?

Dr. Schlesinger. Yes.

Mr. Carlucci. I would agree, but I'm not a lawyer, and I think you'd have to--well, you are--but what the legal constraints on the CIA are on that score, I don't know.

Dr. Hamre. Sir, I think the key is what you said, probable cause. That's where the complication comes in, is what does it take to establish probable cause for purposes of the surveillance? That's where it has been problematic in the past. It's not difficult, once you have probable cause, to get a FISA court order.

Senator Sessions. No, you're correct.

Dr. Hamre. It's that standard of probable cause that has been very high.

Senator Sessions. Dr. Hamre, you're correct. I think--and on a normal surveillance of a foreign operative, you don't have to have, to reach the level of probable cause----

Dr. Hamre. Right.

Senator Sessions.--which is a very high burden----

Dr. Hamre. High burden.

Senator Sessions.--as a prosecutor, I know----

Dr. Hamre. Yes.

Senator Sessions. But maybe we ought to relax that when there is a connection to terrorism and foreign intelligence.

Dr. Hamre. I actually think there have--there actually have been some changes in that regard. I'm not a lawyer, myself. I'd want to defer to general counsel out at NSA. I think they're actually, the minimization rules are still in place, but I think that there are some greater flexibilities. We use them. But I'd defer to them to answer that for you, sir.

Senator Sessions. It's referred to some in the Commission report, but I should study it more carefully.

Dr. Hamre. Yes, sir.

Chairman Warner. Thank you very much, Senator.

Senator Sessions. Thank you.

Chairman Warner. Senator Dayton.

Senator Dayton. I don't really have any more questions, Mr. Chairman. When I was in Iraq last year with the Chairman, I resolved never to leave a room before he did, so----[Laughter.] It's held me in good stead.

Chairman Warner. Thank you very much.

Senator Dayton. Although I could say, if you're aware of any other \$3 billion just lying around any of these entities, if you could let us know, that would be great. [Laughter.]

Thank you.

Dr. Hamre. Yes, I was pretty surprised to find it.

Senator Dayton. All right.

Chairman Warner. Thank you very much.

The distinguished Senator from Texas can wrap it up.

Senator Cornyn. Thank you, Mr. Chairman.

I just have one final area of questioning, and that has to do with the dangers of consolidation in the IC. The best analogy I can think of is how much different your world view would be each day if you only read one newspaper and it was the Washington Post, and how much different it would be if, every day when you got up, instead of the Washington Post, you read the Washington Times. I worry that if we are consolidating all of our intelligence collection and analysis, and routing it up without the caveats, perhaps, as it goes through each layer, we present a nice, pretty package. We claim we have now consolidated the authority in one person, the NID, but, in effect, we are limiting the range of information that the policymakers really need in order to make the best possible decisions. Is that a poor analogy?

Mr. Carlucci. It's a good analogy. Too much uniformity in the intelligence business is bad.

Senator Cornyn. It strikes me that there's some benefit to having the competition or the diversity of voices. I know sometimes people wonder how in the world can you find out what's happening in Washington or anywhere else? I always say you need to read a lot of different newspapers. You need to read several different news magazines. You need to look at several different Internet news engines, like Google or Yahoo or whatever. Maybe then you will have some concept of what in the world is going on. But if you limit yourself to one source, that seems like that is fraught with danger.

So I just hope that during the debate and discussion, as you have counseled us already, that we look for those things that are going to provide us better intelligence and not just claim that, yes, we've redrawn the organizational chart, we've created somebody with a new title, and we pat ourselves on the back under the misimpression that we've actually made America safer. Thank you very much.

Thank you, Mr. Chairman.

Chairman Warner. Thank you, Senator. But if I might, just to take an observation from your very important observations you made, the one thing that goes through this report that has struck me is the word ``imagination.'' Is not imagination the direct product of competition of differing intelligence views?

Dr. Schlesinger?

Dr. Schlesinger. Yes. It's unquestionably a--look, there were balls that were dropped here, and with--given the episode in Manila, given the seizure of the French aircraft that was supposed to fly into the Eiffel Tower, our problem was a failure of imagination, not to be cured--not to be cured--by restructuring. In Manila, it was said--whoever the name, I've forgotten--he said that, ``We were going to take an aircraft and drive it into Langley headquarters of the CIA.'' I would think that that would really get the attention of the CIA.

Chairman Warner. I expect it would, too. But it is the product of competitive intelligence analysis. Again, going back, as I did with my colleagues on the Intelligence

Committee, and looking at the problems, the DIA was very skeptical, as was the Energy Department, about certain aspects of the findings in the CIA.

Again, is not imagination a product, Mr. Carlucci?

Mr. Carlucci. It's a problem--I think that the report performs a useful service in pointing that out, but the report also points out that the policymakers do not act on warning, which is another issue that we haven't discussed today. That's beyond the realm of just pure intelligence. But the interaction between the IC and the policymaker is very important.

Chairman Warner. Dr. Hamre?

Dr. Hamre. Sir, I strongly believe that you want competitive analysis----

Chairman Warner. To give you the imagination----

Dr. Hamre. Absolutely.

Chairman Warner.--as a product.

Dr. Hamre. Absolutely.

Chairman Warner. Gentlemen, thank you. You win an endurance contest. We're almost at 4 hours. Thank you very much.

The hearing is adjourned.

[Whereupon, at 6:20 p.m., the committee adjourned.]

IMPLICATIONS FOR THE DEPARTMENT OF DEFENSE AND MILITARY OPERATIONS OF
PROPOSALS TO REORGANIZE THE UNITED STATES INTELLIGENCE COMMUNITY

TUESDAY, AUGUST 17, 2004

U.S. Senate,
Committee on Armed Services,
Washington, DC.

The committee met, pursuant to notice, at 10:21 a.m. in room SR-325, Russell Senate Office Building, Senator John Warner (chairman) presiding.

Committee members present: Senators Warner, McCain, Roberts, Sessions, Talent, Chambliss, Graham, Dole, Cornyn, Levin, Kennedy, Lieberman, Reed, Bill Nelson, E. Benjamin Nelson, Dayton, Bayh, and Clinton.

Committee staff members present: Judith A. Ansley, staff director; and Leah C. Brewer, nominations and hearings clerk.

Majority staff members present: Charles W. Alsup, professional staff member; Brian R. Green, professional staff member; Thomas L. MacKenzie, professional staff member; and Paula J. Philbin, professional staff member.

Minority staff members present: Richard D. DeBobes, Democratic staff director; Evelyn N. Farkas, professional staff member; Creighton Greene, professional staff member; and Maren R. Leed, professional staff member.

Staff assistants present: Andrew W. Florell, Nicholas W. West, and Pendred K. Wilson.

Committee members' assistants present: Christopher J. Paul, assistant to Senator McCain; Darren M. Dick, assistant to Senator Roberts; Lance Landry, assistant to Senator Allard; Lindsey R. Neas, assistant to Senator Talent; Steven R. Norton, assistant to Senator Chambliss; Aleix Jarvis, assistant to Senator Graham; Russell J. Thomasson, assistant to Senator Cornyn; Mieke Y. Eoyang, assistant to Senator Kennedy; Frederick M. Downey, assistant to Senator Lieberman; Neil D. Campbell, assistant to Senator Reed; William K. Sutey, assistant to Senator Bill Nelson; Eric Pierce, assistant to Senator E. Benjamin Nelson; and Todd Rosenblum, assistant to Senator Bayh.

OPENING STATEMENT OF SENATOR JOHN WARNER, CHAIRMAN

Chairman Warner. The committee meets today to receive testimony from Secretary of Defense Donald Rumsfeld; Acting Director of Central Intelligence, John E. McLaughlin; and Chairman of the Joint Chiefs of Staff, General Richard B. Myers, on the implications for the Department of Defense (DOD) and current and future military operations of proposals to reorganize the U.S. Intelligence Community.

We welcome our witnesses. I see that you're joined by Dr. Cambone. We welcome you.

First, an administrative announcement to members of the committee. In consultation with Senator Levin, we have scheduled a hearing of this committee for immediately following our return on September 9. The question at that time will be the oversight review of our committee of the remaining reports, as we understand it, concerning the prisoner abuse situation in Iraq. Those remaining investigations, particularly the Fay-Jones investigation into the role of the military intelligence, and the Schlesinger-Brown panel's overall view, should be completed in that period of time--would that be correct, Mr. Secretary?--and available for review. Your Department has so advised me of that.

Secretary Rumsfeld. That is the current schedule. Whether something would come up that would cause one of them to delay for some reason or another, I can't know. But, at the moment--what is the date you're planning to be back?

Chairman Warner. September 9.

Secretary Rumsfeld. As far as I know, those two that you mentioned would be completed.

Chairman Warner. We've received excellent cooperation from your staff on this in the scheduling, and I've had an opportunity to work along with Dr. Schlesinger on these issues----

Secretary Rumsfeld. Good.

Chairman Warner.--so I thank you, Mr. Secretary.

Now, the views of our witnesses today on the various recommendations for reform of the U.S. Intelligence Community, particularly the recommendations of the 9/11 Commission and the proposals of President Bush, are critical to this committee's understanding of how those recommended changes would impact the DOD in future military operations.

The impressive work of the 9/11 Commission has given America a roadmap, a series of recommendations on how to move forward. I might add that the Governmental Affairs Committee this morning is hearing from the families and some survivors of the tragedies of September 11, and I think I join with all my colleagues, we're very impressed with their contributions into this national debate.

So now it's time for Congress to thoroughly examine and evaluate all of these recommendations, and to enact such changes as we deem will strengthen our Intelligence Community.

President Bush has taken swift action to embrace certain elements of the 9/11 Commission's recommendations prior to the 9/11 report. We must be mindful of that, because this is a continuum of steps that have been taken, all the way from the Patriot Act to the establishment of the Terrorist Threat Integration Center, those steps to make our Nation safer each day that we go forward.

Of the 41 recommendations made by the 9/11 Commission, some have already been enacted over the past 3 years. More will be done through executive order, and, quite possibly, Congress will provide legislation in the very near future.

But as the 9/11 Commission noted, in nearly 3 years since September 11, Americans have become better protected against terrorist attack. But none of us can rest. We must constantly work--each day, each week, each month--to make America safer.

As our witnesses are well aware, the DOD is home to the

largest dollar--that is, budget allocation--within the Intelligence Community. DOD is the largest consumer of the intelligence produced by the Intelligence Community. We must not lose sight of these facts as we consider the way ahead.

My overriding concern, speaking for myself as I examine changes and proposals and recommendations to the Intelligence Community, is, what changes will best help provide the strategic warning we need to protect the Nation, to keep our President and his subordinates fully informed while at the same time supporting the warfighter--the man, the woman, the sailor, the soldier, the airman, the marine--who, at this very moment, is taking risks throughout the world and fighting to keep the terrorist threat from our shores? How can we better provide the necessary intelligence to all of these consumers?

It was not long ago when the national-level intelligence support to the warfighter was inadequate. All of us on this committee remember very well. The military's experience during Operation Desert Storm was a watershed event. From the time General Norman Schwarzkopf came before this committee in June 1991 and advised us that responsive national-level intelligence support for his mission in the first Persian Gulf War was unsatisfactory.

The Defense Department, together with other elements in the Intelligence Community, has painstakingly, since that time, built the intelligence and operational capabilities that we saw so convincingly demonstrated on the battlefields of Afghanistan and Iraq in the recent past. As we examine ways to reform our Intelligence Community, we must ensure that we do nothing to undermine the confidence that the battlefield commanders have in the intelligence support on which they must depend.

The 9/11 commissioners correctly pointed out that our overall intelligence structure failed to connect the dots, in terms of observing and then fusing together the indicators of a significant threat from al Qaeda in the years and months leading up to the actual attack on our country on September 11, 2001. The recommended solution, however, is to reorganize the entire community, not just focus on the parts that were unsatisfactory; therefore, we must examine the reasons for these dramatic proposals and understand how the recommended solutions address, or do not address, the problems identified in the 9/11 Commission's report.

Clearly, we must seize the opportunity to act--and I, personally, am confident that Congress can and will do something in the balance of this session--but we should do it with great care. I'm ever mindful of the legislation to our national security structure, the National Security Act of 1947, and the Goldwater-Nichols Act of 1986, which many of us on this committee were full participants. These were not considered in haste, and we must not be rushed to judgment in this case.

I, personally, as I've studied all the recommendations, feel, first and foremost, that we must be mindful that this Nation is at war at this very moment, with tremendous risks being undertaken by many people. We're at war, Mr. Secretary. Were we to try and do massive dismemberment of the DOD at this point in time, I think--and I listen to the Secretary and our witnesses--it could result in turbulence that might degrade this level of intelligence so essential as we continue to fight this war, as we continue to hear, almost every week or month, of the threat levels against this Nation, quite apart from the conflicts in Iraq and Afghanistan.

So, with that in mind, I, personally, want to proceed, but with great caution, and do what we can to strengthen this system; at the same time, cause hopefully no turbulence or disruption in the intelligence system that now, I think, serves this Nation reasonably well--can be better.

I look at the proposal by which we could take the current position of the Director of Central Intelligence, elevate it

to--in every possible way, to that of a full cabinet status. As I look at the current body of law, you have extraordinary powers already on the statute. Perhaps some correction could be made, or addition, by Congress, to the existing powers so that there is no limitation to your ability to work as a coequal with your peer group, be it the Secretary of Defense, Secretary of Homeland Security, Secretary of State, or whatever the case may be.

Perhaps we could change the name, call it the National Intelligence Director (NID). But if it's desired of Congress to move forward and create the entire new entity and a new layer, then I think we ought to do it in such a way that it's a partnership relationship between the Secretary of Defense working in consultation with the NID and his structure. At such time as the budgets are brought forward, they work on them together and present those budgets jointly, as they would present jointly to the President any recommendations for key personnel to serve in the various intelligence agencies.

So those are two approaches that this Senator is considering, such that we minimize any disruption to the essential collection of intelligence today.

Senator Levin.

STATEMENT OF SENATOR CARL LEVIN

Senator Levin. Thank you, Mr. Chairman.

Let me join you in welcoming our witnesses today. This is our committee's second hearing on the recommendations of the 9/11 Commission to reorganize the Intelligence Community and the implications of such reorganization for the DOD and military operations.

We have suffered from two different types of intelligence failures in recent years. The first was the failure of agencies to share information necessary to connect the dots before the September 11 attacks. That failure is attributed, by the 9/11 Commission, mainly to problems in the organization and management of the Intelligence Community.

The second failure, the massively erroneous intelligence assessments relied on before the war in Iraq, appears, in significant part, to have been the result of the shaping of intelligence by the Intelligence Community to support the policies of the administration.

As we consider legislation for the reorganization of the Intelligence Community, we should recognize the significance of both types of failures: those resulting from poor organization and management, and those resulting from politicizing intelligence. Changing the organization of the Intelligence Community, as proposed by the 9/11 Commission, may help address intelligence-sharing problems, but does not address politicizing intelligence, and could even make that problem worse.

Relative to the failure number one, the 9/11 Commission made major recommendations to reorganize the Intelligence Community that could have significant implications for our military which we want to explore today.

One recommendation is to create the new position of a National Intelligence Director who would have greater authority over the national intelligence budget and programs and over hiring and firing people to head the national intelligence agencies, including agencies that are currently located within the Defense Department, such as the National Security Agency (NSA), which is responsible for collecting signals and breaking codes, and the National Reconnaissance Office (NRO), which is responsible for building satellites.

Another recommendation is to create a new National Counterterrorism Center (NCTC) which would combine all-source fusion and analysis of terrorist intelligence, similar to what

the Terrorist Threat Integration Center (TTIC) now does, but with the additional function of planning and tasking counterterrorist operations, including those conducted by military forces under the DOD.

Another recommendation is to transfer the lead responsibility for all paramilitary operations, both overt and covert, to the DOD. Currently, the CIA is responsible for covert operations, which require a presidential finding and a prior notification to Congress.

These recommendations raise a host of questions that need to be considered as we reform our Intelligence Community. The relationship between intelligence and defense entities and their specific responsibilities and authorities are not questions of turf. They are vitally important to both the security and well-being of our Nation and the safety of our troops.

I would hope that our witnesses will address, in their opening statements, whether they agree with the following five recommendations of the 9/11 Commission. I'm quoting these recommendations.

Recommendation number 1: The National Counterterrorism Center should perform joint planning. The plans would assign operational responsibilities to lead agencies, including Defense and its combatant commands.

Recommendation number 2: The National Intelligence Director should have, ``the authority to reprogram funds among the national intelligence agencies to meet any new priority.''

Recommendation number 3: The National Intelligence Director should approve and submit nominations to the President of the individuals who would lead the Central Intelligence Agency (CIA), Defense Intelligence Agency (DIA), NSA, National Geospatial-Intelligence Agency (NGA), NRO, and other intelligence capabilities.

Recommendation number 4: Again, I'm quoting, ``Lead responsibility for directing and executing paramilitary operations, whether clandestine or covert, should shift to the Defense Department.''

Recommendation number 5: The National Intelligence Director would manage this national effort, managing the national intelligence program, and overseeing the component agencies of the Intelligence Community with the help of three deputies, each of which would also hold a key position in one of the component agencies.

Now, if we fail to make needed reforms, we may be leaving ourselves vulnerable to future intelligence failures. But if we unwittingly create a system that results in confused, unclear, or duplicative lines of command or responsibility, our security would be diminished. So we need to proceed urgently, but carefully, as we consider reforming our intelligence system.

Regardless of the responsibilities that we might choose to give to the proposed National Intelligence Director and National Counterterrorism Center, and wherever we decide to place these offices on an organization chart, we must take steps to avoid the second major intelligence failure, the shaping of intelligence assessments to support administration policies--any administration's policies. Independent and objective intelligence is a matter of vital national importance. Objective, unvarnished intelligence should inform policy choices. Policy should not drive intelligence assessments.

The Intelligence Committee's report of July 9, 2004, on the Intelligence Community's prewar intelligence assessments on Iraq is a multi-count indictment of faulty intelligence assessments.

For example, when the CIA's unclassified white paper said that, ``Most intelligence specialists assess that Iraq was trying to obtain aluminum tubes for a centrifuge program for

nuclear weapons,' it did not explain that the Department of Energy, the Intelligence Community's nuclear experts, specifically disagreed with the assessment that the aluminum tubes were intended for Iraq's nuclear program.

Similarly, when the CIA's unclassified National Intelligence Estimate stated that, ``Iraq maintains several development programs, including for an Unmanned Aerial Vehicle (UAV) that most analysts believe is intended to deliver biological warfare agents,' the CIA eliminated a footnote to the effect that U.S. Air Force intelligence, the Intelligence Community agency with primary responsibility for technical analysis on UAV programs, did not agree with that assessment. When the CIA's unclassified white paper included the statement, ``potentially against the U.S. homeland,' with respect to the use by Iraq of biological weapons, it did not acknowledge that its own classified National Intelligence Estimate on the same subject did not include that frightening assessment.

When the Director of Central Intelligence's testimony before the Intelligence Committee addressed, ``training in poisons and gases,' of al Qaeda by Iraq, which, ``comes from credible and reliable sources,' the Director did not mention that the underlying intelligence in his own classified statement called into question the reliability of the sources of this information.

Now, these are but a few examples from the highly critical intelligence report of the Senate Select Committee on Intelligence on the intelligence failures before the war with Iraq. It is unacceptable for the senior U.S. intelligence official, whether that be a Director of Central Intelligence or a National Intelligence Director, to exaggerate the certainty of intelligence assessments and tell the President, Congress, the American people, and the world that something is an open and shut case, ``a slam dunk,' when it isn't, when the underlying intelligence, in fact, has uncertainties and qualifications. Whatever changes we make to the organization of the Intelligence Community, we must do all that we can to ensure that the intelligence upon which our Nation relies, often for life-and-death decisions, is independently and objectively analyzed and presented.

Thank you, Mr. Chairman.

Chairman Warner. Senator Levin.

Mr. Secretary, we welcome, again, your appearance here. I would recognize you just got back from an important trip to our forces abroad, and I recognize that you've been in consultation this morning--at the White House, I presume--perhaps on this subject and others, and we're anxious to hear your views.

May I courteously ask that you bring the microphone up as close as possible, because we have a very full room, and the acoustics somewhat diminished.

STATEMENT OF HON. DONALD H. RUMSFELD, SECRETARY OF DEFENSE;
ACCOMPANIED BY DR. STEPHEN A. CAMBONE, UNDER SECRETARY OF
DEFENSE FOR INTELLIGENCE

Secretary Rumsfeld. Thank you, Mr. Chairman, members of the committee.

I appreciate this opportunity to discuss the subject of strengthening the Intelligence Community in the United States, as well as some of the recommendations of the 9/11 Commission.

Needless to say, some of what I will be saying will be my personal views, because, while the President has made a number of decisions--and announced them--that he believes will improve the Intelligence Community, some aspects of his proposals are still under discussion, and, in that case, I may very well be back someday to discuss those decisions as they arrive.

He's proposed the establishment of a National Intelligence Director, as the 9/11 Commission recommended, the creation of

an NCTC, and the issuance of a number of executive orders to implement other recommendations of the 9/11 Commission, such as reform of the community's information-sharing.

I think what I'd like to do is to ask my complete statement be put in the record, and I will abbreviate it substantially.

Chairman Warner. Mr. Secretary, a very wise course. All statements by the three witnesses will be admitted into the record.

Secretary Rumsfeld. The President will continue to listen to the debate on the subject of intelligence reform, as will others in the executive branch. I think the hearings are a good thing. The experts that have been testifying have a lot of background and experience and knowledge, and certainly add dimension to the discussion.

The objective of Intelligence Community reform is to provide the community with a renewal, to refashion it to better succeed in this still new and different 21st century. Those objectives include improved indications and warning of impending events in enough time to anticipate them and to permit effective action.

This requires, in my view, aggressively breaking down the stovepipes within and between domestic, foreign, and military intelligence; integrating domestic intelligence into the Intelligence Community while providing for the appropriate protections for civil liberties--and that's not an easy task; it's a big issue for this committee and for the country--authorizing and enabling intelligence users to access required intelligence data wherever it may reside; improved analysis of the environment to reduce the likelihood of surprise, especially by terrorists, and this requires conducting, in my view, competitive analysis within the offices of the NID and within and among departments and agencies based on all-source intelligence; seeking to avoid ``group think,' ' as recommended by the 9/11 Commission; balancing the need for intelligence and warning against the current threats in light of the need for longer-term strategic analysis; improved ability to use intelligence to effectively deter and disrupt, defeat, and defend against attacks on the United States' interests, especially by terrorists--it requires ensuring that departments and agencies charged with deterring and defending U.S. interests possess highly capable all-source intelligence capabilities, commensurate with their missions; developing and executing integrated joint responses by executive departments to effectively employ the instruments of national power appropriate to the task or mission; maintaining clear lines of authority and responsibility between the President and the heads of the executive departments and those operating agencies.

Mr. Chairman, I come to this subject with a background of interest in intelligence capabilities. As I recall, I appeared before this committee in January 2001, more than 3\1/2\ years ago, for a confirmation hearing, and I was asked by one of the members of the committee what subject kept me up at night. I answered, simply, with one word: intelligence. The answer remains the same.

Adversaries have many advantages in denying information too, and deceiving intelligence analysts and policymakers, alike, about their capabilities and their intentions. As a result, they're capable of surprising us, as well as surprising friendly foreign countries. This is the reality our country faces as we consider various proposals for improving capabilities to the U.S. Intelligence Community to meet the 21st century problems.

A variety of proposals for achieving these objectives have been advanced. I'm persuaded that the attributes we seek in the Intelligence Community--imagination, intuition, and initiative--may best be encouraged and developed by

organizations where planning is centralized but the execution of the plans is decentralized. An Intelligence Community organized around areas of substantive expertise--for example, foreign, domestic, and military intelligence--would possibly be more likely to generate, in a timely fashion, the indications and warning of crisis and provide intelligence support needed by the executive departments of government in the performance of their respective missions than is one organized around a single or preeminent national intelligence organization.

As some have suggested, organizing the U.S. Intelligence Community around national collections agencies, like NSA, NGA, and NRO, and aligning them under direct NID leadership, could conceivably lead to some efficiencies in some aspects of intelligence collection, and some modest but indefinable improvement in support of those agencies provide to other elements of the government. At the same, however, it's possible that, by their sheer size and the broad extent of their activity, those collection agencies could come to form the center of gravity of the NID's organization. If a consolidation of those agencies outside DOD were to be considered, we should be certain that it would actually help resolve the intelligence-related problems and difficulties that have been described by the 9/11 Commission and that we face, and that they would not create additional problems.

As an example of the latter, we would not want to place new barriers or filters between military combatant commanders and those agencies when they perform as combat support agencies. It would be a major step to separate these key agencies from the military combatant commanders, which are the major users of such capabilities.

With respect to solving problems that have been identified, my impression is that the technical collection agencies collect more than we can analyze today. This suggests that we need more analysts and capacity to process data.

It's also my conviction that we must repair our human intelligence capabilities. They were especially hit in the budget cuts during the 1990s. It's my belief that any changes that are made to meet the objectives identified earlier need to focus on building a community for the 21st century along 21st century lines, networked and distributed centers of analysis within executive departments and agencies, with access to all available data, focused on employing instruments of collection, wherever they reside, as tools for exploring hypothesis and conducting alternative analysis--this implies a National Intelligence Director with authority for tasking collection assets across the government--setting analytic priorities; and ensuring all-source competitive analysis throughout the Intelligence Community. Importantly, the personnel management and training to alter the culture in the community--it's not something that's been discussed extensively, but real change--most people are discussing organizational changes, and, in my view, we need to think also about the culture. If you think of the DOD and the number of--almost decades it's taken to instill the culture of jointness in that institution, it ought to remind us of the importance of culture with respect to the Intelligence Community's issues. Information, security, and access policies, information technology standards and architectures across the community are also enormously important. Reallocating resources in a year of budget execution. As I said, the precise extent of such authorities and other issues are still under consideration, but an NID likely will need some authorities of these types.

The Department, through the Services and the combatant commands, has worked to break down stovepipes between foreign and military intelligence that support DOD activities. The impetus for this effort was, as you pointed out, Mr. Chairman, the lessons learned from Operation Desert Storm, some 12 years

ago. You recalled the disappointment that existed with the timeliness, speed, and scope of intelligence support for those operations.

The result of a decade's effort to establish a timely and seamless interaction between DOD and CIA activities has become apparent in Afghanistan and Iraq and in the ongoing war on terror. I suppose anyone can have their own opinion, but, in my view, we are about as well-connected as we ever have been, although we're probably not as well-stitched together as we conceivably could or should be. But any change to the Intelligence Community, it seems to me, should be designed to help us close, further, those gaps and seams, not to reopen them.

The 9/11 Commission has focused the Nation's attention--and very usefully--on questions related to strengthening the community. I think it would be unfortunate if we were to lose sight of the 9/11 Commission's reflections on the nature of the world in which we live and the recommendations for the national security policies needed to protect and defend the country and the American people.

In addition to the recommendations offered by the 9/11 Commission, we could usefully consider the following:

Further improving U.S. domestic intelligence capabilities while preserving U.S. civil liberties. I think that is one of their most important recommendations, and it's receiving relatively little attention and discussion. As part of that initiative, I would just mention that the DOD appointed a panel, headed by Newt Minow, to look at ways and means of achieving our domestic intelligence capabilities--the defense intelligence capabilities--consistent with our laws and values, to help counter 21st century threats. It's conceivable that such an outside panel could be useful in this instance.

The President's been actively engaged in developing initiatives that engage people at risk to subversion by extremist ideologies. In no case is this more evident than his broader Middle East initiative. These initiatives could be embraced by Congress so that educational institutions abroad that emphasize religious toleration are supported, including provision for information technologies for schools.

Foreign scholarships and fellowships for exchanging American and foreign students and scholars are established to improve cultural understanding.

Helping to mobilize private philanthropy and non-governmental groups to promote ideas and amplify those local voices that oppose transnational terrorism and extremist ideologies and provide counterweights to terrorist-related organizations.

Providing the executive branch with the necessary flexibility to manage the 21st century war of terror.

Congressional approval of the administration's request for funds for combatant commanders' use in the field to aid in humanitarian relief and reconstruction. Those of you who've visited Iraq and Afghanistan know that our combatant commanders believe that those dollars are as powerful as bullets in the work they're doing.

I think, a reexamination of the train-and-equip authorities and missions to explore opportunities for improving the efficiency and effectiveness of such assistance programs.

Consider conducting an interagency roles-and-missions study to rationalize responsibilities and authorities across the government to meet the 21st century threats.

In pursuit of strengthening our Nation's intelligence capabilities, I would offer one cautionary note. It's important that we move with all deliberate speed. We need to remember that we are considering these important matters, however, while we are waging a war. If we move unwisely, and get it wrong, the penalty would be great.

If you think back, the National Security Act of 1947 established the DOD. By 1958, it had undergone no fewer than four major statutory or organizational changes. Another round of major change was inaugurated with the Goldwater-Nichols Act in 1986. I doubt that we should think of intelligence reform being completed at a single stroke.

Intelligence is expensive. The community suffered substantial reductions in the budget in the last decade and in people. Those reductions were made on the theory that, the end of the Cold War, U.S. reliance on intelligence for security would not be as substantial as it had been. Events have proven otherwise, and we need to recognize that.

To conclude, let me return to where I began. I'm still concerned about our country's intelligence capabilities, but that concern stems not from a lack of confidence in the men and women in the Intelligence Community. They have fashioned important achievements over recent years, and I believe our country owes them a debt of gratitude. It will be a long time, if ever, that many of their achievements are fully and broadly known and appreciated.

The DOD and its counterparts in the Intelligence Community are forging, during a war, a strong interlocking relationship between intelligence and operations, between national and tactical intelligence, and between foreign and military intelligence. We've worked hard to close the gaps and seams that these terms imply.

Now, my concerns are rooted in the new realities of this 21st century, and certainly the Department is ready to work with you to further strengthen our ability to live in this new and dangerous world.

Thank you.

[The prepared statement of Secretary Rumsfeld follows:]

Prepared Statement by Hon. Donald Rumsfeld
introduction

Mr. Chairman, members of the committee. I appreciate the opportunity to discuss the broader subject of enhancing the Intelligence Community, as well as some of the 9/11 Commission recommendations.

I want to point out that what I will be saying represents my personal views, in that I am appearing before the President has made his final decisions on many of the important issues.

As members know, the President has reached a number of decisions that should improve the capabilities of the Intelligence Community:

- Establishment of a National Intelligence Director.
- Creation of a National Counterterrorism Center.
- Issuance of a number of executive orders that will implement other recommendations of the commission, such as reform of the Intelligence Community's information sharing.

In addition, the President has called for substantial reform of congressional oversight.

The way Congress decides to conduct its oversight certainly impacts the way the executive branch does its business. If we are to become more agile and flexible in fighting the war on terrorism and rapidly adjusting to meet new circumstances, Congress will likely need to adjust its practices.

