

NOMINATION OF ROBERT M. GATES

HEARINGS

BEFORE THE

SELECT COMMITTEE ON INTELLIGENCE

OF THE

UNITED STATES SENATE

ONE HUNDRED SECOND CONGRESS

FIRST SESSION

ON

NOMINATION OF ROBERT M. GATES, TO BE DIRECTOR OF CENTRAL
INTELLIGENCE

SEPTEMBER 24, OCTOBER 1, 2, 1991

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APPENDIX

WEDNESDAY, SEPTEMBER 25, 1991

The hearing was held on Sept. 25, 1991, in closed session in room SH-219, Hart Senate Office Building, Washington, DC. The sanitized transcript of the hearing was subsequently incorporated as an appendix to the open hearings held on Oct. 1, 2, 1991, by order of the Chairman, Senator David L. Boren	623
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NOMINATION OF ROBERT M. GATES TO BE DIRECTOR OF CENTRAL INTELLIGENCE

TUESDAY, SEPTEMBER 24, 1991

U.S. SENATE,
SELECT COMMITTEE ON INTELLIGENCE,
Washington, DC.

The Select Committee met, pursuant to notice, at 9:43 a.m., in room SH-216, Hart Senate Office Building, the Honorable David L. Boren, Chairman of the Committee, presiding.

Present: Senators Boren, Nunn, Bradley, Cranston, Metzenbaum, Murkowski, D'Amato, Danforth, Rudman, Gorton, Chafee and Cohen.

Also present: George Tenet, Staff Director; John Moseman, Minority Staff Director; Britt Snider, Chief Counsel and Kathleen McGhee, Chief Clerk.

Chairman BOREN. The hearing will come to order. I want to make a few comments about the schedule before we proceed this morning. Today, we will hear from the last of our outside witnesses concerning what they know of Mr. Gates' involvement in the Iran-Contra affair: Mr. Charles Allen and Mr. Richard Kerr. Mr. Allen will be our first witness.

It is impossible, as I have learned, to determine how long testimony will take, and how long questioning will take. But I would not anticipate that this testimony would take the entire day. If it does not take the entire day, the Committee will then move this afternoon into closed session to deal with the topics involving classified information.

These topics include the allegation of politicizing intelligence and also questions of intelligence sharing with other countries and whether that intelligence sharing has been appropriate. We have touched on some of these subjects in open session. We have not been able to pursue them because the information has not been declassified and in some cases remains highly sensitive.

As I have stated before, it is our intent to publish a transcript of the closed session on politicizing intelligence as a part of our hearing record after we have had the Executive branch delete classified information that may have been mentioned. We want to make sure that we make as public as possible any information which would have bearing on the qualifications and fitness of this nominee to serve.

We will continue these closed sessions on Wednesday, hopefully completing our work on classified matters. It is possible that we may call the nominee back to come before the Committee again in

closed session on matters that are classified and then we should be able to reconvene on Thursday morning in public session with the nominee. This will give Members a chance to ask any questions about matters that may have arisen in the course of the hearings in either or both of the open or closed sessions. I hope that it will also give us an opportunity to really focus on some of the issues involved with the future of intelligence.

Of necessity in order to meet our goal to be both thorough and fair, it's been necessary for us to look back into the past in great detail. But it is obviously critically important that we focus sufficiently on the future, sweeping changes that will be coming in the Intelligence Community and try to make our own assessment of whether or not this nominee is equipped to lead the changes that are going to be necessary in the Intelligence Community as we look ahead toward preparing this country for the next century.

That should enable us to complete our hearings and to complete this process sometime this week. But we are not going to put ourselves under any artificial time table. We will take as long as we need to take. As long as Members of this Committee have questions that they wish to pursue and sincerely feel that they need to have answered before we can complete our process, those members will have an opportunity to ask those questions and to seek information, to seek documents and any other material which they think might be relevant.

Our next witness this morning is Charles E. Allen, currently National Intelligence Officer for Warning. Mr. Allen has served with the CIA since 1958 in a variety of positions, with most of his experience coming in the Directorate of Intelligence on the analysis side. On detail to the Department of Defense from 1982 until 1985, Mr. Allen was asked by Director Casey to return to the CIA to become the National Intelligence Officer for Counterterrorism and Narcotics. It was in this capacity that Mr. Allen became involved with what came to be known as the Iran-Contra Affair. As National Intelligence Officer, Mr. Allen reported directly to Mr. Gates when he was DDI and also when he was Chairman of the National Intelligence Council. He continued to update Mr. Gates on the Iran arms sales after he became DDCI in mid-April in 1986.

Indeed, Mr. Allen was the principal conduit of information to Mr. Gates concerning this operation. Mr. Allen had principal responsibility along with operations officers, George Cave and Near-East Division Chief Tom Twetten, for providing CIA support to the Iranian arms sale and hostage release efforts directed by the National Security Council.

In the summer of 1986, it was Mr. Allen who first reported his suspicions that proceeds from the arms sale to Iran might have been used to support the Contras. First to Mr. Kerr, at that time the Deputy Director for Intelligence in late August, and later on October 1st 1986, to Mr. Gates personally and directly.

Mr. Allen, you were obviously a pivotal figure in all of this, particularly with respect to the CIA's knowledge of and involvement in the Iran operation. I mentioned earlier in my opening comments at the beginning of our hearings that your deposition with the Iran-Contra Committee ran over a thousand pages. I have also indicated that I hope that your testimony now will not have to run

over a thousand pages. We will try to focus our inquiry as best we can with our questions today on matters that have direct relevance to the qualifications of this nominee to serve as Director of the Central Intelligence Agency.

We welcome you here today. We appreciate your immense cooperation in helping us and to share with us not only your knowledge of the facts in this matter but also the perspectives that you have gained through a very wide ranging and very distinguished professional career at the Agency.

As with all of our witnesses in a confirmation process, I would ask that you stand and be sworn.

Would you please raise your right hand.

Do you Charles E. Allen, solemnly swear that the testimony that you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ALLEN. I do.

Chairman BOREN. Thank you. You may be seated. I would ask our photographers to clear the well.

Mr. Allen, we welcome you. Do you have any opening remarks that you would like to make?

TESTIMONY OF CHARLES E. ALLEN, NATIONAL INTELLIGENCE OFFICER FOR WARNING

Mr. ALLEN. Yes. Mr. Chairman, and thank you very much for your kind introduction. I would like to place into the record a statement this morning which responds to your letter to me of 11 September 1991. And I'll try to present the events in a way that provides chronological order, so we can have a sense of continuity of how I recall events as they occurred.

Chairman BOREN. Thank you very much. And we will receive your full statement into the record.

[The statement of Mr. Allen follows:]

STATEMENT OF CHARLES E. ALLEN

Mr. Chairman, Mr. Vice Chairman, members of the committee, I am pleased to enter this statement into the record which responds to the questions raised in your letter to me of 11 September 1991. I will try to present the information in chronological order to provide a sense of continuity.

I currently serve the Director of Central Intelligence as his national intelligence officer for warning, focusing on threats of U.S. security worldwide. During the time of the Iranian initiative, which is the focus of the committee's letter, I served as the National Intelligence Officer for Counterterrorism. Additionally, from December 1985 until March 1987, I was Director of the DCI Hostage Location Task Force, and from February 1986 I served as Chief of Intelligence of CIA's counterterrorism center. In these capacities, I worked closely with senior intelligence and policy officials throughout the Government, although I worked most closely with the NSC staff. The principal official in the NSC responsible for coordinating U.S. counterterrorism policies at the time was Lt. Col. Oliver L. North.

I was involved in the White House Iranian initiative from September 1985 until it became publicly known in November 1986. I view the initiative and my involvement in it as essentially three phases. The first, from early September 1985 until 17 January 1986 when the presidential finding was signed; the second from January 1986 until the end of May 1986 when the McFarlane trip to Tehran ended in failure; and the third from June 1986 until November 1986, when Attorney General Meese announced that some of the proceeds from the sale of arms to the Iranian Government had been diverted to support the Contras in Central America.

During the first phase, when there was no Presidential finding, I was asked by Lieutenant Colonel North to coordinate the collection of intelligence on the Iranian

initiative and to protect closely this White House effort. During this period, I kept Mr. Casey and Mr. McMahon fully informed on the intelligence collected. Moreover, some of the intelligence was provided to Mr. Clair George, the Deputy Director of Operations. In keeping with Lieutenant Colonel North's Instructions, I did not inform Mr. Gates, even though he was technically my immediate supervisor as Chairman of the National Intelligence Council. During the period September 1985 until January 1986, I never once mentioned this activity or my role in it to Mr. Gates, although I learned after the initiative became public that he may have had some knowledge of it in December 1985.

My first direct contact with Mr. Gates on the Iranian initiative came after the Presidential finding was signed on 17 January 1986. Shortly after that date, Mr. Gates called me on the secure telephone to request that I work with analysts in the directorate of intelligence to provide a limited amount of intelligence on Iraq to the Government of Iran. He stated that the provision of the data on Iraq was in response to a White House request and he directed that I ensure that the data provided would give no significant advantage to the Iranian military. When the project was completed and I was preparing to take the intelligence to London for passage to Mr. Manucher Ghorbanifar—the Iranian intermediary in contact with officials in Tehran—I recall that both Mr. McMahon and Mr. Gates had reservations about passing intelligence to the Government of Iran, although they recognized that the White House wanted the intelligence passed quickly to Tehran and that Director Casey supported this action.

Throughout the winter and spring of 1986, I occasionally briefed Mr. Gates on the status of the initiative and provided him with some—but not all—of the intelligence that was being collected. Mr. Gates, who by May 1986 had advanced to the position of deputy director, was particularly interested in the McFarlane trip to Tehran. As I recall, Mr. Gates was as surprised as I when the White House—evidently with encouragement from Israel—continued the initiative even though the McFarlane trip had ended in total failure.

From June 1986, I continued to track carefully the progress of the White House effort. By then, serious difficulties had begun to emerge because Mr. Ghorbanifar had been unable to pay his creditors. Intelligence concluded that the Iranian Government had not compensated him for the Hawk spare parts, only a portion of which had been delivered to Tehran. Mr. Ghorbanifar had promised on 15 May 1986, when financing for the Hawk spare parts had been arranged, to repay his creditors \$15m within 30 days—at 20 percent interest. I became aware in July that White House and U.S. Intermediaries, Mr. Albert Hakim and Maj. Gen. (Ret.) Richard Secord, were actively seeking what was characterized as a “more direct and reliable” second channel to the Iranian Government, than the first channel represented by Mr. Ghorbanifar. I also learned that progress was being made in this endeavor.

From late June and until the third week of July when there was a disruption in the flow of intelligence, I was able to determine that the Iranian Government officials involved in the first channel were complaining rather strongly about the prices being charged for the Hawk spare parts—80 percent of which were still in Israel awaiting delivery. The principal Iranian official involved asserted that Iran was being overcharged 500–600 percent and that he could prove it because Iranian arms procurement agents had a microfiche that listed the base price for the missile parts. When I brought this matter to the attention of Lieutenant Colonel North, he insisted that it was Mr. Ghorbanifar who was principally responsible for the overpricing but, at the same time, directed that I inform Mr. Ghorbanifar and Mr. Amiram Nir, the special assistant for counterterrorism to the Prime Minister of Israel, that the costs were high because U.S. production lines had to be reopened and that some parts had to be repurchased from the third countries which had received the Hawk air defense system from the United States. I had difficulty at the time understanding why Lieutenant Colonel North was telling me to use such patently false stories with Mr. Ghorbanifar. The pricing impasse worsened, even after Father Lawrence Jenco was released by his captors on 26 July 1986 and the remainder of the Hawk spare parts were flown into Tehran in early August. The senior Iranian official involved insisted that his government would not pay such an exorbitant sum for the air defense equipment.

In mid-August 1986, I was told that a second channel to the Iranian Government was about to be opened, following successful secret talks between Mr. Hakim and Major General Secord and Iranian officials in Brussels. Shortly after, I received a rather frantic telephone call from Mr. Ghorbanifar who was greatly agitated, stating that he was being harassed by creditors and that the impasse over pricing was not his fault because his commission for the transaction averaged only a 41 percent markup. He then provided very detailed prices on what he was being charged for

specific parts and equally precise data on the commission that he was charging. His information was generally consistent with intelligence on the financial arrangements involving the shipment of the Hawk spare parts. Mr. Nir also called to support strongly Mr. Ghorbanifar's claims; he emphasized that he too could not understand such a major markup in the prices.

Because I knew Mr. Hakim and Major General Secord were deeply involved in "private efforts" to support the Contras, I found it more than interesting that they also controlled the new channel to Iran. It then occurred to me that the pricing problem might be with U.S. parties rather than Mr. Ghorbanifar or Iranian officials in Iran. I suspected that the Iranians were being deliberately overcharged and that profits from the arms sales were being used to support the Contras. I shared my suspicions with Mr. George Cave, who was then working out of my office, and with Mr. Duane (Dewey) Clarridge, chief of CIA's counterterrorism center. I expressed concern to both over the rapidly eroding operational security of the initiative and stated that mixing two separate operations was fraught with danger.

On my own initiative, I met with Mr. Richard Kerr, who at the time was Deputy Director of Intelligence. I briefed him on the status of the NSC initiative, expressing alarm over the project's lack of operational security and the international fallout that could occur if it was exposed. I pointed out that no arrangements were being made to shut down effectively the first channel—the Ghorbanifar link to the Iranian Government. I also described the pricing impasse that existed, including the fact that intelligence showed that the Iranians in Tehran believed they were being grossly overcharged by agents acting for the U.S. Government. I further stated that it appeared that the overpricing was deliberate and that I believed proceeds obtained from the arms sales to Iran were being diverted to support Contra forces in Nicaragua although I lacked hard evidence to confirm this. I cited a number of indicators that a diversion might be occurring, noting that Mr. Albert Hakim and Major General Secord were totally managing the second channel and that they were also key individuals in the so-called private efforts to support the Contras in Central America. After I had detailed my concerns, Mr. Kerr asked that I keep him informed of future developments.

In September 1986, the NSC continued to move swiftly to establish the second channel to Tehran. On 9 September, while I was at the old Executive Office Building, Lieutenant Colonel North informed me that Vice Admiral Poindexter had approved the second channel and that the Ghorbanifar channel would be shut down immediately. When I pointed out that Mr. Ghorbanifar might object to this arrangement, Lieutenant Colonel North responded that he might have to raise \$4 million to pay off Mr. Ghorbanifar. When I asked Lieutenant Colonel North where he would get such a large amount of money, he stated that he would have to take it from "the reserve." This statement reinforced my view that excess profits probably were being realized from the arms sales to Iran and that these funds were available for other projects, including supporting the Contras in Central America.

Troubled by these developments, I saw Mr. Gates on 1 October 1986. I expressed concern to Mr. Gates over the problems with the White House-directed initiative and its eroding operational security. I explained how the Ghorbanifar channel was being shut down and a second link to Tehran established. But I commented that I was not certain of the reliability of the new channel and noted that the first channel was a "running sore" because no one had bothered to tell Mr. Ghorbanifar that this channel would be closed. I said I believed exposure of the initiative could be imminent.

I told Mr. Gates that I was concerned about one other aspect over the Iranian initiative—the impasse over the price of the arms being sold to the Iranians. I said that I could not prove it, but I thought that proceeds from the arms sales might have been diverted to support the Contras in Central America. I recall in the context of that meeting:

Describing the impasse over the pricing of the Hawk spare parts and the refusal of the Iranian Government officials involved to pay for the parts because the price was "five or six times" their actual cost.

Noting the desperate financial straits of Manucher Ghorbanifar and his "frantic" call to me in August 1986 in which he insisted that his commission on the price of the Hawk spare parts averaged only about 40 percent.

Mentioning Lieutenant Colonel North's reference to "the reserve" in his conversation with me on 9 September 1986, an indication that substantial profits were being accrued from the arms sales to Iran.

Pointing out that Mr. Hakim and Major General Secord directly controlled the second channel to Iran and, at the same time, evidently also were principals in-

volved in the so-called private effort to aid the Contra struggle against the Sandinista regime in Nicaragua.

I said that I could not prove that a diversion was occurring but my analysis indicated that could be the case. Mr. Gates appeared startled and disturbed that the White House would involve itself in such a dubious activity, but then stated that this was potentially very serious and directed that I brief Director Casey immediately.

I met with Mr. Casey on 7 October; Mr. Gates also attended. I briefed Mr. Casey on the pricing impasse, the discrepancy between what the Iranians and Mr. Ghorbanifar thought was a reasonable price and what U.S. intermediaries evidently were charging for the Hawk spare parts. I further explained the key roles being played by Mr. Hakim and Major General Secord in managing the new channel to Iran and conducting activities in Central America in support of the Contras. I stated that this was one of several factors that had left me to conclude that profits obtained from the arms sales were going to the Contras, although I lacked direct proof. At this meeting, Mr. Gates shared my concern about a possible diversion and indicated that the issue needed to be pursued. Mr. Casey seemed surprised by my statements and asked me to put my concerns in writing, which I agreed to do.

On 13 October (Columbus Day) I wrote these concerns in a memorandum that presented the objectives of the Iranian initiative, delineated problems involved with it, noted that a "disaster of major proportions" was looming, and offered some recommendations that would, in essence, have created a panel of outside experts to perform a zero-based review of the effort. I did not refer specifically to my judgment that money from the Iranian arms sales possibly had been diverted to the Contras. Rather I stated that allegations might be made by Mr. Ghorbanifar that "the Government of the United States, along with the Government of Israel, acquired a substantial profit from these transactions, some of which profit was redistributed to other projects of the U.S. and of Israel." I was deliberately more oblique in addressing possible illegalities involving U.S. parties. I was hesitant to allege in writing that senior-level White House officials directing the project, including the National Security Adviser, were engaged in highly questionable, if not illegal activities. I had reached an analytic judgment—based on a number of indicators—that a diversion was occurring but I lacked hard, documentary evidence. To make such an allegation bluntly in writing did not seem prudent.

I was particularly concerned about Mr. Casey's potential use of this memorandum. Therefore, I expressed my concerns over possible "illegalities" in an indirect manner. Mr. Casey, in fact, did what I thought he would do. He, along with Mr. Gates, took the memorandum to Vice Admiral Poindexter, went over it with him in detail, and left it with him. He also told Vice Admiral Poindexter that "Charlie Allen had prepared it." Retrospectively, I believe the approach I took at the time was the appropriate one, given the evidence available to me. I conveyed my concerns orally to both the Director and Deputy Director and raised major concerns about the entire project in a detailed memorandum. The memorandum, moreover, was shown to other senior officials including Mr. Cave, Mr. Clarridge, and Mr. Thomas Twetton, a senior official in the Directorate of Operations. In view of the lack of confirming evidence, I was concerned about alleging illegalities in an initiative that directly involved the President. I firmly believed then that I had provided the necessary warning to the most senior officials.