The President will continue to listen to the debate on the subject of intelligence reform. He will continue to take the counsel of a broad range of experts, including those who have written and/or testified before you and other committees, on this important subject as he considers additional details relative to his proposals and frames new initiatives.

objectives

The objective of Intelligence Community reform is to provide the community with a renewal, to refashion it to succeed in this still new and different 21st century. Those objectives include:

Improved indications and warning of impending events in enough time to anticipate them and permit effective action. This requires:

Aggressively breaking down the stovepipes within and between domestic, foreign, and military intelligence.

Integrating domestic intelligence into the Intelligence Community while providing for appropriate protection for civil liberties.

Authorizing and enabling appropriate intelligence users to access required intelligence data wherever it may reside.

Improved analysis of the environment to reduce the likelihood of surprise, especially by terrorists. This requires:

Developing an integrated and authoritative understanding of trends and events, at home and abroad, and whether and how they might evolve into threats to U.S. interests.

Conducting ``competitive analysis'' within the offices of the NID and within and among departments and agencies, based on all source intelligence, seeking to avoid ``group think'' as recommended by the 9/11 Commission.

Balancing the need for intelligence and warning against current threats in light of the need for longer-term strategic analysis.

Improved ability to use intelligence to effectively deter, disrupt, defeat, and defend against attacks on U.S. interests, especially by terrorists. This requires:

Ensuring that departments and agencies charged with deterring and defending U.S. interests possess highly capable, all source intelligence capabilities commensurate with their mission.

Developing and executing integrated, joint responses by executive departments to effectively employ the instruments of national power appropriate to a task or mission.

Maintaining clear lines of authority and responsibility between the President and the heads of the executive departments and those operational agencies.

Improved process for setting national goals, priorities, missions, and requirements for the collection and analysis of intelligence. This requires:

A more integrated approach to setting these goals, priorities, missions, and requirements.

Enhancing the role of policy makers and intelligence analysts in this process; and

Ensuring that the process produces intelligence and capabilities to deter, defeat, and defend against adversaries, especially terrorists that are agile, flexible, and responsive.

the need for a renaissance

Mr. Chairman, members of the committee, I come to this subject with a record of interest in the Nation's intelligence capabilities.

When I appeared before your committee in January 2001, more than 3\1/2\ years ago, as the nominee to be Secretary of Defense, I was asked what subject kept me up at night.

I replied, without hesitation, ``intelligence.''

My prior experience as chairman of two congressionally-mandated commissions--one on the ballistic missile threat to the U.S. and the other on the organization and management of national security space--had impressed on me how difficult it is to acquire intelligence, convert it into useful information and then use it in support of operations.

In our global environment, adversaries can exploit international trade, finance, and communications to acquire expertise, technology and systems--often on the open market--with which they can do great harm to the American people and the Nation's interests.

My concern back in 2001 was, and remains today, that a combination of terrorists and states that wish us harm, will exploit that global environment, and gain access to or develop weapons of mass destruction.

The efforts of the Intelligence Community to identify such threats in a timely and precise way that permit us to act decisively are frustrated by the reality that:

Our adversaries are keenly aware of our vulnerabilities;

They need to succeed only occasionally whereas we are obliged to defend against them everywhere and at all times;

Through a combination of espionage against the U.S., irresponsible leaks, demarches, official disclosures and the general advance of scientific and technical knowledge, adversaries have learned far too much about how we collect, analyze, and use intelligence;

Adversaries have many advantages in denying information to and deceiving intelligence analysts and policymakers alike about their capabilities and intentions; and

As a result, they are capable of surprising us as well as friendly foreign countries.

This is the reality our country faces as we consider various proposals for improving the capabilities of the U.S. Intelligence Community to meet 21st century problems.

It is a reality borne out by the work of the 9/11 Commission and by the continuing review of intelligence prior to Operation Iraqi Freedom by the Senate Select Committee on Intelligence, as well as the good work done by this committee, the House Armed Services Committee, the House Intelligence Committee, and other committees of Congress.

In the face of this reality, and enlightened by the experience of the last 43 months, I come to this subject with a healthy respect for the magnitude of the task our country is tackling.

I also come to it with an adage in mind that I find useful: ``To those who would tear down what is falls the responsibility of putting in place something better.''

I would remind that it is far easier to critique and find fault than it is to build.

how might those results be achieved

A variety of proposals for achieving the objectives I outlined have been advanced.

My experience as Secretary of Defense and in the pharmaceutical and electronic industries persuades me that the attributes we seek in the Intelligence Community--imagination, intuition, and initiative--are best encouraged and developed by organizations wherein planning is centralized but the execution of plans is decentralized.

An Intelligence Community organized around areas of substantive expertise--for example, foreign, domestic and military intelligence--would possibly be more likely to generate, in a timely fashion, the indications and warning of crises and provide the intelligence support needed by the executive departments of government in the performance of their respective missions than is one organized around a single and preeminent national intelligence organization.

As some have suggested, organizing the U.S. Intelligence Community around the national collection agencies--NSA, NGA, and NRO--now located in the DOD, and aligning them under direct NID leadership, could

conceivably lead to some efficiencies in some aspects of intelligence collection and some modest but indefinable improvement in the support those agencies provide to other elements of the government. At the same time, however, it is possible that by their sheer size and the broad extent of their activity, those collection agencies could come to form the ``center of gravity'' of the NID's organization.

If a consolidation of the NSA, NGA, and NRO outside DOD were to be considered, we should be certain that it would help resolve the intelligence-related problems and difficulties we face and not create additional problems. As an example of the latter, we wouldn't want to place new barriers or filters between the military combatant commanders and those agencies when they perform as combat support agencies. It would be a major step to separate these key agencies from the military combatant commanders, which are the major users of such capabilities.

With respect to solving problems that have been identified, my impression is that the technical collection agencies--NSA, NGA, and NRO--collect more than we can analyze today. This suggests we need more analysts and capability to process data. It is also my impression that we must repair our human intelligence (HUMINT) capabilities. They were especially hard hit in the budget cuts beginning in the early 1990s.

The President has not yet made a decision on these issues. He will undoubtedly continue to listen to the debate and take different views into consideration in reaching decisions. He has not ruled anything out.

It is my belief that any changes that are made to meet the objectives identified earlier need to focus on building an Intelligence Community for the 21st century along 21st century lines:

- networked and distributed centers of analysis within executive departments and agencies, with access to all available data;

- focused on employing instruments of collection wherever they reside as tools for exploring hypothesis and conducting alternative analysis; and

- whose activities, priorities, and production schedules are directed by the NID.

This implies a NID with authority for:

- tasking collection assets across the government,
- setting analytic priorities and ensuring all source, competitive analyses throughout the Intelligence Community,
- the personnel management and training to alter the culture in the community,
- information security and access policies,
- information technology standards and architectures across the community, and
- reallocating resources in the year of budget execution.

As I said, the precise extent of such authorities, and other issues, are under consideration by the President and Congress. But an NID likely will need some authorities of this sort.

I have been asked about the commission's recommendation for shifting paramilitary operations to DOD. We will give that recommendation careful consideration. This, like other recommendations, is complicated. The executive and legislative branches will need to be comfortable that any changes that might be made take account of the difference in the authorities and capabilities of the CIA and DOD and the changing needs of a President for access to a broad range of capabilities to meet the various challenges the Nation will be facing.

implications for dod

The Department of Defense seeks and welcomes changes in the way the Nation does its intelligence business. It is greatly to the advantage of the U.S. Armed Forces that the Intelligence Community is better able to serve it and the other executive departments of the government, especially those associated with our Nation's homeland security. If the

government as a whole is better able to act in a timely fashion, the frequency and duration with which the men and women of our armed forces will be called for combat operations abroad might be reduced.

I believe DOD's experience with changing the way it does its business over the last decade, and especially since 2001, might help inform the proposals being offered to change the Intelligence Community.

For example, the Department, through the Services and the combatant commands, has worked hard to break down stovepipes between foreign and military intelligence that support DOD activities. The impetus for this effort was the lessons learned from Operation Desert Storm. You may recall General Schwartzkopf's disappointment with the timeliness, speed, and scope of intelligence support to the operations he commanded.

The result of a decade's effort to establish a timely and seamless interaction between DOD and CIA activity has become apparent in Afghanistan, Iraq, and in the ongoing war on terror. We are as well connected as we ever have been, but we're probably not as well stitched together as we could or should be; gaps and seams may still exist. But any change to the Intelligence Community should be designed to help us close further those gaps and seams, not reopen them.

I hope that the change in the relationship between foreign and military intelligence and operations that has occurred since Operation Desert Storm will be matched by similar changes between domestic and foreign intelligence as the result of any reform. I am sure much has been done since September 11 to improve that relationship, but very likely more can and should be done.

Second, DOD is pursuing a network-based intelligence, operations, and communications capability to replace its hierarchical and serial practices. As part of this effort, the DOD is developing and deploying new sensors, communications systems and establishing new standards and protocols to permit the secure transmission of a high volume of classified and unclassified data and information at the lowest possible levels of operations. This will permit the armed forces to conduct highly decentralized operations in response to centralized direction.

This has enabled quicker decisionmaking, increased the prospect for immediate action in response to actionable intelligence, improved the precision of military operations, and provided combatant commanders at all levels with far greater situational awareness. A similar approach to networks and decentralized execution within the Intelligence Community would likely yield for it similar results.

Third, as part of the effort to network its capabilities, DOD has tightened the connection between the operating forces and the combat support agencies--NSA, NGA, and NRO. I know General Myers will say more about this.

This connection has been crucial to improving the effectiveness and capabilities of the U.S. Armed Forces in combat against enemy conventional forces, unconventional forces, and terrorists.

We now have an opportunity to create government-wide networks that can strengthen the connection of the components of the Intelligence Community located in other executive departments--especially on the domestic side--to NSA, NGA, and NRO. Extending access to the network infrastructure DOD is already building to other Departments would help in this regard. The NID could well establish the standards and protocols governing the construction and use of the resulting networks for intelligence purposes.

other considerations

The 9/11 Commission has focused the Nation's attention on questions related to strengthening the Intelligence Community. It would be unfortunate if we were to lose sight of the commission's reflections on the nature of the world in which we live and the recommendations for the national security policies needed to protect and defend the Nation and the American people.

In addition to the recommendations offered by the commission, we could usefully consider the following:

1. Further improving U.S. domestic intelligence capabilities while

preserving U.S. civil liberties:

As part of this initiative, appointing a bipartisan, blue-ribbon panel, not unlike the Minow Panel we set up in DOD, to look at the ways and means of enhancing our domestic intelligence capability, consistent with our laws and values, to help counter 21st century threats.

2. The President has been actively engaged in developing initiatives that engage peoples at risk to subversion by extremist ideologies. In no case is this more evident than his Broader Middle East Initiative. Those initiatives could be embraced by Congress so that:

Educational institutions abroad that emphasize religious toleration are supported, including provision of information technologies for schools

Foreign scholarships and fellowships for exchanging American and foreign students and scholars are established to improve cultural understanding.

Economic aid and assistance programs that utilize private-public partnerships are more widely developed to encourage small business development, banking sector development, and local infrastructure improvement, and to teach skills that workers will need in the 21st century.

Private philanthropy and non-governmental groups are mobilized to promote the ideas and amplify those local voices that oppose transnational terrorism and extremist ideologies, and provide counterweights to terrorist-related organizations.

3. Providing the executive branch with the necessary freedom to manage the 21st century war on terror:

Congressional approval of the administration's requests for funds for the combatant commanders use in the field to aid in humanitarian relief and reconstruction.

Adoption of contracting rules to streamline contract awards while retaining appropriate oversight to the circumstances so that critical projects like equipping local security forces are not unduly delayed.

A reexamination of ``train and equip'' authorities and missions to explore opportunities for improving the efficiency and effectiveness of such assistance programs.

4. Realigning and reorganizing the U.S. Government's functions and responsibilities to meet the challenges of the 21st century:

Consider undertaking a fundamental re-look at the roles and missions of the U.S. Government to meet the national security challenges of the 21st century. Consider developing a new National Security Act--not simply another incremental update of the 1947 act. This new organizational design could be coupled to a Unified Executive Branch Plan, outlining responsibilities and assigning lead and supporting responsibilities among departments for national security tasks, as we do for military forces.

Introduce Goldwater-Nichols type reforms to increase ``jointness'' across Federal agencies. Consider establishing a National Security University (like National Defense University for the Department of Defense) to educate national security officials and an interagency training exercise process to build capacity for interagency crisis management and national security planning and operations.

Establishment of a Reserve Force of civilians for a new Office of Stability and Reconstruction Operations in the Department of State, including incentives for service and commitments to train and deploy overseas when directed.

Consideration of the creation of Joint Interagency Task Forces, led by statutory members of the National Security Council (NSC), to conduct integrated planning for the employment of all instruments of national power for particular missions (e.g., attacking/disrupting terrorist networks, protecting homeland, and engaging in ideological struggle).

Consideration of the conduct an Interagency Roles and Missions Study to rationalize responsibilities and authorities across the U.S. Government to meet 21st century threats.

moving with deliberate speed

In pursuit of strengthening our Nation's intelligence capabilities, I would offer a cautionary note. It is important that we move with all deliberate speed; however, moving too quickly risks enormous error, as this committee has heard from former senior officials, military and civilians, with broad experience in this matter. We are considering these important matters while waging a war.

National security is not easily achieved in this new century. If we move too unwisely and get it wrong, the penalty will be great. The National Security Act of 1947 established the DOD. By 1958 it had undergone no fewer than 4 major statutory or organizational changes. Another round of major change was inaugurated with the Goldwater-Nichols Act in 1986. We shouldn't think intelligence reform will be completed at a stroke, either.

Intelligence is expensive. The Intelligence Community suffered substantial reductions in its budget in the last decade. Those reductions were made on the theory that, with the end of the Cold War, U.S. reliance on intelligence for security would not be as substantial as it had been. Events have proven otherwise. It was a mistake, and we are paying the penalty.

It was with that in mind that the President developed his ``Strengthening Intelligence Initiative.'' It seeks to increase the number of HUMINT operators, linguists, and analysts and provide them with needed infrastructure support. The first increment of funding for the initiative was included in the fiscal year 2005 budget recently enacted by Congress. Between now and 2009 that initiative seeks to add thousands of personnel to the Intelligence Community. They are needed.

George Tenet and I worked over recent years to increase the numbers and capabilities of HUMINT operators in our respective areas of responsibility. More will need to be done in this area. But HUMINT operators are not created overnight.

conclusion

To conclude, let me return to where I began, before this committee in January 2001. I am still concerned about our Nation's intelligence capabilities. That concern stems not from a lack of confidence in the men and women of the Intelligence Community. They have fashioned important achievements over recent years. Our country owes them a debt of gratitude. It will be a long time, if ever, that many of their achievements are fully and broadly known and appreciated.

DOD and its counterparts in the Intelligence Community are forging, in the crucible of war, a strong, interlocking relationship between intelligence and operations, between national and tactical intelligence, and between foreign and military intelligence. We have worked hard to close the gaps and seams these terms imply. Our people, our budgets, and our activities are closely intertwined. That close relationship between DOD and CIA is a driving cause of shared successes.

My concerns are rooted in the realities of the 21st century. Our Intelligence Community will need to improve to meet the challenges we face, and DOD is ready to work with you to further strengthen our ability to live in this new and dangerous world.

Chairman Warner. Thank you, Mr. Secretary.
Director McLaughlin?

STATEMENT OF HON. JOHN E. McLAUGHLIN, ACTING DIRECTOR OF
CENTRAL INTELLIGENCE

Mr. McLaughlin. Thank you, Mr. Chairman.

Mr. Chairman, as this committee considers reorganization proposals by the President, the Kean Commission, and Congress, I want to speak for a moment about the structure and capabilities of the U.S. Intelligence Community, as it exists today, not in 2001. I think it's important that we do that at the beginning of these deliberations.

I believe that today's Intelligence Community provides a much stronger foundation for any changes you want to make as we move forward than most people might realize. That said, there is no question we can still do better, and I'll close with some thoughts on how that can be accomplished.

Three years of war have profoundly affected the American Intelligence Community. Since September 11, our capacity and effectiveness have grown as our resources have increased--a very important point, our resources have increased dramatically--and as we have taken steps to address many of the issues that others have highlighted. This has been the most dramatic period of change in my personal memory.

Some examples:

Our policies--the Nation's, and the Intelligence Community's have changed dramatically. We're on the offensive against terrorists worldwide, and many of the most dangerous are captured or dead.

Our practices have also changed. Intelligence, law enforcement, and military officers serve together and share information realtime and on the front lines around the world. Here in Washington, I chair an operational meeting every day with Intelligence Community and law enforcement officers present. Decisions made there go immediately to officers in the field--immediately--whose penetration and disruption of terrorist groups yields the kind of increasingly precise intelligence you've seen in the last couple of weeks.

Our worldwide coalition has changed. It is broader, deeper, and more committed than before or at September 11. Where terrorists found sanctuary before, they now find our allies, and we are seeing the results from Panama to Mexico City.

Our laws have changed--the Patriot Act has given us weapons in the war we did not have then--and we've saved lives because of them.

Our institutions have changed. The Terrorist Threat Integration Center did not exist then. It enables us to share intelligence collected abroad with law enforcement information collected at home, and plots have been stopped in the U.S. because of that.

Twenty-six different data networks now flow there, to the Terrorist Threat Integration Center, to be shared by officers from the widest array of foreign and domestic intelligence agencies ever assembled in one organization. People who think we can't break down the so-called stovepipes need to visit the Terrorist Threat Integration Center.

In turn, such changes affected our ability to wage war, and the impact of change has been striking. It was imaginative covert action, CIA officers working with the U.S. military, that helped drive military operations and ousted the Taliban from power in Afghanistan, and broke up the sanctuary that al Qaeda had used.

Terrorist arrests are increasing steadily. You see that in just about every morning newspaper.

CIA, Federal Bureau of Investigation (FBI), Treasury, and other partners at home and abroad are starving al Qaeda of its lifeblood: money.

CIA has worked with the FBI as it has taken down extremists in Lackawanna, Columbus, and New York City.

Our coalition partners include, by varying degrees, Libyans and Russians, Chinese and Hungarians, Pakistanis and Saudis, and more, along with our traditional allies in Europe and in

Asia.

In short, the situation has changed dramatically from where the 9/11 Commission left off. Two things, however, are still true: al Qaeda and other terrorists remain dangerous, and there is still room for improvement in the Intelligence Community.

But the image that many seek to perpetuate, of a community that doesn't share information or work together, a community of turf-conscious people competing with each other for influence, I must tell you, that's not the community I lead. It's a caricature that does a great disservice to the men and women who put it on the line every day, 24/7.

Because of this committee's special responsibilities, I need to say a word, as the Secretary did, about the Intelligence Community's support for the warfighter. As we discuss various proposals for restructuring the Intelligence Community today, let me be clear about one thing: No matter what course the administration and Congress choose, intelligence support to the military, especially in time of war, should not be allowed to diminish. I believe such support can and will be preserved under any of the options being considered. No one would think about it in any other way. Everyone in the Intelligence Community understands that NSA, NGA, NRO, all vital parts of the National Intelligence Community, are also combat support agencies.

Let me give you the assurance that the relationship between the Intelligence Community and the uniformed military--and the military, in general; the Defense Department, in general--has never, in my personal experience, been closer. The Secretary alluded to this.

Some data points:

The Secretary of Defense, to his great credit, has met frequently with George Tenet and myself to coordinate policies across the board in an almost unprecedented manner, in my experience.

A Navy SEAL three-star, Vice Admiral Callon, sits right across the hall from me at CIA headquarters with the mission of ensuring that we and the military are connected and that both sides are getting what they need. I see him two or three times every day.

CIA and U.S. military officers have been living and fighting together in Afghanistan for 3 years in the mountains and plains, where they have al Qaeda on the run. Our collection, operational, and analytic support to military efforts in Afghanistan and Iraq is close and continuous, as I think most of you have seen during your trips to those areas. I have a lot of data here about the number of operations, liaison teams that we've sent to U.S. Central Command (CENTCOM), and so forth.

I have frequent video conferences with CENTCOM Commander General Abizaid to personally assure that we understand his perspective and his needs.

We've upgraded information technology support to the military in the field so that Intelligence Community products are now available in 80 military intelligence centers around the globe.

It is a different world from the one that General Schwarzkopf, I think, described accurately after the first Gulf War.

Looking ahead now, it's important to note that the terrorist threat is in no way stagnant. We've had victories. But these organizations learn, and they adapt. It's not enough for us to keep up. We have to anticipate and keep ahead.

As we seek to build on the improvements we've made in recent years, we should keep in mind a few of what I would call ``first principles.''

First, speed and agility are the keys to the war on terrorism and profoundly important to the Nation's other

intelligence challenges. We sometimes have literally only minutes to react to a lead that allows us to go after terrorists. Speed and agility are not promoted by complicated wiring diagrams, more levels of bureaucracy, increased dual-hatting, or inherent questions about who is in charge.

Second, as in architecture, form should follow function. The functions intelligence must perform today are dramatically different than during the Cold War. Back then, we focused heavily on large strategic forces--where were they, for example--and where countries stood on the bipolar competition that characterized that era. Today, the focus is more on locating people, sometimes one person in a city of 17 million, tracking shipments of dangerous materials, understanding politics, now down to the tribal level, in a world where the only constant is change.

Third, in this world, clear structure and a clear chain of command is better than the opposite.

Fourth, most important to knowing how and what to change is consensus on what we want from our intelligence agencies, along with constancy in resource and moral support for them, through good times and bad, and patience. The 9/11 Commission says that the country cannot be patient. But to quote a saying I learned during my Army years, ``If you want it bad, you will get it bad.''

Drawing on these principles, I believe that short, clear lines of command and control are required in whatever structure you establish, regardless of what you call its leader. Three words are key: agility, flexibility, and speed. You need to build these into any new structures and procedures.

No matter how successfully we anticipate future challenges, we won't foresee them all, so we will need the ability to adapt our organizations to change easily and quickly. We will need flexibility in shifting resources, people, and money to respond to shifting priorities.

The DCI can do some of this now, with existing authorities; but, frankly, it's too complicated, cumbersome, and ponderous. It involves more negotiations and sign-offs than current requirements permit.

That's why, should the President's proposal to create a National Intelligence Director be adopted, I believe that that individual should have the clear authority to move people and resources, and to evaluate the performance of the national intelligence agencies and their leaders. This should be accomplished in the cleanest and most direct manner you can devise.

People often remark that the DCIs allow too much in the Intelligence Community to be--the phrase often used is, ``CIA-centric,''' whether it's the staffing of centers or the preparation of national estimates. Well the reason is simple. It's because a DCI can. That is, these are the troops he directly commands and can task and move with little effort or resistance. If the DCI had enhanced authorities along the lines I've suggested, or if you create a National Intelligence Director like that, you should expect to see much more integration of effort in the community, and a greater capacity to create cross-community task forces and centers in a more agile and seamless way. You should also see more progress by a DCI, or a National Intelligence Director, on things like common policies for personnel, training, security, and information technology.

Now, as you consider all of this, here is a key thing to think about:

Who will you hold responsible, not just when things go well, but when something goes wrong with intelligence? Today, it's the DCI, even though his authorities over the rest of the community outside CIA are limited.

If, in the future, it will be a National Intelligence

Director, what authorities would be commensurate to that kind of responsibility if that's the person you choose to hold responsible?

What would that person actually be responsible for? What the community concludes substantively about major issues, like Iraq, North Korea, or terrorism? If the answer is yes, that person will need direct access to sizeable numbers of collectors and analysts, just as the DCI has today. The question then arises about where those people will come from and with what impact.

Or would the National Intelligence Director be responsible less for substantive matters and primarily for the management and integration of resources? Can substantive and management responsibilities be separated? If they can, will responsibility and accountability be harder to pin down than it is now, especially in view of the fact that the person you now hold responsible, the head of CIA, would then be at least a layer away from the top?

I regret to close with a series of questions, but I believe they illustrate the complexity of these issues and the need to proceed cautiously and with care as we contemplate changes to an intelligence system on which the Nation must depend more than ever for its security.

Thank you very much, Mr. Chairman.

[The prepared statement of Mr. McLaughlin follows:]

Prepared Statement by John E. McLaughlin

Mr. Chairman, as this committee considers reorganization proposals by the President, the Kean Commission, and Congress, I want to speak to the structure and capabilities of the Intelligence Community as it is today, not as it was in 2001. I believe that today's Intelligence Community provides a much stronger foundation than many people realize for whatever changes you decide to make. That said, we can still do better, and I will close with some thoughts on how this can be accomplished.

intelligence community today

Three years of war have profoundly affected the Intelligence Community. Since September 11, our capacity and effectiveness have grown as our resources have increased and as we have taken steps to address many of the issues others have highlighted. This has been the most dramatic period of change in my memory. Some examples:

Our policies--the Nation's and the Intelligence Community's--have changed--we are on the offensive against terrorists worldwide and many of the most dangerous are captured or dead.

Our practices have changed--intelligence, law enforcement, and military officers serve together and share information real time on the front lines at home and abroad. In Washington, I chair an operational meeting every day with Intelligence Community and law enforcement elements represented. Decisions made there go immediately to officers in the field whose penetration and disruption of terrorist groups yields the kind of increasingly precise intelligence you have seen in the last 2 weeks.

Our worldwide coalition has changed--it is broader, deeper, and more committed. Where terrorists found sanctuary before, they find our allies now--and we are seeing the results from Manama to Mexico City.

Our laws have changed--the Patriot Act has given us weapons in the war we did not have and we have saved lives because of them.

Our institutions have changed--The Terrorist Threat Integration Center (TTIC) enables us to share intelligence collected abroad with law enforcement information collected at home--and plots have been stopped in the U.S. because of that. Twenty-six different data networks now flow there to be shared by officers from the widest array of foreign and domestic

intelligence agencies ever assembled in one organization. People who think we can't break down the so-called ``stovepipes'' need to visit TTIC.

In turn, the changes affected our ability to wage war and the impact of change has been striking.

It was imaginative covert action--CIA officers working with the U.S. military--that helped drive military operations and ousted the Taliban from power in Afghanistan and broke up the al Qaeda sanctuary.

Terrorist arrests are increasing steadily. That evidence comes with your morning newspapers nearly every day now.

CIA, FBI, Treasury, and other partners, at home and abroad are starving the al Qaeda of its lifeblood--money.

CIA has worked with the FBI, as it has taken down extremists in Lackawanna, Columbus, and New York City.

Our coalition partners include, by varying degrees, Libyans and Russians, Chinese and Hungarians, Pakistanis and Saudis--and our traditional allies in Europe and Asia.

In short, the situation has changed dramatically from where the 9/11 Commission left off. Two things, however, are still true: al Qaeda and other terrorists remain dangerous and there is still room for improvement in the Intelligence Community. But the image that many seek to perpetuate of a community that does not share information or work together, a community of turf-conscious people competing for influence--that is not the community I lead. It is a caricature that does a great disservice to the men and women who put it on the line every day, 24/7.

supporting the warfighter

Because of this committee's special responsibilities, I need to say a word about the Intelligence Community's support to the warfighter. As we discuss various proposals for restructuring the Intelligence Community today, let me be clear about one thing: no matter what course the administration and Congress choose, intelligence support to the military, especially in time of war, should not be allowed to diminish--and I believe such support can and will be preserved under any of the options being considered. Everyone in the Intelligence Community understands that NSA, NGA, and NRO, all vital parts of the National Intelligence Community, are also combat support agencies. Let me give you the assurance that the relationship between the Intelligence Community and the uniformed military has never been closer. Some data points:

The Secretary of Defense has met frequently with George Tenet and myself to coordinate policies across the board.

A Navy Seal Three Star--Admiral Calland--sits right across the hall from me with the mission of ensuring we and the military are connected and that both sides are getting what they need.

CIA and U.S. military officers have been living and fighting together for 3 years in the mountains and plains of Afghanistan where they have al Qaeda on the run.

Our collection, operational, and analytic support to military efforts in Afghanistan and Iraq is close and continuous.

The CIA deployed 12 Crisis Operations Liaison Teams to CENTCOM specifically tailored to work side-by-side with Special Operations and conventional forces in Afghanistan and Iraq.

I hold frequent video conferences with CENTCOM Commander Abizaid to personally assure that we understand his perspective and needs.

We have upgraded information technology support to the military in the field, so that Intelligence Community products

are now available in 80 military intelligence centers around the globe.

thoughts on reform

Looking ahead now, it is important to note that the threat from terrorist organizations is not stagnant. These organizations learn and adapt. It is not enough for us to keep up, we must anticipate and keep ahead. As we seek to build on the improvements we've made in recent years, we should keep in mind a few of what I would call ``first principles``:

First, speed and agility are the keys to the war on terrorism, and profoundly important to the Nation's other intelligence challenges. Speed and agility are not promoted by complicated wiring diagrams, more levels of bureaucracy, increased dual hatting, or inherent questions about who is in charge.

Second, as in architecture, form should follow function. The functions intelligence must perform today are dramatically different than during the Cold War. Back then, we focused heavily on large strategic forces and where countries stood in the bipolar competition of the day. Today, the focus is more on locating people, tracking shipments of dangerous materials, understanding politics down to the tribal level in a world where the only constant is change.

Third, in this world clear structure and clear chain of command is better than its opposite.

Fourth, most important to knowing how and what to change is consensus on what we want from our intelligence agencies, constancy in resource and moral support for them through good and bad times, and patience. The commission says that the country cannot be patient. But to quote a saying I learned during my Army years: if you want it bad; you will get it bad.

Drawing on these principles, I believe that short, clear lines of command and control are required in whatever structure you establish, regardless of what you call its leader. Three words are key: agility, flexibility, and speed. You need to build these into any new structures and procedures.

No matter how successfully we anticipate future challenges, we will not foresee them all. So, we will need the ability to adapt our organizations to change, easily and quickly. We will need flexibility in shifting resources, people and money to respond to shifting priorities. The DCI can do some of this with existing authorities. But frankly, it is too complicated and ponderous. It involves more negotiation and signoffs than the times will allow.

That is why, should the President's proposal to create a National Intelligence Director be adopted, I believe that individual should have the clear authority to move people and resources and to evaluate the performance of the national intelligence agencies and their leaders. This should be accomplished in the cleanest and most direct manner you can devise.

People often remark that DCIs allow too much in the Intelligence Community to be ``CIA-centric``--whether it is the staffing of centers or the preparation of national estimates. Well, the reason is simple. It's because the DCI ``can``--that is these are the troops he directly commands and can task and move with little effort or resistance. If the DCI had enhanced authorities along the lines I've suggested or if you create a NID like that, you should expect to see much more integration of effort in the community and a greater capacity to create cross-community task forces and centers in a more agile and seamless way.

You would also see more progress by a DCI or NID on things like common policies for personnel, training, security, and information technology.

As you consider all of this, here is a key thing to think about: who will you hold responsible not just when things are going well but when something goes wrong with intelligence? Today, it is the DCI even though his authorities over the rest of the community outside CIA are limited. If in the future it will be a National Intelligence Director, what authorities would be commensurate with that kind of responsibility? What would that person actually be responsible for? What the community concludes substantively about major issues, like

Iraq, North Korea, or terrorism? If the answer is yes, that person will need direct access to sizeable numbers of collectors and analysts, just as the DCI has today. The question then arises about where those people will come from and with what impact.