My next involvement with this issue occurred on 16 October when I was called to Mr. Casey's office; Mr. Gates was also present. Mr. Casey recounted that he had taken my memorandum to Vice Admiral Poindexter and that he had advised the admiral to get the White House Counsel involved, since problems with the initiative had begun to surface. Mr. Casey further stated that he had been contacted by a Mr. Roy Furmark, an old business associate in New York. He said that Mr. Furmark had telephoned him on 9 October to state that Mr. Furmark was representing Mr. Adnan Khashoggi who had helped to finance the sale of the Hawk missile parts to Iran. Mr. Khashoggi was being hounded by Canadian financial backers who wanted payment owed them for their part in the transaction. Mr. Casey noted that Mr. Furmark's comments only reinforced the need to pursue the issue and asked that I meet immediately with Mr. Furmark. He proceeded to arrange for Mr. Furmark to fly to Washington that day where I met with him in Mr. Casey's office in the old Executive Office Building.

In this meeting (16 October 1986), to my surprise, Mr. Furmark possessed detailed knowledge of the Iranian initiative, including data on the arms transactions. He also indicated that the operation was rapidly spinning out of control and would soon become public knowledge if something was not done quickly to compensate the Canadian financiers who had backed Mr. Khashoggi. Unfortunately, Mr. Furmark had

to return to New York before we could completed our discussions. He made no mention of any diversion of profits from the arms sales to Iran. I summarized my meeting with Mr. Furmark in a memorandum on 17 October and sent it to Mr. Casey and Mr. Gates. I do not know if Mr. Gates ever saw this memorandum because about the same time it was prepared he left the country on a two-week trip overseas.

At Mr. Casey's direction, I saw Mr. Furmark on two subsequent occasions. Mr. Cave and I traveled to New York on 22 October and extensively debriefed Mr. Furmark that evening. In this session, Mr. Furmark stated he and Mr. Khashoggi had been told by Mr. Ghorbanifar that he believed profits from the \$15 million used to finance the sale of the Hawk missile parts had been earmarked for the Contras in Central America. Mr. Cave and I briefed Mr. Casey on this allegation the next day and prepared a summary of the meeting for him to send to Vice Admiral Poindexter. Mr. Gates was traveling when this memorandum was written, and I am not certain whether a copy was ever made available to him, especially since Mr. Casey failed to transmit the memorandum to Vice Admiral Poindexter because it fell into the "wrong inbox." I remember how personally distressed Mr. Casey was on 23 November when he discovered that the memorandum had not been sent. I met Mr. Furmark on one other occasion, on 6 November 1986. In this conversation, Mr. Furmark again asserted that the Canadian backers of Mr. Khashoggi believed that proceeds from the sale of arms to Iran might have been diverted to support the Contras. I again recorded this fact in a memorandum of conversation of 7 November and sent it to both Mr. Casey and Mr. Gates. I believe Mr. Gates saw this memorandum, and I recall discussing it with him but I cannot recall the specifics of our conversation. Between this date and the week of 17 November, I cannot recall discussing the Iranian initiative with Mr. Gates. During part of this period, however, I would have been unavailable because I was traveling overseas.

During the week of 17 November, I and other senior Agency officials were struggling to pull together the facts about the Agency's involvement in the White House-directed initiative, in preparation for Mr. Casey's appearance before the Congress. It was an extremely frustrating process because no one officer had all the details; few records had been kept; officials had different recollections over what had occurred over the past fourteen months; several offices were developing chronologies, each of which was at variance with the others in some respects; and no one seemed really in charge of pulling all of the disparate aspects of the Agency's involvement together in a coherent manner. We were also under constraints because Lieutenant Colonel North and members of his staff constantly reminded us that the initiative to free the American hostages in Lebanon was continuing and that every effort must be taken to avoid actions that could bring it to an untimely end—possibly with loss of life among the hostages and the Iranians with whom the United States was in contact. These constraints weighed heavily over the key officers preparing of the testimony and especially weighed heavily over me because I had worked extremely hard with the intelligence community to locate and determine the condition of U.S. hostages in Lebanon. The last thing that I wanted to do was to endanger the lives of our hostages or the Iranians with whom we were in contact.

In hindsight, those of us who thought that a diversion had occurred should have raised it during the preparation of Mr. Casey's testimony. I considered raising the matter on the afternoon of 20 November 1986 when we met in the DCI conference room with Mr. Casey to go over the draft testimony. I felt inhibited by the presence of a large number of officials—some of whom had just learned of this highly sensitive effort. I was also uncertain how to characterize the allegations of diversion, especially since the initiative was directed from the White House and since the evidence I had was still circumstantial. I believed I had already discharged my proper responsibility. I had raised the possible diversion with Mr. Casey and Mr. Gates. Mr. Casey knew of my meetings with Mr. Furmark, and I believed he had read the memoranda that I had prepared on the meetings. Mr. Gates was at least aware that I had met with Mr. Furmark who was warning that the initiative was about to be exposed.

Even though the issue of diversion of profits made from the arms sales to Iran was not included in Mr. Casey's testimony, I did not consider the issue closed, nor did, I believe, either Mr. Casey or Mr. Gates. Both has encouraged me to pursue questions about improprieties relating to the initiative. A small number of senior CIA officers were privy to my memoranda. No one, besides Mr. Casey and Mr. Gates, encouraged me to pursue the issue.

In preparing Mr. Casey's testimony, both I and other Agency officials served Mr. Casey and Mr. Gates poorly. We presented the principal aspects of the Agency's support before and after the Presidential finding of 17 January 1987. In the luxury of

hindsight, it is easy to cast stones at our efforts but, in the confusion of the time, I believe Agency officials generally tried to present accurately what was known at the time. Specific details could and should have been added. The flawed testimony reflected compartmentation of the initiative, Lieutenant Colonel North's admonition that the initiative was continuing and that lives were at stake, and the rush to try to get just the basic facts together.

Finally, I have no knowledge and no indication whatsoever that either Mr. Casey or Mr. Gates were at the time deliberately withholding information relating to the Iran-Contra affair. To the contrary, I believe that both were troubled by the White House initiative and by the Agency's support role, especially since the Agency was uniformed even to the end about some aspects of the operation. I believe both Mr. Casey and Mr. Gates attempted to prepare factual statements for Congress. They both recognized, however, that their statements would not be the final word and that more information would become available as Agency officers continued their efforts to assemble a basic chronology of what had occurred over the past fifteen months.

Mr. ALLEN. Thank you sir.

Senator METZENBAUM. Does Mr. Allen know that if he wants to read his entire statement in the record publicly, he is certainly at liberty to do so, and welcome to do so?

Mr. ALLEN. Thank you sir. I very much would like to do that.

Chairman BOREN. The Chair would indicate that we want you to give us as much information—do not feel that you have to abbreviate anything that you think that the Committee should hear.

Mr. ALLEN. Thank you sir. During the time of the Iranian initiative, which is the focus of the Committee's letter, I served as the National Intelligence Officer for Counterterrorism. Additionally, from December 1985 until March 1987, I was Director of the DCI Hostage Location Task Force and from February 1986 until March 1987, I served as Chief of Intelligence of CIA's Counterterrorism Center.

In these capacities I worked closely with senior intelligence and policy officials throughout the government, although I worked most closely with the NSC staff. The principal officer in the NSC responsible for coordinating counterterrorism policies at the time, was Lieutenant Colonel Oliver L. North.

I was involved in the White House Iranian initiative from September 1985 until it became publicly known in November 1986. I view the initiative and my involvement in it as essentially three phases. The first, from early September 1985 until 17 January 1986 when the Presidential Finding was signed, the second from January 1986 until the end of May 1986 when the McFarlane trip to Tehran ended in failure, and the third from June 1986 until November 1986, when Attorney General Meese announced that some of the proceeds from the sale of arms to the Iranian government had been diverted to support the Contras in Central America.

During the first phase, I was asked by Lieutenant Colonel North to coordinate the collection of intelligence on the Iranian initiative and to protect closely this White House effort. During this period, I kept Mr. Casey and Mr. McMahon fully informed on the intelligence collected. Moreover, some of the intelligence was provided to Mr. Clair George, the Deputy Director of Operations. In keeping with Lieutenant Colonel North's instruction, I did not inform Mr. Gates, even though he technically was my immediate supervisor as Chairman of the National Intelligence Council. During the period September 1985 until January 1986, I never once mentioned this

activity or my role in it to Mr. Gates, although I've learned after the initiative became public that he may have had some knowledge of it in December 1985.

My first direct contact with Mr. Gates on the Iranian initiative came after the Presidential Finding was signed on 17 January 1986. Shortly after that date, Mr. Gates called me on the secure telephone to request that I work with analysts in the Directorate of Intelligence to provide a limited amount of intelligence on Iraq to the government of Iran. He stated that the provision of the data on Iraq was in response to a White House request and he directed that I ensure that the data provided would give no significant advantage to the Iranian military. When the project was completed and I was preparing to take the intelligence to London for passage to Mr. Manucher Ghorbanifar, the Iranian intermediary in contact with officials in Tehran, I recall that both Mr. McMahon and Mr. Gates had reservations about passing intelligence to the government of Iran, although they recognized that the White House wanted the intelligence passed quickly to Tehran and that Director Casey supported this action.

Throughout the winter and spring of 1986, I occasionally briefed Mr. Gates on the status of the initiative and provided him with some, but not all, of the intelligence that was being collected. Mr. Gates, who by May 1986 had advanced to the position of Deputy Director, was particularly interested in the McFarlane trip to Tehran. As I recall, Mr. Gates was as surprised as I when the White House, evidently with encouragement from Israel, continued the initiative even though the McFarlane trip had ended in total failure.

From June 1986, I continued to track carefully the progress of the White House effort. By then, serious difficulties had begun to emerge because Mr. Ghorbanifar had been unable to pay his creditors. Intelligence concluded that the Iranian government had not compensated him for the HAWK spare parts, only a portion of which had been delivered to Tehran. Mr. Ghorbanifar had promised on 15 May 1986, when financing for the HAWK spare parts had been arranged, to repay his creditors fifteen million dollars within 30 days, at 20 percent interest. I became aware in July that the White House and U.S. intermediaries, Mr. Albert Hakim and Major General, retired, Richard Secord, were actively seeking what was characterized as a more direct and reliable second channel to the Iranian government, than the first channel represented by Mr. Ghorbanifar. I also learned that progress was being made in this endeavor.

From late June until the third week of July when there was a disruption in the flow of intelligence, I was able to determine that the Iranian government officials involved in the first channel were complaining rather strongly about the prices being charged for the HAWK spare parts, 80 percent of which were still in Israel awaiting delivery. The principal Iranian official involved asserted that Iran was being overcharged by 500 to 600 percent and that he could prove it because Iranian arms procurement agents had a microfiche that listed the base price for the missile parts. When I brought this matter to the attention of Lieutenant Colonel North, he insisted that it was Mr. Ghorbanifar who was principally re-

sponsible for the overpricing. But, at the same time, directed that I inform Mr. Ghorbanifar and Mr. Amiram Nir, the special assistant for counterterrorism to the Prime Minister of Israel, and who in essence acted as Ghorbanifar's case officer, that the costs were high because U.S. production lines had to be reopened and that some parts had to be repurchased from the third countries which had received the HAWK air defense system from the United States. I had difficulty at the time understanding why Lieutenant Colonel North was telling me to use such patently false stories with Mr. Ghorbanifar. The pricing impasse worsened, even after Father Lawrence Jenco was released by his captors on 26 July 1986 and the remainder of the HAWK spare parts were flown into Tehran in early August. The senior Iranian official involved insisted that his government would not pay such an exorbitant sum for the air defense equipment.

In mid-August, I was told that a second channel to the Iranian government was about to be opened, following successful secret talks between Mr. Hakim and Major General Secord and Iranian officials in Brussels. Shortly after, I received a rather frantic telephone call from Mr. Ghorbanifar who was greatly agitated, stating that he was being harassed by creditors and that the impasse over pricing was not his fault because his commission for the transaction averaged only a 41 percent markup. He then provided very detailed prices on what he was being charged for specific parts and equally precise data on the commission he was charging. His information was generally consistent with intelligence on the financial arrangements involving the shipment of the HAWK spare parts. Mr. Nir also called to support strongly Mr. Ghorbanifar's claims. He emphasized that he too could not understand such a major markup in the prices.

Because I knew Mr. Hakim and Major General Secord were deeply involved in private efforts to support the Contras, I found it more than interesting that they also controlled the new channel to Iran. It then occurred to me that the pricing problem might be with U.S. parties rather than Mr. Ghorbanifar or the Iranian officials in Iran. I suspected that the Iranians were being deliberately overcharged and that profits from the arms sales were being used to support the Contras. I shared my suspicions with Mr. George Cave, who was then working out of my office, and with Mr. Duane Dewey Clarridge, Chief of CIA's Counterterrorism Center. I expressed concern to both over the rapidly eroding operational security of the initiative and stated that mixing two separate operations was fraught with danger.

On my own initiative, I met with Mr. Richard Kerr, who at the time was Deputy Director of Intelligence. I briefed him on the status of the NSC initiative, expressing alarm over the project's lack of operational security and the international fallout that could occur if it was exposed. I pointed out that no arrangements were being made to shut down effectively the first channel, the Ghorbanifar link to the Iranian government. I also described the pricing impasse that existed, including the fact that intelligence showed that the Iranians in Tehran believed they were being grossly overcharged by agents acting for the United States Government. I further stated it appeared that the overpricing was deliberate and

that I believed proceeds obtained from the arms sales to Iran were being diverted to support Contras forces in Nicaragua, although I lacked hard evidence to confirm this. I cited a number of indicators that a diversion might be occurring, noting that Mr. Albert Hakim and Major General Secord were totally managing the second channel and that they were also key individuals in the so-call private efforts to support the Contras in Central America. After I had detailed my concerns, Mr. Kerr asked that I keep him informed on future developments.

In September 1986, the NSC continued to move swiftly to establish the second channel to Tehran. On 9 September, while I was at the Old Executive Office Building, Lieutenant Colonel North informed me that Vice Admiral Poindexter had approved the second channel and that the Ghorbanifar channel would be shut down immediately. When I pointed out that Mr. Ghorbanifar might object to this arrangement, Lieutenant Colonel North responded that he might have to raise four million dollars to pay off Mr. Ghorbanifar. When I asked Lieutenant Colonel North where he would get such a large amount of money, he stated he would have to take it from the reserve. This statement reinforced my view that excess profits were probably being realized from the arms sales to Iran and that these funds were available for other projects, including supporting the Contras in Central America.

Troubled by these developments, I saw Mr. Gates on 1 October 1986. I expressed concern to Mr. Gates over the problems with the White House-directed initiative and its eroding operational security. I explained how the Ghorbanifar channel was being shut down and a second link to Tehran established. But I commented that I was not certain of the reliability of the new channel and noted that the first channel was a running sore because no one had bothered to tell Mr. Ghorbanifar that this channel would be closed. I said that I believed exposure of the initiative could be imminent.

I told Mr. Gates that I was concerned about one other aspect of the Iranian initiative. The impasse over the price of the arms being sold to the Iranians. I said that I could not prove it, but I thought that proceeds from the arms sales might have been diverted to support the Contras in Central America.

I recall in the context of that meeting:

Describing the impasse over the pricing of the HAWK spare parts and the refusal of the Iranian government officials involved to pay for the parts because the price was five to six times their actual cost;

Noting the desperate financial straits of Manucher Ghorbanifar and his frantic call to me in August 1986 when he insisted his commission on the price of HAWK spare parts averaged only about 40 percent;

Mentioning Lieutenant Colonel North's reference to the reserve in his conversation with me on 9 September 1986, an indication that substantial profits were being accrued from the arms sales to Iran;

Pointing out that Mr. Hakim and Major General Secord directly controlled the second channel to Iran and, at the same time, evidently also were principals involved in the private effort to aid the Contra struggle against the Sandinista regime in Nicaragua.

I said I could not prove a diversion was occurring but that my analysis indicated this could be the case. Mr. Gates appeared startled and disturbed that the White House would involve itself in such a dubious activity, but then stated that this was potentially very serious and directed that I brief Director Casey immediately.

I met with Mr. Casey on 7 October, Mr. Gates also attended. I briefed Mr. Casey on the pricing impasse, the discrepancy between what the Iranians and Mr. Ghorbanifar thought was a reasonable price, and what U.S. intermediaries evidently were charging for the HAWK spare parts. I further explained the key roles being played by Mr. Hakim and Major General Secord in managing the new channel to Iran and conducting activities in Central America in support of the Contras. I stated that this was one of several factors that had left me to conclude that profits obtained from the arms sales were going to the Contras, although I lacked direct proof. At this meeting, Mr. Gates shared my concern about a possible diversion and indicated that the issue needed to be pursued. Mr. Casey seemed surprised by my statements and asked me to put my concerns in writing, which I agreed to do.

On 13 October, Columbus Day, I wrote these concerns in a memorandum that presented the objectives of the Iranian initiative, delineated problems involved with it, and noted that a disaster of major proportions was looming, and offered some recommendations that would, in essence, have created a panel of outside experts to perform a zero based review of the effort. I did not refer specifically to my judgment that money from the Iranian arms sales possibly had been diverted to the Contras. Rather I started that allegations might be made by Mr. Ghorbanifar that the government of the United States, along with the government of Israel, acquired a substantial profit from these transactions, some of which profit was redistributed to other projects of the United States and of Israel. I was deliberately more oblique in addressing possible illegalities involving U.S. parties. I was hesitant to allege in writing that senior level White House officials directing the project, including the National Security Advisor, were engaged in highly questionable, if not illegal activities. I had reached an analytic judgment, based on a number of indicators, that a diversion was occurring, but I lacked hard documentary evidence. To make such an allegation bluntly in writing did not seem prudent.

I was particularly concerned about Mr. Casey's potential use of this memorandum. Therefore, I expressed my concerns over possible illegalities in an indirect manner. Mr. Casey did, in fact, what I thought he would do. He, along with Mr. Gates, took the memorandum to Vice Admiral Poindexter, went over it with him in detail, and left it with him. He also told Vice Admiral Poindexter that Charlie Allen had prepared it. Retrospectively, I believe the approach I took at the time was the appropriate one, given the evidence available to me. I conveyed my concerns orally to both the Director and Deputy Director and raised major concerns about the entire project in a detailed memorandum. The memorandum, moreover, was shown to other senior officials including Mr. Cave, Mr. Clarridge, and Mr. Thomas Twetten, a senior official in the Directorate of Operations. In view of the lack of confirming evidence, I was concerned about alleging illegalities in an initiative that di-

rectly involved the President. I firmly believed then that I had provided the necessary warning to the most senior officials.