Or would the NID be responsible less for substantive matters and principally for the ``management'' and integration of resources--and can the two be separated? If they can, will responsibility and accountability be harder to pin down than it is today--especially in view of the fact that the person you now hold responsible--the head of CIA--would then be at least a layer away from the top?

I regret to close with a series of questions, but I believe they illustrate the complexity of these issues and the need to proceed cautiously and with care as we contemplate changes to an intelligence system on which the Nation must depend, more than ever, for its security.

Chairman Warner. Thank you very much, Director McLaughlin, for a very frank and candid appraisal of this situation, drawing on many, many years of experience that you've had at the Agency.

General Myers?

STATEMENT OF GEN. RICHARD B. MYERS, USAF, CHAIRMAN, JOINT
CHIEFS OF STAFF

General Myers. Thank you, Mr. Chairman, Senator Levin, and members of the committee, for your support of our ongoing efforts to improve our intelligence capabilities.

Our military has been working diligently since September 11 to break down intelligence barriers and to better integrate with other agencies of our government and our allies. We've accomplished a great deal, but we still have much work left to do. I can think of no more important issue to our national security and to the men and women of our Armed Forces in harm's way around the world.

Reorganizing the Intelligence Community is a complex and difficult task, and the decisions made will have enormous consequences far into the future. Opportunities like this only come along once in a long time, perhaps in a lifetime. The last intelligence reform of the magnitude we're now considering was in 1947. So we have to be careful as we proceed.

While I support the concept of a National Intelligence Director, I'd like to articulate what I think are some critical parameters as we move forward.

As Chairman of the Joint Chiefs of Staff, I am continually mindful of the fact that the DOD's intelligence capabilities are an important part of the Nation's overall Intelligence Community, and these assets support national security in the broadest sense.

At the same time, to the warfighter, from the combatant commander down to the private on patrol, timely, accurate intelligence is literally a life-and-death matter every day. In my judgment, the military's dependence on intelligence is unique and on a scale unparalleled in our government. In fact, in today's threat environment, we no longer have a distinct boundary between operations and intelligence.

Traditionally, we thought of intelligence as support, a support function. That's an outmoded, outdated way of thinking. DOD's intelligence people are an integral part of the warfighting team.

When coalition forces captured Saddam Hussein in December 2003, we saw this integrated team in action as they turned information into action quickly. That's just one example out of thousands. But intelligence reform initiatives need to further this ability to integrate operations and intelligence.

As we move forward, we cannot create any institutional barriers between intelligence agencies--and, of course, that

would include the National Security Agency, the National Geospatial-Intelligence Agency, and the National Reconnaissance Office--and the rest of the warfighting team. We've made great progress integrating this team, as was evident in our military successes in Afghanistan and Iraq.

I share the concerns of the Secretary and others who have testified on this issue, that we proceed with caution on any decision that increases centralized control of intelligence. In some areas, greater centralization might improve coordination, create resource efficiencies, and clarify responsibilities. On the other hand, we must absolutely protect the competition, the inherent cross-checking function that comes from independent, all-source analysis. The combatant commanders and the Joint Chiefs have also voiced this same concern.

We must also protect the dynamic we have today that encourages innovative thinking. I believe the more you have centralized control, the less you have the kind of entrepreneurial spirit and agility that I see in our service men and women every day. The officers and noncommissioned officers (NCOs) and civilians in the field who see a problem and create a solution contribute immeasurably to our overall intelligence capabilities.

Traditionally, we have used the terms ``national,'' ``strategic,'' and ``tactical'' to define intelligence functions, assets, and customers. Today, I believe those terms highlight, and even perpetuate, stovepipe thinking. The data that the private in the foxhole needs right now might be the same information the President needs, and the reverse could certainly be true. The same, by the way, is true of the terms ``intelligence,'' ``surveillance,'' and ``reconnaissance,'' or ISR. I often challenge people to convince me there's a functional distinction between them. No one has succeeded yet. I point it out for two reasons. One is to show that there are still stovepipes out there that we need to overcome, but also to highlight the challenge in dividing tasks and assigning responsibilities in a way that will be productive and effective. We simply haven't caught up to information-age warfare in this new national security environment that we find ourselves.

Above all, intelligence reform must further result in better information-sharing. We have to get beyond the thinking that intelligence is proprietary. This really is a cultural issue. Traditionally, the producer of intelligence has been considered the owner of that intelligence. That's clearly unsatisfactory, as September 11 showed. As Director McLaughlin said, we've made a great deal of progress in that area, as well. In my view, we still have more to do.

We have to move from the thought process of ``need to know'' that dominated our Cold War mindset to a ``need to share'' mindset. We need to reexamine how we balance risk, from a security and classification perspective, versus the benefits that come from sharing information.

Right now, I believe we depend, in large measure, on personal relationships and memoranda of understanding to force information-sharing across organizations and agencies. In fact, I've dropped a roll of duct tape on the podium during a speech to emphasize this point, because, in a sense, we're duct-taping together organizations and processes that weren't designed to be well-connected. We've made progress, as said, but, again, there is more to do.

We have to, to the best we can, institutionalize information-sharing to provide a much greater degree of transparency for all intelligence customers. I think that's one function a National Intelligence Director might perform very well.

We also tend to focus on vertical information-sharing, getting information up and down the chain of command. We have

much room for improvement, not just in sharing information between the headquarters and the foxhole, but also between foxholes. Here, I'm using the term ``foxhole'' figuratively, of course. It's also the ship and the aircraft and the guard-posts of the front gate of a base.

A National Intelligence Director should also oversee needed integration of intelligence resources. Competition for resources is a big challenge for the Intelligence Community, and we need an improved process for coordinating intelligence programs--and here, I'm thinking of the major procurement programs--perhaps modeled after the Joint Requirements Oversight Council that we use in the DOD. This process must be transparent within the entire intelligence communities and those departments and agencies that are concerned.

I appreciate the efforts of this committee to stay focused on intelligence reform at its broadest level. Certainly, the terrorist attacks of September 11 and the struggle to defeat violent extremists are at the forefront of this debate. But we can't lose sight of the fact that we are making decisions that will have ramifications well beyond the war on terrorism. We don't know with any certainty what the next threat to our security and our prosperity will be, but we do know we can't afford to be taken by surprise. That was the most important lesson, of course, from Pearl Harbor and the most important lesson of September 11.

As Senator Levin said, and the Secretary said, we have to be very thoughtful and, at the same time, proceed with the proper sense of urgency. As we get more and more clarity on the gaps and deficiencies in our intelligence today, we have to guard against creating new problems.

The details matter very much. I highly recommend an interagency tabletop exercise to work through any recommended options to war-game the second-, third-, and fourth-order effects, and highlight problems before they're institutionalized.

Once again, on behalf of the men and women in uniform, I thank you for your support. This is a sacred responsibility that we share, protecting the lives of our service men and women, preserving our way of life for future generations. I look forward to working with you in this important work, and to answering your questions.

Thank you, Mr. Chairman.

Chairman Warner. Thank you very much, General, for an important contribution.

We'll now proceed to a round, 6 minutes per Senator.

I want to approach my questions just in a very practical way. Let's face the realities of where we are--Congress, the executive branch and, indeed, how our Government is functioning at this very moment.

We're in recess. Nevertheless, some 20 committees have come back--or held 20 hearings. I think that shows strong participation by Congress.

The President has indicated--and I read his statement today, ``Today, I'm asking Congress to create the position of National Intelligence Director.' ' Now, that person will serve as the President's principal intelligence advisor and will oversee and coordinate the foreign and domestic activities and intelligence. This is a broad mandate. The National Security Advisor, in response to a question put to her, said, ``We expect the National Intelligence Director would have significant input into the development of a budget.' ' We're awaiting further clarification from the administration, maybe actually a bill, itself.

Now, it's important that we try to do what we can, given the realities that we're in an election of our President, we're in an election of the entire House of Representatives, a third of the Senate, and we have but a few weeks time left after we

come back here in September. I, personally, think something can be done, providing it's constructive and adds to strengthening.

But I pick up on your comment, Secretary Rumsfeld, and, I think, a very wise one, as you recited the history of reforms that this country has had, beginning in the 1947 Act, the Goldwater Act, and so forth; we didn't do it in a single stroke.

So as I approach my individual responsibilities--and, of course, our committee will meet and decide how we condense the information we've received and forward it to other committees, and possibly to the President--but I'm of the opinion that we should not try and do the whole 9/11 Commission recommendation in a single stroke. That's my view. If you'll look at the one provision, which I think is most important, here on page 412, ``Second, the National Intelligence Director should manage the national intelligence program and oversee the component agencies of the Intelligence Community, would submit a unified budget,' and it goes on.

Now, Mr. Secretary, I'd have to ask you, very bluntly and strongly, if we were to rubberstamp that provision and enact it into law in the next few weeks, would that put at risk, in your judgment, the ability for this country to perform as well as it's performing today in its intelligence collection activities?

Secretary Rumsfeld. Mr. Chairman, those are issues that are being discussed extensively in the executive branch, as well as here in the committee. They're important questions. Trying to find that right balance, I think it might be useful, just for the record, if we took the two big issues with the National Intelligence Director, personnel and budget----

Chairman Warner. Budget. All right.

Secretary Rumsfeld. --and explain how it currently works.

The Director of Central Intelligence today has very broad, extensive authorities in being. They may be executed in varying ways by different DCIs over time, but, in fact, in writing, there's tremendous authority. I wouldn't think of suggesting somebody to the President for the NSA or the NGA or for the NRO without developing criteria with the DCI, without discussing candidates, without interviewing candidates, without each agreeing that those candidates--this individual is the right individual, and making a joint recommendation. That's how it's done. With respect to the budget, the current Director of Central Intelligence does develop that budget. The issue, I think, is not so much that as it is the reprogramming authority, and part of that is bureaucracy in the Agency, in DOD, and in the Office of Management and Budget (OMB), and part of it's bureaucracy in Congress. John McLaughlin is here and can comment on that. But the role, today, on both budget and personnel, for the DCI is extensive, and my guess is, it ought to be, for a NID.

Chairman Warner. Then one route, which I strongly endorse, could be that we could, if necessary, formalize, in statute, what exists today by way of joint cooperation between yourself and the Director of Central Intelligence in the formulation of the budgets, and those budgets could be, in a sense, jointly submitted. Am I not correct?

Secretary Rumsfeld. I would have to go back and refer to the statute to see what's already in there, Mr. Chairman.

Chairman Warner. I think you'll find that that is the spirit of it. I think if we did that, that would remove some of the concerns that the 9/11 Commission had. If we did the same, in terms of appointments, as you point out, you wouldn't think of putting someone in there that was not acceptable to the DCI--so formalize that and have a joint submission of the nominations of the heads of the various departments at DIA, NSA, and the like. Would that seem to you to be an acceptable advancement?

Secretary Rumsfeld. It is the practice we're using.

Chairman Warner. Fine.

Secretary Rumsfeld. I've found it, working with George Tenet, that it worked very well. We communicated extensively about these individuals, and made the recommendation to the President, saying that each of us agreed that this was an appropriate thing, to appoint or nominate or to extend the term of any one of those individuals. Except for DCI, less formal there. Certainly with the national collection agencies. With the Director of Defense Intelligence, with that post, we had the same discussion. But it is a slightly different role, and I don't know that I would include it if you're going to be doing something with a statute.

Chairman Warner. We could look at that. But if this sweeping proposal here of the 9/11 Commission--and I don't mean to be critical of it; I'm just being bluntly factual about it--if that were to be adopted as stated here, would that derogate your, I think, prime responsibility--namely, the Tactical Intelligence and Related Activities (TIARA) budget--which supports the warfighter?

Secretary Rumsfeld. Senator, we are still looking at these things. They're considerably important, and I am not in the position to say anything other than, the devil's in the details.

Chairman Warner. Right, I accept that. But the work of Congress is moving ahead. We have some momentum in these committees. We're coming up with ideas. The sooner we can get those guideposts from our President and the administration, the better we will be able to form our work.

I would ask you, Director McLaughlin, I've suggested possibly that Congress would enact such laws to change the position so that the Director is on an equal footing with the members of the Cabinet--most particularly, the Secretary of Defense. Could you, if not now, show the committee your recommendations of what legislative actions need to be taken to strengthen the DCI such that he can stand on an equal footing, with regard to budget matters and other matters, with the Secretaries of Defense and State?

Mr. McLaughlin. Mr. Chairman, if I'm not mistaken, the current statute really accomplishes that.

Chairman Warner. I think it does, but others do not think it does.

Mr. McLaughlin. The existing statute gives the DCI the authority to put together the budget for the Intelligence Community. In fact, I could walk you through the steps by which that's done, if you wish. So that exists in the statute currently.

Chairman Warner. I ask you to examine the balance of the statutes and advise the committee. In the first place, you're a level two, which is one step below the level of the Secretary of Defense. Is that correct?

Mr. McLaughlin. That's correct. But, in fact, the process currently works as the Secretary described. The DCI, based on intelligence priorities that are now established by the DCI in consultation with the National Security Council, puts together an intelligence budget by suggesting to each of the constituent agencies what their budget ought to include, what the priorities ought to be. Those agencies put their budgets together----

Chairman Warner. My time is going along. But my point is, you're a level below, in terms of protocol, pay, and otherwise. We could raise it to the same level as the Secretary, could we not?

Mr. McLaughlin. You certainly could.

Chairman Warner. All right. That's, I think, an important matter.

Mr. McLaughlin. Why would I argue against that? [Laughter.]

Chairman Warner. Fine. No, no----[Laughter.]

I understand that. But yesterday's panel--a very distinguished panel, of Dr. Schlesinger and Frank Carlucci, who know a great deal about these issues were concerned, together with Dr. Hamre, that even though there is the law there, because of your level-two position, not level-one, you could be--not you, personally, but that person occupying--at some disadvantage in the customary competition that goes on among the cabinet officers--I'm not suggesting you become a cabinet officer--but the cabinet officers as they work through the budget and the personnel appointments. So that's my point. Perhaps we could change it so you're on an absolute coequal status, and give you the title of NID, and try it for a while, and see if it would work. Otherwise, I guess we're awaiting further comments from the administration. [No response.]

All right.

Senator Levin.

Senator Levin. Thank you, Mr. Chairman.

I'd like to ask the Secretary his personal view, then, on some of the specific recommendations of the 9/11 Commission relative to the powers of the National Intelligence Director and the proposed National Counterterrorism Center. It's clear to me that we should create both. We will create both, I hope, and do it promptly. The issue is going to be the powers and responsibilities. I'd like your personal view on those issues.

First, should this proposed National Counterterrorism Center be able to assign operational responsibilities to combatant commands? Your personal view. Do you agree or disagree, or can't you answer one way or the other simply?

Secretary Rumsfeld. Are you talking about the center or the NID?

Senator Levin. This is the NCTC.

Secretary Rumsfeld. The NCTC. Right now, the folks in the interagency process are working hard to find out----

Senator Levin. You don't have a personal view you can share with us now?

Secretary Rumsfeld. I think that the statutory responsibilities of the departments and agencies pretty much establish where responsibility for operations ought to be, and----

Senator Levin. There's a proposal----

Secretary Rumsfeld. --number one----

Senator Levin. There's a proposal--I just want to know, because I----

Secretary Rumsfeld. Well, I'm doing----

Senator Levin.--I mean, I'm trying to----

Secretary Rumsfeld. --my best.

Senator Levin. Well, I know, but if you can't give us ``personally, you agree,' ' ``personally, you disagree,' ' or, ``it's not that simple,' ' I'll accept that you can't give us one or the other. That's acceptable to me. You can either agree, or you disagree, with that. I mean, that's a specific recommendation. Mr. Secretary, we got specific recommendations----

Secretary Rumsfeld. I understand.

Senator Levin.--from the 9/11 Commission. I'm quoting them. I just want to ask your personal agreement or disagreement. If you can't give us that, that's okay, but just say you can't give us a personal yes or no from your perspective.

Secretary Rumsfeld. I can't do it with a yes or no----

Senator Levin. Thank you.

Secretary Rumsfeld. --that's for sure.

Senator Levin. Thank you.

Secretary Rumsfeld. It's a vastly----

Senator Levin. Now, the next----

Secretary Rumsfeld. --more complex question.

Senator Levin. Okay. Well, it's a very specific

recommendation.

Now, by executive order now, the reprogramming authority is in the Secretary of Defense. That's by executive order. The 9/11 Commission is recommending, essentially, that we give the new National Intelligence Director the budget reprogramming authority. Do you agree or disagree with that, personally?

Secretary Rumsfeld. Certainly an effective NID would need to be intimately involved in reprogramming. How the authority ought to work, whether DOD, NID, or OMB, is something that, just by its very nature, requires coordination among all three and Congress. Quite honestly, Congress has been one of the biggest difficulties with respect to that issue.

Senator Levin. I'm going to ask that the five questions which I asked for specific agreement or disagreement be answered. Mr. Chairman, I'm going to ask, for the record, that our witnesses answer whether they agree or disagree with those specific recommendations, because of the time requirements here. Is that all right, for the record?

Now, this is for Mr. McLaughlin. Whatever the reforms are, we must promote objectivity and the independence of intelligence assessments. The 9/11 Commission said that the report of a meeting in Prague between the lead hijacker, Atta, and the Iraqi Intelligence Officer, al Ani, was not supported by available evidence. Yet that report of the meeting was repeatedly referred to in public statements of the administration as key evidence of a link between Iraq and al Qaeda. CIA had doubts. We found out later, because those CIA doubts were in classified documents. The CIA had doubts about the reliability of the reports of that meeting. Why were the doubts of the CIA left classified, while the report of the meeting, which clearly was reported--there was a report--was just repeatedly referred to? Why were your doubts classified until recently?

Mr. McLaughlin. This is a story that evolved over a long period of time.

Senator Levin. Very specifically, though, why were your doubts left classified until recently? That's my question.

Mr. McLaughlin. They were spelled out very explicitly in a classified paper----

Senator Levin. But the----

Mr. McLaughlin.--published on January 29.

Senator Levin.--report of the meeting was used repeatedly as evidence of the link between al Qaeda and Iraq. That report of the meeting was repeatedly referred to by administration sources as being credible, and yet your doubts about the meeting, in the CIA, remained classified. My question to you is, why did the CIA, in its public statements, just simply say that, ``Yes, there is a report which can neither be confirmed nor denied,`` but why did you leave the fact that you had doubts about that meeting classified? That's my question.

Mr. McLaughlin. The vast majority of what we produce is classified. It goes to members of the administration and it's available to Congress so that people have a very clear understanding, at any moment, what we----

Senator Levin. Not the public.

Mr. McLaughlin.--what we think.

Senator Levin. But the public did not know that you had doubts.

Mr. McLaughlin. Our job is to make our views available as clearly and objectively as we can to the policymaker and to Congress, frequently in classified--almost always in classified channels, because the information is sensitive. We're dealing with liaison sources here. We're dealing with intelligence collection techniques. That's why it's classified. It's then there for anyone who wishes to draw on it, as they wish to draw on it, in shaping their public comments.

Senator Levin. Mr. McLaughlin, the CIA said----

Mr. McLaughlin. But the 9/11 Commission was, I think, careful in saying that we were objective on this point. This is one of the points where the 9/11 Commission----

Senator Levin. No, they----

Mr. McLaughlin.--gave us----

Senator Levin.--they didn't say that. It was the Intelligence Community that made a reference to that.

Mr. McLaughlin, the CIA said, in a classified document, that assisting Islamic terrorists would be an extreme step for Saddam Hussein. Why was that left classified, when the administration was saying that Saddam Hussein would give Islamic terrorists a weapon of mass destruction at any day, any moment? Why did you leave that critical fact classified?

Mr. McLaughlin. I think the answer to that is simply that--the one I gave before, that our job is to say, as objectively and clearly as we can, what we think to be the case--and we did that--for the benefit of both policymakers and Congress. It was there----

Senator Levin. Classified.

Mr. McLaughlin.--it was there for all to draw on. I think most of our work is classified.

Senator Levin. Many of your statements, though, however, were unclassified.

Mr. McLaughlin. I think, on that point, we issued one or two unclassified statements----

Senator Levin. Right.

Mr. McLaughlin.--largely in response to questions from Congress. As I recall without consulting them, those statements were very carefully phrased, in terms of the limitations we put on describing that relationship. In an unclassified form, as well.

Senator Levin. And----

Mr. McLaughlin. I believe, in response, actually----

Senator Levin.--you believe it's that----

Mr. McLaughlin.--to a letter that you----

Senator Levin.--you believe that statement, when it was finally unclassified, that it would----

Mr. McLaughlin. Yes, sir.

Senator Levin. Excuse me. When the statement was finally unclassified, that the CIA believed it would be an extreme step for Saddam Hussein to give a weapon of mass destruction, you believe that that was consistent with what the administration was saying about the likelihood of Saddam Hussein giving al Qaeda a weapon of mass destruction?

Mr. McLaughlin. Well----

Senator Levin. Is that your judgment?

Mr. McLaughlin. We've talked----

Senator Levin. I'm asking you a direct question.

Mr. McLaughlin.--we've talked about this before, and I don't think it's our job to comment----

Senator Levin. We've never gotten a clear answer to that question. Let's get it now.

Mr. McLaughlin. I don't think it's our job to comment on the public statements of the administration or of Congress. There are times, as we've explained in the past, when we will take someone aside--either a Member of Congress or a member of the administration--and quietly tell them, ``That's--there's new information on this, and I would describe it differently.''

Senator Levin. My time is up.

Thank you.

Chairman Warner. Did you feel you had adequate time to respond to those questions?

Mr. McLaughlin. I do.

Chairman Warner. Fine.

Senator McCain?

Senator McCain. Thank you, Mr. Chairman, and I thank you for announcing that we'll have the hearing in September. I hope

that we also have a hearing on the latest administration proposal on troop realignment.

Chairman Warner. Yes. We will.

Senator McCain. I'm concerned about it, and I hope we can get as full an explanation as possible. I'm particularly concerned about moving troops out of South Korea when North Korea has probably never been more dangerous than any time since the end of the Korean War. I hope, as some critics allege, this is not a retreat to Fortress America. So I'll look forward to hearing from the administration on this very important announcement.

Chairman Warner. I assure you, Senator and other colleagues, Senator Levin and I discussed that yesterday, and we will promptly advise the committee of a date.

Senator McCain. Also, I think we need a hearing on this latest mismanagement identified by the DOD Inspector General of \$2.6 billion being spent on C-130 aircraft that can't be used in combat. Remarkable. Same people that were involved in the Boeing deal.

Director McLaughlin, the reports, from whatever source, indicate that our greatest--or certainly the top two or three greatest failings has been in human intelligence. Mr. Lindh, from California, was able to join and train with the Taliban and fight against the United States, but we've never been able to insert any kind of person into the al Qaeda or other terrorist organizations. What, in the 9/11 Commission recommendations, do you believe will help us in this issue?

Mr. McLaughlin. First, Senator, with all due respect, I would dispute the premise. In closed session, I could explain that we have been able to achieve what you suggest we haven't been able to achieve.

Senator McCain. It's not my suggestion; it's the suggestion of the 9/11 Commission.

Mr. McLaughlin. I'm talking----

Senator McCain. It's a conclusion of the 9/11 Commission.

Mr. McLaughlin. The way I would characterize it is, at the time of September 11, we clearly had human sources within the sanctuary, or we would not have been met on the ground on September 27 by people welcoming us into Afghanistan. So we had a network of human sources in Afghanistan at that time. I believe the 9/11 Commission notes that.

Senator McCain. I only have 6 minutes----

Mr. McLaughlin. Since September 11----

My comment, at the outset, frankly, was more about the post-September 11 period, when I think our human intelligence (HUMINT) has improved.

Now, in terms of your question about what, in the 9/11 Commission recommendations, would help us acquire better HUMINT, I think----

Senator McCain. I guess I have to rephrase my question. Do you believe that we need to improve our human intelligence?

Mr. McLaughlin. Absolutely. Absolutely.

Senator McCain. Then what is it that needs to be done?

Mr. McLaughlin. Director Tenet's comment before the 9/11 Commission, that it would take 5 more years, I think, was misinterpreted by almost everyone who heard it. He was not saying, at the time, that, ``We are starting now, and 5 years from now we'll be in good shape.'' What he was saying, and what I would strongly endorse, is that we probably need about 5 more years to get to where we need to be.

But you have to appreciate where we started from. In 1997, at the end of those reductions of about 25 percent in our overall capability, I would say we were in Chapter 11. We were only training about a dozen or two dozen, what we call, case officers, the people who recruit human spies. Over the last 5 to 7 years we've rebuilt that capability, thanks to the resources that Congress and the administration have provided--

and that's extremely important--to the point where we're now graduating the largest classes of HUMINT source collectors in our history. We now have an array of people around the world, and an array of HUMINT sources, including sources--the very people who are allowing us to capture people like Khalid Sheikh Mohammed. That was a HUMINT source operation. The people who are allowing us to bring forth the kind of information that we brought forth in the last couple of weeks on the casing reports of major financial institutions, that came about as a result of HUMINT source operations.

Are we where we need to be? Absolutely not. We need more core collectors--case officers, if you will--who are out there recruiting spies. We need more people with languages that help them do that. We need more people in our clandestine service, who don't look like me, who can circulate freely in parts of the world where people like me would stand out.

So bottom line here is, that's what we need to get to the point where we need to be on HUMINT source collection.

Senator McCain. In your written statement, you said, ``Should the--that's why, should the President's proposal to create a National Intelligence Director be adopted, I believe the individual should have the clear authority to move people and resources, and to evaluate the performance of the national intelligence agencies and their leaders.' ' Does that include control over their budgets?

Mr. McLaughlin. The Secretary said, this is all being debated. If you want my personal view, I would say yes.

Senator McCain. Thank you very much, Director McLaughlin. I also want to thank you for your outstanding service to the country for many years. We're very appreciative of it, and we know it will continue.

Finally, could we talk about stovepiping again? Do you believe that the recommendations will prevent a reoccurrence of such has happened when FBI agents reported that people were taking pilot training in Phoenix and the information never got to the right people?

Mr. McLaughlin. I think we're close to fixing that problem now, and I think some version of a National Counterterrorism Center would take us even further.

The reason I think we're close to fixing that now, a whole series of things have changed since September 11. It goes to the kind of--let me start at the top--personal relationship that exists between the Director of the FBI and the Director of the CIA. During these last 2 weeks, for example, when we were struggling with the terrorism alerts, Bob Mueller and I were on the phone continuously with each other, working through issues. There's no impediment there.

We now have senior FBI officers embedded in our Counterterrorism Center. One comes every day, a senior officer, to my meeting at 5 o'clock, where we work through terrorism problems around the world, and that person is responsible for making sure that everything at that table, the most sensitive intelligence, is available back in the FBI.

In the Terrorism Threat Integration Center, it's not inconsequential what's going on there. It's not built yet, entirely, but we now have FBI officers, CIA officers, officers from Homeland Security, and any number of other agencies sitting in one building, a stone's throw away from each other, exchanging information.

So I actually think--oh, and the other thing I'd point out--and Bob Mueller needs to speak for himself on this, but I work closely enough with him that I think I could characterize something he's doing that relates to the problem you've just pointed out. He has underway a vigorous effort to develop a reporting system from all of his constituent field offices coming into a central hub where that reporting would then be funneled out to people who need it. That's essentially the kind

of reporting system we've had in the foreign intelligence arena for many years. Case officer meets someone in a back alley in Egypt, sends in a report, that's distributed to people all around the world who need to see it. That's what Director Mueller's working to create, and making progress in creating.

Not to say there aren't problems to go here, but we're moving in the right direction.

Senator McCain. Thank you very much.

Thank you, Mr. Chairman.

Chairman Warner. Thank you, Senator McCain.

Senator Kennedy.

Senator Kennedy. Thank you very much. Welcome, gentlemen.

Secretary Rumsfeld, you referenced that civil liberties--the commission emphasized by the 9/11 panel--do you have any problems with that being included in any proposal that would pass Congress? [Pause.]

I want to keep moving. I know you want to give things a complete answer, but I----

Secretary Rumsfeld. I am not in a position to answer yes or no to questions on issues that the President and the interagency process is discussing.

Senator Kennedy. Well, I----

Secretary Rumsfeld. I clearly believe that the issue of domestic intelligence is an important one and requires that we address the questions of privacy and our values as a society.

Senator Kennedy. If I could join in, perhaps I'll add that on to Senator Levin's questions for the panel to see what's your reaction.

Because there is a very specific proposal on that. We're looking at these proposals. It's a matter of enormous significance and importance no matter what we do in this area. We'll have more of a chance to deal with it in the Judiciary Committee on Thursday, but I did want to get your response.

As the Commission Report--Lee Hamilton--summarized, we need the best intelligence we can for our troops. But as September 11 made clear with 3,000 Americans, we also need to protect the American people from terrorists. Clearly, the status quo is not sufficient.

Now, if we look back on what has been stated by the intelligence agencies, going back to a quote that was mentioned yesterday, December 4, 1998, DCI Tenet, at that time, issued a directive, ``We are at war. I want no resources or people spared in this effort, either inside the CIA or the community.''

Now, that was on December 4, 1998. Coming into 1999--February 2, 1999--George Tenet said, at the worldwide threat briefing, ``Let me mention two specific concerns. First, there is no slightest doubt that Osama bin Laden, his worldwide allies, his sympathizers are planning further attacks against us.''

He continues, ``Bin Laden's overarching aim is to get the United States out of the Persian Gulf. He'll strike whatever in the world he thinks we are vulnerable.''

Then he continues in February 3, 2000, ``Osama bin Laden is still foremost among terrorists because of the immediacy and seriousness of the threat he poses. Everything we have learned recently confirms our conviction he wants to strike further blows against America.''

Then in the 9/11 Commission, you were noted--and I read from page 208, ``Rumsfeld noted to us his own interest in terrorism which came up after--in his regular meetings with Tenet. He thought the Defense Department, before September 11, was not organized adequately or prepared to deal with the new threats, like terrorism. But his time was consumed with getting new officials in place and working on the foundation documents of a new Defense policy, the Quadrennial Defense Reviews, the Defense Planning Guidance, and the existing contingency plans. He did not recall any particular counterterrorism issue that

engaged his attention before September 11, other than the development of the Predator unmanned aircraft system.'

That is the problem. That's the problem that the 9/11 Commission is dealing with. Evidently Secretary Scowcroft believed the same. I'm asking, Mr. Secretary, will you support the request of the chairman of the committee and Chairman Roberts to declassify the Scowcroft Commission, as well, since it's dealing with this same issue as the September 11, in terms of the accountability issue and intelligence-gathering? Will you?

Secretary Rumsfeld. I have been briefed on the Scowcroft Commission Report. I don't see any reason why there shouldn't be a process, going through and see what portion of it can be declassified. I don't know who classified it in the first place. It wasn't the DOD, to my knowledge.

Senator Kennedy. No, it was a presidential request, and, therefore, it's a presidential decision about the declassification, not yours. So the only question is--it's right on target on the issue that we're trying to consider here before the committee, the 9/11 Commission, and it is made by a very distinguished figure that's served with President Bush-one, serves with President Bush-two, served with Republican and Democratic Presidents, and also understands the importance of intelligence-gathering and that the current system is not functioning.