My next involvement with this issue occurred on 16 October when I was called to Mr. Casey's office, Mr. Gates was also present. Mr. Casey recounted that he and Mr. Gates had taken my memorandum to Vice Admiral Poindexter and that he had advised the Admiral to get the White House Counsel involved, since problems with the initiative had begun to surface. Mr. Casey further stated that he had been contacted by a Mr. Roy Furmark, an old business associate in New York. He said that Mr. Furmark had telephoned him on 9 October to state that Mr. Furmark was representing Mr. Adnan Khashoggi who had helped to finance the sale of the HAWK missile parts to Iran. Mr. Khashoggi was being hounded by Canadian financial backers who wanted payment owed them for their part in the transaction. Mr. Casey noted that Mr. Furmark's comments only reinforced the need to pursue the issue and asked that I meet immediately with Mr. Furmark. He proceeded to arrange for Mr. Furmark to fly to Washington that day where I met with him in Mr. Casey's office in the Old Executive Office Building.

In this meeting, 16 October 1986, to my surprise, Mr. Furmark possessed detailed knowledge of the Iranian initiative, including data on the arms transactions. He also indicated that the operation was rapidly spinning out of control and would soon become public knowledge if something was not done quickly to compensate the Canadian financiers who had backed Mr. Khashoggi. Unfortunately, Mr. Furmark had to return to New York before we could complete our discussions. He made no mention of any diversion of profits from the arms sales to Iran. I summarized my meetings with Mr. Furmark in a memorandum on 17 October and sent it to Mr. Casey and Mr. Gates. I do not know if Mr. Gates ever saw this memorandum because about the same time it was prepared he left the country on a two-week trip overseas.

At Mr. Casey's direction, I saw Mr. Furmark on two subsequent occasions. Mr. Cave and I traveled to New York on 22 October and extensively debriefed Mr. Furmark that evening. In this session, Mr. Furmark stated that he and Mr. Khashoggi had been told by Mr. Ghorbanifar that he believed profits from the fifteen million dollars used to finance the sale of the HAWK missile parts had been earmarked for the Contras in Central America. Mr. Cave and I briefed Mr. Casey on this allegation the next day and prepared a summary of the meeting for him to send to Vice Admiral Poindexter. Mr. Gates was traveling when this memorandum was written, and I am not certain whether a copy was every made available to him, especially since Mr. Casey failed to transmit the memorandum to Vice Admiral Poindexter because it fell into the wrong inbox. I remember how personally distressed Mr. Casey was on 23 November when he discovered that the memorandum had not been sent. I met Mr. Furmark on one other occasion, on 6 November 1986. In this conversation, Mr. Furmark again asserted that the Canadian backers of Mr. Khashoggi believed that proceeds from the sale of arms to Iran might have been diverted to support the Contras. I again recorded this fact in a memorandum of conversation of 7 November and sent it to both Mr. Casey and Mr. Gates. I

believe Mr. Gates saw this memorandum, and I recall discussing it with him but I cannot recall any specifics of our conversation. Between this date and the week of 17 November, I cannot recall discussing the Iranian initiative with Mr. Gates. During this period, however, I would have been unavailable for part of the time because I was traveling overseas.

During the week of 17 November, I and other senior agency officials were struggling to pull together the facts about the Agency's involvement in the White House-directed initiative, in preparation for Mr. Casey's appearance before the Congress. It was an extremely frustrating process because no one officer had all the details, few records had been kept, officials had different recollections over what had happened over the past fourteen months, several offices were developing chronologies, each of which was at variance with the others in some respects, and no one seemed really in charge of pulling all of the disparate aspects of the Agency's involvement together in a coherent manner. We were also under constraints because Lieutenant Colonel North and members of his staff were constantly reminding us that the initiative to free the American hostages in Lebanon was continuing and that every effort must be taken to avoid actions that could bring it to an untimely end, possibly with loss of life among the hostages and the Iranians with whom we were in contact. These constraints weighed heavily over the key officers preparing the testimony and especially weighed heavily over me because I had worked extremely hard with the Intelligence Community to locate and to determine the condition of U.S. hostages in Lebanon. The last thing that I wanted to do was to endanger the lives of our hostages or the Iranians with whom we were in contact.

In hindsight, those of us who thought that a diversion had occurred should have raised it during the preparation of Mr. Casey's testimony. I considered raising the matter on the afternoon of 20 November when we met in the DCI conference room with Mr. Casey to go over the draft testimony. I felt inhibited by the presence of a large number of officials, some of whom had just learned of this highly sensitive effort. I was also uncertain how to characterize the allegations of diversion, especially since the initiative was directed from the White House and since the evidence I had was still circumstantial. I believed I had already discharged my proper responsibility. I had raised the possible diversion with Mr. Casey and Mr. Gates. Mr. Casey knew of my meetings with Mr. Furmark, and I believed he had read the memoranda that I had prepared on the meetings. Mr. Gates was at least aware that I had met with Mr. Furmark who was warning that the initiative was about to be exposed.

Even though the issue of diversion of profits made from the arms sales to Iran was not included in Mr. Casey's testimony, I did not consider the issue closed, nor did, I believe, either Mr. Casey or Mr. Gates. Both had encouraged me to pursue the questions about improprieties relating to the initiative. A small number of senior CIA officials were privy to my memoranda. No one, besides Mr. Casey and Mr. Gates, encouraged me to pursue the issue.

In preparing Mr. Casey's testimony, both I and other officials served Mr. Casey and Mr. Gates poorly. We presented the principal

aspects of the Agency's support before and after the Presidential Finding of 17 January 1987. In the luxury of hindsight, it is easy to cast stones at our efforts but in the confusion of the time, I believe Agency officials generally tried to present accurately what was known at the time. Specific details could and should have been added. The flawed testimony reflected compartmentation of the initiative, Lieutenant Colonel North's admonition that the initiative was continuing and that lives were at stake, and also the rush to try to get just the basic facts together.

Finally, I have no knowledge and no indication whatsoever that either Mr. Casey or Mr. Gates were at the time deliberately withholding information relating to the Iran-Contra affair. To the contrary, I believe that both were troubled by the White House initiative and by the Agency's support role, especially since the Agency was uninformed even to the end about some aspects of the operation. I believe both Mr. Casey and Mr. Gates attempted to prepare factual statements for the Congress. They both recognized, however, that their statements would not be the final word and that more information would become available as Agency officers continued their efforts to assemble a basic chronology of what had occurred over the past fifteen months.

I stand ready to answer any questions, Mr. Chairman.

Chairman BOREN. Thank you very much, Mr. Allen. I want to go over some questions with you to lay a predicate and a background for other questions that I'm sure Members of the Committee will want to ask.

You've testified that you took your concerns that a diversion of the funds might be used to help the Contras—first to Mr. Kerr and not to Mr. Gates. Can you explain why you first went to Mr. Kerr and not to Mr. Gates?

Mr. ALLEN. I think that's a good question, Senator. Mr. Kerr had become the Deputy Director of Intelligence in the late winter or spring of 1986, and he had helped prepare the materials that Mr. McFarlane took with him to Tehran, and had also indicated significant interest in the initiative. And, during that Memorial Day weekend, I sort of ran a command post as intelligence came in and conveyed it to the White House and to the Directorate of Operations. And Mr. Kerr was briefed two or three times during that long weekend. He asked that I continue to keep him informed.

My initial thoughts in the summer, about the second and third week of August, were still coming into focus. I felt there were indicators that things were amiss and that problems were in the United States, not in Tehran. Mr. Kerr was a man who had immense analytic capability and also management skills, and I thought I should go bounce this activity off him initially before I did anything else. Mr. Helgerson, Mr. John Helgerson, the current Deputy Director of Intelligence was also at the meeting so I expressed these concerns to two officers, and Mr. Kerr agreed with me strongly that this White House initiative was bound to be exposed. I met him in the CIA operations center later in the afternoon, and he said it's not a question of if it was going to be exposed but when. And he was concerned that nothing was being done to focus on the problem at the White House.

Chairman BOREN. Well, you'd been keeping Mr. Gates, however, apprised about the Iran initiative. I'm not talking about the diversion, I'm talking about the sales of arms to Iran which you said he and Mr. McMahon had some misgivings about. And you talked about the sharing of intelligence which you were directed to undertake and, again, there were misgiving about giving them anything militarily useful. So you were keeping him briefed on the Iran sale initiative and the intelligence sharing, were you not?

Mr. ALLEN. I was keeping Mr. Gates informed, yes, sir.

Chairman BOREN. But you still decided to go to Mr. Kerr first about your suspicions?

Mr. ALLEN. Yes, sir, I did.

Chairman BOREN. You've also said that you took your concerns to Mr. Kerr in August 1986. Mr. Kerr said to us previously, and we'll hear him again today in open session, that he passed them on to Mr. Gates. Since Mr. Gates was on vacation from August 1st to August 17th, according to his schedules that we have, it would seem this must have taken place probably in mid to late August. Would that sound right to you?

Mr. ALLEN. That's true. It would have been—I believe as I recall, the third week of August. Because the second channel was essentially cemented in secret talks in Brussels around the 15th of August, and I believe I took my concerns a little later—about a week later perhaps to Mr. Kerr. So, it's about the third week of August.

Chairman BOREN. Well, let me go into some questions that this matter raises in my mind. According to the record, Mr. Ghorbanifar told you early in 1986 that money could be generated from the arms sales to support the Contras and other activities. And, in fact, he actually, I believe, proposed such a diversion to Mr. Cave. Correct me if I am wrong about any of these assertions. And you were also receiving highly compartmented information that showed that the Iranians were complaining—as you've indicated in your statement—as early as March that the same items were available more cheaply elsewhere. And that by late June it was apparent that their outrage over the high prices threatened to kill the whole arrangement. So there's a growing level of frustration by the Iranians, of which you're aware by late June. You also found out as you indicated in your statement that, in July, the Iranians had acquired an actual DoD price list for the weapons and on microfiche, I think you said. They were aware of the fact that they had been overcharged. And Colonel North's answer for that was, which he proposed in late July or August, for the CIA to make up its own false price list, I believe—

Mr. ALLEN. That's correct, sir.

Chairman BOREN [continuing]. On microfiche which the CIA did not do apparently.

Mr. ALLEN. We did not do it. We found it technically very difficult to do, as I recall.

Chairman BOREN. But with all these things going on—in other words, the dissatisfaction and you knew they had the microfiche of the price list, certainly in June, July this is increasing. What made you wait until mid-August to bring your suspicions about a diversion to Mr. Kerr?

Mr. ALLEN. Thank you, Senator. That gives me a good opportunity to put that—

Senator CHAFEE. Would you pull the mike a little closer, Mr. Allen?

Mr. ALLEN. I welcome the question. The only time that they were—on two occasions, I believe, that Mr. Ghorbanifar evidently mentioned that he could be a turnkey operator for the United States and for CIA, and that he could even accrue profits that could be used to help, as he put it, "Ollie's boys in Central America." He first made a reference to this, I believe, on the 13th of January 1986 when Mr. Casey asked me to go meet with him and evaluate him and collect what he knew on terrorism. And he also made a reference to this in my meeting with him around the 25th or 24th of January in London, 1986. These references were in my notes. I wrote very comprehensive memos on both my meetings with Mr. Ghorbanifar. This seemed to me very spurious information—sort of—Mr. Ghorbanifar was given to hyperbole, so I did not give that serious consideration. And very candidly, Mr. Chairman, I had forgotten about both those references. They had long since been forgotten. They, of course, showed up when a review was made of my notes.

Mr. Cave evidently heard Mr. Ghorbanifar make a comment along these lines in March of 1986, and Mr. Cave typed everything out on a yellow piece of paper, and there was one sentence that referenced this possible use of funds or profits for Central America. I recall reading the memorandum prepared by Mr. Cave, but it never registered on me the one sentence about using funds from the Iranian arms sales for Central America. It seemed preposterous to me.

The complaints about pricing really did not catch my attention until the June and July time frame. There may have been some references in the intelligence in the spring, but I did not note it and it did not register with me. But it was clear by July that problems were occurring in the transactions, and the real—and I had to wait until everything fell together, and it all sort of fell together after it became clear that Mr. Hakim and Major General Secord were the intermediaries controlling the second channel. Mr. Nir had been cut out essentially—Mr. Ghorbanifar had been cut out. The fact that there had been references to Major General Secord and Mr. Hakim working on Central America—I had heard references to that from Lieutenant Colonel North and others—suggested to me that something was awry, and the only thing that I could surmise was that yes, we are deliberately overcharging several times over the value of the HAWKS spare parts for other purposes. So it took—there was a gestation period. It took awhile for me to arrive at that. Perhaps I should have been a more astute analyst, but it took me a good while to reach that conclusion.

Chairman BOREN. So that's why you waited. It was really beginning in that time period of mid to late August, when in your mind you felt, based upon your analysis, that you had enough basis of suspicion to raise this?

Mr. ALLEN. That is correct. Up until the fact that Hakim and Secord controlled that second channel totally for the White House,

I did not feel that there was any conclusive evidence that something was truly awry.

Chairman BOREN. That's what really tipped it in your mind. The same people were, in essence, running both operations.

Mr. ALLEN. That gave me more indications. And then, of course, the event on 9 September when Colonel North said, I'll have to take it from the reserve. And it was clear in the context of the way he said that, he did not mean the CIA reserve.

Chairman BOREN. Which is a reserve that is briefed to this Committee?

Mr. ALLEN. Yes, sir.

Chairman BOREN. Let me go down another path. We've been confused as we go through some of the documents about exactly how many meetings there were between you and Mr. Kerr about the suspicion of a diversion. According to one unsworn interview, and an internal CIA document that's come to us, there was an unsworn interview given by Mr. Kerr in December of 1986. In the notes of that unsworn interview, Mr. Kerr said that you had told him in May that you suspected some of the money from the arms sales might be going to the Contras. There's a hand-written notation on the memorandum of the interview that this occurred on May 12 or May 13. Now it could be that this is simply a mistake on the part of Mr. Kerr to place your conversation with him so early or perhaps he is recalling an earlier discussion with you. We'll question Mr. Kerr about this as well because more recently he has again placed his conversation with you in the August period, and he has not talked about another conversation in May. Do you, in fact, recall discussing your concerns about a diversion with Mr. Kerr or any other senior CIA official before this August conversation with Mr. Kerr that you've talked about this morning?

Mr. ALLEN. I did not—I do not recall that, Senator Boren, and in fact when after the initiative was exposed, Mr. Kerr mentioned to me that he thought that I had first raised this issue with him in May and I, at the time, told him it could not be May. It would had to have been in the summer and would had to have been in the August/September time frame was the way I first thought about it. And the more I thought about it, the more I focused on about the third week of August 1986. I am very convinced I only told him about it that one time.

Chairman BOREN. Mr. Kerr's memory of it, at least in some of these interviews, varies on this matter. He sometimes appears to talk about a May conversation, sometimes August, so we can't tell if he was simply confused about the date or if there were two conversations. But you are saying as far as you know there was only the first conversation on this matter that occurred, you think, the third week of August?

Mr. ALLEN. I think the third week of August. I recall after the call from Mr. Ghorbonifar, particularly—and then Mr. Nir called me almost within an hour or two after Mr. Ghorbonifar. I at that point told Mr. Cave and I believe Mr. Clarridge, and I remember walking out that evening to the parking lot to get in my car and I was thinking even further about this and it seemed that there were those indicators which were very circumstantial, but were pointing to a diversion of profits. And I remember at that point thinking,

somewhat angrily, that the White House, through this activity, was endangering the lives of the hostages in Lebanon. And I was in fact, angry over that thought, because we had worked so hard to try to get Americans freed in Lebanon.

Chairman BOREN. In your sworn statement to the Committee you stated that when you informed Mr. Kerr of your speculation about a diversion, he asked you to keep him informed. Did you ever do so?

Mr. ALLEN. I don't think I ever mentioned the diversion directly to him on any other occasion. I don't recall it. I am sure there were other conversations, but I can't recall a specific one where we talked about the initiative between that date and November.

Chairman BOREN. Do you remember him asking you to keep him informed?

Mr. ALLEN. I remember that, yes sir.

Chairman BOREN. Why didn't you go back and update him?

Mr. ALLEN. I don't recall. I am sure—I recall that there were occasions between August and November when this initiative was mentioned to Mr. Kerr, but I don't think I ever mentioned the diversion, my suspicions of a diversion. Why, I don't know. I guess I was very busy and I probably should have paid more attention to it. I agree with you that is an enigma.

Chairman BOREN. You say that after talking to Mr. Kerr in August, you saw Mr. Kerr and he told you he had seen Mr. Gates about the matter you had raised with him.

Mr. ALLEN. That was after the Attorney General Meese's press conference where he announced that a diversion had occurred.

—

Chairman BOREN. Well, I thought that after you had seen Mr. Kerr in August, you later said you saw Mr. Gates the first of October?

Mr. ALLEN. That's right.

Chairman BOREN. Now, so are you saying that it wasn't until after Mr. Meese made this public that you had another conversation with Mr. Kerr about it?

Mr. ALLEN. That is correct. Mr. Kerr was walking with me on the 7th floor corridor and he said, "you know that Mr. Gates has a problem." He said, "after you talked to me in August about the possibility of a diversion," I talked to Bob and unfortunately he just can't remember that conversation, and that was after the Attorney General had made his statement publicly on the diversion. So he did not tell me that he had raised it with Mr. Gates after the meeting around the third week of August. I was unaware that Mr. Kerr had done so.

Chairman BOREN. Well, that's interesting to me. That is something that I have not understood until this time.

Mr. ALLEN. Yes, sir.

Chairman BOREN. I was always under the impression that sometime between the time you talked to Mr. Kerr in August, and before you indicated you talked to Mr. Gates himself on the 1st of October about your suspicions—

Mr. ALLEN. Yes.

Chairman BOREN [continuing]. That Mr. Kerr had reported back to you during that time frame that he had had this conversation with Mr. Gates.

Mr. ALLEN. No sir, it was after the Attorney General's public announcement.

Chairman BOREN. Well that was in November.

Mr. ALLEN. That was in November. Yes sir.

Chairman BOREN. Did you ever ask Mr. Kerr during that period of time after you told him in August and before you talked to Mr. Gates the 1st of October, by the way Mr. Kerr, did you ever talk to Bob Gates about that? Did you ever question him about that?

Mr. ALLEN. No. I never asked him that.

Chairman BOREN. So you just waited and then you yourself went to Mr. Gates on the 1st of October?

Mr. ALLEN. That is correct, Senator.

Chairman BOREN. Mr. Gates' calendar showed that you had meetings with him on August 28th and September 5th, 1986, which would have been during the time that your concerns were mounting, and after you had talked to Mr. Kerr. Do you recall raising any concerns with Mr. Gates about a possible diversion in those meetings?

Mr. ALLEN. No sir I don't, I do not remember the substance of either of those meetings on the 28th of August or the 5th of September. I cannot recall why I saw Mr. Gates. You know, we saw Mr. Gates both formally and informally, and I have no recollection.

Chairman BOREN. You don't think you talked about a diversion with him in these meetings?

Mr. ALLEN. No sir, I did not talk about a diversion to Mr. Gates, I feel confident, until 1 October 1986.