So I gather that you will at least--it's your position that you would welcome the Scowcroft Commission Report. It's been reported in the newspapers. It's on this issue. Do you think it would be useful for us to have that?

Secretary Rumsfeld. As I say, I've been briefed, I haven't read it recently, and it would have to be declassified.

Senator Kennedy. When you were briefed, was there anything in it that bothered--that you didn't think could be classified?

Secretary Rumsfeld. Not that I can recall.

Senator Kennedy. Thank you.

Let me ask a question about--we've talked a good deal about what is the actual statutes that govern the allocation of responsibilities between the Secretary of Defense and the head of the intelligence agency. But if I ask the head of the intelligence agency--if you had a dispute, for example, with the DOD. Say it was on Syria. You wanted to have a program to find out about the penetration of al Qaeda in Syria, and DOD wanted to have a report on whether the Syrian bridges could hold American tanks, do you win on that, or does the DOD make the final judgment decision? If you wanted to have a satellite to gather radioactive information technology, in terms of being able to further your different interests in a particular targeted area, and the DOD wanted to use that satellite for other purposes, who makes the final cut on those kinds of issues?

Mr. McLaughlin. In truth, now, Senator, it's a negotiation. When we have----

Senator Kennedy. Who makes the final cut?

Mr. McLaughlin. The----

Senator Kennedy. Who makes the final judgment? Someone has to say----

Mr. McLaughlin. If we----

Senator Kennedy.--this is----

Mr. McLaughlin.--if the two of us can't agree--and typically we do come to an agreement, because of the consultation process--it goes to the President as a tiebreaker, which is one of the reasons why a DCI has always----

Senator Kennedy. Has that happened, in your recent memory?

Mr. McLaughlin. It has not. It is one of the reasons why a DCI always consults with the Secretary of Defense, because no DCI wants to put the President in the position of being the tiebreaker.

Senator Kennedy. My time is up, Mr. Chairman. Thank you.
Chairman Warner. Thank you very much.

Senator Roberts?

Senator Roberts. Thank you, Mr. Chairman.

Let me just say again that Senator Rockefeller and I have written to Mr. Scowcroft, and he is perfectly willing to come, I think, before Congress, either in a classified setting or a non-classified setting. He is the president of the President's Foreign Policy Advisory Group, which puts him in a category that does not permit him to come before Congress and make a classified document public. The person who would make that decision, I think, is the National Security Director, and we are working on that, and I am very hopeful that we can have his testimony. I would agree with Senator Kennedy, it would be very helpful.

Director McLaughlin, I've, along with others, tossed a few brickbats over in your shop, and then I asked you the other day if you could provide me with a list of some things that have changed since the infamous National Intelligence Estimate (NIE) of 2000 and also since September 11. You've done that, and I would like to ask permission, Mr. Chairman, to put this list of nine positive changes that the CIA has made in the record at this point.

Chairman Warner. Without objection.

[The information referred to follows:]

[GRAPHIC(S) NOT AVAILABLE IN TIFF FORMAT]

Senator Roberts. I'm not going to read them all, but I would just simply say that when we go to war, why, the intelligence and the military forces do now live together, they fight together; the military, law enforcement, and Intelligence Community does hear the latest intelligence reports; and the acting Director does direct action on the spot. The intelligence and the law enforcement communities are much more closely linked than they ever were before, and that's all across the world. The number of FBI officers serving in the NCTC has doubled. I think the number in the clandestine service with the CIA has tripled. You sent 60 people over to Terrorism Threat Integration Center (TTIC). I could go on and on, but I think that's a good-news story, from one who has been very critical of the CIA, more especially after our Senate inquiry.

Let me just say the snapshot that we are taking today of the CIA is a different snapshot than we took with our inquiry and dating back to the NIE 2000 and also September 11.

Now, you said, on page 12 of your testimony, you would also see more progress by a DCI or NID on things like common policies for personnel, training, and security and information technology. My question, does the current structure allow the DCI to set common policies for personnel, training, security, and information and technology? My answer to you is that it does, because, in 1947, the National Security Act, you and your predecessors have had that authority. But my question to you is, can you enforce those policies?

Mr. McLaughlin. You put your finger on the issue, Senator. We have the authority to set the policies, but it's difficult to enforce them. We do our best, and we have a process for making progress, which we have made, but the enforcement is not as strong as----

Senator Roberts. Then all this talk about the 1947 National Security Act and you have all the authority that you need, if, in simplistic terms, you would just enforce it, everything--well, it wouldn't be fine, but it would be better. I don't think you can enforce it, because of the way--this breakdown, in terms of TIARA and National Foreign Intelligence Program (NFIP) and Joint Military Intelligence Program (JMIP). I'm not

going to go into all these acronyms, but that's the tripod of what the Intelligence Community and the DOD simply has now.

Yesterday, Mr. Secretary--and I'm talking about Secretary Rumsfeld--we had two former Secretaries of Defense and a key member of the DOD. I asked them, do you support a NID? Do you support a NID with budget authority and also reprogramming authority? Without getting into the fact that we would obviously leave the tactical part in the military--I am talking more about the NFIP and the CIA, NSA, DIA, NGA, NRO, FBI--it's a real mouthful--Homeland Security, State, Treasury, and Energy--we didn't talk about moving those agencies over to the NID, just whether or not he had the authority to reprogram and hire and fire and have some control over the budget, and the answer was no.

Yesterday morning, why, Senator Collins and Senator Lieberman, in the Governmental Affairs Committee, had three witnesses--they were former CIA directors--asked them the same question, and they said yes.

Nobody has dared to wander onto the thin ice on how we reform our own situation here with the fractionalization and the way we handle, say, intelligence. We are having 20 hearings. I think we've had eight; 12 more to come, as the Chairman has indicated. We'll have one tomorrow in the Intelligence Committee. We are going to have a lady who wrote a book about the history of the National Security Act. Since 1947, 15 times we have tried to implement reform--if, in fact, it is reform--and 15 times, we've failed. She's going to say why. We have David Kaye to talk about intelligence centers. Everybody's talking about intelligence centers. The Iraq Survey Group (ISG) is probably a good one. We have Charles Boyd, who's a four-star from the Air Force, and somehow got Julian Bond, Newt Gingrich, Gary Hart, and Warren Rudman all to agree on one premise. That's almost a miracle. He's going to talk about the Bremer Commission, the Gilmore Commission, the CSIS study, Aspen-Brown, and Hart-Rudman, and say why on Earth haven't we moved prior to this time.

The Intelligence Committee is drafting legislation. So we're going to share it with Susan Collins and with Joe Lieberman, and we're going to share it with this committee. We have already started the business of sharing it with the administration. We have also shared it with you, sir. We're going to share it with the Armed Services Committee. We think that it follows along the lines like the Chairman has indicated, and at least it's a step forward.

Let me ask you a question, since my time has run out and I've made a speech. Practically speaking, how could a National Intelligence Director who did not possess the ability to control execution of the budget or control over personnel decisions, effectively break down stovepipes in the Intelligence Community and improve the sharing of information across the community? How could he not do that--I mean, how could he do that if he didn't have that authority?

Secretary Rumsfeld. I think it's possible to give a National Intelligence Director, or a Director of the CIA, the authority to break down stovepipes and give that direction to the entire community and have it accomplished, quite apart from the budget question.

It seems to me that--to go to your earlier comment on budget flexibility--the problem we have, one of the problems, is that the budget is developed in 1 year, it's worked on by Congress in another year, and it's executed in the third year. It's obvious that it doesn't work that way. The world changes out there. Flexibility is necessary.

Now, if a portion--a same piece of intelligence can simultaneously be a piece of national intelligence and a piece of battlefield or tactical or military intelligence. The idea that either the DOD or CIA should go in and, without

consultation, reprogram, it seems to me, would be unwise. You could disrupt things because of not understanding the fact that that same piece of intelligence is simultaneously national and military or battlefield. Therefore, it takes--simply because of the complexity of it, it takes both to be involved in a reprogramming process. That's not bad; it's prudent.

Senator Roberts. I'm not advocating anything other than what you have said, in terms of the cooperation. If you had a Special Forces trooper in Afghanistan, and he was involved in battle, which they are today, that's tactical. If all of the sudden he happens to be in the no-man's land where Osama bin Laden is, that becomes strategic, and then the NID would be involved, just as well as you would be involved there. There has to be a way to put this together.

I thank you all for coming.

Chairman Warner. Thank you, Senator Roberts.

General Myers. Senator Warner, can I just----

Chairman Warner. Yes, of course. I want to just say one word. I want each witness to feel that you have adequate time to respond. Take it, and if you're not getting it, draw the attention to the Chairman. I'm trying, best I can, to give that opportunity to all.

General, please proceed.

General Myers. Thank you, Mr. Chairman. I would just like to comment on Senator Roberts' question to the Secretary on, really, how you force change. I think everybody knows this, but you can't, just by moving boxes around on a chart or appointing a National Intelligence Director, even if he has it in statute, say there will be change. We're talking about some very ingrained cultural issues with a diverse group of organizations, and it's going to take more than creating that position. You're going to think very seriously about how you empower him and what tools you give him or her to do their task.

When you wanted to reform the military and make us more joint, in Goldwater-Nichols--and most of you know this a lot better than I do--but I think the debate went on for 3 years. At least 3 years. There was, obviously, philosophical debates before then, but the debate here on Capitol Hill and in the offices of Washington, DC, for 3 years. Then you created some new offices--and I can think of the Vice Chairman of the Joint Chiefs of Staff--and some new processes--and I can think of the Joint Requirements Oversight Council. But you also mandated some personnel policies that we have to report on to Congress today--however many years later that is, 16-17 years later--and education. You mandated certain educational matters, as well.

So I don't think we should--and I'm sure everybody understands this, and I know Senator Roberts understands it, but for those who don't, this is more than just creating somebody and saying, ``Okay, good, we got that done.''

This is going to be a tough job. This is leading cultural change, which is the most difficult. We have a community that is, I think, performing very well today. What we're trying to do is tune it up and enhance its performance, but it's going to take some of those items, I believe, if you're going to get there.

Chairman Warner. Thank you.

Yes, Mr. Secretary?

Secretary Rumsfeld. Mr. Chairman, I appreciate your inviting us to feel that we have been able to respond fully.

I'd like to comment on a question that Senator Levin raised about the NCTC and operations, and make very clear that the President has indicated that--not in public announcements, but in private comments, internally--that he does not want anybody in between him and operations. So, in terms of the operations in the Central Intelligence Agency or operations in the DOD, the President would not have that NCTC in the middle of that,

from an operational standpoint, and I didn't want any doubt about that.

The second thing I'd like to clarify is, I welcome the idea of hearings on global posture. We have provided extensive congressional briefings. We have had extensive briefings with our allies around the world. There is nothing in it that even begins to approximate Fortress America.

The Cold War is over. We are not expecting a Soviet tank attack across the North German Plain. It is appropriate to adjust that force posture. We have met with a great deal of support in the briefings we've had with our friends, with our allies. With respect to North Korea, I would not want the implication to be left that we would, in any way, weaken that deterrent.

The Korean War ended 50 years ago. South Korea has a gross domestic product (GDP) that's probably 25 or 30 times the North Korean GDP. We have been working with the South Korean Government to transfer responsibilities so that the deterrent would remain strong. General LaPorte has done a superb job in working with them. They are--over a period of years, will be incrementally assuming additional responsibilities.

The Defense Department has, in addition, been investing in, and making arrangements for, other kinds of capabilities to be available, and I don't think there will be any doubt but that the combined capability of the South Korean military and the United States of America will be fully adequate to the task.

I would say one of the things that we're really having trouble with--change is hard for everybody, and I understand that. There's a great resistance to it. We're just going to have to work our way through it. But I think, in the 21st century, we have to be very careful to not equate quantities of things with capability.

If you have a ``smart bomb'' that can do the work of 8 ``dumb bombs,'' the fact that you go from 10 ``dumb bombs'' to 5 ``smart bombs'' does not mean you've reduced your capability. What we are doing, we have incrementally improved our capability over time in that theater. We intend to remain with a presence and strength. I think there will be no doubt in the minds of the people in that region that we have maintained the proper balance and the proper types of capabilities that fit the 21st century and the circumstances. We've been very pleased with the cooperation of the South Korean Government, in terms of that, taking over some of those responsibilities--and we'd be happy to come up and have a full hearing and testify on it--and have benefitted from the many briefings that have been given to the staffs and offered to members over a sustained period of time on this subject.

Senator McCain. Mr. Chairman, could I just comment very quickly? I have neither been offered nor received any briefing, nor do I know of any member of this committee who has.

Chairman Warner. Senator, I think that we can show you that there have been some staff briefings on this----

Senator McCain. There have been staff briefings. No member that I know of has been offered a briefing. I would have liked to have one--received one, with alacrity.

Senator Sessions. I asked for one, and got one, and several of us made a trip to Europe to look at the bases there.

Chairman Warner. I think there's been a record of----

Senator McCain. I've been to Europe many times, too.

Senator Sessions. We went down to look at bases that may be closed and may be strengthened.

Chairman Warner. Let me just say, for the record, there have been, I think, communications on this subject. We knew it was forthcoming. You've actually made public pronouncements on it on several occasions, am I not correct?

Secretary Rumsfeld. This has been going on for close to 3 years.

Chairman Warner. Correct.

Secretary Rumsfeld. I'll be happy to arrange for a briefing for any Member or any staff person.

Chairman Warner. Right.

Secretary Rumsfeld. It is important. It is just in its early stages of beginning discussions with foreign countries, in terms of specifics. It is something that will roll out over a period of probably 5 to 10 years. It is not something that's going to be done precipitously. As I say, we'd be happy to come tomorrow if appropriate.

Chairman Warner. I think we've covered it. I think it's important that we took a few minutes on that.

Senator Reed.

Senator Reed. Thank you very much, Mr. Chairman.

Mr. Secretary, you have carefully avoided any opinions about many of the proposals of the 9/11 Commission, but I think it's important to get another one on the table, and that's the suggestion that the DOD assume all the covert paramilitary operations--those conducted by the CIA, as well as operations conducted by the DOD. Do you have an opinion, for the record?

Secretary Rumsfeld. I'll say this. There are clearly things that the Central Intelligence Agency does that are covert that the DOD ought not to do. There are things in the middle where we both do things and where we have individuals involved in teams that are led by them or led by us, and there be a mixture from time to time. I think it's a subject that lends itself to a classified hearing better than a public hearing. But the short answer is, I have not proposed such a thing. It is something that we've asked our people to look at and the agency to look at, but, at the moment, I certainly wouldn't recommend it. It's something that is being discussed internally.

Senator Reed. Now, Mr. Secretary, are some of your concerns based upon the different frameworks that soldiers operate, vis-a-vis CIA operatives--both legal, ethical, and cultural dimensions--or is this simply a--the practical, that they do things that we don't want to do?

Secretary Rumsfeld. They do things that are authorized by statute and by findings that we're not organized, trained, or equipped to do, and don't want to do. There are things that involve preparation of a battlefield which are not public, but eventually become public, which we, in the DOD, do do, as we should. I think that, again, that's about as far as I'd want to go in a public hearing.

Senator Reed. Let me just--again, the final point is that, from your answer, there are things that they are authorized to do by law and custom that the DOD is not authorized to do, is that correct?

Secretary Rumsfeld. Absolutely.

Senator Reed. So this consolidation would require Congress to change the law, as well as just simply authorizing a consolidation of effort--or change several laws.

Secretary Rumsfeld. That, I don't know, because I don't know what anyone would propose by way of responsibilities. We have responsibilities that are authorized by law--preparation of the battlefield--and they have responsibilities that--no one that I know of is suggesting transferring out of the agency. So whether or not--I doubt that a law would have to be changed, but I simply don't know, because I don't know what anyone would propose to change.

Senator Reed. Mr. McLaughlin, do you have comments on this topic?

Mr. McLaughlin. Yes, I would--as the Secretary has pointed out, this is being discussed in the administration, and we've actually been asked to consult on it and come up with a position. If you want a personal view, I would not accept that recommendation, for a couple of reasons. I mean, this is, again, personal view. I think we have a perfect marriage now of

CIA and military capabilities. CIA brings to the mix agility and speed. The military brings lethality. That was the combination that was so effective in Afghanistan. There are also special authorities that the DCI has by statute--Section 8 authorities, for example--that allow the DCI to do things--for example, to purchase equipment that's useful in paramilitary operations, without competitive bidding. It's a small point, but--actually, a large point. It means that the DCI, under current statute, is empowered to move quickly on things that have a paramilitary nature.

It's important to realize there's a vast difference in scale here. Without giving the numbers, we're tiny on this score. DOD is large when it comes to special operations. So we have a niche role here that I think is very important.

The other thing I would say is that--not well understood--is the fact that our paramilitary capability undergirds our whole covert-action program. It isn't just the kind of image that comes across in the movies about what we do; it's that our covert-action program, across the board, which covers many different areas, has, as part of its infrastructure, for a very wide array of things, this paramilitary capability.

Senator Reed. General Myers, do you have a comment, particularly from the perspective of a uniformed-military officer, about the blending of these two different cultures?

General Myers. I think my advice would be along the same lines that you've heard from the Secretary and from the acting director in that, right now, we have well-defined military missions in the world. This would change some of that, if we were to adopt that recommendation. I think we have to think very carefully about that.

I know there is--as we have begun to consider it, there is not a lot of enthusiasm at this point for that kind of change. I think it's important that, as people see the military uniform around the world--and we are around the world, we work with--over a couple-of-year period, we probably work with most nations in this world, in one form or another--and that they--that we maintain that, that we are the U.S. military, and we're not involved in other things.

Senator Reed. Mr. Secretary, the 9/11 Commission was a very intensive review--after-action report, if you will--of a major intelligence failure. We've had similar failures with respect to Iraq. Has the DOD conducted a major after-action review of the intelligence failures in Iraq? If so, what are the recommendations for change, not only within the DOD, but coordination with the CIA and other agencies?

Secretary Rumsfeld. The DOD, through the Joint Forces Command, embedded a cluster of people in the beginning of the war, and as it went along it conducted a lessons-learned, a portion of which included intelligence. They then completed that, and then initiated a series of interrogations of Iraqis and looked at lessons learned, not from our standpoint, but from what the Iraqis thought they were doing and what they thought they knew or didn't know. That was then completed.

In addition, the CIA has conducted some aspects of it from their perspective.

Senator Reed. These reports are available and----

Secretary Rumsfeld. We'd be happy to give you or the committee a briefing on the lessons learned. I've found them fascinating. I've probably spent 20 hours being briefed on those two lessons learned that the DOD did. I have not been briefed on the agency's piece.

Senator Reed. Thanks, Mr. Secretary.

Thank you, Mr. Chairman.

Chairman Warner. Thank you very much, Senator Reed.

Senator Sessions?

Senator Sessions. Chairman Myers, can you share with us how the military officers, maybe your chiefs, feel about the new

National Intelligence Director proposal? I know there's some frustration. I sense that we wish that we had had better intelligence on--I guess in every conflict we've ever been in. But how are your--do your people respond to this?

General Myers. One of my responsibilities, of course, is to represent, to the Secretary and others in the National Security Council, and the President, of course, is the thinking of our combatant commanders, and, for that matter, the Joint Chiefs of Staff. Let me start out by saying, we clearly have the greatest military in the world. Part of the reason it is the greatest military in the world is because we have this integration of operations and intelligence that I talked about earlier in my opening statement.

So with that as a backdrop, we have talked now, on many occasions, with our combatant commanders and to the service chiefs on intelligence and intelligence reform. I think they would sign up to my opening statement and some of the tenets in there and some things that we hold very important. They're clearly in favor of breaking down any bureaucratic barriers to getting information, and information-sharing, and they addressed that. As we had this discussion, that's one of the primary topics that comes up.

They strongly believe that it's hard to differentiate between the national, strategic, and tactical levels of intelligence. They understand that, and think that intelligence needs to move seamlessly, not only vertically, but horizontally between organizations, services, analytical elements, whatever, as well as vertically. So they understand that.

They would make a big point, if they were sitting here, about the need for competitive analysis. I mentioned that in my opening statement, again. But they think all-source analysis, it's--with several different elements, is the way you get to the--to understand what the intelligence probably really means and----

Senator Sessions. In other words, they don't want to be--to have only one source of information. They prefer that other entities and agencies would be able to share information directly if they thought it was appropriate.

General Myers. Senator Sessions, that's absolutely right. The need for----

Senator Sessions. The other Secretaries of Defense that testified yesterday expressed that concern quite clearly, also.

General Myers. Competitive analysis is certainly to all our benefits, and then we can make whatever judgments we have to make. But that would be important. Then as they get into the details--and, of course we were--when we were talking when I was--the last time I solicited their opinions, we were talking about some of the fundamentals, not some of the specifics, of the 9/11 Commission Report, although we referred to that. We said there are recommendations out there, but they would not be for any other bureaucratic hurdles that removes the warfighter or the commander--be it a combatant commander or a joint task force commander--from the intelligence process--collection and dissemination and so forth. They've worked that very hard.

In my opening statement, I talked about the entrepreneurial spirit that exists at the other end of this intelligence chain as being important to providing our best intelligence, not just to the warfighter, but to the national community, as a whole. They're part of that entrepreneurial spirit. That's where it resides, and further down, as well. So they'd like to preserve that. I think those were their overall concerns. They're very engaged in this process, and will follow it along.

Senator Sessions. I think there's a pretty firm belief on this committee that we ought not to undermine the success that we've had with regard to intelligence, and we should strengthen it, not weaken it.

Director McLaughlin, thank you for your service. I think

you have every right to speak aggressively about the good things that have occurred since September 11. I think that after that date everything changed and people began to reevaluate entirely, whether it's the FBI, the DOD, or any other agency. A lot of policy changes have occurred. Senator Roberts mentioned nine specific ones that I think have dealt with many of the problems that the 9/11 Commission has referred to, or at least attempted to deal with them.

So let me ask you briefly just your opinion. Do you feel like, with regard to the 9/11 Commission's report and recommendations, that many of those recommendations have already been accomplished and that--you indicated the report seemed to stop as of September 11. Were they fully informed on the changes that have occurred since when they made the report?

Mr. McLaughlin. I would say, Senator, a lot of the things that they recommended or spotted as problems have been dealt with. My sense is that the 9/11 Commission did spend some time looking at post-September 11. But that isn't in their report, particularly. Their report seemed to have been written from a September 11 perspective.

There is still more to do.

Senator Sessions. I know, but you have taken care of a lot of those things.

Mr. McLaughlin. But I don't want to--it's important that I not convey a sense of complacency or satisfaction here, because in this business there is, frankly, never any perfection, and there never will be. The nature of the business is such that you're constantly finding--as you've solved one problem, another one comes up on the horizon.

Senator Sessions. Yes.

Mr. McLaughlin. So, yes, we've made a lot of progress, but there's still a lot to go.

Senator Sessions. I was present during the time we did the drug czar. The drug czar, as I understand it, had the power to review the budgets of all agencies affecting narcotics. It establishes, by consulting with the agencies involved in narcotics, a national drug policy. The President then is asked to sign off on the national drug policy. Then the drug czar reviews the budgets of the agencies to make sure that they're spending their money on things that accomplish the agreed-upon strategy.

I guess my question would be--in some sense, that's supposed to be, in theory, CIA's role. Some suggest that, ``Well, you can't do it, because you have operational responsibility, as well as oversight responsibilities.'' Could CIA fulfill that role? Can it today? If it needed some additional legislation, and that were passed, could you do it, as well as a new National Intelligence Director?

Mr. McLaughlin. To make sure I understand your question, Senator, are you saying, could the DCI, with some augmentation, carry out the duties that are laid out in the report for a National Intelligence Director?

Senator Sessions. Or at least with regard to the powers and compared to the drug czar.

Mr. McLaughlin. The short answer would be yes. The DCI, as many people here have noted, has extensive authorities. Some of them--they're all--the ones recorded in statute give the DCI the power to do various things that we've talked about here. To some degree, though, any DCI's authority stops at a certain point, and persuasion takes over, so that the effectiveness of a DCI depends, to a large degree, on the personal relationship that he or she develops with leaders of the community, with the Secretary of Defense, and just how he runs the operation.

I meet with--as George Tenet did--all of our program managers every couple of weeks to go over everything. We harmonize policies. There is a point, though, where I think Senator Roberts was leading with some of his questions, where

your ability to enforce these policies drops off. So you can coordinate, you can improve, you can approve, you can launch, but there is a point where, as DCI, you're basically in a negotiation and persuasion mode.

Senator Sessions. My time has expired, Mr. Chairman. But I thank you, Mr. Director.

Chairman Warner. Thank you very much.

Colleagues, as we know, the Governmental Affairs Committee started in quite early this morning with a hearing. It would be my intent now, out of respect to--Senator Collins, the chairman, and Senator Lieberman worked to schedule our hearings--I'd like to turn to Senator Lieberman, but understand a colleague has a very critical--Mr. Nelson, you were next. Can you two sort it out, who would go first here?

Senator Bill Nelson. Mr. Chairman, I have a little problem back home, called Ground Zero, named Punta Gorda, that I'm going back to.

Chairman Warner. Would you, then, go ahead--and then I'll go to Senator Lieberman.

Senator Lieberman. I'll be glad to yield to Senator Nelson.

Chairman Warner. Thank you.

Senator Bill Nelson. I thank you.

Gentlemen, thank you for your public service, and thank Senator Collins for her graciousness in allowing me and others to sit in on her hearings, of which we've just had testimony from the members of the families of September 11.

Senator Clinton had been gracious to the families to offer to ask questions, and--that the families would like to--and since I was last in the pecking order, a family member passed up a question to me that I think gets to the heart and soul of a lot of this discussion as we try to exercise our legislative prerogative under the Constitution and our congressional oversight.

If I may, gentlemen, direct this question to you from Carol Ashley, who is a member of the Family Steering Committee.

Chairman Warner. Senator, would you yield?

The Chair notes that a number of the families have joined us here at the conclusion of the hearing that Senator Collins and Senator Lieberman had.

Please proceed.

Senator Bill Nelson. Thank you, Mr. Chairman.

The question is, General Myers, please explain why giving the National Intelligence Director control over intelligence funding causes problems with an effective military response to terrorism overseas.

This is one of the significant policy issues that we are facing in deciding with regard to the new National Intelligence Director.

General Myers?

General Myers. I think the Secretary has talked a great deal about the budget and the implications of the budget. I would go back to the fundamentals that I had in my opening statement, in that it's not the budget authorities that are the problem at all. That can be whatever people decide it is, as far as I'm concerned.

The thing that you have to maintain through this is the fact that we now have, in terms of overseas, a warfighting team. It's a warfighting team that operates in peacetime or wartime. It produces intelligence that is used at the national level and is used at the tactical level. This team depends on all the different departments and agencies that have intelligence responsibilities, not just those that are in the DOD. They are, as Director McLaughlin talked about, pretty tightly integrated today. So I've never said, one way or another, where the budget authority should be. That is still being debated inside the administration; it's being debated here today.

I would just say, as we look at placing budget authorities we need to make sure that this extremely important element of our intelligence apparatus--and I will call it ``military intelligence,'' but it doesn't really do it justice because we're so tightly linked and integrated today--but we don't break that apart. That, whatever we do budget-wise, we don't--that everybody has a voice in the process. Today, that pretty much happens.

So, as has been said before, the first thing we should do is, do no harm. It's a lot better than it was on September 11. As I said in my statement, it's pretty good. We can still improve that.

Senator Bill Nelson. As a uniformed military officer, do you think that giving the NID budgetary authority is going to cause you a problem, militarily, to respond to terrorism overseas?

General Myers. The devil's in the details, and I don't think, inherently--inherently, no, I don't think that will necessarily cause a problem. But the devil is in the details. In this town, we have people that have certain authorities, but there is no czar in this town. That's not how the business works. It is a town where we collaborate and coordinate. That's certainly true in the Intelligence Community, where, again, there are many different agencies and departments that are involved in that work.

No, I have no problems with moving budget authority around, as long as we work through the details to make sure that the collaboration and the coordination that needs to take place recognize the things that I said earlier.

Senator Bill Nelson. Secretary Cambone, same question.

Dr. Cambone. Sir, the question is how the budget and its allocation translates into front-line capabilities, and that, in turn, is representative of the various interests that are at play in building that budget at the direction of the DCI today.

Within the DOD, something like 68 percent of personnel in the NFIP budget are from DOD, so the budget that is built by the DCI is 68 percent personnel from the DOD. Among those 15 agencies that everyone talks about, 83 percent of all U.S. intelligence, NFIP/JMIP/TIARA, the personnel are DOD personnel. DOD personnel are integrated across all of the activities of the Intelligence Community, and they are there to be certain that two things happen simultaneously. One is to assure national support. The Secretary of Defense is obliged, under title 50, to lend that support to the DCI. They are obliged to be assured that the DCI--that the Secretary of Defense is able to discharge his title 10 responsibilities relative to the Armed Forces of the United States.

The budget, all in one place, with all of those decisions being made in one place, Defense or the DCI or the NID, would probably be changing those relationships in ways that we don't understand today. That's why today we actually have a bargain here, a partnership between the DCI and the Secretary of Defense. The DCI builds the budget, the Secretary of Defense is expected to see that it's executed against those priorities that were set for national intelligence and meets the military intelligence requirements. So that's the bargain we struck.

Senator Bill Nelson. So you would think that there might be a problem created if someone outside the DOD--namely, the National Intelligence Director--has budgetary authority over all intelligence, which, as you said, huge part of that personnel and money is within the DOD.

Dr. Cambone. I'd be concerned about two words, Senator: ``sole'' authority and ``all'' activities. So you have to work--again, it's a partnership, and it was designed that way, by Congress and by Presidents and DCIs and Secretaries of Defense in the past, to make sure it is a partnership so that no one has sole authority or all of the authority.

Senator Bill Nelson. Secretary Rumsfeld, would you care to respond?

Secretary Rumsfeld. I would agree with what I said earlier and what Dr. Cambone just said.

Chairman Warner. Thank you very much, Senator, particularly for asking the question on behalf of the families.

Senator Collins, again, we commend you for the series of hearings that you've held on this important subject. I've been able to attend two of them myself. The Chair now recognizes you for purposes of questioning.

Senator Collins. Thank you, Mr. Chairman. Thank you, Mr. Chairman. Thank you, Mr. Chairman. If I say it three times-- I'll get it loud enough, eventually. [Laughter.]

Director McLaughlin, I know there's been discussion before I was able to join the panel today about the issue of budget authority, but I want to probe that a bit further with you. When I read the 9/11 Commission Report, I was struck by the information on a directive issued in December 1998 by DCI Tenet in which he said, ``We are at war. I want no resources or people spared in this effort, either inside CIA or the Community.'' The 9/11 Commission concluded that--despite that call for action, that, in fact, very little happened within the Intelligence Community, that there wasn't a marshaling of resources. That's one reason that I think the issue of budget authority is so important.

It's my understanding that the National Security Act gives you the authority to guide the Intelligence Community agencies as they prepare their budget submissions for the NFIP; but you don't, however, have budget execution authority over any of the NFIP, except that portion that goes to the CIA and the Community Management Program. As I interpret that, that means that you help set the budget levels for the Intelligence Community, but then you don't have any control over the funds once they are appropriated, except in the CIA direct control; rather, it's the DOD that has that control, and we know that's more than 80 percent of the total intelligence budget.

The 9/11 Commission recommends that budget execution authority--that is, the control over the funds once they've been appropriated--be given to a new National Intelligence Director, as you're well aware. Perhaps, to me, the strongest rationale for this recommendation is, it would allow the NID to marshal the resources in a way that George Tenet apparently could not, according to the findings of the 9/11 Commission.

Now, ironically, Dr. Cambone summed up the rationale for giving this authority very well last week when he testified before the House Armed Services Committee (HASC). He was talking about the need for the National Intelligence Director to set information technology standards for the entire Intelligence Community. This quote is not in the August 11 HASC testimony.

To me, that sums up why you need to have budget execution authority--not just the ability to shape the budget submissions, but execution authority vested, at least for the NFIP, in the new National Intelligence Director.

So, with that rather long introduction, I'd like to ask you whether you believe the NID does need to have budget execution authority if our goal is to have the Director successfully be effective in overseeing and coordinating the Intelligence Community. As Dr. Cambone said, when talking about intelligence standards, if the person doesn't have the ability to, ``push the money in the right places to get it done, or withhold it,'' can the NID truly be effective?

Mr. McLaughlin. As we've said several times, Senator, discussions are ongoing within the administration on this, and nothing is off the table, from the administration's point of view. So I can give you my personal view on that----

Senator Collins. That is what I'm seeking.

Mr. McLaughlin.--based on personal experience, but without any sense that that is ``the view'' that would prevail.

There's a couple of things you have to say at the outset to frame this a bit. First, I think we're talking principally about the NFIP agencies, not about all 15 of the agencies.

Senator Collins. Right.

Mr. McLaughlin. A number of the agencies in that 15 fall into the TIARA. We're talking about the service intelligence organizations and so forth. I don't think that the National Intelligence Director should have budgetary authority over all 15 of these agencies. I think it ought to be narrowed to the NFIP agencies, which would be, of course, NSA, NRO, NGA, and CIA. So when you're looking at the NFIP, it's that.

Second, another thing that needs to be said is, in any arrangement--and I mentioned this in my testimony--but, fundamentally, in any arrangement that you have, whoever has this authority would have to accept ironclad accountability for support to military intelligence requirements. That would have to be built in, either by understanding or statute or executive direction, because you just--as I said, these agencies are combat support agencies, and everyone in the intelligence business realizes that, even though they serve more than one department, which is what makes them national.

Against that backdrop, a third point. While we don't have execution authority in the year of the budget, we do have the authority to reprogram. I think you and I have talked about this once before. The reprogramming, as it currently works, works; but it is cumbersome. It requires that when I'm--and you reprogram for a number of reasons. Sometimes you do it because one program is doing better than another, another time because someone is not doing as well as they should, another time because something else is more essential, in your judgment. Typically, you require the approval of the agency that's surrendering funds; you require the approval of the department head who oversees that agency, usually the Secretary of Defense; you require the approval of OMB; and you require the approval of six congressional committees. Typically that takes about 5 months. So you can see that's not very agile to the needs of today.

So what does all of this, my long answer to you, add up to? My view is that that National Intelligence Director ought to have the authority to move those funds, because--with the caveats that I built into this: absolute accountability for military needs. Frankly, even in that circumstance, with that authority, a National Intelligence Director, I can safely predict, would consult closely with the Secretary of Defense as funds were moved around; but in the circumstance that you and I have just discussed, that person would have the final decisionmaking authority.

I think if you look within the NFIP, the National Foreign Intelligence Program--just as another fact to put on the table, I think about 30 percent of the personnel in the NFIP are military.

So all of that has to go into the mix. Sorry for the long-winded answer. But as all of us have said, this is complicated.

Senator Collins. Thank you.

Chairman Warner. Thank you very much, Senator.

Senator Collins. Thank you.

Chairman Warner. I feel that question is so important that I'm going to ask Senator Lieberman to defer. Frankly, Mr. Secretary, your views in response to that question would be helpful.

Again, Senator Roberts has drawn up a bill, you're drawing up a bill, Senator Levin and I may contribute some language. We respect the fact that the President hasn't come forward as yet. He's not--he's going to do it. I suggested that he wait until the committees work through their--this was my own personal

recommendation yesterday--work here, these 20 hearings. But as we do our work, to the extent we can get some of the personal views and guideposts, I think it would be very helpful to us.

So the question propounded by our distinguished colleague from Maine, I think, Mr. Secretary, would you desire to have an opportunity to respond?

Secretary Rumsfeld. I'll add to what I've already said in my remarks. I've pointed out that the role of an NID at least implies--although the administration's not come forward with specifics--but it implies authority for tasking collection assets across the government. The DCI currently has that. It implies setting analytical priorities and ensuring all-source competitive analysis throughout the Intelligence Community; the personnel management and training to alter the culture in the community; information, security, and access policies; information technology standards, as Dr. Cambone mentioned in a hearing, and architectures across the community; and reallocating resources in the year of budget execution.

Now, what does the DCI currently have? He currently has the authority for directing collection and production, currently has the responsibility for developing the budget, and currently has the authority to recommend reprogramming, which, for the reasons I stated earlier, avoiding--I mean, the principal user of intelligence is the DOD; that's the major user. So reprogramming--once the budget's set, reprogramming is difficult, as he says. It's difficult because government's a big bureaucracy. It's difficult because the congressional committee system is what it is. But there is not--neither the DOD nor CIA ought to be reprogramming without very close coordination, for fear of disrupting the process that each has already agreed to.

Now, the real problem is, as I said, that the budget's developed in 1 year; it takes a second year for Congress to deal with it, and a third year for its execution. Any budget's going to require change. It is not a budget to be executed; it is a plan to be tested against what actually happens in the world, and then adjusted as those changes and events occur. So it's going to take the ability for the DCI, the Defense Department, OMB, which is--the ultimate decision-maker is certainly not the DOD or DCI, currently; it's OMB--the President and OMB as its instrument.

Now, it seems to me that this is very important. It needs to be discussed, as it is being in this committee. I think it merits a great deal of care and attention.

Chairman Warner. I assure you, I think Congress is giving it a great deal of attention, and I thank you, and we're trying to get such guideposts as we can at this time.

Now, Senator Lieberman?

General Myers. Senator?

Secretary Rumsfeld. Could General Myers----

Chairman Warner. Oh, General Myers, yes, of course.

General Myers. Sir, could I make a comment to the budget execution business?

As I tried to answer with Senator Nelson, I think you're talking budget execution authority. Again, this has to be done in a collaborative way. Creative tension in the intelligence business is the only way, I think, that policymakers, Congress, or people are going to understand the situation. There cannot be a czar that just starts pointing and pulling levers. There is no ``Wizard of Oz'' here that's going to solve this, in my opinion. It has to be a collaborative effort. Creative tension, in this case, is good.

I would add one other thing to this mix in budget, and it goes--it's not execution authority, but it goes back to the budget preparation.

I think that anything we could do to reform the process by which we decide on major systems procurement would be a very

good thing to do. In the DOD, we have such a process. A major part of that process came out of Goldwater-Nichols. We have a fairly new process in the Intelligence Community, but it's far from perfect, in my judgment, and it needs to have more visibility inside the community, inside those departments and agencies that have systems that are affected, and it ought to be end-to-end, and we don't--we often don't think about the end-to-end pieces of this system. So when we're talking about major systems, major procurement of those systems, something like our Joint Requirements Oversight Council that was mandated by Goldwater-Nichols would be a fairly good process for us to--perhaps, to at least look at for the Intelligence Community.

So that's--but it's not execution; it's planning and programming, more appropriately. But I make that comment.

Chairman Warner. Thank you very much. Any further comments to that important series of questions?

Senator Sessions. Mr. Chairman?

Chairman Warner. Yes?

Senator Sessions. One question. With regard to this large amount of money that goes to Defense for intelligence, General Myers or Dr. Cambone, does that include every military officer in the military? Do you know, does it go down to the brigade or the military intelligence (MI) units out there or----

Dr. Cambone. Sir, it does.

Senator Sessions. So----

Dr. Cambone. That's how we get to such a large fraction of the total.

Senator Sessions. Yes, that explains some of that.

Dr. Cambone. But, just for the clarity, as Mr. McLaughlin says, there is the NFIP, in which there are U.S. military personnel covered. The individuals you just asked about, the Service people, doing Service jobs, if you will, are in either the TIARA accounts, or in a JMIP, which are inside the DOD and on which, by regulation and custom, the DCI consults. So there are three pockets of dollars here that we're talking about, and military personnel are in all of them.

General Myers. But where the rubber meets the road--and that's with combatant commanders and joint task force commanders and our troops out there doing peacekeeping to combat--they don't understand these budget classifications and the systems they deal with, they don't care where the intelligence comes from. They don't care if it's an NFIP, a JMIP program, a TIARA program. In fact, at that level, they're all mixed, and the people are all mixed, and they're all working to the benefit of the mission. So if you were to pick one piece of this up here and say, okay, now we have somebody with budget execution authority, and thinking that that's not going to have some impact on this entrepreneurial mix that we have down here that's really making things happen. That's not benefitting just the soldiers in the foxhole, that's also benefitting the President, because it enables all sorts of intelligence capabilities. It's something that has to be considered as we think about this. You can't separate the parts. It's not as easy, if you go to al Dhofar, if you go to Baghdad, to separate these parts. They don't care. It's easy here in Washington, I think, when we are used to looking at lines in a budget.

Mr. McLaughlin. Senator, the cryptologic support group that might be in Baghdad belongs to the NFIP out of NSA, supporting a special operations team that isn't in the intelligence budget at all, working with the tactical HUMINT team member from the Army down in the TIARA accounts, working to bring together the information from a satellite, which is in the NFIP account, and an airplane, which is in the JMIP account. They don't see any of that. It's all information and data flow down to the point of operation.

Secretary Rumsfeld. If I could add one thing as I notice

people are thumbing through the 9/11 book, it seems to me it's important, when we're talking about a possible change, that we connect it to a problem. If you think about it, that 9/11 report, it talked about communication problems between CIA and FBI; it discussed the law enforcement orientation of FBI; it talked about the need for domestic intelligence-gathering; it talked about the need for all-source intelligence; it talked about the problem of stovepiping; it talked about the need for congressional reform; it talked about the need for accelerating the clearance, the ethics approvals, the security clearances, and the confirmation process so that people didn't end up, like the DOD, with 15, 20, 25 percent vacant in presidential appointees that require Senate confirmation; it talked about group-think; and it talked about deficiencies in human intelligence.

Now, we have to ask ourself, okay, if those are the things that they identified--and I think that's probably at least three-quarters of things they identified--the question is, what reform is going to fix those things? What reform is going to improve the situation? What reform or change is going to add more value than it's going to cause in disruption or difficulty. Those are tough questions. They really are tough questions, and it's hard for me to see how the question that has been elevated here is--necessarily bears on any or all of these things.

Chairman Warner. I think your observation is well taken, and--I don't mean to criticize the Commission--they've also suggested some reforms in areas in which they have not identified a problem. Now, do you concur in that?

Secretary Rumsfeld. I'm trying to think of one.

Chairman Warner. I want to go to Senator Lieberman, and we'll come back to that.

Senator Lieberman?

Senator Levin. If Senator Lieberman would just yield for one second----

Senator Lieberman. Go right ahead.

Senator Levin. As I indicated, I want to make something part of the record at this point. First of all, that yesterday in the Senate Governmental Affairs Committee, we asked former DCIs Webster, Woolsey, and Turner that very question, as to whether there was any relationship between the recommendation relative to budget execution and the problems that the 9/11 Commission had identified. I think it's fair to say that at least two of the three unequivocally said there was no relationship between that recommendation, relative to budget execution, and the problems which had been identified by the 9/11 Commission.

What I would like to make part of the record is not just that reference, which I think reinforces what Secretary Rumsfeld was just saying, but also Executive Order 12333, because it is that executive order which allocates the budget execution to the DCI. By the stroke of an executive pen, that could be--let me start over again.

It is that Executive Order 12333 which allocates budget execution to the DOD. Before that, as one of our witnesses pointed out yesterday, the budget execution authority under the Carter administration was in the DCI. It was shifted after that to the DOD. It could be shifted back, if that's desirable. With all of the qualifications that have been mentioned here, it could be shifted back to the DCI or to the new Director of National Intelligence, if we adopt one, by an executive order, by the stroke of a pen.

I only want to put this order in the record here now to make it clear that this is not necessarily a legislative issue, since that budget execution power has been allocated by executive order, currently to the DOD, that previously had been in the intelligence agency, and could be reallocated back. So

that's the portion of the executive order that I'd like made part of the record at this point.

Chairman Warner. Without objection.

[The information referred to follows:]

Executive Order No. 12333--Dec. 4, 1981, 46 F.R. 59941
united states intelligence activities

Section 1.11 The Department of Defense

(j) Direct, operate, control and provide fiscal management for the National Security Agency and for defense and military intelligence and national reconnaissance entities;

Chairman Warner. Senator Lieberman.

Senator Lieberman. Thanks, Mr. Chairman.

Mr. Secretary and witnesses, thank you for being here.

Mr. Secretary, I wanted to share this experience. As I arrived late from the earlier hearing, I said to a few of my colleagues, ``How are things going?'' They said, with a certain unease, ``The Secretary, contrary to what we normally expect of him--opinionated--refreshingly opinionated, quite often--is not responding to specific questions about the authority of the National Intelligence Director proposal.'' I found the kind of unease that you'd have on a day when your dog stopped barking. You'd say, ``He's not feeling well.''

But I understand the reason why you're doing it, and I want to say that I find it encouraging. I find it encouraging in that you have said, and others at the witness table, that the administration, the White House, has not finally decided where it is on some of these critical questions.

I was first puzzled--I was pleased when the President endorsed the National Intelligence Director, Counterterrorism Center, puzzled by some of the vagueness of the language used that day about the powers of the NID, troubled when Andy Card specifically, I thought, said that the NID, as he saw it, would not have any budgetary authority of real consequence. I was encouraged last week when the National Security Advisor Condoleezza Rice said that, in fact, ``It seems to be going in a better direction, as far as I'm concerned,' and I'm, in that sense, encouraged by what you have said about--and the others have said--about where the process is.

Yesterday, we had three former DCIs at our committee, one, Bob Gates, Acting DCI under President Reagan, CIA Director under the first President Bush--submitted written testimony, because he couldn't be there, and had a very strong statement, ``The President recently announced his initial decisions in response to the Commission's recommendations. I hope, as the White House spokesman has suggested, that these decisions are only a first step, because the new National Intelligence Director, as described, will impose a new layer of bureaucracy, but have no troops, no budget authority, and no power. In its present form''--I took that to mean in the form of the discussion--``the new position would be worse than the current arrangement.''

So I hope that we're in a process here that ends, as it should, in a non-partisan executive/legislative branch agreement on what should happen to improve our intelligence apparatus.

I think you spoke--incidentally, in the list of budget authorities, or authorities that the NID would have that you read from your initial statement, you mentioned the reprogramming authority, but the Commission clearly recommends much greater authority, that the whole intelligence budget be in the National Intelligence Director, almost the opposite of what exists now, that all--95 percent, from what I can tell, of the intelligence budget goes through the DOD, including the CIA's budget.

So let me ask you a question about one part of this that, after I arrived, you did speak to, and that is the National

Counterterrorism Center, and what you take to be the President's clear position. I believe you did say it, that they announced the support of these recommendations, that there not be anybody between himself and the Secretary of Defense with regard to operations. I understand that completely.

I do think that the counterterrorism--that the Commission makes a strong recommendation about these counterterrorism centers, that if you have essentially everybody involved around the table sharing information on intelligence, that it makes sense to have them work together on planning operations. I want to ask you whether there isn't a way, perhaps borrowed from your current joint operations with CIA, for instance, where you couldn't have the Counterterrorism Center's planning operations--but then subject it to a review or a veto by the Secretary of Defense so we don't lose the plus, the synergy, of everybody being around the table together.

Secretary Rumsfeld. Senator, first, the reason the dog didn't bark is clear. Number one, the executive branch is wrestling with these issues----

Senator Lieberman. Right.

Secretary Rumsfeld. --and they are tough issues, and the President has not come to final conclusions on them. Second is, I have been inviting in former Secretaries of Defense, former DCIs, former National Security Advisors, as--I met at lunch with--Dick Myers called in the former Chairman and Vice Chairman of the Joint Chiefs of Staff. I've called people to talk about these issues, because they're terribly important. I've spent a lot of time. I have not developed conviction on a lot of the details that--and, as we said, the devil's in the details--you darn well better get it right, because we're dealing with very important things for our country. I just haven't gotten conviction down to the third and fourth level in this yet, to feel that I can sit here and say authoritatively something.

Senator Lieberman. I understand that, and I respect it.

Sir, if I might, Stansfield Turner, retired admiral and former Director of CIA, DCI, it would be interesting to talk to, as Senator Levin suggested. I hadn't realized this, but he testified yesterday that President Carter, by executive order, essentially made him an NID, National Intelligence Director, with the authorities fundamentally that the Commission has recommended now. The combination of his military background plus that experience, I think, makes him somebody interesting to talk to.

Secretary Rumsfeld. One thing that's not come up in this hearing, or in the--at least that I recall--in the 9/11 report, is an issue that we ought to think about, and that is, has this government lost the ability of keeping a secret? I don't know the answer to that. But it seems to me it's worth asking that question and whether there are changes or reforms that we ought to think about in that connection. Because what's taking place is, we are systematically advantaging the enemy. They go to school on us, they learn a lot, and we help them. We help them with a hemorrhaging of information from the United States Government on a regular basis, and that's a problem.

Senator Lieberman. I agree with you. I want to quote something----

Chairman Warner. Senator, I must say that in the time allocated the Senators----

Senator Lieberman. Yes.

Chairman Warner.--I have to get to moving.

Senator Lieberman. I wonder if I could just ask for a quick----

Chairman Warner. All right.

Senator Lieberman.--answer to the question that I posed about the Counterterrorism Center, whether you'd take a look at whether it's possible to create--to not lose the synergy of the

joint operation planning, but still protect the chain of command from your warfighters to you to the President.

Secretary Rumsfeld. The idea of someone planning and passing a plan off to the executors, I think, is a poor idea. Executors need to be involved in the planning.

Second, in those instances where more than one agency is going to be involved in an operation, there already is joint planning. There has to be.

So I cannot imagine quite how that would work, myself. I think that once you get down to the point where you have a plan that's executable, it darn well had better have been intimately crafted and shaped to fit the circumstances and the talents and the skill sets and the assets and the circumstances of that situation.

Chairman Warner. I thank the Senator.

Senator Chambliss.

Senator Chambliss. Thank you very much, Mr. Chairman.

Mr. Secretary, I'll tell you, that issue actually did come up yesterday in our hearing. Former Secretary Carlucci cited the specific problem that you just alluded to, and he even gave an example of how, when he was Secretary of Defense, he was able to protect a source that, today, he did not think he'd be able to protect. You're exactly right, that's one of the major problems we have. We lay everything out in public hearings, and there's no town in the world that has leaks greater than what comes out of this town. So that's an entirely separate problem, obviously.

The one thing that I have gleaned from everything you've said thus far is something I alluded to yesterday, and that is the fact that, whatever we do relative to reorganization or changes that we might make, this is such a complex issue that, if we're not careful, we're going to mess this thing up and create a lot more problems if we're not very careful in the direction in which we go.

The major reform that's recommended by the 9/11 Commission is the total restructuring of the Intelligence Community relative to the creation of the Director of National Intelligence and who reports to him, not just the budget authority. So I want to stay away--you've discussed the budget issue, I think, pretty thoroughly, and I think we all have a general idea of what you're talking about there. But in this reorganization recommendation, the chart that the 9/11 Commission has set forth, on page 413 of their report, is critically important. What it does is spell out who reports to who under the National Intelligence Director.

I'd like for each of the three of you to comment on this and respond in this way. If you think that flow chart and that restructuring of the Intelligence Community will work, fine. If you think it will not work or there are problems associated with it, I wish you'd comment on that.

Mr. Secretary?

Secretary Rumsfeld. I don't have it in front of me, but I can recall seeing and not understanding it sufficiently.

Chairman Warner. Let us take a moment to provide it to the Secretary.

Secretary Rumsfeld. Oh, I don't need it. I remember looking at it, and I remember that a chart is a chart, an organization chart, and I could not tell from it--and I could not if I had it in front of me now--how it would work. I think that the--all of the granularity that is necessary underneath that is what either makes it work or not work, or--in the last analysis, frankly, you can have the best organization chart and bad people, and you're not going to have much of an organization; and vice versa, you can have good people and a lousy organization chart, and it works pretty darn well. But I'm uncomfortable with what I see there.

Senator Chambliss. General Myers?

General Myers. It's one of those issues that I think is fundamental as you decide what it is--what responsibilities and authorities you want this National Intelligence Director to have. This organization under him is fundamental to that. I think we're wrestling with the first part. Until you decide that, I think it's very difficult, then, to start plugging in the boxes underneath that. We need to wrestle with the first part before I'd be comfortable saying that particular recommendation in the 9/11 report is the right recommendation.

Mr. McLaughlin. Senator, I think Chairman Myers hit the nail on the head, and this was why I emphasized, in my testimony, that it's critically important, at the outset, for form to follow function here; meaning that we have to decide what we want this NID to actually do. As an acting DCI, I have a list of about 30 things long that I do.

Would you want this person to be the person who walks in to brief the President every day? Would you want this person to be the person who came up here and sits where the DCI normally sits to brief you on, say, the worldwide threat posture each year? Would you want this person to be the person who speaks for the Intelligence Community on what's happening with North Korea's weaponry? Would you want this person to be the person who defines the requirements for the community?

Those are currently things the DCI does. If you had this person assigned those tasks, the person sitting, I think, a layer down in that chart, heading the CIA, would have more limited responsibilities for all-source analysis, clandestine operations overseas, covert action, and science and technology.

So if you were to choose to assign all of those responsibilities that I just enumerated to this National Intelligence Director--as distinct from a more limited range of responsibilities having to do more with the czar responsibilities that involve basically composing a budget, coordinating it, ensuring that it's carried out, and so forth--but if you assigned that full block of responsibilities to this individual, as General Myers says, that would really affect that organizational chart. My reaction to it is similar to the Secretary's. I'm uncomfortable with it, because, first, I don't know exactly what this person would do day-to-day, in a practical sense; and, second, if you had this person doing, day-to-day, the range of things that I just laid out, I think it's awfully complicated, and it would make it harder to do those things than it currently is, because a number of the people in those seats down there are dual-hatted; it wouldn't be clear what the reporting chains are, and so forth.

I have, in my own mind, a chart that I would draw up if I were doing this, but I'd leave that to another day, because I think we have to first talk about what this person actually does.

Senator Chambliss. I think it's pretty clear that what the recommendation from the 9/11 Commission does do is that it takes away a lot of the jurisdiction, a lot of the power and authority of the Director of Central Intelligence, and it gives that power and authority to the National Director of Intelligence. It does call for reporting requirements to go from the NID to the President, as opposed to the CIA to the President, so it makes drastic changes in who's going to report to who. I know my time is up, but, just very quickly, John, what would that do to morale in the agency? Do you have any thoughts on that?--if the role of the Director of the CIA is diminished?

Mr. McLaughlin. I speak as a career CIA employee, so I come here with a certain bias that I can't erase. People who work in the Intelligence Community--in the NFIP, not just the CIA--have grown up with the thought that the DCI is the leader of the community. I think anything that diminished the role of the person who sits in that chair would take quite a bit of

adjustment on the part of CIA employees.

Senator Chambliss. Thank you.

Chairman Warner. Thank you very much, Senator.

Senator Ben Nelson.

Senator Ben Nelson. Thank you, Mr. Chairman.

I want to go back to the movement of troops. There's merit in moving, I believe, troops from Germany and Europe, realigning our force structure, location of troops in that area, because I think the threat, we all understand, of communism and of the threat of the former Soviet Union is no longer what it once was. Also, I think it's an important thing to design a personnel structure that lengthens stays at a particular Army or Air Force base or a naval station. General Schoemaker has already talked about this, and clearly that's, I think, desirable to the families of almost every person in uniform, and has merit.

But moving troops from South Korea, as a matter of interest, I think might be a different story. South Korea, as we all know, faces a conventional threat from North Korea, just as Asia and the United States face a strategic threat from North Korea. I know that you've thought about this. Although our forces in South Korea are not as large as those in Iraq, I worry about removing any troops at this time so--to avoid having it viewed as a sign of weakness or, some might suggest, a reward to a regime that's proliferating weapons and weapons technology to the highest bidder. I know that we're engaged in multiparty talks with North Korea, and it's important that we keep that in mind, keep in mind the audiences of South Korea, the region, and, unfortunately, Kim Jong Il. Because of his insular and isolated position, I am very concerned that this will, in some way, suggest to him preemptive--as I think retired Lieutenant General Daniel Christman said--some sort of preemptive concession, as opposed to simply a realignment of troops and reassessing our strength needs/requirements in that particular area.

I wish you would comment on that. I know that you've thought about it. I certainly agree that moving the troops from Seoul south to another location so they're not right in the heart of the city has been under consideration. I assume that may be part of the overall restructuring there. But perhaps, Secretary Rumsfeld and General Myers, you might be able to share your thoughts on this.

Secretary Rumsfeld. I'll be very brief. The deterrent will not be weakened in any way. It is a mistake, in my view, to equate numbers with lethality and capability. Speed, agility, and precision are enormously important--more important than numbers--simply counting up numbers of people or numbers of bombs or numbers of something else--and we're going to have to get our thinking adjusted to that.

The process will take place over time. It's been 50 years since the end of the Korean War. South Korea is vastly more powerful and more capable, from an economic standpoint, than the North. We are in a process that General LaPorte has been undertaking of transferring responsibilities to the South Korean military. They're accepting those responsibilities. We are rearranging our forces on the peninsula, and we are adding capability. That costs money. That adds lethality. That is not trivial. The suggestion that that deterrent will be weakened, in my view, is inaccurate. I would like General Myers to comment on it.

General Myers. I would just add to that. The South Korean Armed Forces, they have 560,000 people on Active Duty. They have 3.8 million in Reserves. We're going to make a modest change in our force structure there--by a fraction, a small fraction of those numbers. But it really does come down to capability. It comes down to the speed, agility, and precision, as the Secretary said. It also comes down to our ability to

command and control, to battle-manage our assets. Any comparison of the security situation in the South and our abilities to deter and dissuade the North are unmistakable. Our deterrent posture will not change. If anything, it's going to get better over time.

It was just a couple of years ago, this committee, we were considering a paucity of precision-guided weapons. Through your action, our coffers are pretty full. It was only a couple of years ago when the commander of U.S. Forces Korea and Combined Forces Command worried about not having those precision weapons. Today, I mean, just a couple of years, that situation has changed dramatically, where it is the bedrock of General LaPorte's war planning. So there should be no mistake, I think, on anybody's part that actually our capability is increasing day by day. It is also important that the Republic of Korea take the steps necessary to assume those missions to gain that capability so they can be, with their resources, with these tremendous numbers in their Armed Forces, prepared--better prepared, and continue to evolve too. So it is not an issue of numbers; it's an issue of capability in their case, as well.

So we're working this really hard. We talked about this with the Joint Chiefs. We've talked about it with the combatant commanders. There's nobody currently responsible for this part of the world--or, for that matter, anywhere in the world--that thinks this is going to diminish our capability to deter, dissuade, or influence North Korea. In fact, we think it is all for the better, for all the reasons, Senator Nelson, some of which you stated, and some of which we stated here.

Secretary Rumsfeld. Actually, I just add that the force adjustments on the Korean Peninsula have absolutely nothing to do with the four-, or five-, or six-party talks with the North Koreans with respect to their nuclear activities. They know it, we know it, the other participants know it.

Senator Ben Nelson. Do you think the North Koreans understand that, exactly, with such an isolated position that they hold in the world and totally an insular government, as I understand it?

Secretary Rumsfeld. I guess, let me rephrase--or let me answer this question. I absolutely do not think that there's any risk that the North Koreans are going to misunderstand the combined military capability--yesterday, today, and tomorrow--of South Korea and the United States of America.

Senator Ben Nelson. Our resolution to stay and support that Republic?

Secretary Rumsfeld. Absolutely.

Chairman Warner. Thank you, Senator.

Senator Ben Nelson. Thank you.

Chairman Warner. Senator Dole.

Senator Dole. Gentlemen, there are no shortages of proposals to reorganize the Intelligence Community. A spectrum of ideas can be found in the recommendations advanced by the 9/11 Commission, the administration, the Scowcroft Commission, numerous legislative efforts, and the proposals by distinguished individuals, such as Secretary Hamre, whom we heard from yesterday, Bob Gates, just to name a few.

Now, these proposals, all well-intentioned, are worthy attempts to achieve unity of effort in our Intelligence Community and enhance our national security. The diversity among these numerous proposals affects the operations of numerous governmental departments and agencies, as we all know, all of which fall under the jurisdiction of multiple congressional committees. As a result, attaining a comprehensive assessment and comparison of these proposals has been elusive, at best.

The testimony and subsequent debate that we heard yesterday in our hearing illuminated numerous concerns about intelligence reform, as well as the merits of reform. The assessments

spanned the spectrum. Secretary Hamre noted that connecting the dots and avoiding group-think are in tension with each other. Implementing an organizational solution to just one of the problems will worsen the other.

The 9/11 Commission suggested that we, as lawmakers, look ourselves in the mirror. I touched on this point in yesterday's hearing. There are those who have called congressional oversight ``lax,'` ``uneven,'` and even ``dysfunctional.'` Problems raised include overlapping jurisdiction and turf battles.

Now, as a freshman Senator, I don't claim to be an expert in congressional oversight. But as a veteran of a number of different branches of government, perhaps as much as 35 years in the executive branch, I do have concerns with some proposals that have been made, and I believe rushing to judgment on implementing them would be a mistake.

The Department of Homeland Security serves as a perfect example. While we have been at war, Secretary Tom Ridge and his top deputies have testified at 290 hearings in the past year and a half, they've received more than 4,000 letters from Congress requesting information; furthermore, 88 committees and subcommittees assert jurisdictional interest over this Department.

I'm not sure how many committees would have jurisdiction over a National Intelligence Director, but I imagine it would be more than a few. A back-of-the-envelope survey suggests at least seven full committees, just in the Senate.

Dr. Lowell Wood, of Stanford University, I think made a key point, and I want to quote at length from him: ``Only when Congress makes major changes in its own ways of doing business in any area does the rest of the government take note and begin to believe that it's really serious about the corresponding change and that things, indeed, must change. Really big changes are needed in the Nation's strategic intelligence functions, and just tinkering with executive structures and titles and organizational arrangements and locations is a fooling-some-of-the-people-some-of-the-time type of solution. It surely won't fool, even for a moment, the hard-eyed types that infest the mean streets of the present-day world. Instead, Congress must significantly change itself, as well as the executive. Difficult though this may be, anything less simply fails to rise to the demands of the present challenge posed to America.'`

I spoke last week with former Director of Central Intelligence Bob Gates, who advised against the temptation to find a middle road, a compromise that mitigates controversy and unhappiness both in the executive and legislative branches, but does not solve the problems identified by the 9/11 Commission.