Chairman BOREN. Well let's go to that 1 October meeting. You have taken this concern to Mr. Kerr, probably the third week of August. You have not really heard anything back from Mr. Kerr about it, or had another discussion with Mr. Kerr about it. You have seen Mr. Gates a couple of times in between, but you indicate you didn't talk to him about the diversion at those meetings. What prompted you then to go to Mr. Gates on the 1st of October and raise those concerns with him at that time?

Mr. ALLEN. I think it was the continuing accumulation of indications that this initiative was really badly off the tracks; that the operational security appeared fragile at best. I had had a meeting, I believe, when Mr. Nir was here in Washington in early September 1986. He had had a meeting with me before he went to the airport and he spent about an hour talking about not only the pricing issue that he did not understand—he felt the prices were excessive for the HAWK parts—and he also spent a lot of time talking about his belief that the operational security of the initiative was being basically ignored by the White House. And that—I guess I let that simmer for a number of weeks before I went to Mr. Gates. But it was—we had reached, it seemed to me, what we call in Warning, sort of a break point, and I felt now was the time to issue warning, particularly on the operational security and then I thought I would also talk about the indicators that a diversion might be occurring.

Chairman BOREN. You still did not have what you'd call hard evidence.

Mr. ALLEN. No, sir, I did not.

Chairman BOREN. You had analysis, which was the indicator.

Mr. ALLEN. No sir, I did not. I had what I call analytic judgment. Now Mr. Gates may call it speculation and that's fair. But I called it an analytical judgment.

Chairman BOREN. You had gone to Mr. Kerr in the first instance in August, and you had not gone to Mr. Gates. As your concerns mounted, why did you not go back to Mr. Kerr? Why did you go to Mr. Gates instead?

Mr. ALLEN. Well, at this stage I felt it was important to get this to Mr. Gates and also, I was thinking at the time, he would be best equipped to know how to deal with the issue and to bring it to the attention of Mr. Casey. I felt—and that is exactly what happened. Mr. Gates, I thought then worked with me by going in and seeing Mr. Casey on the 7th of October. I thought it was a logical—I reported to Mr. Casey and to Mr. Gates, and I felt it was correct to go to Mr. Gates at that stage.

Chairman BOREN. Well, was it also because you got no more feedback from Mr. Kerr? Did that enter in?

Mr. ALLEN. I don't think so. I think I went to Mr. Kerr because he was a very senior official who wanted to know about the status of the initiative, but I felt that the action that would be taken with the White House would eventually come from Mr. Casey. So it was time to put my troubles, as I called them, before Mr. Gates.

Chairman BOREN. So you took your troubles to Mr. Kerr. The next time you really commented with him about it was after Mr. Meese announced the diversion.

Mr. ALLEN. But Senator, I didn't expect any real feedback from Mr. Kerr. I wanted to sort of get his reaction to what I had to say.

Chairman BOREN. I see.

Mr. ALLEN. And I thought he also correctly shared my concerns. In fact, he spoke even more strongly than I did at the time over the likelihood of early exposure.

Chairman BOREN. But when you took it to Mr. Gates then approximately a week later, what you hoped would happen did. The two of you went to Mr. Casey and told him about it.

Mr. ALLEN. He told me to get with Mr. Casey and he used the term immediately and as you know for some reason, Charlie Allen took a week to get down to—well, six days to get into Mr. Casey's office. I remember going back and telling my secretary to get me on with Mr. Casey right away, but somehow the calendars didn't get together until the following Tuesday. I saw Mr. Gates on a Wednesday and it was the next Tuesday before I met with Mr. Casey.

Chairman BOREN. Now let me say to my colleagues, I want to proceed just a minute longer to lay this predicate, but if any of you find a point here where you want to jump in, don't hesitate.

Senator NUNN. I would like to ask one thing on this point before you depart that point.

Chairman BOREN. Surely, Senator Nunn.

Senator NUNN. During this time Mr. Allen, you had these suspicions and you conveyed those suspicions to various people in the CIA. And during that time you were meeting with Colonel North, I assume frequently, were you not?

Mr. ALLEN. I met with Colonel North several times a week and I talked to him on the secure phone several times a day.

Senator NUNN. Why didn't you just ask him, or did you ask him, Colonel North, are funds being diverted?

Mr. ALLEN. I did not put it to him that way. I put in the form of why are the prices so high? Why is there this funding impasse? And each time I was given virtually a different story by Lieutenant Colonel North.

Usually, you know Ghorbanifar is a problem or re-opening production lines is a problem. Just go on and keep this story consistent with both Mr. Ghorbanifar and Mr. Nir. And he was most emphatic.

It's a good question, why didn't I? Because I thought it was getting fairly close to the bone at the White House to accuse of what would appear to be a very imprudent thing to do if they were taking profits, endangering the lives of hostages in Lebanon, and applying it to support another operation in Central America.

Senator NUNN. But you were indeed accusing him of that with your superiors. Wouldn't it have been the logical thing to do to simply ask Col. North if he were doing it before you basically aroused the suspicions or while you were arousing the suspicions and while you were working with him on a daily basis?

Mr. ALLEN. I could have gone that direction, but I decided to go up to the hierarchy through the CIA and to Director Casey so he could go as he thought proper to the White House. And I think he handled it quite well.

Senator NUNN. And you did believe then that what was happening, if your suspicions were proved to be correct, that is money was going from the Iranians in effect indirectly to the Contras and the Iranians were getting madder and madder and madder and these were the people who were in effect, at least we hope were going to have influence on freeing the hostages, you were concerned that this action by Col. North was directly putting the lives of the hostages in jeopardy were you not?

Mr. ALLEN. That's correct.

Senator NUNN. But you never mentioned that to him?

Mr. ALLEN. I did not accuse him at any time of a diversion, no I did not. I took my suspicions up my chain of command at the Agency.

Senator BRADLEY. Mr. Chairman, at that point could I ask you what were your concerns for the operational security of the mission?

Mr. ALLEN. My concerns were many. One was that Mr. Ghorbanifar was beginning to threaten to make public the initiative because he had learned he was being cut out as the principal intermediary to Teheran. There were concerns also that basically, we learned by early September that there were Canadian investors complaining, who had financially backed, at least according to Mr. Furmark, Khashoggi and financing—doing the bridge financing of the \$15 million dollars for the HAWK spare parts. They were threatening to take this matter public.

It seemed to me that the White House was handling this under the NSC, under Vice Admiral Poindexter, in a way that defied all the operational security training that I have and that my Agency

espouses. It seems to me they were violating just fundamental principles of good security.

Senator BRADLEY. And that was clear before October 1st in your opinion?

Mr. ALLEN. Yes sir.

Senator BRADLEY. When did it first dawn on you?

Mr. ALLEN. I began to become more concerned certainly in the July and August timeframe that this thing was running on month after month, with no solution, and then we saw Ghorbanifar complaining and also making threats that he would expose the initiative.

Chairman BOREN. The Vice Chairman has one question before we proceed on to another subject.

Senator MURKOWSKI. Thank you, Mr. Chairman.

Senator CRANSTON. I have one question also.

Senator MURKOWSKI. Mr. Allen, following up on Senator Nunn's question, and your response acknowledging how the unhappiness of the Iranians was a potential threat to the hostages. I think that was acknowledged, is that correct?

Mr. ALLEN. That is correct, that they were most unhappy.

Senator MURKOWSKI. Would you explain to me then how that relates to your statement on page thirteen when you say that the preparation of the testimony was underway for Mr. Casey. And the statement is made, "we were also under constraints because Lieutenant Colonel North and members of his staff constantly reminded us that the initiative to free the American hostages in Lebanon was continuing, and that every effort must be taken to avoid actions," etc. Aren't we in conflict here? You can't have it both ways. Why didn't somebody speak up and say, we can't raise this issue in Casey's testimony because it is a sensitive issue of concern due to the effort to free the hostages and the fact that the Iranians were becoming unhappy.

Mr. ALLEN. Well, I think, one, we know—I surmised back in the August-September timeframe that there could be threats to the lives of the hostages because the Iranian government, radicals in particular, had influence over the captors in Lebanon, and if angered enough possibly could in retribution for what they felt was lack of good faith on the part of the United States, murder a hostage. That was a possibility.

Lt. Col. North and his staff, I know they talked to Mr. Cave and they talked to me, and they talked to Mr. Casey, because I know Col. North talked to Mr. Casey, at some point said during that timeframe about particularly when Mr. Casey returned from Central America, that lives were still at stake, that the testimony given, if made public, could be damaging to the safety of the hostages in Lebanon and it would also, if it became public, could potentially endanger the lives of the Iranians.

So at this stage I only had indications still, I did not have hard evidence of a diversion, but I felt—I think I felt inhibited and constrained at that stage. That we, in no way, wanted to endanger those lives.

Chairman BOREN. Senator Cranston has a question. Then Senator Nunn. Then I want to return back to the question about Mr. Furmark's meetings.

Senator CHAFEE. Are we following the early bird rule? How is this working here?

Chairman BOREN. I'm still asking questions. I'm just deferring because there were interjections that people wanted to make about the same subject. I'm afraid I still have several other questions I need to ask.

Senator CRANSTON. On page two of your testimony describing events during the first phase in the middle of that large paragraph, you say in keeping with Lt. Col. North's instructions, I did not inform Mr. Gates even though he was technically my immediate superior—supervisor. What were your thoughts then and what are your thoughts now about why Col. North made that request to you?

Mr. ALLEN. At this stage I think Col. North believed that this initiative could be handled out of the White House with the assistance of the government of Israel, with very limited assistance from the Intelligence Community and CIA, and he fully expected that the hostages would be freed and released in a matter of weeks or a month or so at most.

So he did not—he did not at that stage believe that he would need to bring in the Agency in a support role as he later had to do or as later as Vice Admiral Poindexter. Mr. Casey agreed that I should keep it only to himself, Mr. McMahon, perhaps Mr. George, to keep it highly limited at that stage since it was an intelligence collection activity solely.

Senator CRANSTON. So it was more compartmented?

Mr. ALLEN. It was extremely compartmented. And there was real confidence on the part of Lt. Col. North that this hostage issue would be resolved relatively soon.

Senator CRANSTON. Thank you.

Senator METZENBAUM. Excuse me, could I just ask, along Senator Cranston's lines, were you specifically told not to inform Mr. Gates?

Mr. ALLEN. Yes. I was told not to inform anyone in the Deputy Director of Intelligence and let only Mr. George know in the Directorate of Operations. And we held that. The intelligence was kept in extremely compartmented fashion.

Senator NUNN. Mr. Allen, back to my question about why you didn't pursue this with Col. North. Here you have in effect an initiative with Iran whose purpose is to try to get the hostages out. And here you have great concern about the danger of the hostages and here's Col. North expressing grave concern to you about the dangers to the hostages. And all of that basically was keeping you from dealing with people and even affected the testimony of Mr. Casey, and yet you're dealing with him day after day. And you never even say to him, Col. North, I think what you're doing may be endangering the hostages? You never said that?

Mr. ALLEN. I did not.

Senator NUNN. Now you mention on page 11, quoting your words, "In view of the lack of confirming evidence I was concerned about alleging illegalities in an initiative that directly involved the President." Where you informed that the President himself was involved directly in what North was doing.

Mr. ALLEN. I was informed that the President, in early December convened a meeting at which Mr. McMahon attended where the President after an hour and a half of discussion insisted that this initiative go forward.

Senator NUNN. This initiative meaning which initiative?

Mr. ALLEN. The Iranian initiative.

Chairman BOREN. The sale of arms to Iran.

Mr. ALLEN. The sale of arms which would involve inter alia the sale of arms to Iran in order to secure the release of the hostages and also to allegedly develop a geo-strategic relationship again, with some elements—hopefully with some elements within the government of Iran. And that led of course to the Presidential Finding of 17 January 1986. Mr. McMahon was quite emphatic and he described it to me in some detail, that the Agency would support the President but he had grave reservations about the initiative.

Senator NUNN. Okay. Now, I understand the Iranian initiative but I think it's important to separate that from the diversion. Because those were mixing two different, distinct actions, as you've observed, and as you say in your testimony involved grave dangers. Now when you talk about alleging as I've just quoted, "I'm concerned about alleging illegalities in an initiative that directly involved the President," you're not talking about the Iranian initiative there, you're talking about the diversion of—

Mr. ALLEN. We're talking about an initiative which also included the—which included the diversion. You're absolutely right, sir. Not the Iranian initiative. That was legally—

Senator NUNN. Well, what I'm asking you is whether you believe the President was involved in the diversion?

Mr. ALLEN. No sir. I have absolutely no knowledge of that.

Senator NUNN. Well, why then wouldn't you have talked to Col. North about it? Because you said the reason you didn't is because it was a high White House initiative. And this seems to me that the initiative on diversion directly contradicts what the President was trying to do on the Iranian hostages, does it not?

Mr. ALLEN. At this stage my view was in lack of confirming evidence, I did not want to put into writing at that stage something that would talk about illegalities or improprieties. And I just felt it wasn't prudent.

Senator NUNN. Why did you think then and you put in your words on page 11, in view of the lack of confirming evidence I was concerned about alleging illegalities in an initiative that directly involved the President? Now what initiative that was illegal involved the President if you didn't believe the President knew about the diversion?

Mr. ALLEN. We were uncertain what might be involved in this. There was a great deal of secrecy involved in the initiative, even from me and I'm sure from other officials at the Agency. That was a generic statement that if we put down very bluntly in a memorandum that a diversion had occurred which appeared to have the approval of at least the National Security Advisor there could be imputed that it could even reach to the Oval Office. And I didn't want to put that in writing.

Senator NUNN. So you were afraid that it might involve the President, although you didn't know that?

Mr. ALLEN. I didn't know. I did not know at that stage.

Senator NUNN. But that was your fear.

Mr. ALLEN. Yes, that was my fear, sir. That was indeed a—

Senator NUNN. That the diversion might have involved the President.

Mr. ALLEN. Because the President was so empathic in that meeting in early December which Mr. McMahon described in great detail about the fact that he really wanted to pursue the initiative to free the hostages.

Chairman BOREN. Let's be clear again. Selling arms to the Iranians, while unwise and resisted, in fact, by several people at the Agency, was not illegal in itself.

Mr. ALLEN. Not in itself. No sir.

Chairman BOREN. A diversion was illegal.

Mr. ALLEN. That is what the attorneys have said, yes.

Chairman BOREN. And when you say you were hesitant to explicitly talk about illegalities, it was because they might involve the President.

Mr. ALLEN. I had suspicions, but I did not know where they led at that stage.

Chairman BOREN. Your suspicion was that it might have involved the President himself.

Mr. ALLEN. My suspicions were that it could have gone into the Oval Office. I didn't know. And I don't think anyone, at that stage knew what, if there was a diversion, who had approved it, how it had originated, who had thought of it, and how many people were even aware of it at the White House. I didn't know.

Chairman BOREN. Let me pursue ahead. I'll try to go through these without interruption as quickly as I can because I know my colleagues are getting anxious. But I think there are two or three things we need to clarify in your testimony.

When the Iran-Contra investigation began, you testified several times before various bodies, including this Committee's preliminary inquiry, the Tower Board and the Joint Iran-Contra Committee. So you've given testimony in several forums. On each of those occasions you testified about your meeting with Mr. Gates on October 1, 1986.

The thing that strikes me is the differences in some of these accounts and your current testimony. Let me give you a couple of examples so perhaps you can help us with this. In your current testimony, you say that you recall mentioning to Mr. Gates within the context of the meeting of October 1st, Col. North's comment about taking \$4 million out of the reserve to pay off Ghorbanifar. You didn't recall that comment in your previous testimony in 1986 and 1987. So there's a difference here about whether or not you believe you told Mr. Gates on October 1st about Col. North's comment.

Another point in your current testimony that was omitted from your previous sworn testimony in 1986 and 1987 is your recollection that you told Mr. Gates about a frantic phone call you received from Mr. Ghorbanifar about his financial situation. We're trying to determine, of course, exactly what happened and there are differences on those two subjects. Could you help us understand how you resolved in your own mind what you told Mr. Gates at the October 1st meeting.

Mr. ALLEN. Yes, I think I can do that, Senator. When I gave my initial comments about this in December, I believe, about the 5th of December 1986 that was my very first interview and the first time I was ever debriefed on my knowledge. And at that stage I had just returned from a trip from Europe, I was getting ready to go on another trip the following day with Attorney General Meese for counterterrorism talks with foreign governments. So I gave a very quick interview on a Saturday morning that was literally on the fly. I had not had time to reflect and think clearly about my meetings with Mr. Gates or even with Mr. Kerr.

Later when I was able to think more reflectively, it was clear that I had ticked off to Mr. Gates three or four indicators of why I believed I had reached this analytic judgment. And one of the things that I indicated was that Col. North's comment about taking money from the reserve to buy off Mr. Ghorbanifar.

What I think is important out of this, in that case Mr. Gates captured the central message I had brought to him, was that there was possibly a diversion occurring and this was a matter of serious concern. So I think that Mr. Gates, whether he remembers all of the particulars or not, that's another matter. He captured the centrality of the message I was trying to convey.

Chairman BOREN. He got the bottom line of your message.

Mr. ALLEN. Mr. Gates has a remarkable ability for getting to the bottom line.

Chairman BOREN. Based on the fact you refreshed your memory and thought about it more since your first interviews, you think you're now accurate in saying you gave several indicators of your analysis to Mr. Gates. That probably included the comment about the \$4 million out of the reserve and it probably also included the comment about your conversation with Mr. Ghorbanifar.

Mr. ALLEN. I do, sir. And as far as the frantic conversation with Mr. Ghorbanifar, I really remember talking to Mr. Gates on that and saying that Ghorbanifar really believes he's being victimized in the financing of this transaction.

Chairman BOREN. Okay. Well, let me go on to another thing.

Senator CRANSTON. Let me ask one question. I may have misunderstood you but did you say that you thought you had ticked off Mr. Casey?

Mr. ALLEN. No, sir. I said that I had given a number of indicators to Mr. Gates on 1 October and that I had ticked off—

Chairman BOREN. You mean listed them off.

Mr. ALLEN. I listed, I'm sorry. It's sort of an intelligence phrase.

Chairman BOREN. You listed them off.

Mr. ALLEN. I listed the indicators that suggested a diversion could be occurring.

Chairman BOREN. You were using the term in more traditional sense.

Mr. ALLEN. Yes sir. I don't know these new terminologies.

Chairman BOREN. Let me go into one other area that's ambiguous. You testified in your Iran-Contra deposition that when you told Mr. Gates about the possible diversion on October 1st, you quoted him as saying in the past he'd admired Col. North because of his work in crisis management and things of this nature but this was going too far.

You went on to state that when you discussed the diversion with Mr. Gates and Director Casey on October 7th, Mr. Gates talked about his admiration for Col. North as a man who gets things done but this was going too far if this was true. Mr. Gates testified in his Iran-Contra deposition that you made no reference in any of your discussions to anyone in the United States government being involved in the activity related to a possible diversion. This is according to his memory. He doesn't recall you talking about Col. North or others.