Secretary Rumsfeld, Henry Kissinger has called for a pause for reflection to distill the various proposals into a coherent concept. A small group of men and women with high-level experience in government could be assigned this task with a short deadline. In your opinion, Secretary Rumsfeld, how does the current committee structure in Congress have to be reformed in order to be able to deal with a massive intelligence overhaul without running into jurisdictional issues and turf wars? Based on your experience, do you feel that Dr. Kissinger's proposal for an outside panel of experts--elder statesmen, let's say--should be considered for implementing the Commission's recommendations?

I would like to ask just this one question--or these two questions--of each of you on the panel, please.

Secretary Rumsfeld. Senator Dole, thank you.

With respect to the last question, I have not seen the specific recommendation that Dr. Kissinger made, but I have been, in effect, doing that, inviting in outside experts, senior people, elder statesmen, to use your phrase, because I

value their thoughts and their ideas. I've had in Secretary Cohen and Secretary Brown, and Dr. Kissinger. I've talked to about these things, and any number of other people from both parties. I think it's a useful thing for this committee to do. Whether it ought to be formalized, I guess, is for others to decide.

With respect to your question on Congress, I guess--I haven't served in Congress for 35 or 40 years, so I don't think I'm really current. Further, I guess it's really none of my business, technically. On the other hand, I appreciate the invitation.

Chairman Warner. Don't feel any constraints. Go ahead and let us have it. [Laughter.]

Secretary Rumsfeld. I appreciate the invitation.

It is a problem. Let me first look at it in a macro sense. We are conducting a global war on terror with peacetime constraints, in large part. If you think of the different circumstances we can be in--we can be at peace; we can be in a partial emergency situation, where we have partial authorities; you could be over in full mobilization; you could be in a declared war--and the authorities that Congress delegates to the executive branch change. They change depending on which circumstance we're in.

What is the global war on terror? Where does it fit across that spectrum? How ought we to be arranged for this period, which could be a long, tough period, a dangerous period, in the 21st century where technologies have evolved, where things move faster? That would be a very useful thing for Congress to address. I think it could be done usefully, and I think it could be--significantly inform what we do so we could look at it in a macro sense rather than each little piece.

Do we need better contracting authorities in a crisis? Ought the DOD to be--ought we to be able to do more with respect to training and equipping foreign forces, so we can use them instead of our forces, when it costs a fraction as much? Yet we're all tangled up in that issue, for 3 years now. We weren't able to do the training and equipping for the Afghan army after the war. We had to go around tin-cupping the world. So there's a--this is a big issue. It's an important issue.

Now, with respect to the committee situation, sure--I mean, I'm not an intelligence expert, and I don't have to testify on intelligence matters, normally. But if we're worried about keeping a secret, if we're worried about congressional oversight and assuring that Congress has a full role in a fast-moving world, I would think that smaller committees or a joint committee on intelligence might very well serve that need better. I would think that--it's none of my business, again--but the idea that there's a--people who get to be experts on intelligence then have to leave the committee, as I understand it, on a rotating basis--maybe that's a good idea; maybe it isn't a good idea. I think there are things that Congress could do.

Clearly--you mentioned the homeland security situation, and the multiplicity of committees--Dr. Cambone, I think, and John McLaughlin mentioned the number of committees that have to approve reprogramming. If we're building a budget one year, getting it approved the next, and not implementing it until the third year, the idea that you have to spend 4, 5 months trying to get a change in a budget that you know you're going to need changes in is mindless in the 21st century. We have to fix that.

Chairman Warner. Dr. McLaughlin?

Senator Dole. Thank you.

Mr. McLaughlin. Senator, those are really important questions, and I welcome the chance to comment on them.

First, for the Intelligence Community--and CIA, in particular--engagement with Congress is very important. In

2003, we had something like 1,200 separate meetings with Congress. These weren't with committees now. Some were with committees, but I'm including in that count briefings to individual Members and so forth. In 2004, the number is up to about 780. I'm not complaining. This is important to us. It's important to us for a number of reasons--those kinds of meetings, plus oversight.

With the military, the military's connected to the American people in a variety of ways. So many people serve in the military, every town has a recruitment station. People understand the military.

People don't understand intelligence, generally. We don't have a natural constituency. Our oversight process is the thing that really ties us to the American people in very important ways. So let me say that I start as a strong supporter of oversight, and believe it's essential, actually, to the health of this community.

Now, I wouldn't make any recommendations about committee structure--one, two, or more. At present, we typically report to about six committees when we do our budget, and I think you know which ones they are.

I would comment a little bit about the way oversight works. I think the words, to me, that are most important--if I were characterizing the ideal oversight situation, the two words I would use would be ``continuous'' and ``constructive.'' In other words, oversight has tended to focus, I think, very heavily on our faults and our mistakes. I would not ask that it do anything less on those issues. In other words, when we make an error, when we make a mistake, it needs to be brought forward, and we need to address it with our oversight committees.

I think there is more scope for what I would call the ``constructive''--that's constructive, in its own way--but for a different kind of oversight that also includes frequent engagement with us on issues of the day. Oversight committees ought to have more hearings on things like what's going on in China, what's going on in Iran, exploring the issue. Oversight committees also ought to look more carefully at our successes, not to give us a pat on the back, but to learn from why we've succeeded somewhere. How is it that we took down the A.Q. Khan network? How did that happen? How is it that we have captured so many leading figures in al Qaeda since September 11? How did that happen? Now, it isn't just an academic question, because embedded in the ``How did it happen?'' is ``What do we need?'' to do more of that. My own view, in my own experience, not enough of that goes on in the oversight process.

So----

Chairman Warner. Thank you. I must----

Mr. McLaughlin.--I would just stop there.

Chairman Warner.--interrupt, if I may.

Senator Dole. Thank you for excellent comments.

Chairman Warner. This panel has to be at the White House at promptly 2:30. We have five, six Senators that have yet to have their opportunity.

So I thank you, Senator, and I thank you, Dr. McLaughlin. You may extend your remarks, for the purpose of the record, voluminously, if you so desire.

Mr. McLaughlin. I was finished.

Chairman Warner. Thank you.

Senator Dayton.

Senator Dayton. Thank you, Mr. Chairman, gentlemen.

Mr. Secretary, the 9/11 Commission report, according--here on page 43, states, ``In most cases the chain of command authorizing the use of force runs from the President to the Secretary of Defense, from the Secretary to the combatant commander.'' President Bush, because of--by his account and others, communications problems onboard Air Force One that

morning, was having difficulty establishing communication with the Vice President on a consistent basis. The Commission goes on to say here that the President spoke with you for the first time shortly after 10 o'clock, which would have been almost 2 hours after the first hijacking began. No one can recall the content of this conversation, but it was a brief call in which the subject of the shoot-down of these incoming hijacked planes, authority, was not discussed. At 10:39, the Vice President updated you on the air threat. The Vice President was, understandably, under the belief that since he had communicated twice, possibly three times, according to this report, through a military aid to North American Aerospace Defense Command (NORAD), the authority from the President to shoot down an incoming plane that did not detour, that that was the instruction that had been passed on. The NORAD commander told the Commission--both the mission commander and the senior weapons director of NORAD indicated--and according to, again, the Commission report, they did not pass the order to the fighters circling Washington and New York because they were unsure how the pilots would or should proceed with this guidance.

What is the necessary chain of command to be established so that an order directed from the President verbally from the Vice President to NORAD is carried out--or is communicated, I should say, to those who must carry it out?

Secretary Rumsfeld. Dick Myers and Dr. Cambone were with me that day. The way you've stated it is not the way I recall it, the 2-hour figure you used. My recollection is, the first tower was hit sometime around 8:46, I think.

Senator Dayton. Sir, I said the first hijacking commenced at 8:14.

Secretary Rumsfeld. Oh, the first hijacking, I beg your pardon.

Senator Dayton. You're right, though, about an hour and a half after the first plane----

Secretary Rumsfeld. I think the way to respond to this, Senator, is as follows. Under the way the national security arrangement is, and was--I should say ``was''--the responsibility of the DOD was essentially to defend our country from external threats. Indeed, the responsibility for internal threats, which is obviously what was taking place on September 11, not an external threat--it was from within the country--was the responsibility of the FBI, and, in the case of a hijacked aircraft, the Federal Aviation Administration (FAA). The responsibilities of DOD was as a supporter of an attack on our country, in the event we were asked. But Congress and the country has, for many decades, kept the DOD out of the law enforcement business, out of the crime business, out of internal law enforcement issues under the Posse Comitatus Act.

So the DOD was oriented externally. Our radars were pointed out, not in. The FAA was the one that then had the responsibility to say, ``There's a hijack,' ' and then ask the DOD, say, ``will you track and report on that hijacking?''--the hijacking, traditionally, being a situation where a plane is taken for the purpose of going someplace and then getting some political advantage for it, not flying it into a building.

So the way you characterized the chain of command is correct--from the President to the Secretary of Defense to the combatant commander--but it applied to things from external threats, not the responsibility of the FBI or the FAA.

Senator Dayton. I respect, sir, that the circumstances of that morning were very different from what anybody had foreseen. Given, however, that the Vice President, at that point, from the command-control bunker of the White House is communicating--again, I'm using the 9/11 Commission report's information here--via military aide, to NORAD the President's verbal authority to shoot down a plane, and that information is

not--that instruction is not communicated, then, to the fighter pilots circling the United States Capital and New York City, is that the way it's supposed to function? Would that happen again if we were to be surprised again today?

Secretary Rumsfeld. I'm going to ask General Myers to add to this, but the answer is, of course not. Since that day, a great many adjustments and changes have been made, and we have various types of fighter aircraft on alert. We have established an Assistant Secretary for Homeland Security in the DOD. We have established a Northern Command, that never existed, for the DOD to be addressing the homeland security issues from a Defense Department standpoint. We have a new Department of Homeland Security that exists. There's just a dozen things that are different.

The way to stop airplanes is, clearly, from the ground--that is to say, to have air marshals and to have reinforced doors and to have baggage inspections and to not allow terrorists on aircraft that they can then take that aircraft and fly it into a building.

Now, as a last resort, is it possible that we could shoot down an aircraft in the event that was necessary? Yes, it's possible. Airplanes fly right past the Pentagon every 5 minutes, and what it takes is simply to lower your nose and go into something. Could we stop that? No. I mean, the fact of the matter is, with all the airplanes flying around in the skies, it is not possible to do it in many instances. We do spend a lot of money and a lot of effort to try to stop it, both from the ground and from the air.

The answer to your question is, yes, a great deal has changed.

Senator Dayton. Anyway, my time has expired. Mr. Chairman, if I may just ask the----

Chairman Warner. Let's have General Myers----

General Myers. Yes, sir.

Senator Dayton.--may I ask him also--well, yes, sir.

Chairman Warner. Go ahead, Senator.

General Myers. Senator Dayton, I would just add, to the Secretary's remarks, now that NORAD is focused inward as well as externally, that there are rules of engagement that have been promulgated, that are well-understood--in a classified session or outside this room we could talk about that, if you want to--but they're very well-understood up and down the chain of command, and it's practiced all the time.

Clearly, we're talking about some very serious issues here, as the Secretary said. It also involves ground defenses, not just air defenses. But the rules of engagement, the command and control structure that's set in there is completely different because the mission for NORAD changed after September 11, and no longer were they asked to look just externally, but also internally.

The relationship between NORAD and the FAA has also changed dramatically, and we've worked those arrangements where we have, I think, very good communications today. I talked to General Eberhardt today about that particular issue, and he certainly agrees.

Senator Dayton. Mr. Chairman, if I may just ask that he respond, also--Mr. Chairman, if you would--in writing, to the--I think it's inference, but it's also really an explicit accusation made in the substance of the report on, particularly, page 34, that NORAD's testimony, 20 months after September 11, to the 9/11 Commission about the sequence of events, particularly the failure of the FAA to inform NORAD in a timely basis of three of the four hijackings, was inaccurate. The statement made by NORAD publicly 1 week after September 11, which is very similar to that testimony made 20 months later, was also inaccurate, seriously misleading anybody trying to assess the response and non-response that day in a way that I

think is far more alarming about FAA's failure--proper response than NORAD's, but I--if you would please review that testimony and see, because I don't believe anybody has held those discrepancies--or anyone to account for those discrepancies that I consider them to be--more than just oversights. I think they're serious misrepresentations of the facts. Thank you.

Senator Dayton. Thank you, Mr. Chairman.

General Myers. Could I make just a comment on that, Senator Dayton? I liken this to an accident investigation board when an aircraft crashes. I've been a reviewing official at the table at many of those. Normally what happens when an incident happens, there is the first report, which has some accuracies and many inaccuracies. So statements, what people believe happened immediately afterwards and in the next week or 2 weeks, is what they believe. But as they continue to harvest the facts, and as we go to machines that record things--like aircraft recorders, like radar scope recorders, and so forth--the facts become clearer, and what people thought they saw or thought they understood or thought they heard changes over time. That's the nature of these kind of investigations.

I think NORAD would be the first to say that, because of the access that the 9/11 Commission had to certain parts of this apparatus that was collecting this data, that it sharpened their focus, too, and things they thought happened turned out to be either different or incomplete. It took a lot of work and a lot of months to come to what was ground truth. The same thing is true in accident investigations. It takes us sometimes many months to come to ground truth, and what people thought they heard, what they thought they saw, will be changed as they review the facts. I think that's the case.

I've talked to General Eberhardt about this. I do not know what the motivation of NORAD would be to ever lie or deceive. I mean, that's not what they're pledged to do. They're pledged to do the same thing we all are, in uniform, and that's defend this country. I would take exception to anybody that thinks they had any other motive.

Chairman Warner. Thank you very much, General.

Senator Dayton. If I could say, Mr. Chairman, this 20 is months after--sworn testimony to the Commission 20 months after the event, I think, is worthy of your scrutiny, please. Furthermore, because--I bring this up, not just for historical reasons--2 months ago--and if you have a chance to review the circumstances, the plane that caused the evacuation of the Capitol complex, with thousands of people running for their lives here, being informed to do so by the Capitol Police because of, again, a failure of FAA--and that's almost entirely based on the evidence I have--their failure to communicate just basic information to air defense, to anyone else, including the Capitol Police, that we had a situation there, the closest simulation I think we could possibly have--because people thought it was a real threat, until they found out otherwise--that we could have--and here, 2\1/2\ years after September 11 has occurred, we find, basically, again, a complete breakdown of communication by the Federal authorities--and, again, primarily FAA--but to National Defense Command and to others so that we don't have a response. We talk about things not changing as a result of September 11, this, to me, is the most horrific example that I could imagine. If we don't deal with the fact that we failed----

Chairman Warner. Senator-----

Senator Dayton.--now a second time on the basic elements of communication and----

Chairman Warner. Senator, I have to----

Senator Dayton.--following protocols----

Chairman Warner. Thank you.

Senator Dayton.--and procedures. Sir, I waited, sir, for 3 and 4 hours here----

Chairman Warner. Yes-----

Senator Dayton.--if I just may finish.

Chairman Warner.--but you're cutting out the time of other Senators to be able to ask-----

Senator Dayton. I've waited-----

Chairman Warner.--a single question.

Senator Dayton.--a long time, sir.

Chairman Warner. I ask your indulgence to supply, for the record, please, so that I can turn-----

Senator Dayton. Before September 11 happens again, I ask that we review that evidence.

Thank you.

General Myers. Senator Dayton, I'll respond to that, for the record, if I may, Mr. Chairman and Senators.

[The information referred to follows:]

The incident in question involved the Governor of Kentucky's aircraft. Despite communication shortfalls, the end result is that the checks and balances in effect prevented a tragedy from taking place. The North American Aerospace Defense Command (NORAD) took appropriate action and did not shoot down the aircraft.

The Kentucky Governor's aircraft did not have a pre-flight waiver for flying into the Air Defense Identification Zone (ADIZ) without a transponder. Upon airborne notification of a transponder malfunction, the pilot requested and the Federal Aviation Administration (FAA) granted permission to continue to Ronald Reagan Washington National Airport. NORAD was not informed that the aircraft would be permitted to fly into the ADIZ without a functioning transponder and that FAA controllers were in communication with the plane. However, NORAD assets tracked and positively identified the aircraft prior to its landing.

Since the incident, FAA has made it mandatory that all aircraft must have an operational transponder in order to enter the National Capital Region ADIZ. In addition, FAA has provided the same radar displays used by Potomac Terminal Radar Control to people in the National Capital Region Command Center.

Chairman Warner. I'm going to have to ask, respectfully, that you provide--this is an important colloquy, but I've had Senators waiting just as long.

Senator Cornyn, it is your time.

Please reply for the record, General.

Senator Cornyn. Undoubtedly, the 9/11 Commission has performed an important public service. But, by definition, their focus was on the causes of that terrible event on that terrible day. I think we should all be chastened by some of the testimony we've already heard here today that any solution should logically flow from the problem that has been identified--or, I believe, Director McLaughlin, you said the form ought to follow the function. I think that's good advice.

It seems to me that a number of the solutions are directed toward preventing another September 11. For example, the National Counterterrorism Center, perhaps, something that's been described as ``TTIC on steroids,' ' the congressional oversight reform, which I think is an important subject, and which--it's been touched on a little bit today. But I guess the question I have really relates to the National Intelligence Director, because it seems to me that, in some ways, what we're doing is creating a position and then trying to find things for that person to do, which, to me, seems like the opposite of how we ought to address it, because I do believe that we ought to let the form follow the function, or the solution logically flow from the problems that have been identified.

Which leads me to the question--Director McLaughlin, specifically--you alluded to a number of things that have happened since September 11 which have made America safer: passage of the Patriot Act, tearing down the wall between law enforcement and intelligence authorities, creation of the

Department of Homeland Security, creation of the Terrorist Threat Integration Center. But could you tell us, sir, today, what additional authority could this Congress provide to you, as the Director of Central Intelligence, or to the National Intelligence Director, that would make this country safer and which would be more likely to prevent another September 11?

Mr. McLaughlin. I think--I would start by the things that, from where I sit, I need most at this point in the fight against terrorism. The first thing I would say is, I need more experienced people. We've done a lot since September 11 and in the last 5 or 6 years to build up our staff that is on the front line against terrorism, but we need still more people, and we need them with experience.

The second thing I need in order to get that is still more time, in the sense that you don't produce those kinds of people overnight; they have to be in the pipeline, they have to be training, they have to be in the field, they have to learn their business. So as much as we have improved, there's still a ways to go on that score.

Looking through the 9/11 recommendations, the things that jump out at me as things that would most improve our counterterrorism posture are things like a common intelligence--a common information-technology architecture for the Intelligence Community. At the end of the day, sharing intelligence, sharing information, means moving information. I think counterterrorism, at the end of the day, is--apart from the people who fight terrorists--all about fusing information. It's about taking the information you get from some highway patrolman in Indiana, some agent of yours in the Middle East, an overhead satellite, an intercepted conversation, and having that all come together on a desk somewhere, where someone looks at it and says, ``I see connections that I didn't see before.''

So that means putting people together, as we have in TTIC. To the extent that--if you walk through TTIC now, you would see that the thing they probably most need to deal with the 26 networks that flow into that place is a common information architecture to merge them all together so that every individual has all of that information popping up on their screen every day.

Now, I should be brief here, but the other thing is, if you want to look at these recommendations, and you wanted to pick out something that would make a difference, I think a separate budget appropriation for the NFIP would make a difference; that is, separating that out so that it would have, just by virtue of its separation, fewer congressional committees to go through. It would make a lot of things simpler.

I could go on, but those are the first things that occur to me.

Senator Cornyn. I know all of us are interested in improving our intelligence outputs, and I hope we just don't look at budgetary inputs and minutia like that when we really need to be focusing on, ``How do we improve our intelligence and not do anything that would harm what we currently have, or the improvements that have occurred since September 11, and perhaps other unintended results that would be detrimental to the security of our country?'

Mr. McLaughlin. That's why I say the fusion of data is most important. If you bring it together, and you see the picture, and then you have the ability to act on it, as we must, literally within minutes, transmitting a picture that we've developed to someone in the field who takes action, anything that helps that fusion and transmission is critical.

Senator Cornyn. Thank you, my time is up.

Chairman Warner. Thank you, Senator, for your courtesy.

Senator Bayh.

Senator Bayh. Thank you, Mr. Chairman.

Gentlemen, thank you for your service to our country. I

deeply appreciate your grappling with these tremendously important issues. I know they're not easy. While we want to move with as much haste as possible, it is important that we get it right. So I thank you for your dedication to that.

It seems to me that we, Mr. Chairman, have all gathered here for the same purpose. We may have different ways of getting to the goal, but it's to try and prevent a future September 11. It seems to me that our ability to accomplish that objective is going to depend upon how well we grapple with the profound change that has swept the world since over the last 50 to 60 years when the Intelligence Community was first organized, and particularly the last 15 to 20--rogue nations, collapsed states, non-state actors, proliferation of weapons of mass destruction that are difficult to contemplate.

My concern, gentlemen, is that in the private sector, there is an engine for change. It's the bottom line. You either succeed or you perish, and that's fought each and every day. In the governmental-side thing, you don't have quite the same impetus to stay up with the changing times, and so governments adapt more slowly. It sometimes takes a great shock, as we have experienced, to serve as the impetus for the kind of change that is necessary.

So I think, while we want to make sure we get it right, at the same time, I hope we can think big, and use this as an--not just as a challenge to be met, but as an opportunity to perhaps make some of the changes that, in government, are too often too long in the coming.

I am somewhat concerned, not by what you've said here today, but just the general drift of events, that perhaps we have let the moment pass, that the momentum for constructive change has been dissipating, that perhaps the bureaucratic and congressional inertia is reasserting itself. I hope that's not the case, but I am somewhat concerned.

So I have one question, Mr. McLaughlin, for you, and then two observations that I'd like to make before my time expires.

My question, Mr. McLaughlin, is a followup on something that Senator Collins first raised. I'd like to ask it in a little bit different way. That is, the comment's been made by members of the committee and the panelists here today that we're at war. That is undeniably true, we are at war. This observation was, I think, first made by a previous DCI, Mr. McLaughlin, even before September 11, when Mr. Tenet observed that Osama bin Laden has declared war on us, and we are at war with him, and he sought to mobilize the resources of the community. But, in the opinion of the 9/11 Commission, apparently the message wasn't received or internalized by enough people. I think the head of the NSA, when I asked about that statement--and his response was, he wasn't aware that the DCI had declared war on al Qaeda.

My question to you, George Tenet was not a wallflower. He was a fairly strong personality. I can't think that he didn't make his wishes known. What powers did he lack to put into effect the notion that we were at war, and that we needed to mobilize ourselves as if we were at war, and act as though we were at war? What powers does the DCI lack that prevented him from acting upon his observation?

Mr. McLaughlin. Well, it's a----

Senator Bayh.--or getting others to act upon his observation.

Mr. McLaughlin. Yes. It's a complicated question and a complicated answer, but I'll be brief.

I think the 9/11 Commission probably underrated, to some degree, the responsiveness that we saw. That said, it probably wasn't all that it should have been. There are many reasons for this. Part of them may lie in authorities. Inevitably, if a Director has authority to move people and money and individuals rather than relying on the power of persuasion and the force of

personality that you allude to, the Director can do more things more rapidly.

TTIC is a good example. I was able to put 60 people in TTIC overnight, because they were my people. I took them right out of CIA and put them there. A week after I said go, they were going. So there's a directness of authority that improves things.

Senator Bayh. But could I--I don't want to cut you short--forgive me for that. Let me cut to the chase here. We had a long set of discussions about the whole budget issue----

Mr. McLaughlin. Yes.

Senator Bayh.--which is one of the things we need to do. I understand the administration is grappling with that. In your opinion, if there had been a different alignment of budgetary authority, as has been suggested by the Commission and the DCI, would it have elicited a different response?

Mr. McLaughlin. If it would have hastened and made more direct the Director's ability to put people together and determine what they were doing, day in and day out, yes, it would have made a difference.

Senator Bayh. I suspect it would have. Let me follow up----

Mr. McLaughlin. There are other things in the climate. I just need to say, though, that it isn't just--in that time, it wasn't just budget authority; it was that--for lack of a better term, the crystalizing event of September 11 had not happened. Even in the summer of 2001, when we had high threat warning, it was still difficult, not just for people in the United States, but for our liaison partners, our intelligence partners overseas, to digest the seriousness of it. Once that event occurred, as I said in my testimony, everything changed, and the limited authorities we had were more effective. So that's part of it, too.

Senator Bayh. We all see the world differently following September 11 than before. But it did strike me that it was with some remarkable clairvoyance that he announced we were at war.

Mr. McLaughlin. Oh, and he said it in worldwide threat testimonies, in 1998, 1999, and----

Senator Bayh. My two observations, and then my time has expired, are as follows. First, Mr. McLaughlin, you said that--I think you asked--you said the most important question we needed to keep in mind is, who will we hold responsible? I think that's right. But I would disagree with you when you said that today it's the DCI. From my point of view, if we were to ask those who were responsible to appear before us today, it would be three or four individuals. All of you have the authority. You have mentioned that actually enforcing the authority is sometimes difficult, takes the force of personality, working collegially, those kinds of things. There may be other issues there. It seems to me today the person we hold responsible is the Commander in Chief, the President of the United States. I wonder if that situation serves him or the Nation well, and that, regardless of how we come down--and whether it's a DCI with more authority, a NID without--a super-empowered NID, a NID that's just simply serving a coordinating function--we do need to try, as much as we can, to answer that question, ``Who do we hold responsible?'' In some ways, I think you were being a little tough on yourself.

My final observation, Mr. Secretary, deals with something you mentioned. I said to Senator Lieberman--he left the room--he said he thought the dog hadn't barked. I said, ``You missed the Secretary's enthusiasm for the subject of congressional reform. That certainly energized his testimony.'' My comment simply would be--it's something that I think is absolutely appropriate--I hope that Congress--Congress's zeal for reform will involve as much a look in the mirror as it does a scrutiny of what you do. Because, from my vantage point, we take up a lot of your time, and yet our oversight is more the appearance

of oversight than efficient oversight, in fact. So I hope that meaningful congressional reform will be a part of this agenda. I think we will all know it has arrived when some of us have been willing to cede some of our authority for the cause of reform, as much as it is asking you to look at what you do and perhaps cede some of yours.

Thank you, Mr. Chairman.

Secretary Rumsfeld. I do, Senator, very briefly. Thank you very much, Senator.

Anyone in positions of responsibility who has lived through September 11 feels an enormous sense of urgency. Do not think for a minute that that sense of urgency is not there. It is, and we are determined to continue to force this system to perform better for the American people and the country.

A second comment. You said, ``Who's accountable?'' I think the--it's important to say, ``Who's accountable for what?'' Because there's a tendency to equate counterterrorism--you said we're here to avoid another September 11--that's true, to be sure. But we're dealing with the entire Intelligence Community, and the entire Intelligence Community has tasks well beyond counterterrorism. We have counterproliferation, we have intelligence for the warfighter, there are tasks of deterring and defending--and, if necessary, fighting--for this country that the Intelligence Community contributes to all of that. We ought not to think that the task before us is to redesign the Intelligence Community to fit one of the many important functions that it has.

Chairman Warner. Thank you very much.

Senator Talent.

Senator Talent. Thanks, Mr. Chairman.

Senator Bayh's comments and the Secretary's comments are a good segue for me into my areas of interest.

First of all, empowering the DCI--I'm glad Senator Bayh said what I've been thinking the whole hearing--the President can empower the DCI, anytime he wants to, to move budgets around or personnel around, isn't that right, Mr. McLaughlin?

Mr. McLaughlin. There is a statute that determines all of that. It's in the--there are legislative requirements, I think.

Senator Talent. Yes. I don't know that I want DCIs to be declaring war on anything on their own authority, under this system or a new system. I thought that's what the President did, and Congress did.

Let me go into the whole issue. Rather than me going into the whole issue, I'm going to focus on one thing, given the lack of time, but on the National Intelligence Director proposal, and particularly with regard to those aspects of the Intelligence Community that today support warfighters, which Secretary Rumsfeld mentioned.

If Congress created a directorate, as has been proposed, and gave the Director authority over budgets and personnel, and that Director decided that too much of the NSA's or the NGA's or the NRO's resources were going to support combat operations on the ground, and wanted to draw resources away--under that scenario I've painted, who could overrule that decision? If we empowered him with control over budgets and personnel--by definition, the only person would be the President, right? He'd be, effectively, a Cabinet-level officer, acting on behalf of the agencies in this department.

Mr. McLaughlin. Yes, that's correct. I would say, though, that it's very difficult for me to imagine circumstances in which anyone who heads the Intelligence Community would arrive at the conclusion you just arrived at. For example, I understand that in the case of those agencies, NSA, NGA and so forth, I think there's a--the Chairman will correct me if I'm wrong--biannual review of their combat readiness, or their readiness to support combat. That would have to continue. I would recommend that whoever has this authority, that would

have to continue. So I just can't imagine circumstances where someone would take away from that accessibility.

Senator Talent. I've heard this repeatedly, ``We can't imagine the circumstances where we give somebody a power and he would not exercise it in a way that we don't agree with.'' Maybe that would be the case in the next 6 months or the next year. We don't know what's going to happen 2, 3, or 4 years from now. Probably this Director is going to be somebody who comes from the civilian Intelligence Community, comes from somebody who's interested in covert operations or non-proliferation or domestic surveillance--I'm not trying to argue with you, Mr. McLaughlin, I'm trying to air my concerns here.

The only person I think could overrule him would be the President. Where is the President, under this scenario I've painted, getting his view of intelligence and intelligence priorities? From this person. So the President's hearing--and because we don't want him to hear a whole lot of different views, he's getting one view from this Director, who then says, after presenting it, ``Mr. President, I really think we need to take some of these resources and personnel away from combat support operations, because that's okay right now, and we need to put it into this counterintelligence. If we don't, we can't prevent another September 11.'' What's the President going to do?

Or, under the current system, this committee would have something to say about it, because we have jurisdiction over the activities of the armed services. But if we followed through with the recommendations and turned all congressional jurisdiction over to one committee--and who would they be hearing from? Who would they be getting their intelligence information from? This one person.

We're all presenting this as if this can't possibly happen. Let's think back on people who have run intelligence agencies and who have acquired a great deal of power, over time, at least over their particular areas. I think we're rushing--as Secretary Schlesinger said yesterday before the committee--that fools rush in where angels fear to tread.

You say--near the end, Mr. McLaughlin, you say you'd also see more progress by a DCI or NID on things like common policies for personnel, training, security, and information technology. The NSA, the NGA, the NRO, their personnel and training policies, and certainly their information technology, are designed to be compatible with what's going on in the rest of the department that they support. Isn't that correct?

Mr. McLaughlin. For the most part.

Senator Talent. Yes, and so----

Mr. McLaughlin. They also support other departments.

Senator Talent. I got you. But--so we could have a Director, the NID who says, ``I'm not so sure I agree with how the Army is setting up the architecture for future combat systems. I don't know that I want our satellite technology to fit in exactly with that.'' Then if he decided that, who'd be in a position to tell him he was wrong?