He also testified in his deposition that he did not ask Col. North about the diversion at the lunch he had with Col. North and Director Casey on October 9th. This is after this meeting with you on the 1st and his joint meeting with you and Mr. Casey on the 7th. At his lunch with Col. North on the 9th, he didn't confront Col. North because he didn't have any suspicion at that point that Col. North or anyone else at the NSC was in any way associated with the speculation about a diversion. Again, can you tell us what is the basis for your recollection that you had clearly associated North or the NSC staff with your speculation? Were you briefing him from notes? You have gone back and refreshed your memory? You said you recall this about taking the \$4 million from the reserve. Do you recall how Mr. Gates responded to these comments?

Mr. ALLEN. As I recall, Mr. Gates clearly has many things, as Admiral Inman so admirably explained, on his plate at any one time. I had worked, when I was in the Office of the Secretary of Defense very closely with Col. North on a crisis management problem and crisis management capabilities and Mr. Gates was well aware of Col. North's strengths and abilities relating to developing and improving U.S. crisis management mechanisms, overall programs and policies.

I recall distinctly on 1 October that he said this. But he said it with deep concern that Col. North, whatever qualities he may have had in the past in performing services to the United States, that this was a very questionable activity at best and he reiterated that when we were with Mr. Casey on 7 October. It was, in essence, a statement of disapproval of Lt. Col. North's actions, if indeed, these actions were occurring.

I did not talk from notes. We tried to keep records of this initiative to a minimum and I did not have any notes with me when I talked to Mr. Gates.

Chairman BOREN. You met with Mr. Furmark three times. October 16th, October 22nd, and November 6th as you have testified this morning. On the first two occasions Mr. Gates was traveling abroad. I believe you indicated you're not sure whether or not he saw your first memo because he was traveling abroad. But you wrote a memo to Mr. Gates and Director Casey dated November 7th after the last meeting, reporting what Mr. Furmark had told you the day before. This time Mr. Gates was back in the country. You stated in response to Committee questions that Mr. Gates saw the November 7th memo and that you believe you recall discussing it with him.

You say you don't recall any of the specifics of the discussion. But do you remember why you discussed the memorandum with Mr. Gates?

Mr. ALLEN. I cannot recall any specifics. I cannot go beyond what my statement—my written statement indicates.

Chairman BOREN. You don't have any memory of why it was? Do you think that you did discuss it?

Mr. ALLEN. Yes sir. But I cannot recall any specifics. There was one sentence in that, or one or two sentences that dealt with the suspicions of—that the Canadian backers, I believe, believed that the proceeds from the sale of arms to Iran had been diverted to support the Contras. But I do not recall discussing the specifics of our conversation relating to this memorandum. I cannot help you, Senator.

Chairman BOREN. Thank you Mr. Allen. There are a few more questions that I may need to come back to if other members don't ask them. Let me turn now to Senator Murkowski and he will be followed by Senator Chafee.

Senator MURKOWSKI. I have a question on behalf of one our colleagues, Senator Warner, with regard to the intelligence warning responsibility that you have. It's the understanding of the Senator from Virginia that you gave some warning on Iraq's intentions toward Kuwait in 1990. Is that correct?

Mr. ALLEN. That's correct.

Senator MURKOWSKI. I also understand, on behalf of Senator Warner, that warning in itself can be rather controversial and not always popular. Based on your long relationship with Mr. Gates, I wonder if you could tell the Committee how you view the mission of warning, its importance, what will Mr. Gates do, in your opinion if he's confirmed, to improve the system by which we collect, analyze and disseminate warning?

Mr. ALLEN. Well I believe that Mr. Gates' highest priority is to warn of threats to U.S. national security interests world-wide and that his responsibility is to alert the President and policy officials as early as possible based on reliable information that a threat to U.S. security is developing.

In my view, in my conversations with Mr. Gates, he is an individual who really wants to strengthen the warning function. He recognizes there will always be surprises to U.S. foreign policy, but I think he believes that with the proper techniques, the proper methodologies of warning and also with regional specialists participating, that we can do a better job and we can avoid the surprise.

If we have savvy warning officers working with country specialists in a more dynamic and interactive way, I believe we can make our country more secure. Mr. Gates, when I became the NIO for Warning, he was the Acting Director for Central Intelligence. We spoke for quite a while over what warning was, what is wasn't, and he had a very clear and discerning eye on warning and I believe the warning community will be strengthened under his leadership, I have every confidence. He believes we need to do a better job in political intelligence.

We can learn a lot about military mobilization. There were political indicators relating to Mr. Saddam Hussein's intentions and plans to invade Kuwait, and there were economic indicators that developed prior to the military mobilization. Once the military mobilization began around July 19, 1990 we were able, in warning, to

fairly well present a convincing case by the 25th of July that Saddam Hussein would invade Kuwait.

So I'm very confident that Mr. Gates will take a very strong hand in warning.

Senator MURKOWSKI. Yet if I can go back, the general presumption was that we had little or no intelligence, or if we did, we did not act on it. And I gather you're saying because of the political nuances it was difficult to, I guess, to come out publicly with any kind of an early condemnation of Iraq. In view of what they have done with the Kurds and their record, why would that be such a difficult thing to do? Clearly we were dissatisfied with what was happening?

Mr. ALLEN. That's right. And there were indications in as early 1988 that Saddam Hussein was very unhappy with Kuwait exceeding OPEC oil production quotas. So when we go back as early as I think November 1988, we can see that there were indications of potential aggressive thinking on the part of Baghdad.

And the fact that in 1989 and 1990 Saddam Hussein did not demobilize. He kept a million man army with 5,800 main battle tanks.

Senator MURKOWSKI. Without breaching security, can you just generalize why we didn't act on that intelligence?

Mr. ALLEN. Well, I think as Mr. Kerr has testified, and I don't want to get into classified but in closed session over in the House Permanent Select Committee on Intelligence, I believe that the Intelligence Community performed rather well during that period.

I think, to some degree, sometimes we tell the policy level things that don't correspond with actual policy initiatives or thinking. But I think this is the strength of the Intelligence Community is to be very independent and as objective as possible. I think overall the Defense Intelligence Agency, the CIA, and I, as the head of the National Warning Community did a very creditable in warning.

Senator MURKOWSKI. I don't want to depart too much from Mr. Gates because that's what this hearing is all about. So let me refer again to some of the specific questions.

You testified on October 1st that you met with Mr. Gates and informed him about your suspicions that money was being diverted to the Contras. And earlier we understand that you met with Dick Kerr on August of 1986 and mentioned the same speculation. And I think the Chairman has focused in on the question of why you didn't go back to Dick Kerr in October instead of going to Gates and it wasn't because Mr. Kerr didn't act on it, it was because I think you said you wanted to take it higher up is that right?

Mr. ALLEN. That is correct. And I reported directly to Mr. Gates and to Mr. Casey, and at that stage it seemed to me it was time to get Mr. Gates' attention on this problem.

Senator MURKOWSKI. But weren't you somewhat disturbed that Mr. Kerr hadn't acted on it? Or did it register or was it just dismissed?

Mr. ALLEN. I wasn't concerned about Mr. Kerr at the time. There were other people involved in supporting the White House initiative and they were not as concerned or as worried as I am. I have been called that I am more of a Cassandra so I thought that perhaps I was worrying too much. But as events continued through

September and I saw no relief in the problems, particularly the impasse over pricing, the fact that Canadian—well, that came later, but the fact that there were operational problems continuing to develop, the fact that Mr. Ghorbanifer had made threats to expose the initiative and the White House was essentially cutting him out of the entire effort, told me it that it would be prudent to bring it to Mr. Gates' attention at that time.

Senator MURKOWSKI. All right. Now after you told Mr. Gates about your suspicion on October 1st, did he ever indicate to you that he did not want to be kept informed or that he wanted the Agency kept out of it or any conversations of that type?

Mr. ALLEN. Not at all, sir. He wanted to be kept informed. His initial reaction was one of surprise and one of being alarmed. He said initially, I don't want to hear this, but then immediately—he said that in sort of sudden surprise at what I had to tell him—then he said this is a very serious matter. You take it to Bill Casey as soon as possible. I think he used the word "immediately."

Mr. Gates did not tell me that he was going to be in on the meeting with Mr. Casey. I walked in one door and—the instant I walked in one door—he walked in from his connecting office into Mr. Casey's and sat down and went through the issue with Mr. Casey.

Senator MURKOWSKI. And on the October 1st meeting with Gates, you went into your suspicions of the diversion in enough detail so that there could be no question that you made the point?

Mr. ALLEN. I made the point. Mr. Gates remembers that there was speculation, as he puts it, relating to a possible diversion of proceeds from Iranian arms sales to Central America. He got the central message.

Senator MURKOWSKI. Now going to the November 20th session where there was the attempt to draft the statement for Mr. Casey's testimony to be delivered the following day. You were at that meeting as I recall from your testimony. Is that correct?

Mr. ALLEN. That's correct sir.

Senator MURKOWSKI. There were a lot of things happening. There was North's people around telling them about the sensitivity of the hostages.

Mr. ALLEN. That's correct.

Senator MURKOWSKI. But at the time of the meeting on November 20th how many people in the CIA had told you about your view that money had been diverted to the Contras? Was it common knowledge by that time?

Mr. ALLEN. It was not common knowledge. It was still held to a very few people by the 20th. The possibility of a diversion having occurred was restricted, I guess, to Mr. Casey, Mr. Gates, myself, Mr. Kerr, Mr. Helgeson, Mr. Twetten, Mr. Clarridge, Mr. Cave. Those are the only individuals I can say from direct knowledge knew of the allegations of a possible diversion.

How many people saw my memoranda? I don't know. It's possible that one of those officers showed my memoranda to other officers. But I have only direct knowledge, so you're only talking about a very small number of officers.

Senator MURKOWSKI. You're talking about seven or eight that you named.

Mr. ALLEN. That's correct, sir.

Senator MURKOWSKI. And were most of those there at that session?

Mr. ALLEN. Most of those individuals were there at that session. Yes sir.

Senator MURKOWSKI. Could you explain to us then why during the drafting session no one suggested that the matter of diversion be included in Director Casey's testimony?

Mr. ALLEN. This was a room of about twenty plus officers, as I recall, including our General Counsel and our Comptroller and Public Affairs, Congressional Affairs. We were simply trying to pull together the basic data on the initiative. I thought about raising the issue at some point, but I hesitated to do it because of all of the previous reasons that I have given. Why other officers didn't raise it—I can't answer for that because other officers knew of my suspicions and a small number of officers had copies of my memoranda. I don't have a good explanation. I think we should have.

At that time, it sounds rather comical in some ways that we could serve Mr. Casey and Mr. Gates so poorly but I was trying to put together a chronology. I know the Inspector General was, the General Counsel was, the Deputy Director of Operations was trying to put together a chronology. And no two chronologies agreed on even what the basic facts were.

Senator MURKOWSKI. So none of the 20 plus people mentioned it?

Mr. ALLEN. No sir.

Senator MURKOWSKI. But in fact, you indicated that North's people were saying something like, well, be careful of the hostages, we don't want—

Mr. ALLEN. Yes sir.

Senator MURKOWSKI. Weren't North's people in effect mentioning it then? By saying we don't want to bring up the diversion, because that will compromise the hostages?

Mr. ALLEN. No sir, they never once acknowledged that a diversion had occurred to me. All that they had said to me and to Mr. Cave and others, that they were very concerned that the testimony given to the Congress by Mr. Casey because it was a growing political issue would be leaked in some detail and that this could endanger the lives of our hostages or the Iranians with whom we were in contact. Those were the comments made by Col. North and his staff.

Senator MURKOWSKI. And they were at the meeting?

Mr. ALLEN. They were not at the meeting. They were—we had been admonished about this both in person and over the telephone.

Senator MURKOWSKI. Were some of his people at the meeting though?

Mr. ALLEN. No sir. It was—there were no non-CIA officers at the meeting. This was the senior CIA officers trying to pull together testimony for Mr. Gates—I mean for Mr. Casey.

Senator MURKOWSKI. Well, it would seem to those of us with hindsight that the matter of diversion was the hot topic. It was either an unmentionable from the standpoint of what it would open up in Mr. Casey's testimony, if included. It is pretty hard to just ignore that nobody brought it up and perhaps it should have been brought up, or perhaps we didn't do a proper job of serving

Mr. Casey, but I would assume the implications of putting it in were reasons why it wasn't put in. Is there any logic in that line?

Mr. ALLEN. That—yes, Mr. Vice Chairman, that is very good logic because at that stage we had indications. We had an analytic judgment—at least I did, and Mr. Gates and Mr. Casey and Mr. Kerr—but we did not have hard evidence. At that stage we were trying to pull together a basic story for Mr. Casey to give to the Congress on what happened prior to the 17 January 1986 Finding, and what happened subsequently. We recognized and I think Mr. Casey indicated during his statements up here to the Hill that this was not the final word. That there were other, you know as we pulled data together, we would be able to perhaps give a more coherent story. I know of no deliberate conspiracy to withhold that data in the testimony. I think at that stage, in the confusion of the time, the fact that the Agency was a supporting entity and the White House was a support entity, that we were having great difficulty getting some of the principal facts together on a short term basis. That may not be satisfactory, Mr. Vice Chairman. In hindsight it is not satisfactory, but that indeed is a fact. That is what happened.

Senator MURKOWSKI. Well, one can only draw the conclusion that it was intentionally withheld in recognition of the fact that you had 20 or more people there. Somebody was conducting the meeting. I assume somebody generally reached the conclusion of what points were going to be concluded and what points weren't.

And I wonder if you could identify, for the record, who coordinated the meeting and what role Mr. Gates played in the drafting session. Did he accept a responsibility of trying to make it complete or were people coming and going? How was this thing finally brought together?

Mr. ALLEN. Well, this was being brought together to a large degree at that stage by the Directorate of Operations because they had provided—

Senator MURKOWSKI. And would you name the Director?

Mr. ALLEN. That was Mr. Clair George, who was of course the Director of Operations, but there were a number of officers from the Directorate of Operations there—who were trying to pull it together. The executive assistant to Mr. Casey was very active in helping actually write the testimony. Mr. Gates, I recall, came in and went through portions of it because he was responsible until Mr. Casey returned. And as I recall Mr. Casey returned on a Wednesday or Thursday of that week from Central America. Mr. Gates was responsible for telling people to get on with preparing the testimony. And—but then Mr. Casey of course, was finally responsible. I believe he was there on perhaps Wednesday and Thursday of that week—I would have to check back with the record, I am not certain—but Mr. Casey then ultimately became responsible for helping put the final testimony together on the Thursday evening prior to the testimony that was given on the 21st of November 1986.

Senator MURKOWSKI. Did you have an opportunity to review the final draft of the testimony representing the efforts of the 20 plus people before it was given to Mr. Casey?

Mr. ALLEN. Yes sir.

Senator MURKOWSKI. And did you have an opportunity after Mr. Casey had seen it, or after it was given? And, if so, was it changed?

Mr. ALLEN. At what point are we speaking?

Senator MURKOWSKI. In other words, by the time you and the 20 members had come up with whatever your consensus was and presented it to Mr. Casey, and Mr. Casey delivered it to the Committee, were there any changes that were made by Mr. Casey or others.

Mr. ALLEN. I believe there was some changes made after the major group had dispersed, because there were questions raised as to when we were first aware that HAWK spare missiles were included on the flight that went into Tehran in November 1985. That was one of the great issues as to when did the agency first become aware that it was HAWK spare missiles and not oil drilling equipment. And I believe the executive assistant and I worked on that up until about 7 or 8—well at least until 8:00 on the evening of the 20th of November 1986. So there were some changes after the large group dispersed. But then of course, corrections were made and copies were available early the next morning to principal officers prior to Mr. Casey coming to Capitol Hill to testify.

Senator MURKOWSKI. Well, in summary I guess the risk would have been when Mr. Casey was giving his testimony, had any member of the Committee asked the question of diversion, the risk would have been, Casey would have had to either acknowledge it or respond to the contrary. Is that a fair statement?

Mr. ALLEN. I think that is correct.

Senator MURKOWSKI. So, I guess it behooves us as a Committee to be very perceptive about how and what questions we ask.

Mr. ALLEN. Sir, your questions are very perceptive.

Senator MURKOWSKI. Well, it is clearly a case of the consensus within the Agency to engineer risk, but successful withholding of facts from the Committee because the Committee certainly would have liked to have known of that. But we didn't ask and they didn't tell us. Clearly one has to question the propriety of that.

Let me go into one other brief area of questioning. I was struck by a reference in your statement on page 10. "Rather, I stated that allegations might be made by Ghorbanifar that the government of the United States, along with the government of Israel, acquired a substantial profit from these transactions, some of which profit was redistributed to other projects of the U.S. and of Israel."

Now from the standpoint of the U.S., the project was diversions to the Contras.

Mr. ALLEN. That is what I was thinking about at the time when I wrote that, yes sir.

Senator MURKOWSKI. What were you thinking about with the funds that went to Israel?

Mr. ALLEN. There were discussions or intimations from Lt. Col. North and from Mr. Nir that Col. North and Mr. Nir were talking about possible cooperation and counterterrorist activities, particularly against captors holding hostages in Lebanon. And I wasn't—I have nothing specific, but there were from time to time, statements made that to me talked about close collaboration by the NSC with Israel on counterterrorist action, which I wasn't certain were the kinds of actions that would have been sanctioned, say by the Presi-

dent or by a Presidential Finding. I have no specific examples, but those statements were made by Col. North at the NSC and Mr. Nir, but it was very murky, it was very murky. I have no specifics.

Senator MURKOWSKI. In reference to some of the distribution going to Israel was in just general terms and not—

Mr. ALLEN. I have no specific example in mind right now.

Senator MURKOWSKI. Are you of the opinion that some of the funds were diverted to Israel

Mr. ALLEN. There was a question of where Mr. Nir, who was in arrears \$1.7 million and I'd have to go back and look at the record as to just how that occurred, but I believe it occurred having to do with the initial TOW missile project in August and September of 1985.

So there were some shortfalls involving Nir, and I still don't have a clear idea of what those might be.

Senator MURKOWSKI. Who would have that knowledge in your opinion? Because wasn't there about \$3.4 million or thereabouts allegedly diverted to the Contras?

Mr. ALLEN. I'm not sure what the amounts were. But clearly there were more monies in Swiss bank accounts that had been accrued from the sale of arms to Iran than I would have ever imagined. I know Mr. Cave expressed surprise that there was a very large surplus when it came out through the testimony of Mr. Hakim to the Joint Committee of the Congress on Iran-Contra.

Senator MURKOWSKI. Well let me go back to the question I asked and I interrupted you in responding, but who might know whether Israel was a recipient of some of this diversion? North?

Mr. ALLEN. I would say that only Lt. Col. North in the United States would have a clear idea of whether this actually occurred.

Senator MURKOWSKI. Lastly, how does the inbox work? Is this an imperfect science? Or is there a hole in it or does the wind blow by when it's full? [General laughter.]

Mr. ALLEN. That's rather remarkable. Now the system—some of my colleagues are here—the system works very well under normal circumstances. We have an Executive Registry, when documents are sent through normal channels, even sensitive documents—they are properly registered. Signature lines are tabbed, the documents go in for review by the Deputy Director usually and then by the Director. They're signed properly and then dispatched very precisely by the Executive Registry.

In the case of the memorandum that Mr. Cave and I put together—

Senator MURKOWSKI. This was to Admiral Poindexter?

Mr. ALLEN. To Admiral Poindexter. We walked in on Mr. Casey at 9:00 o'clock on the 23rd of October and—

Senator MURKOWSKI. October or November?

Mr. ALLEN. 23rd of October, 1986 and Mr. Casey said let's write all of this up and get it to Poindexter. I left my notes with Mr. Cave and he actually fashioned the memorandum. Mr. Cave, because this was a very unusual activity directed by the White House, we did not go through normal registries. So it did not go through Executive Registry.

Mr. Cave took it in, went over it with Mr. Casey.

Senator MURKOWSKI. About what date was that?

Mr. ALLEN. That was about the 24th of October 1986. And Mr. Casey agreed the memorandum was fairly explosive and should be sent to Admiral Poindexter. Mr. Casey had a rather chaotic desk. He had many documents, some classified, some unclassified, endless numbers of books which he was constantly reading and somehow his secretary did not know that that was to be signed. And she filed it in a file. He felt that he had signed it. He called me, I recall, on the 23rd of November at 6 o'clock and said, "get me all the documents that you prepared in your conversations with Mr. Furmark and get them to me right away." I'll meet you in my office.

And so I raced into the Agency, collected the three memoranda, including the one addressed to Admiral Poindexter. I had a copy of it: it was not signed. I took it into Mr. Casey and he said where is the signed version. And I said well I don't have a signed version. I said you must have signed your copy and sent it down to Admiral Poindexter. And he said, well, I know I did. And then his secretary, Miss Betty Murphy, looked in a file and pulled it out, the original, and it was unsigned. That's a true story and it's regrettable but that's the way the wrong—the wrong inbox syndrome does not occur very often.

Senator MURKOWSKI. There was no occasion then for any communication to Admiral Poindexter, the whole month went by?

Mr. ALLEN. I did not communicate with him. Mr. Casey may have communicated with him. I know that Mr. Casey said he had talked on the telephone with Vice Admiral Poindexter on the Furmark memoranda. So it's clear that Vice Admiral Poindexter was aware of Mr. Furmark. And I know Col. North was because copies of the memoranda were sent through my channels down to Col. North.

Senator MURKOWSKI. Thank you Mr. Allen. I have no further questions Mr. Chairman.

Chairman BOREN. Mr. Chafee?

Senator CHAFEE. Thank you Mr. Chairman. Mr. Allen as we sit here in September of 1991, we're reviewing what happened, trying to ascertain when it happened, with the clarity of post-event vision. And of course we look at it all with a very dispassionate attitude, antiseptic as it were. What I seek from you is more of a flavor of the time, the summer of 1986. And I'll be a little more specific. Things were happening. The immediate goal in connection with the Iran sale was obviously the release of the hostages. And Col. North was hip-deep in that.

Now Mr. Fiers has described Col. North, and I'll read from the transcript, "I never knew Col. North to be an absolute liar, but I never took anything he said at face value. Because I knew he was bombastic and embellished the record and threw curves, speed balls and spit balls to get what he wanted. I've seen Col. North play fast and loose with the facts. But on the other hand there was a lot of fact in what he said." And then he goes on to describe him. "I might describe him a little better—a little bit like Hoyt Wilhelm. As you remember, Hoyt Wilhelm never knew where the ball was going so the catcher wore a huge mitt so he could get it. Ollie was like that. You never knew where the ball was going. Some-

times it was tremendously effective and sometimes it was a totally wild pitch."

And then in connection with your relationships with Ollie North, on top of page five, you say you had difficulty understanding why Lt. Col. North was telling me to use "patently false stories" with Ghorbanifar.

So here's all of this atmosphere of things going on, where you were working toward the release of the hostages, and then on July 26th, sure enough, Father Jenco was released. Now my question to you, could you just give us a little bit of the atmosphere, because one of the reasons that the Casey testimony was not as candid as it should have been were these threats or warnings from North regarding danger to the lives of the hostages. But there was something in what he had to say, I suppose, in that Father Jenco did come out. Now did you feel that was associated with the North efforts, the release of Jenco? Did you think, well, he is producing, or did you dismiss that?

Mr. ALLEN. Father Jenco was released largely because of the efforts of Lt. Col. North and the Iranian initiative and so was David Jacobsen. I don't think there is any question that the Ghorbanifar channel operated effectively in securing the release of Father Jenco and that the second channel acted effectively in the release of David Jacobsen.

Col. North was accomplishing some releases—far fewer than anticipated and far slower. The flavor of the times, as you recall, '85 and '86, was a very difficult time. In 1985 we had considerable criticism of our counterterrorist strategy and some policies. You recall Vice President Bush at that time chaired a major task force on combatting terrorism and out of that came forty or fifty recommendations, most of which were implemented.

Col. North was extremely effective and instrumental in the implementation across the government on those initiatives. We were losing, in some people's eyes, the battle against terror. There were a number of incidents that occurred. So there was a very strong flavor of the time if somehow we could short circuit some of the radicals in Teheran. The President I think felt very strongly about his hostages held in Lebanon, a very frustrating activity indeed.

So the flavor of the times was one where we felt we had to make real progress and real strides against terrorism. And we did in many, many ways which we don't need to go into today. Indeed, Col. North occasionally embellished the record as Mr. Fiers as stated and he embellished it with me occasionally. But we had a good working relationship, particularly in the early years when we worked in crisis management, where I felt Lt. Col. North did an extraordinarily effective job in improving U.S. national security strategy and U.S. national security deterrence.

But he seemed so insistent in the July and August time frame on telling me stories I knew were not true on why the prices of the HAWK spare parts were so high and it bothered me. And the more I dwelled on it the more I thought that he was protesting too strongly, and that there were other reasons he felt he could not be totally candid with me on this issue.

And Mr. Casey believed at the time—and I think—I never discussed it directly with Mr. Gates, but I think we all were concerned

about the safety and security of our hostages. And one thing that a Director of Central Intelligence always has to do is to go the extra mile to protect sources and methods. And I think Mr. Casey felt he had a strong obligation under law, and an ethical consideration to protect the lives of the Iranians who were in contact with us.

Because we were not certain in some circumstances what dangers in which they might be putting themselves in maintaining contact with the United States.

Senator CHAFEE. Now I'd like to go on to the bottom of page 14 of your testimony in which you say as follows, "Even though the issue of diversion of profits made from the arms sale to Iran was not included in Mr. Casey's testimony, I did not consider the issue closed."

Now, just to refer back to the preparation of his testimony. You've indicated that it was a rather chaotic time, that no one seemed to have the full story. You've conveyed the flavor, I think, of the presentation of that. Now the part I'd like to get in once again is, overall, again, you've had this suggestion from Colonel North to be careful, don't endanger the lives of the hostages, and, of course, the point you've made about Mr. Casey worrying about the Iranians who were working with you. And, frankly, I think in the testimony we've had here, this is the first time that anybody's stressed that that was a factor when you were preparing the Casey testimony. Could you just review that briefly with us.

Mr. ALLEN. Yes, sir. We took very seriously that some of the Iranians in contact with our intermediaries, Mr. Ghorbanifar, and later with Major General Secord and Mr. Hakim, were taking risks. And, in fact, the intelligence suggested that there were real risks in some of them actively pursuing activities and agreements with the United States. The degree of risk we were not certain. We knew that the issue of hostages was a very fragile one.

As you know, some British hostages lost their lives. Peter Kilburn very regrettably lost his life on the 17th of April, 1986 after our attack on Libya. We were very close to securing the release of Mr. Kilburn, and that was a very devastating experience. The officers that worked on that, and Mr. Clarridge was among them, personally devastated that we could not deliver Mr. Kilburn safely to the United States. Mr. Clarridge put in countless hours in trying to resolve that particular situation.

Senator CHAFEE. I think he was from the American University of Beirut.

Mr. ALLEN. That is correct, sir. And we had actually met with the families, and I had met with the families, and Colonel North had met with the families—the Kilburn family—and we had given them some indication and some hope that their relative might soon be released. And then we had to tell them that, indeed, we had confirmed that indeed he had been murdered—and murdered by probably Libyan agents. It was not a happy time.

So, we had had experiences earlier with hostages and I think Mr. Casey certainly had that in mind. And I think quite sincerely, regardless of the issue of cover up of the diversion that was occurring at the White House, there were genuine concerns on the part of Lieutenant Colonel North, Vice Admiral Poindexter—he expressed the same concern over the lives of hostages and the lives of Irani-

ans who were in contact with United States officials and intermediaries.

Senator CHAFEE. Now, in your testimony you say in the luxury of hindsight it's easy to cast stones at our efforts—you're referring to the Casey testimony—but in the confusion of the time, I believe Agency officials tried to present accurately what was known.

Now the next point I'd like to get on—one of the suggestions that's floating around here is that Mr. Gates just showed no interest concerning the diversion to the Contras, that he looked the other way. Yet, in your testimony, you say—and, again I go back to the bottom of page 13—at the bottom of page 14 and the top of page 15. Regarding the arms sale in the Casey testimony—"I did not consider the issue closed, nor did, I believe, either Mr. Casey or Mr. Gates. Both had encouraged me to pursue questions about improprieties relating to the initiative. A small number of senior CIA officers were privy to my memorandum. No one besides Mr. Casey and Mr. Gates encouraged me to pursue the issue." Now it seems to me that's a pretty strong statement on behalf of Mr. Gates there.

Mr. ALLEN. I have no quarrel with what Mr. Gates did and the fact that he took action; the fact that I thought that he had sent me off on the 1st of October to go see Mr. Casey alone, and when I walked in, he walked in almost simultaneously and sat next to me, in front of Mr. Casey, and we discussed the problems with the initiative, the operational security problems, and then we also turned to the diversion. And Mr. Gates spoke up, as I recall, interrupted me as I was explaining the diversion to say that this was an issue that was serious and needed to be pursued. So, I don't have any quarrel at all with Mr. Gates on this issue.

Senator CHAFEE. And then I think it's also important to know what your attitude was. You've stressed that you suspected, you believed, but you lacked hard evidence, and then Ollie North talked about this reserve, and he talked about the Contras and other projects. What's this business about other projects? What did that make you think of?

Mr. ALLEN. I don't think I heard Mr. North talk about other projects. Lieutenant Colonel North did talk about that he would have to take it from the reserve to pay off Mr. Ghorbanifar in my meeting on 8 or 9 September 1986. The other projects were allegations that Mr. Ghorbanifar was likely to make profits from the proceeds that were diverted to support activities of the United States and of Israel. I don't recall Colonel North talking about Contras or other projects in the context of taking money from the reserve.

What it suggested to me was that there was a good amount of funds that had been accrued in some fashion. And the only reserve that I could think that could have been accrued would be through the so-called private fund raising efforts to support the Contras in Central America, or that excessive profits had been accrued from the sale of arms to Iran. And, to me, the evidence suggested the latter because of the intelligence that it showed fairly convincingly, because the Iranian sent out the microfiche and he had a bona fide microfiche, it's clear that they knew the base price of HAWK spare parts. We were not deceiving the Iranian procurement officers. So, it occurred to me that the latter alternative was probably the oper-

ative one—that the reserve was built up from proceeds involved in selling arms to Iran.

Senator CHAFEE. What was your opinion of Ghorbanifar when he told you he was only taking forty-one percent?

Mr. ALLEN. Mr. Ghorbanifar lied to both sides in this initiative and throughout the initiative. He also produced. He also told the truth at times. I think what you have to do is carefully look at Mr. Ghorbanifar and look at each action he takes or each proposition or proposal he makes and examine it carefully on its merits. And I examined this particular conversation very carefully because he gave me the base price—he gave me the price that U.S. intermediaries were charging for the HAWK spare parts, and then he told me his commission—and his commission varied depending on the part involved. But he was right. Assuming he was telling the truth, it averaged around forty percent. Mr. Nir, who called shortly after Mr. Ghorbanifar called, reinforced this very strongly with similar type examples. And at this stage, based on the intelligence, based on what Mr. Ghorbanifar told me, based on what Mr. Nir told me, I thought there was general consistency here. So, in this case I said, Mr. Ghorbanifar may be telling generally the truth. And it turned out that indeed I think he was.

Senator CHAFEE. Okay. Fine. Thank you, Mr. Chairman.

Chairman NUNN. Thank you, Senator Chafee. I believe Senator Rudman is next.

Senator RUDMAN. Thank you, Mr. Chairman.

Good morning, Mr. Allen.

Mr. ALLEN. Mr. Allen, I just really have two areas of questioning which I think we can do in the time that's allotted to me, and I'll try to get through them. Underlying most of these questions relating to Iran-Contra is a basic premise held by some that Mr. Gates had a faulty recollection about several conversations. And then, of course, you get down to the question of whether it was faulty recollection or whether it was something else. And much of that revolves around the meeting with Mr. Kerr, but it also relates to the meeting with you on October 1st which Mr. Gates clearly recollects. A great deal of it also has to do with some people who even believe Mr. Gates' state of knowledge was greater than he has testified to—both here and in other forum. You, of course, have testified a number of times on these issues, and I'm going to get into that in just a moment.

But in order to get the general feeling of what Mr. Gates knew or should have known, or whether it was all right for him to know—that's a third aspect I'm adding to the issue—I want to read to you something that I, for the first time, have had a chance to ask you about in public. I'm not sure it's ever been asked to you by the Iran-Contra Committee in private—although you probably think everything in the world was asked of you at that time.

Mr. ALLEN. Sir, I've testified too much.

Senator RUDMAN. On page two you say, "During the first phase when there was no Presidential Finding I was asked by Colonel North to coordinate the collection of intelligence in the Iranian initiative and to protect closely this White House effort. During this period I kept Mr. Casey and Mr. McMahon fully informed on the intelligence collected. Moreover, some of the intelligence was pro-

vided to Mr. Clair George, the Deputy Director of Operations. In keeping Lieutenant Colonel North's instructions, I did not inform Mr. Gates even though he was technically my immediate supervisor as Chairman of the National Intelligence Council." Well, you say he was technically your supervisor. In fact, he was your supervisor, wasn't he?

Mr. ALLEN. He was. But you've got to realize that the National Intelligence Officers under the way we operated, certainly under Mr. Casey, Mr. Casey viewed them as officers, very senior, who led the Community in their own functional or geographic areas, that they reported directly to him. On substantive issues, Mr. Gates gave guidance and direction to them and critiqued their work. But that really we had direct and immediate access and Mr. Casey, I believe, wrote a—was our final reviewing officer. So we felt that the time that we had on substantive issues, we could report directly to Mr. Casey.

And I remember talking to Mr. Casey and telling him that Lieutenant Colonel North wanted this held to just to himself, Mr. McMahan, Mr. George was okay, but I wasn't going to tell Mr. Gates.

Senator RUDMAN. Let me interrupt you here.

Mr. ALLEN. Yes.

Senator RUDMAN. Did Colonel North specifically say, "Do not tell Mr. Gates," when he gave you a list of who could know and who couldn't? Did he delineate it?

Mr. ALLEN. He delineated it over a secure telephone that it had to be kept to the Director, the Deputy Director. He had no objection it being shown to the DDO at the time. He did not want it shown to the DDI or other officials. So it was held at that level.

And I told this to Mr. Casey and he affirmed that that was an appropriate procedure if that was—because he viewed that period, as essentially totally controlled by the White House. All that we did was to see if we could collect some useful intelligence.

Senator RUDMAN. Have you ever testified to that particular set of circumstances and facts before?

Mr. ALLEN. I think I have.

Senator RUDMAN. Where?

Mr. ALLEN. It may be in my testimony to the Congress.

Senator RUDMAN. Well, I don't recall it. And I've reviewed most of it. But I am sure you are right. But you are testifying under oath this morning that that's what happened.

Mr. ALLEN. Yes.

Senator RUDMAN. Because my next question, which is now unnecessary to ask, is that it seems almost remarkable to me that—unless it was the President of the United States or his National Security Advisor, or any NSC staffers, you know as powerful as Colonel North was, and we know how powerful he was—that you would take his instruction not to inform your superior. You used the word technical, I don't agree with it. I think he was your superior. And you are now telling us that you did not simply take Colonel North's charge on that, but that you confirmed with Mr. Casey that you would not be sharing this initiative with Mr. Gates.

Mr. ALLEN. That is correct. Mr. Casey said that if that's the way the White House wishes this to be managed, bring the intelligence to me and to Mr. McMahan and let us keep it at that level.

Senator RUDMAN. Did you ever discuss that with Mr. Gates since it has happened?

Mr. ALLEN. I don't think we ever did. It was clear by—by the time, January 17, 1986. Finding, then we of course shared the intelligence with Mr. Gates.

Senator RUDMAN. Oh, I understand that. But my question was that since the time that it happened until today, have you ever sat down with Bob Gates and said, "You know, I cut you out of that and the reason I did is North told me to cut you out of it. I checked it out with Casey and Casey said that was fine with him."

Mr. ALLEN. That's the way Mr. Casey said—

Senator RUDMAN. Right.

Mr. ALLEN. Let us continue with these procedures because—

Senator RUDMAN. Have you ever told Gates that? You haven't answered my question, Mr. Allen.

Mr. ALLEN. I don't think I have ever discussed that with Mr. Gates. No. sir.

Senator RUDMAN. Well, fine. Okay. That's my question.

Mr. ALLEN. He is well aware of it.

Senator RUDMAN. You know there isn't much new that comes out around here in these hearings so far. But that's new.

Mr. ALLEN. Thank you, sir. I'm glad there's something.

Senator RUDMAN. And that's also very important. Because the underlying question here, when all is said and done, and with all that has been written—much of it inaccurate—is whether or not Bob Gates has told this Committee the truth, whether his testimony about his state of recollection is accurate, or whether he lied then and he lied now. And that's really what this is all about. We are much more polite around here than that. But that's what this is all about.

And obviously the way you answer that question depends on whether or not a Member of the United States Senate feels confident in voting to confirm him.

And what you just told this Committee is that the Director of Central Intelligence made a decision, when you presented a request from Colonel North to him, to cut out your immediate superior, Robert Gates, from a very important initiative that had a great deal to do with intelligence. Let the record show at the time that Mr. Gates was Chairman of the National Intelligence Council, am I correct?

Mr. ALLEN. Absolutely.

Senator RUDMAN. All right.

Mr. ALLEN. And from my perspective, that is precisely the way it occurred. And for a period of months, the initiative ran and Mr. Gates was totally unaware of it as I have given in my statement today.