Mr. McLaughlin. I also said in my testimony--and bear in mind now, it's important----

Senator Talent. I understand you're not----

Mr. McLaughlin. No, but it's important to----

Senator Talent. I'm deliberately using you as----

Mr. McLaughlin.--step back----

Senator Talent.--a sounding board, because these are my concerns.

Mr. McLaughlin. It's important to step back here and say the Intelligence Community didn't raise this. We're all talking about it because it was raised by the 9/11 Commission. You need our professional judgment on what would happen if you did what the Commission recommends. That's just to get that in context here.

So my view would be, if you did what the Commission recommended here, with the National Intelligence Director, you would need the assurance--you raise a valid question--that that National Intelligence Director would not take away from the combat support capabilities of those agencies. You might need to have that assurance through an executive order. You might need to have it through legislation. But you would need that assurance. Anyone who enacts this would need to build that into the system.

Senator Talent. I appreciate that, and your service and your testimony.

Mr. Chairman, I agree with something you said right at the outset of this. This is the committee--it's been our responsibility and our privilege to make sure that our men and women in the field have what they need to defend us, and for as many of them to come home as possible. I know you and the ranking member take that very seriously. I think we need to look at this with that in view.

The one part of the intelligence operation that we all agree is working is the support of these agencies of tactical combat operations, and we don't want to--we don't want to break what isn't broken in an attempt to fix what is.

I thank you, Mr. Chairman.

Chairman Warner. Senator Clinton. Thank you for your patience, Senator.

Senator Clinton. Thank you, Mr. Chairman. I thank you for holding these hearings.

There are so many questions, and so little time, and everyone has been here for so long, I would ask unanimous consent to submit some additional questions for the record, Mr. Chairman.

Chairman Warner. The record will remain open until the close of business today for further questions to the panel by all members.

Senator Clinton. Thank you.

Senator Clinton. There are a number of questions that the September 11 families have provided that I feel are very important, and I want to submit them.

Senator Dayton was able to ask a variety of questions about the activities on the day of September 11, the chain of command, NORAD, et cetera. I think he will be furthering those, and I will add to them, as well.

I don't think any of us disagree with the very strong assumption that whatever we do cannot, and should not, in any way undermine the provision of intelligence to our warfighters and our combatant commanders. But I think there is a concern on the part of, not just the September 11 families, but many people who have watched the interplay between the DOD and the intelligence agencies and the provision of information to the Commander in Chief over a number of years, that, at the end of the day, the Defense Department has an enormous amount of authority, both explicit and implicit, which it operates under, and which it does use to influence how intelligence is not only collected and analyzed, but how it's used for decisionmaking.

So among the questions that the September 11 families have asked me to pose to you, Secretary Rumsfeld, are the following:

Imagine, for the sake of argument, that there is an NID, as proposed by the 9/11 Commission. What are the assurances that you would need in the legislation that would enable you to feel comfortable that the warfighters and combatant commanders were provided for and that the primary obligation of providing tactical intelligence was protected?

Second, with respect to tactical intelligence, I think it is important, as I said yesterday, that we not go into this assuming that everything is 100 percent perfect in the area of tactical intelligence. I think that would be a mistake. I think that there are questions that need to be raised, and among them

are those that have been raised by officers who have testified before this committee, starting last spring, with respect to lessons learned. In the 9/11 Commission, pages 210 to 212, there is a description of the coordination problems between DOD and CIA that resulted in what they call a missed opportunity to use armed Predators to attack Osama bin Laden. There have also been questions raised with respect to the intelligence that was used, or not used, in the battle situation known as Tora Bora. So I think that part of our obligation on this committee is, not just to assume that everything DOD does has a level of perfection, and we're only looking at the intelligence outside of DOD. I know that, inside DOD, there are lots of after-action reports and lessons learned, and I think it's important that, as we proceed with his inquiry as to how to reform intelligence, we have the advantage of your recommendations with respect to changes at the tactical level that could influence some of these decisions going up the chain.

Finally--this is also directed to Under Secretary Cambone--it is bewildering to me that there were pieces of information within DOD, within CIA, within FBI that were not shared. That has nothing to do with budget authority, it has nothing to do with human intelligence capacity. It has to do with a breakdown somewhere in the chain that would have gotten information pushed to the top and shared among respective agencies. If any of you can lend any light to the operational opportunities that were missed, again, as set forth in the 9/11 Commission on pages 355 and 356, I think for any of us who read this, it is very hard to understand how the FBI wouldn't be given information that the CIA had.

That continued with respect to Iraq. As I understand the problems with the, so-called, source ``Curveball,' that information was not conveyed to the CIA as to the background of this individual, the reliability of his information.

So we can spend a lot of time talking about rearranging the boxes on the organization chart, but unless there is a fundamental commitment to the sharing of information at all levels--national, strategic, operational, tactical--we're just spinning our wheels.

Finally, because I know you have to put in a lot of words before the time goes up, this whole question of secrecy is something that I think deserves a lot of attention. My predecessor, the late Senator Moynihan, wrote a book called ``Secrecy,' which I commend to you because in it he raises some very interesting questions about what we need to keep secret and what we don't need to keep secret. In fact, we have over-classified a whole lot of information that, if not kept secret, could have actually helped people at all levels of our government respond to situations that they were confronted by. It is, I think, a legitimate concern that we have to figure out how to keep secret what is worth keeping secret, but we have to quit this over-classifying, and create almost an incentive for people to share information, and sometimes to, I think, very detrimental consequences, such as the outing of Valerie Plame and also the latest outrage, which was the revealing of Mr. Khan's name. I find those things just inexcusable and unbelievable, and it happens all the time. So I think the whole question about secrecy, what should or couldn't be classified needs to be looked at at the same time.

So, having exhausted, I'm sure, my time, I'd appreciate any response that any of you might have to any of these points.

Secretary Rumsfeld. I'll leave the CIA/FBI piece to John McLaughlin, but let me just say that you're exactly right, that the problem of stovepiping and not sharing information is a serious one. It is addressed in this report by the 9/11 Commission, properly. It's been addressed by the executive branch. It occurs not only between organizations, as you suggest, but within organizations.

Second, I am familiar with Pat Moynihan's book ``Secrecy,''
and you're correct there, too, it is--when you're dealing with
these things every day, I very often ask, ``Why is this
classified,''
and, ``Give me a declassified version,''
that comes out almost the same. It is because, I suppose, people are
busy; they want to be safe, not sorry; and there's a process,
always, to review, after some period of time. But the over-
classification is, I agree, something that, very properly,
ought to be addressed in a serious way, and we'd be happy to
respond to some of the other questions and your comments, for
the record.

Senator Clinton. What about the issue of Curveball?

Dr. Cambone.

Mr. McLaughlin. That probably is--well, maybe Steve has a
comment on it, but it's properly in my arena, as well.

My sense, looking back at that one, was that the real
problem, Senator Clinton, was the fact that we, collectively--
the Defense Intelligence Agency and CIA--did not have direct
access to that source, which generated over a hundred
technically--seemingly solid reports from a technical basis. I
think that was the key thing that impeded our use of that
source.

I don't know whether Dr. Cambone has something to add on
that or not.

Chairman Warner. Thank you very much----

Yes?

Mr. McLaughlin. May I just answer one or two of your other
points, Senator Clinton?

On the secrecy issue, I think this is a complicated
question in our age, and particularly when it comes to
terrorism. If you think about it, back in the Cold War, or even
prior to September 11, the kinds of secrets we had to go out
and find were mostly in governments, ministries, cabinets, and
so forth, overseas. Today, the enemy we're facing, particularly
in terrorism, compartments secrets down to a handful of people
in a cave somewhere. It's very well-documented in the 9/11
report how few people knew about that.

So what I take from this is, they use secrecy as a
strategic weapon. It's a strategic weapon for them. Because
it's asymmetric--asymmetrically, it works against us because we
don't keep secrets very well. Most of what we have to say, most
of what--it's all out there. As the Secretary said, they go to
school on us.

So while I support a lot of what Senator Moynihan had to
say--and I'm familiar with his book--I just think we do need to
rethink the whole secrecy thing when we're going against
terrorists.

On the information-sharing, this is another complicated
issue. We have to be careful not to point fingers on this,
because it is complicated. People have different memories of
what was shared, what wasn't shared. CIA has some differences
with the 9/11 Commission on this point, particularly on the
issue of sharing with FBI. We have pointed out to them that the
original reporting, for example, on the two hijackers--pointed
out to the 9/11 Commission--that the original intelligence on
them was available to a wide array of agencies, including FBI,
CIA, NSA, State Department, and so forth. We pointed out to
them that we made an association, with the FBI, between one of
these hijackers and the U.S.S. Cole bomber, one of the U.S.S.
Cole bombers, Khaled, in approximately December 2000, I believe
it was. For some reason, they didn't accept that, and the
report says what it does. That said, there were many instances
where information wasn't shared. But I just think it's been a
bit overdrawn in the report.

Chairman Warner. Thank you, Director McLaughlin.

Thank you, Senator Clinton.

Senator Graham.

Senator Graham. Thank you, Mr. Chairman.

Mr. McLaughlin, I've heard the story often repeated that Zarqawi--is that the way you say the person's name?

Mr. McLaughlin. Abu Musab al Zarqawi, yes.

Senator Graham. Did he go to Baghdad, at any time, to receive healthcare treatment?

Mr. McLaughlin. We think he did.

Senator Graham. Okay. We think he went to Baghdad when Saddam Hussein was in power, is that correct?

Mr. McLaughlin. Yes.

Senator Graham. One thing that I've learned from looking at this report very briefly is, it tells us a lot about the past, and some things about the present, but it also tells us about the future. The one thing that I get from this report that I think we're overlooking a bit is that this war is going to go on a lot longer than any of us begin to realize. The report says, ``The enemy is just not terrorism, it is the threat posed specifically by Islamist terrorism, by Osama bin Laden, and others, who draw on a long tradition of extreme intolerance within a minority strain of Islam that does not distinguish politics from religion, and distorts both. The enemy is not Islam, the great world faith, but a perversion of Islam. The enemy goes beyond al Qaeda to include the radical ideological movement inspired in part by al Qaeda that has spawned other terrorist groups and violence. Thus, our strategy must match our means to two ends: dismantling the al Qaeda network and, in the long term, prevailing over the ideology that contributes to Islamist terrorism.''

Do all of you agree that the American public needs to understand that, for years to come, we will be at war with these groups? Is that a correct statement? Do you agree with the 9/11 Commission's findings there?

Mr. McLaughlin. I do.

Senator Graham. Having said that, the structural changes that we're debating here today are important to me. Now, I've come away with one conclusion. If we're going to have a National Intelligence Director, he or she needs to be the person held accountable, and they need all the power, not part of the power.

I came in here as a believer in that position. Now I'm not so sure. The reason I'm not so sure is because the functions you just described that you currently have--if given to the National Intelligence Director, I don't know how you incorporate all those functions and, at the same time, give the President a variety of options and a variety of opinions.

But having said all of that, my question to you, Secretary Rumsfeld--the Commission tells us that if we're going to win this war, we have to deny our enemies sanctuaries. Could you tell the committee, without disclosing any secret information, what countries, in your opinion, are providing sanctuary to al Qaeda, or terrorist groups like al Qaeda, and what strategy do we have to dry up that sanctuary?

Secretary Rumsfeld?

Secretary Rumsfeld. Yes, I'm doing something that's strange: I'm thinking how to respond.

Senator Graham. Because that's a tough question.

Secretary Rumsfeld. It is a tough question.

Senator Graham. Who are they, and what do we do about them?

Secretary Rumsfeld. Let me answer the first question first. You talked about whether or not the NID ought to have all the power. I think it's terribly important that we ask ourselves the question, ``All the power for what?''

Senator Graham. Right.

Secretary Rumsfeld. You were talking about the global war on terror. The Intelligence Community, as we said, has a much broader set of tasks. We do not want to organize the Intelligence Community to fit one element----

Senator Graham. Right.

Secretary Rumsfeld. --important, to be sure--but to fit any one element, because the responsibilities are so broad.

Second, with respect to sanctuaries, you used the phrase, ``Which countries are providing it?'' There are sanctuaries that are provided by countries, as we know. There are also sanctuaries that are not provided by the countries at all. They have portions of their countries that they do not govern effectively, and cannot govern effectively. Then there are countries that aren't countries, that are--I mean, Somalia is a situation that is a geographical country, but, in terms of a government, it--I don't think it could be said--John, correct me if you disagree--but I don't think it could be said that they have a government that presides over the real estate in that country in an effective way.

I guess the word ``sanctuary'' also is a problem, because you have to define it. Is the ability to use the banking system a sanctuary? Is the ability to use wire transfers, cyberspace, is that a sanctuary?

We know that seams are used effectively. The Pakistan/Afghan border is a problem. The Saudi/Yemeni border is a problem. The Syrian/Iraqi border is a problem. The Iranian border is a problem.

We know that countries vary in their behavior with respect to terrorists, that some are aggressive and go after them, that some tolerate them and don't do much about them, and, in effect, are, kind of, fellow travelers with it, but not active----

Senator Graham. Would Iran be in the country that tolerates and does very little about them?

Secretary Rumsfeld. It's a mixture. I think John would be better to answer this. But clearly they are active with Hezbollah, and that's a terrorist organization by our definition. Clearly there have been, and probably are today, al Qaeda in Iran that they have not dealt with in a way that a country that was against al Qaeda would have done. They have had the Ansar al Islam organization back and forth across their borders.

John, do you want to elaborate? You're the expert.

Mr. McLaughlin. Those are all the right points, Mr. Secretary. If you're talking about Iran--I think the Secretary said it accurately--it's, on this score, a bit schizophrenic. You'll find elements of the government that are uncomfortable with this, but the prevailing elements in that government are tolerant toward terrorists, and there's no question that they support, actively, Hezbollah. Hezbollah draws its inspiration and origins from Iran, back in the late 1970s, and continues, to this day, to be dedicated to the destruction of Israel and to receive support from Iran for that purpose.

Chairman Warner. Senator, I thank you. I thank the witnesses. We've had an excellent----

Yes, Mr. Secretary?

Secretary Rumsfeld. I apologize, Mr. Chairman. I do want to have the record clear. Senator Warner, you and Senator Levin were briefed on our global posture----

Chairman Warner. That is correct----

Secretary Rumsfeld. --at a breakfast----

Chairman Warner.--in your office.

Secretary Rumsfeld. --in my office by me, by the Chairman, by Andy Hoehn.

Chairman Warner. Correct.

Secretary Rumsfeld. Since then, the committee's professional staff have been briefed at least twice. Four or 5 weeks ago, briefings were conducted for the personal staffs of all committee members. There is, and has been, an outstanding offer to brief any committee member. We have briefed a significant number of Members of the Senate and the House, and

staffs of not just your committee, but the Appropriations Committee, the Armed Services Committee, the Foreign Relations Committee, and the MILCON Subcommittees of some House and Senate Members. We have made a major effort on the global posture because it is a big and important issue; and I would not want the record to suggest that those opportunities have not been available to staff members, because they have.

Chairman Warner. I've indicated to you that I verified those facts. There has been a complete disclosure by you to the Senator and myself and others over the course of time.

Senator Levin. Mr. Chairman, just to clarify further, I thank the Secretary for those briefings that he made reference to, including the very general one in his office. However, I think it is fair to say that the actual decision that was made, the details of it, were not briefed to Members of the Senate, were not offered, as is usually the customary courtesy, that, prior to an announcement of something of this dimension, that Members of the Senate would be offered a briefing of that particular decision, to the details that were so critically important that were outlined yesterday were not briefed, either in your office, as far as I remember, or offered.

Secretary Rumsfeld. They were briefed, and they were offered.

Senator Levin. The details?

Secretary Rumsfeld. The details that have been released and that we know. We're now at the very beginning of the process of going to country after country and deciding, with them, what we will do with them, and to what degree will we have usability of their forces, but----

Senator Levin. In which case----

Secretary Rumsfeld. --there's no question----

Senator Levin.--in which case, there weren't many details yesterday. I guess that's the summary, then.

Secretary Rumsfeld. There weren't. Because they will roll out as each country is dealt with. When one country may be our first choice, and we would go to them, try to work out an arrangement; if it doesn't work out, we have other options. Then we would slide off that and go somewhere else. But the broad thrust of it was what we briefed, and what we have offered to brief. As I said earlier, we'd be happy to hold a hearing on this and give you anything we have.

Chairman Warner. That opportunity will be given.

I thank you, Mr. Secretary. I thank you, Director. I thank you, General. We've had a very good hearing. We are adjourned.

[Questions for the record with answers supplied follow:]

Questions Submitted by Senator Carl Levin

problems in the dod in the reprogramming process

1. Senator Levin. Secretary Rumsfeld, during the hearing we discussed the 9/11 Commission's recommendation on giving overall budget execution authority for the National Foreign Intelligence Program (NFIP) to a new National Intelligence Director (NID), including authority for reprogramming funds during the execution of the budget. Could you provide any examples where there have been problems within the administration within the last 3 years of getting approval to reprogram funds in NFIPs?

Secretary Rumsfeld. The Department has not experienced problems getting approval to reprogram funds in NFIP programs. The DOD has not opposed any NFIP reprogramming.

problems in the cia in the reprogramming process

2. Senator Levin. Director McLaughlin, could you provide any examples where there have been problems within the administration within the last 3 years of getting approval to reprogram funds to correct emergent problems in NFIPs?

Director McLaughlin. Over the last 3 years, there have never been formal written objections by the Secretary or Deputy Secretary of Defense to NFIP reprogramming actions. However, significant

coordination issues occasionally increase the amount of time required to obtain concurrence by the OSD and move the transfer request through the approval process. For example, in 2002, OSD delayed concurrence for an NRO reprogramming action for 6 months to ensure sufficient General Transfer Authority would be available for DOD reprogramming actions. Eventually Congress appropriated funds for the project in a supplemental and NRO withdrew its request.

3. Senator Levin. Director McLaughlin, during the hearing, you mentioned a figure of 5 months as representative of the time that is required to obtain approval of an NFIP reprogramming request. Could you provide some specific examples of reprogramming actions, including the times it took to obtain Department of Defense (DOD), Office of Management and Budget (OMB), and congressional approval, that led you to this assessment?

Director McLaughlin. Each reprogramming request is unique, and the time required to obtain approval can vary depending on the type of reprogramming and the authority under which the action is requested. On average, after the programs submit requests, Community Management Staff (CMS) and OSD staffing require about a month to coordinate with the programs and General Counsel, prepare the transfer documents, and obtain approvals. OMB approval generally adds another 2 weeks to the process and congressional notification takes up to a month. OSD apportionment takes only a couple of days. Generally, the greatest delays arise as a result of the staffing process, legal interpretations, or debates over offset choices within and among the programs, CMS, OSD, and OMB. All in all, reprogramming requests requiring congressional notification require approximately 5 months; those that do not take between 3 and 4 months.

CMS works closely with the programs on reprogrammings and transfers, even before requests are formally submitted to CMS, so specifying the exact amount of time it takes for programs to submit reprogramming requests to CMS can be inexact. The staffs also attempt to mitigate delays by working concurrently with OSD and OMB counterparts while formal approvals are being obtained. This allows the staff to address concerns expeditiously and alleviate delays that are inherent in the sequential approval process.

restructuring checklist

4. Senator Levin. Secretary Rumsfeld, I am going to list a series of recommendations that the 9/11 Commission makes and would appreciate your telling the committee whether you agree or disagree with each individual recommendation and why:

The National Counterterrorism Center (NCTC) should perform joint planning. The plans would assign operational responsibilities to lead agencies, such as Department of State (State), the Central Intelligence Agency (CIA), the Federal Bureau of Investigation (FBI), Defense and its combatant commands, Homeland Security, and other agencies.

Secretary Rumsfeld. The DOD has had nearly 20 years of experience with ``jointness'' and is proof of how powerful a joint perspective driving joint operations can be as evidenced recently in Afghanistan and Iraq. I endorse adopting the DOD model (following Goldwater-Nichols Act 1986) of centralized planning and decentralized execution for the NCTC as a means of improving indications and warning and more actionable intelligence in support of the counterterrorism mission. In this construct, the NCTC would provide strategic guidance, mission parameters, and broad operational concepts to the designated department or agency to facilitate operational planning and mission execution. The department/agency would develop an operational counterterrorism plan, suitable for mission execution with close review by the NCTC. The designated department/agency would execute those plans in receipt of an executive order from the national authority. Throughout the process of operational planning and execution, the NCTC and the designated department/agency would be generating intelligence at the strategic and

operational level thereby ensuring competitive analysis. In addition, the operations themselves would be creating new intelligence that in the end will enhance our ability to provide indications and warning and a better intelligence product to the national command authority and to the operator.

The NID should have the authority to reprogram funds among the national intelligence agencies to meet any new priority.

Secretary Rumsfeld. The NID should have authority to reprogram funds among the national intelligence agencies when there is a higher priority or unforeseen intelligence requirement. I can't imagine that the NID would not want to consult with the head of the department or agency head.

Should the President issue a new Executive Order 12333 that would give a NID budget execution authority, including reprogramming authority, for DOD intelligence agencies?

Secretary Rumsfeld. Since the August 17 hearing, the President has issued Executive Order 13355, ``Strengthened Management of the Intelligence Community,' which expands the authority of the Director of Central Intelligence over reprogramming of intelligence funds. On September 8, the White House announced that the President supports providing this expanded authority to a newly created NID.

The NID should approve and submit nominations to the President of the individuals who would lead the CIA, Defense Intelligence Agency (DIA), FBI Intelligence Office, National Security Agency (NSA), National Geospatial-Intelligence Agency (NGA), National Reconnaissance Office (NRO), Information Analysis and Infrastructure Protection Directorate of the Department of Homeland Security, and other intelligence capabilities.

Should Congress amend section 201 of title 10 which gives the Secretary of Defense the authority: (1) to nominate, after seeking the concurrence of the Director of Central Intelligence, the Directors of NRO, NGA, and NSA; and (2) to nominate the Director of DIA, after consulting with the Director of Central Intelligence?

Secretary Rumsfeld. I support the President and his plan to create a strong NID.

Lead responsibility for directing and executing paramilitary operations, whether clandestine or covert, should shift to the Defense Department.

Secretary Rumsfeld. The DOD and the CIA have embarked upon a study of this question. The Department will report to the President by February 18, 2005.

The NID would manage this national effort [managing the national intelligence program and overseeing the component agencies of the Intelligence Community] with the help of three deputies, each of which would also hold a key position in one of the component agencies.' (NOTE: The organization chart in the Commission's report implies that these deputies, including the one for Defense, the Under Secretary of Defense for Intelligence, would be responsible for all hiring, training, acquiring, equipping, and fielding of intelligence capabilities within their respective departments.)

Secretary Rumsfeld. I support the position put forward by the President.

director of central intelligence commenting on public statements of administration officials

5. Senator Levin. Director McLaughlin, in responding to my question about the difference between the internal intelligence assessment on the likelihood that Saddam Hussein would give a weapon of mass destruction to terrorists, you said, ``I just don't think it's our job to comment on the public statements of the administration or of Congress. There are times, as we've explained in the past, when we will take someone aside, either a Member of Congress or a member of the administration, and quietly tell them there's new information on this and I would describe it differently.''

In an October 7, 2002 letter, the DCI, George Tenet, to Senator Bob Graham, Chairman of the Senate Select Committee on Intelligence, said:

``Saddam for now appears to be drawing a line short of conducting terrorist attacks with conventional or chemical or biological warfare (CBW) against the United States.

``Should Saddam conclude that a U.S.-led attack could no longer be deterred, he probably would become much less constrained in adopting terrorist actions. Such terrorism might involve conventional means, as with Iraq's unsuccessful attempt at a terrorist offensive in 1991, or CBW.

``Saddam might decide that the extreme step of assisting Islamist terrorists in conducting a weapons of mass destruction (WMD) attack against the United States would be his last chance to exact vengeance by taking a large number of people with him.''

But the same day, October 7, 2002, in a speech in Cincinnati, the President said:

``Iraq could decide on any given day to provide a biological or chemical weapon to a terrorist group or individual terrorists. Alliances with terrorists could allow the Iraqi regime to attack America without leaving any fingerprints.''

Are you aware of any attempts to inform the President that the intelligence assessment of Saddam Hussein sharing weapons of mass destruction would likely be done as ``his last chance to exact vengeance by taking a large number of people with him'' rather than, ``on any given day?''

Director McLaughlin did not respond in time for printing. When received, answer will be retained by in committee files.

6. Senator Levin. Director McLaughlin, in an October 8, 2002, interview with the New York Times, Director Tenet said ``there is no inconsistency'' between the CIA views in the letter and those of the President. Is such a public statement by Director Tenet consistent with a policy not ``to comment on the public statements of the administration or of Congress?''

Director McLaughlin did not respond in time for printing. When received, answer will be retained by in committee files.

consolidating personnel and budget control to improve information flow

7. Senator Levin. Secretary Rumsfeld, Director McLaughlin, and General Myers, there apparently was a number of instances where components of the Intelligence Community possessed information that might have helped other agencies take action before the September 11 terrorist attacks. The 9/11 Commission has recommended giving a new NID control of personnel and budget of the national intelligence program, which I assume would equate to the NFIP. A large portion of the NFIP funding currently supports organizations that work for both the Secretary of Defense and the Director of Central Intelligence.

One specific example of failure to share information was the CIA's failure to share information on the presence of two of the September 11 plotters with the Immigration and Naturalization Service (INS) or the FBI. This was despite the fact that the CIA staff and budget were

operating under the control of the DCI (the current version of the proposed NID). Will each of you indicate if you believe that there are currently impediments to sharing data that can only be broken down by changing organizational relationships, and if so, what laws need to be changed?

Secretary Rumsfeld. DOD strongly supports improving information sharing and supports the President's proposal on this subject.

Director McLaughlin. [Deleted.]

General Myers. I do not believe there are currently any impediments to sharing information that can only be solved by changing organizational relationships. The information-sharing problems we have experienced are, for the most part, rooted in cultural bias, not structural obstacles.

8. Senator Levin. Director McLaughlin, is there any reason to believe that the CIA's failure to share data with the INS or FBI was influenced in any way by the DCI's personnel and budget execution control of the CIA?

Director McLaughlin did not respond in time for printing. When received, answer will be retained in committee files.

9. Senator Levin. Secretary Rumsfeld, Director McLaughlin, and General Myers, are any of you aware of any evidence that DOD agencies had unshared data that might have helped prevent any of the September 11 attacks?

Secretary Rumsfeld. I am not aware of any evidence that there was unshared data in a DOD agency which could have prevented the September 11 attacks.

Director McLaughlin. No, CIA is not aware that any of the DOD agencies, or for that matter, any U.S. Government entity, had any unshared data that might have helped prevent any of the September 11 attacks. It is likely that CIA, FBI, and NSA all had bits and pieces of information that were somehow related to one or more of the 19 hijackers, but none of that information, even if it had all been amalgamated prior to September 11, would have been enough to have prevented the September 11 attacks. We still would have been missing the answers to the who, what, when, or where questions.

General Myers. No. I am not aware of any evidence that DOD agencies had unshared data that might have helped prevent any of the September 11 attacks.

nctc authority to assign operational responsibilities to the military

10. Senator Levin. Secretary Rumsfeld and General Myers, the 9/11 Commission recommended the following: ``Lead responsibility for directing and executing paramilitary operations, whether clandestine or covert, should shift to the Department of Defense. There it should be consolidated with the capabilities for training, direction, and execution of such operations already being developed in the Special Operations Command.'' Tasking for counterterrorism paramilitary operations would be from the NID through the National Counterterrorism Center (NCTC) to the operational force. The Commission report is silent on tasking for paramilitary activities other than on behalf of counterterrorism. If the NCTC were to have the authority to ``assign operational responsibilities'' to combatant commanders to conduct counterterrorist operations, how could we avoid creating conflicting or confusing chains of command?

Secretary Rumsfeld. The shape and functions of the National Counterterrorism Center (NCTC) are presently being addressed in accordance with the President's existing executive order and the Intelligence Reform and Terrorism Prevention Act of 2004 by an interagency task force in which DOD is participating. We are also addressing the 9/11 Commission's recommendation on paramilitary operations under a November 18, 2004, presidential directive for a joint review by myself and the Director of the Central Intelligence Agency. On both the NCTC and the Paramilitary question, DOD, the CIA, and other elements of the interagency are working together closely to provide a coordinated set of responses and recommendations to the

President. As to the suggestion that operational taskings should flow directly from the NCTC to the operational force, if the taskings were intended for execution by DOD, such a construct would be unacceptable due to its infringement on the chain-of-command responsibilities inherent to the Department and its military forces.

General Myers. If the NCTC were to have the authority to ``assign operational responsibilities,`` it would violate the chain of command and lead to confusion and loss of unity of effort. If the NCTC were to have such responsibility, it is imperative that the NCTC recommend any requirements for combatant commanders to the Office of the Secretary of Defense for Secretary of Defense approval and military advice. This would be the only way to keep the chains of command clear.

11. Senator Levin. Secretary Rumsfeld and General Myers, how would a combatant commander resolve conflicting directives from the DOD chain of command and from the NCTC? Wouldn't such an arrangement be violating the fundamental principal of unity of command?

Secretary Rumsfeld. Routing all military directives via the Office of the Secretary of Defense would mitigate any potential conflicts and would ensure unity of command. The Office of the Secretary of Defense and the Joint Staff ensure that military advice is provided to the President and coordination is effected for all operational directives.

General Myers. Routing all military directives via the Office of the Secretary of Defense would mitigate any potential conflicts and would ensure unity of command remains intact. As stipulated by law, the military chain of command originates with the President of the United States, through the Secretary of Defense to the combatant commanders. Furthermore, this arrangement permits the Secretary of Defense to get military advice from the CJCS and JCS as well as permits combatant commanders to address perceived conflicting guidance directly with the Office of the Secretary of Defense without injecting confusion within the NCTC.

12. Senator Levin. Secretary Rumsfeld and General Myers, would the President and the Secretary of Defense have to approve each such assignment?

Secretary Rumsfeld. As the principal assistant to the President in all matters relating to the Department of Defense, the Secretary of Defense would approve the assignment of operational responsibilities to combatant commanders in support of counterterrorist operations coordinated by NCTC.

General Myers. As the principal assistant to the President in all matters relating to the Department of Defense, the Secretary of Defense would approve the assignment of operational responsibilities to combatant commanders in support of counterterrorist operations.

The NCTC should not have command authority and should not inject itself in the chain of command by directing commanders to perform actions. As suggested by the 9/11 Commission's report, the NCTC will likely work through existing government agencies. The 27 August 2004 executive order directing the establishment of the NCTC states the NCTC shall be ``implemented in a manner consistent with the authority of the principal officers of agencies as heads of their respective Agencies'', and heads of agencies ``shall keep the Director of the Center fully and currently informed of [their] activities.'' The declared goal of creating NCTC is to strengthen intelligence analysis, strategic planning against global terrorist threats and to ensure intelligence support to operations.

13. Senator Levin. Director McLaughlin, what effect would such operational assignment authority within the NCTC have on the counterterrorist operations of the CIA?