Once he became aware of it, we discussed the initiative. But the earliest I knew that he became aware of it was in January. Although I was later told he had been included in some discussion with Mr. Casey in December.

Senator RUDMAN. I take it from your answer to my question a few moments ago that had Mr. Casey, who was the Director and ultimately your superior—

Mr. ALLEN. Absolutely.

Senator RUDMAN [continuing]. Said to you, "Mr. Allen," or "Charlie," however he addressed you—

Mr. ALLEN. Charlie.

Senator RUDMAN. "I don't want you to do that. Irrespective of what Colonel North has told you, I want Bob Gates to be informed," you would have done that?

Mr. ALLEN. I would have informed Bob Gates immediately, sir. Because I have always had a very warm relationship with Bob Gates. We grew up together as analysts and worked together in the late 1960's.

Senator RUDMAN. My second and last question goes into this same area of Mr. Gates' credibility.

I have looked at your testimony and I think it is very difficult for you to testify as to what you really knew at the time because it has to be conditioned by recollection refreshed since 1986 and in 1987—you've testified so many times. And I've looked at your testimony, and although there were no basic changes in your testimony, there is an evolution which tends to get more information in it the later we go. And I'm not being critical, Mr. Allen, I'm simply saying that when I look at that testimony at the time, it's fairly restrictive.

But one of the things that is interesting in it is this. That you have testified, and Bob Gates has testified, that at the time that you made your disclosure on October 1, 1986, he "startled" as you say, and took the action that he has testified to about going to the Director and also to the Counsel of the CIA. But there's also testimony that one of his responses to you was that, "Yes, I've heard rumors about that."

Do you recall that?

Mr. ALLEN. Absolutely not.

Senator RUDMAN. You don't recall it?

Mr. ALLEN. Absolutely not. That is a statement that I did not hear. That is a statement Bob Gates did not make.

Senator RUDMAN. To you?

Mr. ALLEN. To me.

Senator RUDMAN. It's interesting. Recollection is very difficult. And one of the interesting things about this hearing is that everybody sitting on both sides of this table—not where you are sitting, but the people here and the people behind, particularly in the first four rows—all seem to think that the world enjoys immediate recollection of anything that happened. And, of course, that is not so.

But it is interesting. Back on December 4, 1987, Mr. Gates says, "I was startled by what he told me," speaking about you, "And frankly, consonant with the way we have responded to such stories in the past, my first reaction was to tell Mr. Allen that I didn't want to hear any more about it. That I didn't want to hear anything about funding for the Contras. But then I realized that in contrast with some of the rumors that we had heard in the past, that what we had here was an analytical judgment based on the close reading of material and other knowledge of what was going

on, and I told Mr. Allen that I thought we had better get that information to the Director."

But as far as him talking to you about rumors, you don't recall that and you say flatly he didn't say that to you at that time?

Mr. ALLEN. No sir, he didn't. But the rest of the testimony is quite right. His reaction was one of being startled and his action—his direction was very explicit.

Senator RUDMAN. Mr. Allen, I thank you for your testimony. I think you've tried very hard to answer these questions as accurately as you can, based on what you knew at the time this all happened. I think the most significant part of your testimony—as far as I am concerned—in fact, really one of the most significant things I've heard after sitting here for several days, is that the Director of the Central Intelligence Agency essentially himself was responsible for cutting Bob Gates out of the information that you possessed. And you were really the case officer working with Oliver North on much of this. Am I correct?

Mr. ALLEN. I wouldn't call myself a case officer. But certainly Mr. Casey took director charge in determining who would know about this early phase of the initiative in the Central Intelligence Agency. And he did not want Mr. Gates informed.

Senator RUDMAN. But you and Mr. Cave were very closely in touch with this as we look at the whole range of people from the Agency in this legal, if ill-thought out initiative. Nonetheless, you were the people that had to work with him?

Mr. ALLEN. Yes sir. We were—I was directed by Mr. Casey to work closely with Colonel North on the initiative throughout the initiative. Mr. Cave did not join me—he worked for the Chief of the Near East Division of the Directorate of Operations—he joined me on 5 March 1986 and I provided him with the intelligence. And from that moment on, he essentially worked out of my office and essentially occupied my desk when I wasn't around.

Senator RUDMAN. And to make sure that everybody understands what you're talking about, when you talk about the initiative, you're talking about the legal sale based on the Finding of arms to Iran, a matter of policy of the President of the United States. That's what you are talking about?

Mr. ALLEN. Absolutely.

Senator RUDMAN. When you are talking about the initiative.

Mr. ALLEN. The 17 January 1986 Finding that authorized the Agency to do those things in support of the White House.

Senator RUDMAN. Which have been characterized as legal but very dumb.

Okay, Mr. Allen. Thank you.

Senator NUNN. Senator Rudman, would you just yield briefly for one question on that one. On the initiative that you are talking about, Senator Rudman has been asking you about, you just mentioned it was pursuant to the Presidential Finding, but your statement says during the first phase when there was no Presidential Finding. And that is the same place, same paragraph, on page 2 where you talk about you never mentioned that activity to Mr. Gates. Maybe you're—maybe there is an overlap in time there. I just want to pin you down on exactly what initiative you are talking about.

Mr. ALLEN. I am talking about the Iranian initiative.

Senator NUNN. Are you talking about the first phase of it?

Mr. ALLEN. The first phase of the Iranian initiative which was—even though there was a so-called mini-Finding, there was no—from our perspective I think out at CIA, there was no fundamental Presidential Finding that called on the Central Intelligence Agency to provide the support to the White House initiative that later was documented in the 17 January 1986 Finding.

Senator NUNN. You describe that as collecting intelligence on the Iranian initiative. It really wasn't intelligence collecting as much as it was activities towards the arms sale was it?

Mr. ALLEN. Well, it was collecting—it was more than arms sales, but it was principally involved—it principally involved the intermediaries involved and we tried to determine the reaction and responses of the Iranian government officials—

Senator NUNN. So it was that reaction to what we were doing, but it included both sides of the coin.

Mr. ALLEN. Exactly. So that our side would have insights and advance knowledge of how they were accepting certain proposals or certain efforts on the part of the White House.

Senator NUNN. Right, thank you.

Senator RUDMAN. Mr. Chairman, I just want to—

Chairman BOREN. Do you have any additional questions Senator Rudman? Go right ahead.

Senator RUDMAN. I just want to follow-up on Senator Nunn—it will take 30 seconds. And that finding which was retroactively done, was the result of Mr. McMahon's concern that the Agency be discharging its statutory duties in a legal fashion because he had concerns with the activity—and I agree with that characterization of Senator Nunn's. That activity which was going on as well as intelligence gathering needed a Finding?

Mr. ALLEN. For the kinds of activities that the White House envisioned in January and I remember talking to Mr. Sporkin, now Judge Sporkin, about this, and he felt that this was going to be a difficult Finding to write and he, of course, went to work on that in early January of 1986. And I recall he had concerns about the content of the Finding.

Senator RUDMAN. Yes. Thank you very much Mr. Allen.

Chairman BOREN. Thank you, Senator Rudman.

For the benefit of my colleagues, let me just go over one bit of scheduling here, I have been consulting with my colleagues, Senator Cranston has the press of an appointment and Senator Metzbaum has agreed to allow Senator Cranston to go ahead and ask his questions. Senator Nunn also has some scheduling problems. I do not yet know whether Senators D'Amato, Gorton and Danforth wish to ask questions. They were here during Mr. Allen's opening statement. So what we will do is proceed with Senator Cranston, followed by Senator Nunn. We will then recess and come back at 2:00 when we will proceed with Senator Metzbaum followed by Senator Bradley. If any of our other colleagues wish to ask questions at that point, we will do so. As soon as the rounds of questions are completed, I have two final questions myself. Mr. Kerr will be the next witness this afternoon.

So I recognize Senator Cranston at this point.

Senator CRANSTON. Thank you very much, and I appreciate the courtesy of my colleagues who've let me go at this point because I have to leave momentarily.

We have been given a copy of the memorandum that you tell about in your testimony which you prepared after your October 7th meeting with Mr. Casey and Mr. Gates and you then, at Mr. Casey's request, prepared a memo summarizing your concerns about the whole matter.

We have been given a heavily redacted, blacked out copy of that. You can see how much of it has been eliminated so we don't know exactly what was there. I want to ask you about two parts of it.

First, on page 2, there is a discussion of the festering sore, an assertion that somebody claims to have co-opted somebody else, or several people, that the Iranian leader is approving the way things are proceeding to some extent. And then there is a sentence, notwithstanding, blank, somebody, has spoken of, quote, "eliminating," unquote, blank, somebody, sometime in the future. As we all know the word eliminating usually means in the parlance of the CIA, disposing of someone physically—killing someone. I am not going to ask who suggested somebody be killed, or who the person to be killed perhaps, would be, but I would like to ask whether you know that was quoting an American official or an Iranian official.

Mr. ALLEN. I am certain it is not quoting an American official. I don't recall that particular sentence Senator Cranston. I will be happy to review the unredacted copy, which I have in my office. But it could not have been an American official.

Senator CRANSTON. I am very glad to hear that.

Mr. ALLEN. Yes sir.

Senator CRANSTON. Secondly, right below that the following appears: "Ghorbanifar appears to be harassed by his creditors, some of whom already have brought the problem to the attention of the DCI and Senators Leahy, Cranston, and Moynihan." I have no memory of that and my staff that I have been able to consult since I just saw this this morning, has no memory of that. Do you recall the source of that information?

Mr. ALLEN. Yes, Mr. Roy Furmark gave that story to Mr. Casey, I believe in a telephone call, or in person, around the 7th or 9th of September 1986. We later, I think, were able to adduce that Mr. Furmark was not telling the truth in that particular situation. It seemed to me that Mr. Furmark had sought out Mr. Casey in order to try to help Mr. Khashoggi get the White House to move along with the additional movement of arms sales to Iran so that somehow the funding impasse could be broken. It is my understanding that no conversations ever occurred with either of you, sir, or Mr. Leahy, or anyone else on Capitol Hill.

Senator CRANSTON. I appreciate that clarification.

Mr. ALLEN. Yes sir.

Senator CRANSTON. On page 2, you state in your testimony, during the period of September 85 to January 86, I never once mentioned this activity or my role in it to Mr. Gates, although I learned after the initiative became public that he may have had some knowledge of it in December 85. What were you referring to?

Mr. ALLEN. I believe that Mr. McMahan or Mr. Casey, one, had a meeting in the first week, around the 5th of December where Mr.

Gates at least attended part of the meeting that dealt with the White House initiative and the fact that the White House at that stage was demanding additional support and services from the Central Intelligence Agency. But I don't have personal knowledge of that. That is only through sort of hearsay.

Senator CRANSTON. In the final paragraph, summarizing your views, you say that you have no knowledge or indication that either Casey or Gates deliberately withheld any information. You say to the contrary, I believe, that both were troubled by the White House initiative and by the Agency support role especially since the Agency was uninformed even to the end about some aspects of the operation.

Do you presently believe that the Agency was totally uninformed about some aspects in view of the apparent involvement of Mr. Casey?

Mr. ALLEN. I believe that some aspects relating to the financial arrangements contemporaneously at the time, I believe that Mr. Casey was not fully aware of all of the financial arrangements that might be involved in these transactions. As we know through I guess the testimony of Mr. Hakim, and others, up to Capitol Hill, some of the things that he talked about including the profits that were accrued were certainly news to me, certainly news to Mr. Cave, and I suspect would have been real revelations to Mr. Casey.

Senator CRANSTON. In our efforts to assess the nature of the October 1 meeting you had with Bob Gates, did you do your best to impress upon him the seriousness and the possible very adverse consequences of the allegation that funds were being diverted? And did he ask you many questions about this? Was he skeptical? and I gather you did say it was just rumor unsubstantiated, you were not really certain?

Mr. ALLEN. Well, I spoke first and foremost about the eroding operational security of the project. And I spoke with significant seriousness on that issue. On the diversion, I listed some indicators that something was amiss and that a diversion to the Contras could be occurring and that I had reached sort of a conclusion, or analytic judgment, that a diversion could well be underway. I believe Mr. Gates reacted correctly on both occasions. And it wasn't that he just washed his hands of it, he came in and participated with me and Mr. Casey on the 7th of October.

Senator CRANSTON. One final question. You also recall having a conversation with Dr. Gates on your November 7th 1986 follow-up meeting with Roy Furmark. Dr. Gates does not recall that conversation. Can you speculate as to why he doesn't remember that? And a question relevant to that is, was it not as serious a conversation as the one you had with him on October 1? And was this something more or less said in passing rather than with any great emphasis?

Mr. ALLEN. I don't recall the specifics of the conversation about the 7 November memorandum. I can't add to what I have already given in my statements. I just do not recall the specifics.

Senator CRANSTON. So the memories of both of you are rather vague on that particular matter?

Mr. ALLEN. Absolutely sir. And Mr. Gates was an incredibly busy person and in my own world, I felt I was incredibly busy. So we

cannot—it is very difficult to remember each and every conversation.

Senator CRANSTON. I well understand that. Thank you very much.

Mr. ALLEN. Thank you, Senator.

Chairman BOREN. Senator Cranston. Senator Nunn.

Senator NUNN. Thank you Mr. Chairman. I just have a few questions.

Mr. Allen, refer to your statement on page 10, paragraph 2, you say I was particularly concerned about Mr. Casey's potential use of this memorandum. And the memorandum we are talking about is the one you have described here where you were reluctant to spell out what the diversion was in your judgment or at least your speculation at that stage. In other words the illegal activities, and you didn't refer to them directly. You referred to them in a rather broad fashion. So quoting you again, you say, "I was particularly concerned about Mr. Casey's potential use of this memorandum," end quote. What did you mean by that? What did you mean—particularly concerned, what did you feel? What was your worst case as to what he might do with that memorandum?

Mr. ALLEN. My worst case fear, had I laid out all of my worries and indications of a possible diversion of profits, would be that he would go table it with Vice Admiral Poindexter and I would be proven wrong. Mr. Casey, as a fairly blunt Irishman, had a proclivity to take sometimes less than tactless memoranda that we might have written to him on foreign policy issues or intelligence issues and go put them before the person that might take offense at what we have written—we as National Intelligence Officers. He was extremely candid at times. So I felt I could raise the concerns, both the operational security and the possible at least allegations of bad judgment, if not illegalities in a more oblique way, because I—and I took the two original—I took an original and a copy to Mr. Gates because I didn't take it in directly and I told Mr. Gates to—one copy was for him, the original is for Mr. Casey. Mr. Gates wasn't available, so I left the instructions with his secretary to get to Mr. Casey and to go over it. Because I was quite concerned that he would take it downtown and create a furor at the NSC level in particular, perhaps with Vice Admiral Poindexter and Lieutenant Colonel North and others, that Allen had made some allegations that just couldn't be substantiated.

So I felt I would, knowing his proclivity, and the way he reacted to issues like that, by just meeting them head on, I made it somewhat oblique.

Senator BRADLEY. But he did give it to Poindexter, right?

Mr. ALLEN. He surely did, sir. He did just what I thought he would do.

Senator NUNN. He did what you thought he would do?

Mr. ALLEN. Yes sir.

Senator NUNN. But by that time you had already told them beyond what you had—you had already told Casey, beyond what you had in the written memo, hadn't you?

Mr. ALLEN. Absolutely sir.

Senator NUNN. You'd given him all the fears that you had about the diversion—

Mr. ALLEN. He and Mr. Gates had my fears and my indicators, at least in a general sense.

Senator NUNN. Weren't you also then afraid that he might in his own style simply tell Admiral Poindexter that Charlie Allen, beyond what he said in writing, is saying that there may be a diversion of funds?

Mr. ALLEN. And I think that would have been fine. I just didn't want to put in writing something that so directly would have been challenging the White House had I been wrong in my analytic judgment. I had no problem with him discussing it—

Senator NUNN. I understand.

Senator RUDMAN. Would the gentleman yield for a moment?

Senator NUNN. I will be glad to.

Senator RUDMAN. Just on this point, it's interesting the Senator's line of questioning is that the memo itself which is the famous lost memo, when you look at it and it's fairly long—the reference to this dynamite disclosure which became the cause célèbre in the entire Iran-Contra affair, is contained in a rather obtuse paragraph—that's my word—but on page 6 it says—and it's in a lot of other things that are written—it says: the government of the United States along with the government of Israel, acquired a substantial profit from these transactions, some of which profit was redistributed to other projects of the United States and Israel, period. And that is the whole business about it in a very long memorandum, which I found, you know—I just thought it was kind of a minimal reference to what really was a pretty significant matter.

Senator NUNN. Well basically, though, you were at risk in the very thing happening that you feared with that written memo if Mr. Casey had confronted Admiral Poindexter with what you had told him orally.

Mr. ALLEN. That's the way I felt sir.

Senator NUNN. So you had some apprehension about it, that's—

Mr. ALLEN. I felt that I was quite apprehensive.

Senator NUNN. And you also at that stage according to your previous testimony when I was asking you questions, you clearly were afraid that if there had been some of illegal diversion, if that indeed your fears were correct, you also were afraid at that stage it might go all the way to the Oval Office?

Mr. ALLEN. That is correct, sir. Absolutely. And at the time I was a very good friend of Vice Admiral Poindexter and still hope that I am because we had worked together very closely at the NSC and I was of course very close to Lieutenant Colonel North. And I—there were personal relationships here involved and I didn't want to make—it was clear that the chain led from Col. North to Vice Admiral Poindexter and then possibly on beyond the Admiral.

Senator NUNN. Did you tell Mr. Casey or Mr. Gates, that you at that stage feared that this illegal diversion may go all the way to the Oval Office?

Mr. ALLEN. I did not, but it was clear that I implied it could go all the way to Vice Admiral Poindexter.

Senator NUNN. You implied it in your conversation with him?

Mr. ALLEN. That is correct sir. I mentioned Lieutenant Colonel North in my conversation with both Mr. Gates and Mr. Casey.

Senator NUNN. Did either Mr. Casey, or Mr. Gates, give any reply to that? That the trail was leading up to Vice Admiral Poindexter?

Mr. ALLEN. Only in the sense that it was a serious issue and Casey was very emphatic that we had to confront the White House on the question. Mr. Gates said it troubled him and said if this was occurring that the issue had gone too far, and that was when Mr. Casey said well you better put down some of these concerns about the entire initiative in writing. You got to remember I spent a good deal of time talking to Mr. Casey and Mr. Gates about the operational—eroding operational security and the enormous political fall-out that would occur internationally if and when the Iranian initiative was exposed.

Senator NUNN. So what we have here is you put in writing in an oblique, but nevertheless you certainly indicated in that memo that the diversion could have occurred in some fashion, and then you told Mr. Casey and Mr. Gates orally that you feared the diversion had occurred and that it had gone to the Contras, and then you also reduced that to writing pursuant to Mr. Casey's request that you do so?

Mr. ALLEN. That is correct, sir.