Director McLaughlin. [Deleted.]

lead for all paramilitary operations

14. Senator Levin. Secretary Rumsfeld and Director McLaughlin, the government is currently operating in foreign areas with a clearly defined separation of functions between the DOD and the CIA. The CIA is

responsible for conducting covert action operations, where the government has the ability to deny involvement in such activities if they are compromised. The DOD is responsible for conducting other clandestine or secret operations where the potential revelation of U.S. Government involvement would not be so sensitive. Under the current system, this possible covert action would be approved through the normal executive branch approval process and the President would submit a finding to Congress before executing such an operation. Upon approval and appropriate notification, the DCI would task the CIA to conduct this mission. Under the 9/11 Commission recommendations, the process for presidential approval and congressional notification would presumably be similar, but the NID would task someone within DOD. It is not exactly clear whether the Commission intends that the tasking would be to the Secretary of Defense or directly to the Special Operations Command or to one of the combatant commanders. Then forces working for the Special Operations Command or forces working for the combatant commander would execute the mission. I would like to ask each of you, do you agree that this is the way such operations would be changed?

Secretary Rumsfeld. I do not support direct taskings of U.S. Special Operations Command or any other combatant command outside the channels constituted by the legally prescribed chain of command which runs from the President, through the Secretary, to those commanders. Current statutes and the military chain of command preclude direct tasking of the U.S. Special Operations Command or any other combatant command by the National Counterterrorism Center (NCTC) or the Director for National Intelligence.

Director McLaughlin did not respond in time for printing. When received, answer will be retained by in committee files.

15. Senator Levin. Secretary Rumsfeld and Director McLaughlin, do you believe it would be appropriate, and consistent with our obligations under the Geneva Conventions, for U.S. military personnel to become involved in conducting covert operations pursuant to presidential findings?

Secretary Rumsfeld. Pending the completion of the presidentially directed study on the 9/11 Commission paramilitary recommendation, it would be inappropriate for me to comment.

Director McLaughlin did not respond in time for printing. When received, answer will be retained by in committee files.

usd(i) reporting to national intelligence director rather than
secretary of defense

16. Senator Levin. Secretary Rumsfeld, Director McLaughlin, General Myers, and Under Secretary Cambone, the 9/11 Commission recommends that the new NID should approve and submit the nomination to the President for the Under Secretary of Defense for Intelligence, who would then report to the NID. Currently the Under Secretary of Defense for Intelligence is recommended by, and reports to, the Secretary of Defense. I'd like to ask each of you, what are the pros and cons of having the Under Secretary of Defense for Intelligence selected by and reporting to the NID, vice the Secretary of Defense, and do you agree with this recommendation?

Secretary Rumsfeld and Secretary Cambone. The position of the Under Secretary of Defense for Intelligence was created by law (section 137 title 10) to be the principal staff assistant and advisor to the Secretary of Defense and Deputy Secretary of defense on intelligence-related matters, counterintelligence and security. I support the President's position on this subject.

Director McLaughlin. While it may be implicit in the context of its recommendations for appointing the other two Deputy NIDs for Foreign and Homeland Intelligence, the 9/11 Commission report does not explicitly spell out who would approve and submit the nomination of the Deputy NID for Defense Intelligence (the USD(I)). But the commission is clear in making the point that the three Deputy NIDs would also hold key positions in their component department or agency. So even if the NID were to ``approve and submit'' the nomination for the USD(I), the Secretary of Defense would still play a major role in selecting this

official. The fundamental problem with the proposal is less a question of who appoints the three deputies than it is of potential for conflict inherent in a situation where officials are asked to wear two hats.

While I understand the commission's position, I do not support the recommendation. One of the reasons behind the commission's proposal to create an NID was the judgment that the Director of the CIA wears too many hats. Creating a structure where key intelligence officials also wear departmental hats is, I believe, the wrong approach. Even more important in my view, the Deputy NIDs as proposed by the commission, would constitute an unnecessary layer of management interposed between the NID and the heads of the major IC agencies. To be effective in today's environment, the NID needs to be able to direct and guide the activities of the CIA, DIA, NGA, NRO, NSA, and other agencies. Placing a deputy layer between the NID and those agency heads would actually have an effect opposite to the one the commission intended.

General Myers. The Under Secretary of Defense for Intelligence is a key member of the Secretary's staff. It is not clear how an official in this position would be selected by someone other than the Secretary. I do not agree with this recommendation.

17. Senator Levin. Secretary Rumsfeld and General Myers, would you have concerns about inserting the Under Secretary of Defense into the chain of command for tasking the intelligence activities within the Department of Defense?

Secretary Rumsfeld. In current law, the Secretary of Defense has the authority to task collection elements within the Department of Defense. In practice, the Under Secretary generally does not engage in the day-to-day operations within the Defense Intelligence Community. USD(I) serves as the staff assistant and advisor to the Secretary and Deputy Secretary of Defense, and has as a principal duty the overall supervision of all intelligence and intelligence-related affairs of the Department of Defense. These responsibilities and functions do not equate to being engaged in the substantive side of tasking, processing, exploiting, and disseminating intelligence.

General Myers. The Under Secretary of Defense for Intelligence is a vital staff position. As a principal of the Secretary's staff and a key figure in the policy process, USD(I) clearly has intelligence needs that must be supported; however, this position is not in the military operational chain of command nor should it be.

revealing sources and compromising intelligence missions

18. Senator Levin. Director McLaughlin, press accounts suggest that revealing the name of the Pakistani individual who was cooperating with U.S. officials searching for al Qaeda operatives compromised the mission after the public disclosure of his name. Is that an accurate impression?

Director McLaughlin. [Deleted.]

19. Senator Levin. Director McLaughlin, a USA Today article from August 10, 2004, quotes National Security Adviser Condoleezza Rice as saying that the name of the individual had been disclosed to reporters in Washington ``on background.'' Should the name of any such cooperating individual be released under any circumstances?

Director McLaughlin did not respond in time for printing. When received, answer will be retained in committee files.

20. Senator Levin. Director McLaughlin, were you asked and did you approve the decision to reveal the source's name publicly or on ``background'' to a reporter?

Director McLaughlin. No, the DDCI was not asked to approve the decision to reveal the source's name publicly or ``on background'' to a reporter.

effect of a national intelligence director on competitive analysis

21. Senator Levin. Director McLaughlin, during the development of the National Intelligence Estimate (NIE) on Iraq's WMD capabilities, which was prepared prior to the war and which proved to be so

inaccurate in its judgments, a number of intelligence analysts in the U.S. Government held views that differed from the prevailing CIA view. Notable examples of this include the Department of Energy and State Department Intelligence and Research Bureau (INR) assessments on whether the now-famous aluminum tubes were intended for centrifuges, and the Air Force Intelligence Agency assessment of whether Iraqi unmanned aerial vehicles were intended to deliver WMD. Both of these differing assessments have been validated since, but were overruled by the CIA in developing the NIE. The 9/11 Commission recommends consolidating control and budgeting responsibility for national intelligence activities under a new NID. If Congress were to give a National Intelligence Director that authority, what steps should we take to encourage competing analyses and ensure differing views and debate within the Intelligence Community to improve the quality of our intelligence?

Director McLaughlin. The views of the Department of Energy and INR were fully presented in the NIE on Iraq's WMD.

Striking a balance between greater centralization of authority, including authority over resources, while retaining healthy competitive analysis, is one of the critical issues in intelligence reform. Almost every committee (or commission) that has looked into this matter has come out in favor of greater authority at the center of U.S. intelligence, whatever the title of the official occupying that center. At the same time, these same studies and proposals have warned against the danger of ``group think.''

There is a major difference between empowering an individual to give central direction to the Intelligence Community and allowing that individual to impose his or her views on the community. No one is suggesting the latter formulation. There must always be a healthy competition of views on major issues.

Encouraging competitive analysis and ensuring differing views will involve one part internal mechanisms such as analytic training that emphasizes personal integrity; management that fosters competitive and alternative analyses; and the willingness to ``tell it like we see it'' to policymakers, along with effective evaluation and ``lessons learned'' mechanisms--and one part active oversight in both the executive and legislative branches. One key component of oversight will be an active effort to ensure that objectivity remains the cornerstone of any and all analytic efforts.

22. Senator Levin. Director McLaughlin, what steps should be taken to ensure that the Intelligence Community provides independent, objective, and accurate analyses?

Director McLaughlin. Again, we start with a sense of the values of the profession, the first of which is that our job is to provide accurate, timely information because our national security is dependent on it as are the lives of the American people we serve. We must continue to train our employees on the centrality of this mission from their first day on the job, and we must continue to emphasize this, in word and in deed, throughout their careers. Beyond that we can build internal mechanisms to reinforce this sense of integrity. We need the benefit of active external oversight to ensure that we are always meeting our standards in this area.

23. Senator Levin. Director McLaughlin, would consolidation of budget control of most of the intelligence analysts, as well as hiring and firing authority over national intelligence agency leaders under a single official, support or hurt this aim?

Director McLaughlin. We simply must accept one basic fact: One consequence of consolidating budget control, along with personnel (hiring and firing) over the entire community in the hands of a single official will be the need for active, ongoing efforts to ensure that a desirable consolidation on the resource side does not make inevitable the homogenization of analysis or of analytic perspectives. I emphasize the word ``ongoing;'' this cannot be a ``set it and forget it'' approach to the processes that ensure that honest, competitive analysis remains the hallmark of U.S. intelligence.

dcj authorities compared to nid authorities (budget)

24. Senator Levin. Director McLaughlin, the 9/11 Commission has recommended giving a new NID sole responsibility for budgets of the national intelligence agencies. As I understand the process now, the DCI is responsible for developing and submitting the budget for the NFIP to the President, but, since Executive Order 12333 confers authority for fiscal management for the DOD combat support agencies to DOD, the DCI would have to obtain the concurrence of the Secretary of Defense before requesting OMB approval of any reprogrammings involving the DOD combat support agencies. If the Commission's recommendations were implemented, would this change in reprogramming authority be the principal difference between the DCI's current budgeting authority and what the budgeting authority of the NID would be?

Director McLaughlin. No, other changes would be necessary to enhance the DCI's or NID's authority over the NFIP budget to address the recommended actions of the 9/11 Commission. The DCI or the NID would need:

Authority to decide independently the content of the NFIP budget request to the President. In the past, the DCI, under the National Security Act, had the authority to ``develop'' the NFIP budget, but Secretary of Defense approval was needed to incorporate DCI decisions into the Defense budget before submission to the President, and ultimately, to Congress. The President recently gave this authority to the DCI in Executive Order 13355.

Authority to manage the allocation of enacted appropriations to Intelligence Community components. Making appropriations for the NFIP to a single appropriation to be allocated by the DCI, after apportionment by OMB, would further enhance the NID's ability to control the NFIP budget.

Authority to transfer appropriations or personnel within the NFIP without the approval of the Secretary of Defense or any other head of a department with NFIP resources. The National Security Act currently requires that the head of the affected department(s) ``not object'' to transfers.

The President's proposal would provide the NID:

Authority to decide independently the content of the NFIP budget request to the President.

Authority to manage NFIP appropriations through the comptrollers of cabinet departments.

Authority to transfer appropriations after consultation with the Secretary of Defense or any other head of a department with NFIP resources.

The President's proposal also would prevent disclosure of the total amount of intelligence funding.

25. Senator Levin. Secretary Rumsfeld, what would the consequences for DOD be of giving the new NID the authority to reprogram funds out of DOD programs and activities without the approval of the Secretary of Defense?

Secretary Rumsfeld. My understanding is that NID authority to reprogram funds would be for designated programs, not all DOD programs, and would be after appropriate consultation with the Secretary of Defense.

26. Senator Levin. Secretary Rumsfeld and Director McLaughlin, who would resolve any potential conflict between supporting DOD requirements and supporting broader requirements of decisionmakers and other agencies?

Secretary Rumsfeld. Under the President's proposal, the NID.

Director McLaughlin. It is not yet certain what the authorities of the proposed NID will be. Under current law (section 103 of the

National Security Act), the DCI establishes the requirements and priorities to govern the collection of national intelligence by Intelligence Community elements. He also approves collection requirements, determines collection priorities, and resolves conflicts in collection priorities levied on national collection assets, except as otherwise agreed with the Secretary of Defense pursuant to the direction of the President. The new Executive Order on intelligence (EO 13355) contains similar language.

It seems likely that the NID will have at least as much authority as the DCI currently has in this area. It also bears noting that, as a practical matter, the DCI and the Secretary of Defense have always been able to work out their differences over the tasking of national collection assets, and have never had to refer such a dispute to the President for resolution.

dci authorities compared to nid authorities (personnel)

27. Senator Levin. Director McLaughlin, as I understand the process now, the Secretary of Defense must obtain the concurrence of the DCI in appointing anyone to head the NSA, the NRO, or the NGA. For the head of the DIA, the Secretary must only consult with the DCI on that appointment. The 9/11 Commission has recommended giving a new NID sole responsibility for hiring and firing of leaders of the national intelligence agencies, including the head of DIA. Is there any indication that the heads of the DOD combat support agencies have been unresponsive to the direction or tasking of the DCI?

Director McLaughlin. First of all, I would note that the ``combat support'' agencies are national intelligence agencies. The inclusion of the word ``national'' in the names of the three agencies was not an accident; it clearly signaled the intent of Congress, and the administration at the time of their formation, that a principal role of NGA, NRO, and NSA was to support the national intelligence mission as defined by the National Security Council and carried out by the DCI. Although the NRO is not a combat support agency and NSA is not a combat support agency for all purposes, each agency has a combat support role, a function that becomes primary when U.S. forces are engaged in combat operations and combat support becomes, in effect, the highest national intelligence priority. Non-DOD agencies, notably the CIA, also have combat support roles that they have always carried out with distinction.

In my view, the Directors of NGA, NRO, and NSA do an excellent job of balancing their national missions with their combat support functions. They all have resources in the DOD, JMIP, and TIARA programs that help them respond to specific tactical needs, but a considerable portion of their national programs is used to support the military as well.

The ability of these agencies to successfully carry out both sets of responsibilities does mean that serving two masters is the ideal way to operate. NGA, NRO, and NSA must participate in strategic planning, program and budgeting, requirements definition, and policy development processes in both the Intelligence Community and the Department of Defense. While we have made efforts to minimize redundancy where possible, the fact remains that the agency heads now must respond to two bosses, with all the potential for redundancy and conflict that entails. Establishing a strong NID would help to reduce this redundancy and conflict, thereby minimizing overhead and enabling these agencies to devote more of their resources to both the national and military support missions.

28. Senator Levin. Secretary Rumsfeld and General Myers, do you have concerns about any effects on support to military operations or otherwise of transferring this authority (particularly for DIA) to a new NID?

Secretary Rumsfeld. I support the President's proposals.

General Myers. At this stage of the intelligence reform process, without knowing or working out all the necessary agreements between the Department of Defense and the NID that establish intelligence support priorities, it is difficult to address all concerns. In broad terms,

every commander requires timely and accurate intelligence to support decisionmaking across all missions, ranging from combat to theater security cooperation. Regardless of the final Intelligence Community structure, combatant commanders must have the ability to influence national intelligence priorities and intelligence asset allocation. Any initiative or reform that creates gaps between the intelligence agencies or that dilutes the DOD's ability to influence intelligence resource allocation and prioritization of intelligence efforts or removes and/or transfers senior DOD intelligence analysts outside of the Department causes me concern because of the impact on the warfighter and the ability to successfully execute the mission.

29. Senator Levin. Secretary Rumsfeld and General Myers, do you believe there is a way to do so and still ensure that military requirements for intelligence are satisfied?

Secretary Rumsfeld. I support the President's proposals.

General Myers. The heads of defense intelligence agencies are properly appointed by the Secretary of Defense. Current statute requires DCI concurrence for the appointments of the heads of the NSA, NGA, and the NRO. Appointment of the Director of the DIA requires consultation. We have worked very hard for a number of years to develop synergy from integrating defense and national requirements and activities. Over these years, a reasonable state of balance has been achieved between defense and national requirements. As combat support agencies in the Secretary of Defense chain of command, military requirements receive an emphasis that could be lost under an alternate arrangement.

Questions Submitted by Senator Mark Dayton
presidential ``shoot-down'' authority

30. Senator Dayton. General Myers, was the presidential shoot-down request withheld from the pilots by the Northeast Air Defense Sector, as identified on page 43 of the 9/11 Commission report?

General Myers. The pilots were not informed of the presidential engagement authority. However, direct, positive command and control was maintained between the commanders and the pilots at all times on September 11, 2001, and the authority would have immediately been relayed had there been a target.

31. Senator Dayton. Secretary Rumsfeld, was there an investigation into the decision not to forward this order to the pilots? If an investigation or after-action review was conducted, identify the investigation/review officer and provide a written copy of the report to the committee for review.

General Myers. No, an investigation was not required and therefore not conducted into the decision regarding forwarding presidential engagement authority to the pilots.

32. Senator Dayton. Secretary Rumsfeld, a statement on page 17 of the 9/11 Commission report indicates that the Defense Department and National Command Authority considered the need to shoot down a commercial airliner prior to September 11, 2001:

``Prior to September 11, it was understood that an order to shoot down a commercial aircraft would have to be issued by the National Command Authority (a phrase used to describe the President and Secretary of Defense). Exercise planners also assumed that the aircraft would originate from outside the United States, allowing time to identify the target and scramble interceptors. The threat of terrorists hijacking commercial airliners within the United States--and using them as guided missiles--was not recognized by North American Air Defense Command (NORAD) before September 11.''

Did NORAD conduct exercises or develop scenarios, prior to September 11, 2001, to test a military reaction to an aircraft

hijacking which appeared destined to result in a suicide crash into a high-value target? If so, identify the five exercises conducted on, or immediately prior to September 11, 2001; include dates, participants, scenario, and synopsis of exercise results.

General Myers. Prior to September 11, 2001, NORAD exercises were not designed to exercise or develop procedures to shoot down civilian airliners. Pre-September 11 exercises were designed to practice command and control procedures, rules of engagement, external agency coordination and hijack shadow and/or escort procedures.

The following five exercise hijack events included a suicide crash into a high-value target. Synopses of exercise results are not available. They were discarded in accordance with DOD directives.

Exercise Name: Vigilant Guardian 01-1

Exercise Date: 23 Oct 00

Participants: HQ NORAD/Continental U.S. NORAD Region (CONR)/Sectors

Scenario: Weapons of Mass Destruction directed at the United Nations--an individual steals a Federal Express aircraft and plans a suicide attack on the United Nations Building in New York City.

Synopsis of actions: Conducted an interception, exercised command and control and coordinated with external agencies.

Exercise Name: Vigilant Guardian 01-1

Exercise Date: 16 Oct 00

Participants: HQ NORAD/Cheyenne Mountain Operations Center/CONR/
Canadian NORAD Region/Sectors

Scenario: Due to recent arrests involving illegal drug trafficking in Maine, an individual steals a Federal Express plane and plans a suicide attack into the United Nations Building in New York City.

Synopsis of actions: Exercised command and control, coordinated with external agencies and followed hijack checklists.

Exercise Name: Falcon Indian 99-3

Exercise Dates: 5 Jun 00

Participants: CONR/Sectors

Scenario: Learjet hijacked maintaining tight formation with Canadair airliner, loaded with explosives. Learjet planned to crash into the White House.

Synopsis of actions: Exercised command and control, coordinated with external agencies and followed hijack checklists.

Exercise Name: Falcon Indian 00-1

Exercise Dates: 5 Jun 00

Participants: CONR/Sectors

Scenario: Communist party faction hijacks aircraft bound from western to eastern United States. High explosives on board. Intends to crash into the Statue of Liberty.

Synopsis of actions: Cross-sector hand over. Exercised command and control, coordinated with external agencies and followed hijack checklists. Federal Aviation Administration requested assistance.

Exercise Name: Falcon Indian 00-1

Exercise Date: 6 Nov 99

Participants: CONR/Sectors

Scenario: China Air from Los Angeles to JFK airport hijacked east of Colorado Springs by five terrorists. If not intercepted, intends to crash into United Nations building.

Synopsis of actions: Cross-sector hand over. Exercised command and control, coordinated with external agencies and followed hijack checklists.

Questions Submitted by Senator Hillary Rodham Clinton
questions from the survivors of the victims of september 11

33. Senator Clinton. Secretary Rumsfeld and General Myers, before today's Armed Services Committee hearing, I attended a hearing of the Senate Governmental Affairs Committee where representatives of the September 11 families testified about the 9/11 Commission report. Specifically the Governmental Affairs Committee heard testimony from Mary Fetchet, the Founding Director, Voices of September 11 and Member, Family Steering Committee; Stephen Push, Co-Founder and Board Member, Families of September 11; and Kristen Breitwieser, Founder and Co-Chairperson, September 11 Advocates Member, Family Steering Committee. During that hearing, I asked the family representatives if they wanted me to ask you any questions during the hearing. They asked me to convey the following questions to you.

One family member stated it is unacceptable for the Department of Defense to claim it cannot both take care of the boots on the ground as well as reorganize their departments to be more effective, because al Qaeda and other terrorist groups are doing a thousand things at once. How would you respond to that concern?

Secretary Rumsfeld. The DOD has not taken such a position. To the contrary, that family member should be reassured that we are doing things simultaneously every day. We are deploying military forces to fight and win the global war on terrorism, we are transforming departmental organizations and capabilities to deal with the threats of the 21st century, and we are devoting extraordinary energy and resources to support the training, protection, health, welfare, and morale of the heroic men and women in uniform that so diligently serve their nation. I view these efforts as inseparable and mutually supporting. Each is a necessary component of and adjunct to the others.

General Myers. It is a fundamental responsibility of the Department of Defense to take care of servicemembers and their families while meeting our security obligations and ensuring we are prepared for the future. The Department dedicates the appropriate level of effort to every aspect of these responsibilities. This includes improving quality of life for families and assisting them in dealing with the demanding operational tempo of their servicemembers. It also includes ensuring that members of the military receive the best possible training and equipment available. At the same time, we are involved in an extensive effort to transform departments to be more effective. This effort is designed to prepare us to better succeed in the challenges we face today while ensuring the U.S. military is ready for the security challenges of the future.

34. Senator Clinton. Secretary Rumsfeld and General Myers, another family member asked you to imagine there is a NID as proposed by the Commission--what assurances does the Department of Defense need to be secure that the existence of a NID won't negatively effect military operations?

Secretary Rumsfeld. DOD must have the authority and capability to conduct or task, and to receive all-discipline information (HUMINT, SIGINT, GEOINT, etc.) and to return all-source analysis to support defense needs, including military operations.

General Myers. The Department of Defense relies extensively on national assets for the planning and execution of military operations. In an era with a NID, the Department needs processes and procedures that ensure the NID plans and budgets for those assets (material and manpower) required for military operations and operates them against priorities that support military planning and operations, including future threats that U.S. forces might someday face. We have worked hard over the years to ensure a mutually supportive relationship between the Secretary of Defense and the DCI. We must ensure this rapport is not harmed.

35. Senator Clinton. Secretary Rumsfeld and General Myers, another family member asked for an explanation of the protocols for the military and NORAD on September 11 with respect to the hijackings. Can you provide a description of NORAD's reaction on September 11?

Secretary Rumsfeld. In accordance with Department Defense directives in effect on September 11, NORAD was to monitor and report

the actions of any hijacked aircraft, as requested by the Federal Aviation Administration. We had procedures for potential air hijackings, which were based on the premise that a hijacked aircraft would be used for ransom or political purposes, not as a weapon.

General Myers. On the morning of September 11, NORAD was conducting a command post exercise and was postured for ``wartime conditions.'' Six minutes prior to the first attack on the World Trade Center, the Federal Aviation Administration informed NORAD of potential hijack of American Airlines Flight 11. Throughout the attacks of September 11, NORAD responded by launching fighter aircraft and instituting airspace controls. Immediately after the attacks, armed fighters flew around-the-clock air patrols. Within a 24-hour period, NORAD had over 400 aircraft airborne and on ground-based alert to prevent additional attacks.

dod intelligence

36. Senator Clinton. Secretary Rumsfeld and General Myers, although the 9/11 Commission largely focuses on national and strategic intelligence, tactical intelligence for military personnel on the ground and coordination among agencies to capitalize on that intelligence is also critical to winning the global war on terrorism. The 9/11 Commission report details the issues surrounding the use of the Predator unmanned aircraft to strike Osama bin Laden during the March to September 2001 timeframe. What caused the confusion that existed among CIA, OSD, and the Air Force regarding the authority to strike Osama bin Laden (detailed on pages 210-212 of the 9/11 Commission report)?

Secretary Rumsfeld. The 9/11 Commission report cites interviews with U.S. Government officials regarding discussions of the Predator during the March-September 2001 timeframe. Two main interagency policy issues arose regarding use of an armed version of the Predator, then in development: (1) whether DOD or CIA was liable for the costs associated with the operation, and (2) whether DOD or CIA should operate the system and other employment considerations (Was it legal to kill Osama bin Laden? Who would authorize strikes? Who would pull the trigger?).

General Myers. There appears to be a slight factual misunderstanding concerning this timeframe, since no armed Predators were in Afghanistan during March to September (armed Predators were being modified and tested through the summer of 2001). However, the 9/11 Commission report accurately captures the dynamic environment within the National Security Council during spring and summer 2001 as policy options were explored to counter the al Qaeda threat. The Air Force was already in the early stages of developing an armed Predator and had their first missile launch from a Predator in February 2001. As this technology was proving to be promising, CIA was considering the desirability of deploying this capability as soon as it was viable. While the technology was being developed and tested, the policy direction was being evaluated and crafted. As Director Tenet stated, ``this was new ground,'' and there were serious policy and statutory issues to reconcile. The open discourse and range of opinions captured in the 9/11 Commission report reflect a robust policy development forum for use of a new technology rather than confusion. There were no missed opportunities by unmanned Predators to strike Osama bin Laden during the period of policy resolution as the armed Predators were not yet ready for deployment.

37. Senator Clinton. Secretary Rumsfeld and General Myers, is there a clear determination on how this operation would happen if the opportunity presented itself again today?

Secretary Rumsfeld. Yes. By August 2002, a more detailed Concept of Operation and Memorandum of Agreement were established between DOD and CIA that resolve the lines of authority and implement decisionmaking on armed Predator operations.

General Myers. If the opportunity to strike Osama bin Laden presented itself today where we have military forces deployed, we have clear authority to act.

38. Senator Clinton. Secretary Rumsfeld and General Myers, are there clear rules of engagement and release authority for striking other targets that need immediate approval authority?

Secretary Rumsfeld. Yes, there are clear rules of engagement and release authority for striking other targets that need immediate approval authority.

General Myers. Yes. Combatant commanders (CBTCDRs) have been provided clear rules of engagement (ROE) and release authority to strike emerging and/or time sensitive targets. In broad terms, ROE promulgated to the CBTCDRs:

1. Clearly establishes the identity of hostile forces.
2. Identifies what type of force and/or weapons are authorized for use.
3. Identifies categories of targets and authorizes strikes against those targets.
4. Identifies areas of operation.
5. Defines high collateral damage targets and restrictions against those targets (if any).

[Deleted.]

39. Senator Clinton. Secretary Rumsfeld and General Myers, near the end of major combat operations in Afghanistan it appeared as if Osama bin Laden was restricted to the Tora Bora mountains and possibly within our grasp. Did readily available intelligence get to the soldiers on the ground quickly to possibly assist them in his capture or were there problems with the tactical intelligence provided to our forces that helped him escape?

Secretary Rumsfeld. Joint Task Forces conducting combat operations routinely utilize all intelligence data provided by both defense and national intelligence entities. These range from tactical reconnaissance data gathered by maneuver forces, to DOD airborne ISR platforms, to geospatial and other overhead collection capabilities. DOD has made significant strides in recent years in ensuring that tactically relevant data, from both defense and national sources, is pushed to the lowest echelon of military units as rapidly as possible, and many of those capabilities were employed in the Tora Bora operation (e.g. live overhead video feeds of the tactical engagements were used by multiple tactical consumers across the depth of the battlespace). While we acknowledge that more work needs to be done to make this intelligence sharing and distribution even more robust in the future, there is no reliable way for DOD to calculate whether the survival of a given combatant is a direct or indirect result of a particular intelligence shortfall. Tactical engagements, particular ground combat, are far too chaotic and complex for such links to be drawn.

General Myers. At that point in our Afghanistan operations, all-source intelligence reports gave us a high level of confidence that Osama bin Laden was in the Tora Bora area; however, his presence there was never confirmed. Tora Bora quickly became CENTCOM's main operational effort and the primary focus of all national, DOD and CENTCOM intelligence collection and reporting. From CENTCOM's Tampa headquarters, CENTCOM J-2 and J-3 operated a co-located operations and intelligence fusion cell that provided direct and continuous support to the forces deployed in the Tora Bora area. Intelligence fusion was facilitated by interagency, special operations, and other government agency representation in the Tampa cell that was reporting directly to the commanders on the ground in Tora Bora. Intelligence dissemination to U.S. forces was continuous and direct, bypassing other layers of command in order to enhance the agility of the warfighter.

Questions Submitted by Senators Mark Dayton and Hillary Rodham Clinton
norad's performance on september 11

40. Senator Dayton and Senator Clinton. Secretary Rumsfeld, we have a question posed by April Gallop, a September 11 survivor, that we would like answered for this hearing's record. Your testimony on August

17, 2004, indicates the North American Air Defense Command's mission structure on September 11, 2001, was designed to defend our country from external threats. Was an investigation or after-action review conducted regarding NORAD's activities/actions on September 11, 2001? If an investigation or after-action review was conducted, identify the date of investigation, the investigating/review officer, and provide a written copy of the report to the committee for review.

Secretary Rumsfeld. The Department of Defense did not conduct an after-action review regarding NORAD's actions on September 11, 2001. However, during the course of the 9/11 Commission's investigation, NORAD provided thousands of documents and numerous personal accounts of NORAD's response to the terrorist attacks. In the aftermath of September 11, NORAD has strengthened its ability to detect, assess, warn, and defend against threats to North America. Today, NORAD forces remain at a heightened readiness level. Pilots fly irregular air patrols over metropolitan areas and critical infrastructure facilities. NORAD has partnered with the FAA to enhance its ability to monitor air traffic within the interior of the country. We have established a system of conference calls to facilitate the sharing of information among the White House, DOD, FAA, U.S. Customs, and law enforcement agencies. In addition, the President and the Secretary of Defense have approved rules of engagement to deal with hostile acts within domestic airspace.

41. Senator Dayton and Senator Clinton. General Myers, who was held accountable for NORAD's inability to effectively respond to the airline hijackings and FAA response requests?

General Myers. The military chain of command is accountable for NORAD's actions on September 11. However, no disciplinary measures are warranted. Prior to September 11, NORAD's aerospace warning and control missions were oriented and resourced to detect and identify all air traffic entering North American airspace. On the morning of the attacks, existing rules of engagement provided no guidance for civilian aircraft participating in, or with clear intent to participate in, an attack against our Nation. As the September 11 attacks unfolded, NORAD responded immediately with fighters and appropriate airspace control measures. Unfortunately, due to late notification and the constraints of time and distance, they were unable to influence the tragic circumstances.

[Whereupon, at 2:35 p.m., the committee adjourned.]