Senator NUNN. And then that memo was the one that Mr. Casey was supposed to have sent to Admiral Poindexter, but did not?

Mr. ALLEN. No sir. That is not correct sir. The memorandum that Senator Rudman was referring to was a memorandum that he actually took to Admiral Poindexter and left it with Vice Admiral Poindexter. The memorandum that fell into the wrong in-box was written around the 23rd of October 1986 by Mr. Cave based on my notes after a meeting with Mr. Furmark, for reasons that are I guess explainable. Since we went outside the normal executive registry, Mr. Casey failed to sign it and his secretary filed it.

Senator NUNN. Did you get the impression—now I understand now that you are talking about that memo—did you get the impression that Director Casey and Admiral Poindexter were doing a lot of oral conversation during this period, and you described Mr. Casey's style was to just go in and basically say, here's what my guys are saying, what do you say about it?

Mr. ALLEN. That is right. Mr. Casey said that he had called Vice Admiral Poindexter on a couple of occasions, I think after Mr. Furmark had made his initial overture to him and after my conversation with him, I believe on the 7th of October and the 15th of October. If I am not mistaken, he also on more than one occasion in the October timeframe brought this problem either directly to Vice Admiral Poindexter or over the secure telephone.

Senator NUNN. Would it be entirely possible that he, even though that memo that you refer to about the Furmark meetings that it got in the wrong box, would it have been entirely possible that that was discussed orally between Mr. Casey and Admiral Poindexter?

Mr. ALLEN. I have no personal knowledge. It is quite likely because it was Mr. Casey's penchant to punch a button and get Vice Admiral Poindexter on the line.

Senator NUNN. So that in effect, the information contained in that so-called missing memo may very well have gotten to Admiral Poindexter? You don't know that?

Mr. ALLEN. It may have well, I am certain that Lieutenant Colonel North received a drop copy of it unsigned.

Senator NUNN. So you did not ever tell Mr. Casey or Mr. Gates that you feared this diversion might go all the way to the Oval Office?

Mr. ALLEN. No sir.

Senator NUNN. You never used those words?

Mr. ALLEN. Never sir.

Senator NUNN. And the most you indicated to them was that you, at least implied to them, that it might go to Admiral Poindexter?

Mr. ALLEN. That's right sir. But my personal fears were that somehow this initiative had gotten off the track and it might have gone even higher. But I had—that was sheer speculation.

Senator NUNN. Did you speculate on that to anyone? Did you ever say those words to anyone, that this might go all the way to the Oval Office?

Mr. ALLEN. I don't recall expressly discussing the possibility of Presidential involvement.

Senator NUNN. Expressly? How about indirectly?

Mr. ALLEN. I can't recall that. It was more in the sense that the NSC initiative is off the track and that a diversion may be occurring for reasons separate from freeing hostages in Iran or opening doors with elements in the Iranian government. That it could be supporting the Contras. That is as far as I went. And it was directed at the NSC and not at—and any comments I made were never directed at the Oval Office. But I of course had the worries and concerns.

Senator NUNN. You had that worry and you had that concern, but you don't every recall saying that directly or indirectly to anyone?

Mr. ALLEN. No sir, I do not.

Senator NUNN. Did Mr. Casey or Mr. Gates ever tell you that this might involve Admiral Poindexter directly? This diversion.

Mr. ALLEN. No, they did not. On the 7th of October, it was clear that Mr. Casey wanted to bring the matter immediately to the attention of Vice Admiral Poindexter. That's as far as I can go with that.

Senator NUNN. Did Mr. Gates or Mr. Casey ever tell you or imply to you that this diversion knowledge might go all the way to the Oval Office?

Mr. ALLEN. No, they did not, Sir.

Senator NUNN. Did anyone else tell you this? Did Colonel North tell you this?

Mr. ALLEN. No, Sir. He did not.

Senator NUNN. Clearly, Mr. Allen, something was in your mind. You were involved in the hostage rescue. That was very much on your mind. You wanted to free the hostages. You had, I'm sure, misgivings like everyone involved with the Iranian initiative itself, and then you came upon this knowledge about the possible diversion to the Contras, which diversion would have been directly con-

trary to President Reagan's intention in terms of freeing the hostages had it angered the Iranians—would it not?

Mr. ALLEN. I would think it would have angered the Iranians, and that was my deep concern that the Iranians would take retribution and execute one of the hostages.

Senator NUNN. You had quite a fear that this diversion went all the way to the Oval Office or you would have blown the whistle, would you not?

Mr. ALLEN. I had no idea how far the—

Senator NUNN. But your analytical mind told you that it had—

Mr. ALLEN. I simply had worries and I tried to put that out of my mind. I felt I wanted to get the information to Mr. Casey, and I went through Mr. Gates because I knew Mr. Gates would help me in getting the information properly to Mr. Casey.

Senator NUNN. But even with all that fear, including your fear of the very mission you were involved in—that is, the rescue of the hostages—even with all that fear, you never mentioned this apprehension about it going to the Oval Office to either Mr. Gates or Mr. Casey?

Mr. ALLEN. No, Sir, I did not.

Senator NUNN. Mr. Allen, during your meetings with Mr. Gates on October 1st and your meeting with Mr. Casey and Mr. Gates on October the 7th, did you mention Lieutenant Colonel North's admonition to you to defend the pricing of the arms or his proposal, I believe to you, to manufacture a false price list?

Mr. ALLEN. I recall that I mentioned to Mr. Gates on the 1st of October and Mr. Casey on 7 October that I can't remember exactly how I brought up the name of Lieutenant Colonel North, but I felt that he was the person orchestrating the activity—the opening of the second channel—and that even though it had not been officially blessed, I guess until about the 9th of October by Vice Admiral Poindexter, I knew we were headed very rapidly to an opening of the second channel and closing the first one, cutting Mr. Ghorbanifar out.

I'm sorry, I—

Senator NUNN. The real question was whether you mentioned to Mr. Gates in your meeting on October 1st, or the meeting where both Casey and Gates were present on October 7th about Colonel North's request or admonition to you to defend the pricing of the arms.

Mr. ALLEN. Yes, in general we were told that we had to defend in any conversation we had with Mr. Ghorbanifar or Mr. Amiram Nir, we had to follow the stories that were essentially concocted over at the NSC as to why the price of the HAWK spare parts were so high. That was one of the issues that was configured into the conversations on the 1st and 7th—

Senator NUNN. You did—

Mr. ALLEN. His exact words I don't recall.

Senator NUNN. Right. I mean, you conveyed that as part—at that time still speculation but analytical speculation I would call it.

Mr. ALLEN. Yes, sir, it's analytic.

Senator NUNN. Analytical speculation that something was happening in terms of the diversion.

Mr. ALLEN. Yes, Senator.

Senator NUNN. So, both Mr. Gates and Mr. Casey would have known at that stage of at least your analytical speculation and fear along that line and would have also known that there was at least reason to believe that the price on these arms being sold to the Iranians was being substantially inflated.

Mr. ALLEN. That is correct.

Senator NUNN. And you expressed those apprehensions to both Mr. Gates and to Mr. Casey?

Mr. ALLEN. I believe I did.

Senator NUNN. But you didn't include those in your memo that was in writing?

Mr. ALLEN. I don't know whether I included them in my memorandum or not, but it was along those lines, that Colonel North was continuing to insist that there was good rationale for the pricing, and it didn't make sense.

Senator NUNN. Did you get the impression that Colonel North was trying to pull the Iranians leg and was winking at you? Or, did you get the impression he was trying to really make you also believe that the pricing was justifiable on the arms?

Mr. ALLEN. I think he probably believed that I had deep skepticism about what was going on and about the stories. It was clear and evidence has been developed that as we moved on into the initiative and the September and early October time frame, that Lieutenant Colonel North had either told someone or had some notes that it's important to cut Charlie out of the initiative. I think he believed that I was asking the wrong questions and raising the wrong issues.

Senator NUNN. Oh, he wasn't just winking at you. He was really trying to make you believe that the arms pricing was justified.

Mr. ALLEN. But at the same time I believe that at some point—

Senator NUNN. He knew you knew better.

Mr. ALLEN. That's correct, Sir.

Senator NUNN. Thank you, Mr. Chairman.

Senator RUDMAN. Mr. Chairman, could I just follow up on just one question Senator Nunn asked. Mr. Allen, during your testimony in an answer to a question from Senator Nunn, you made the point that Vice Admiral Poindexter was a friend of yours. I think you said you hoped that he still was. And you also said Colonel North was a personal friend of yours. Is that correct?

Mr. ALLEN. That is very much correct, Sir.

Senator RUDMAN. If that's so, when you came to your—I think rather spectacular analytical conclusion based on intelligence which we are not free to discuss here—conclusion, which was pretty educated speculation, or analytical speculation as Senator Nunn termed it, why didn't you go to Colonel North who, by our own statement, you knew? If what you thought was true, this was a very serious matter. The man was a friend of yours; you had been working with him. Why didn't you go to him and say, "Ollie, you know, if this is true—what I think is happening around here—you're apt to be in a jam." You're all apt to be in a jam. Why didn't you do that?

Mr. ALLEN. I could have taken that route.

Senator RUDMAN. Did you consider it?

Mr. ALLEN. Yes, I did. But it retrospect—at the time contemporaneously I did consider it. At the same time I felt that I might be stonewalled at the NSC because when questions were raised with me on several occasions in June and July about the pricing question and the Iranians complaints over the pricing, I was given, you know—very detailed—and what appeared to me as I put it, patently false stories. I thought I might again only find myself stonewalled. I felt that given the fact I lacked conclusive proof, that it would probably best raise it within my own Agency, with my own superiors, and see what they would do. And we went up the chain and I think the result was achieved that I wanted. I wanted the Director to get this down to the National Security Advisor, which he did. I could've and I didn't.

Senator RUDMAN. Well, I'll just follow it up with a brief one. I mean, had you been stonewalled, well, so be it. You would have been stonewalled. But the fact is, if you wanted to confirm the data and be able to go back to your superiors and say, "I've got hard data now, this is what's happening," didn't you consider that maybe based on your friendship—as cynical as that may sound—you ought to find out what was going on there and report it back to your superiors to confirm that a diversion in fact was taking place?

Mr. ALLEN. I could have gone that route. I raised the operational concerns—the operational security—and I think Colonel North and other members of his staff were concerned over the operational security. I chose to take the other route. I took the other road, Senator Rudman.

Senator RUDMAN. Well, that's fine. I just thought the question ought to be asked.

Mr. ALLEN. Yes, sir.

Senator BRADLEY. May I just follow up on that? The fact that it was the White House make a difference?

Mr. ALLEN. Absolutely.

Senator BRADLEY. Why?

Mr. ALLEN. Because there's a certain aura with the White House. There's a certain aura with the office of the Presidency. It is something that everyone looks upon—all Americans generally—with great respect. There's a certain great symbolism about the office of the Presidency. An intelligence officer like myself doing some speculation and then drawing initially—and then drawing some analytic judgments based on indicators, I felt it would be perhaps a very difficult process to take this directly to the White House when I had my own Agency and my own professional colleagues who I trusted like Mr. Gates, I could go to Mr. Gates or Mr. Casey with the issue and the problem.

Senator BRADLEY. So you were respectfully, but nonetheless, intimidated by the fact that you would be in the possession of a hunch, which if proven correct, would prove extremely damaging to the President.

Mr. ALLEN. Well, there was the potential, and it was more than a hunch. There were indications that something was amiss, and I felt that just trying to go down and take on the NSC on this—even though I was close to Colonel North as Senator Rudman noted—I felt it would be first and foremost I should take this to the people within the Agency. We've been told and reminded many times by

previous Directors and by Inspectors General if we have worries and concerns of improprieties or waste, fraud, and abuse, let's go up the chain. And that's what I did.

Senator BRADLEY. You said in response to Senator Rudman's question also that you had tried to get some confirmation in June and July, which is earlier than I had known your suspicions were known.

Mr. ALLEN. Late June, when the pricing began to go awry, I asked what was the reason, why were the Iranians in Iran so convinced that they knew the real price of the HAWK spare parts. And I said, the intelligence suggests, and it is pretty reliable intelligence, that they know exactly the base prices. So I asked Col. North why the costs were so high. Why was there such a mark-up in the cost being given to Mr. Ghorbanifar, and then he puts his commission on top. And first, it was Ghorbanifar's problem, and then later there were a number of stories that I was to convey to Mr. Ghorbanifar about reopening production lines, going to third countries to which the United States had sold HAWK spare parts and buying them back and making them available to the Iranians. All that seemed to be a little too much to be credible.

Senator BRADLEY. So that in fact you never got a clear answer on why the pricing was what it was?

Mr. ALLEN. That is correct.

Senator BRADLEY. And you were told to—against your own instincts to say that it was one thing when you didn't quite know what it was, but you suspected it was quite something else?

Mr. ALLEN. That is correct. I was given guidance to tell that to the Iranian middleman and to the Israeli official who was working with Mr. Ghorbanifar.

Chairman BOREN. Given guidance by whom? Excuse me.

Mr. ALLEN. By Lieutenant Colonel North.

Senator BRADLEY. At that moment, how did you feel about your government?

Mr. ALLEN. Well, I felt good overall about my government, but—

Senator BRADLEY. How did you feel about your NSC? Or your White House?

Mr. ALLEN. I at that stage, felt that the National Security Council staff had sort of lost its perspective on this initiative and that it did not—it had lost its strategic direction. It was reacting in a very tactical way and that it was trying to stay ahead of a looming avalanche.

Senator BRADLEY. Looming avalanche?

Mr. ALLEN. That's right, to use a metaphor.

Senator BRADLEY. The avalanche being?

Mr. ALLEN. The avalanche being some form of—particularly the fall-out that would occur immediately from the exposure of the initiative, which occurred as you know in November 1986.

Senator BRADLEY. And the damage to national interests?

Mr. ALLEN. That is correct.

Senator BRADLEY. And the damage to national interest compounded by the damage to try to not really fess up to it?

Mr. ALLEN. That's correct. And that is the reason in the memorandum that Senator Rudman quoted, I urged that we do a zero-based review because I thought we had lost our strategic objectives.

Senator BRADLEY. In the November 7th memorandum?

Mr. ALLEN. In the 14 October memorandum.

Senator BRADLEY. The one that was basically done after the October 7th meeting?

Mr. ALLEN. That is correct, sir.

Senator BRADLEY. And no response?

Mr. ALLEN. Well, the fact that there was no real reaction at the White House, I am certain that Vice Admiral Poindexter must have shared it with someone at the White House because it laid out very explicitly that a disaster was looming. And I waited to see what was to be done. I even suggested they form a panel with a number of distinguished experts to look at the initiative. And nothing happened.

Senator BRADLEY. Which they waited for the Tower Commission to do that.

Mr. ALLEN. Yes sir, Senator Tower was a distinguished man, yes.

Chairman BOREN. Mr. Allen, let me take you back to just a few wrap-up questions. We'll proceed this afternoon with Senator Metzbaum and Senator Bradley.

Let me go back to an important question for us in evaluating what Mr. Gates has told the Committee in his testimony. This is the conversation that Mr. Kerr says that he had with Mr. Gates after you told him in August about your suspicions about the diversion.

Mr. Gates testified to us that he remembers distinctly his conversation with you on October 1, but he doesn't remember the conversation with Mr. Kerr.

You have indicated that Mr. Kerr did not talk to you again about his conversation. You indicated that Mr. Kerr didn't tell you he had this conversation with Mr. Gates until after Attorney General Meese made the public revelations about the diversion?

Mr. ALLEN. That is correct, sir.

Chairman BOREN. So really you are one of the three people—yourself, Mr. Kerr, and Mr. Gates—that can give us some insight into these conversations. Now, Mr. Gates has indicated that if Mr. Kerr told him either directly or indirectly about your suspicions of the diversion it didn't register with him. And we said in discussions with Admiral Inman and others, we have all had the experience of a staff member coming on a busy day, telling us things that didn't really register with us even though we might nod our head and appear to be listening.

Now I think it becomes important to have your assessment of how Mr. Gates reacted when you yourself went to him on October 1st obviously in more detail about the same matter that Mr. Kerr says he had already reported to him.

Now, describe again for us Mr. Gates' reaction when you told him on October 1st.

Mr. ALLEN. That's correct. I went into Mr. Gates, I explained that the first channel was being shut down—the Ghorbanifar channel. A new channel was opened and I explained to him that when—we can't discuss the details of that in open session—as to

who was involved, but I said I wasn't certain of how reliable that channel was, and then I went through some of the indications of the operational security. So I divided the conversation into halves. The second half discussed my suspicions that something was awry. And when I went through a number of the indicators, Mr. Gates recalls maybe some, but not all. I recall several. Mr. Gates reacted after his initial statement which was not a serious statement—now I want to make that very clear, it was not serious—he said, I don't want to hear about this, but he said that in surprise and also in a disturbed way. And he said, this potentially is very serious. He said I have admired Col. North and his work in crisis management, and matters of that nature, but this goes too far. You need to get to Mr. Casey and you need to do it immediately. Now I failed very badly in not going immediately to Mr. Casey—

Chairman BOREN. Well, let me stop you now because I am more interested in your opinion of Mr. Gates' reaction when you told him this. You didn't learn until after the Meese announcement that Mr. Kerr told you that he had already said something about it to Mr. Gates.

Mr. ALLEN. That is correct, sir.

Chairman BOREN. In your opinion, from the reaction of Mr. Gates, do you think he was hearing what you said about the diversion for the first time?

Mr. ALLEN. Yes I do.

Chairman BOREN. Why do you think that?

Mr. ALLEN. The surprise upon his face. The way he reacted. Sort of stunned by the fact that the White House would commingle two separate activities in such a way. And in fact he made that comment, I cannot believe that the White House would commingle these activities.

Chairman BOREN. Mr. Allen, we have had testimony from Mr. Fiers, for example, that he was in a meeting once in Director Casey's office where Director Casey questioned Col. North in front of him. He feels it was being the witness to a charade which would at least lead us to believe that people can feign not knowing, or feign surprise so as to convey a certain message to someone else with whom they are talking. Do you think there is any possibility in this situation that Mr. Gates, if he already had this conversation with Mr. Kerr, was merely pretending to be shocked and surprised when he talked with you?

Mr. ALLEN. I have known Mr. Gates for almost 25 years. Mr. Gates is no actor. Mr. Gates was telling the truth. I think that's the first time he had heard of this matter of a possible diversion. And I have no reason to believe his credibility on that count.

Chairman BOREN. Well, now Mr. Kerr said he told him before. I guess you are not—

Mr. ALLEN. I understand that. I have no reason based on my direct conversation with Mr. Gates on the 1st of October to doubt his comments, his statements and the fact that this was—that this issue had taken him by surprise.

Chairman BOREN. So if someone else had said it to him, you feel this is the first time it registered with him at least?

Mr. ALLEN. Mr. Gates has a very active mind and if someone else—and as Admiral Inman said, there are times when Mr. Gates,

you're into see Mr. Gates, and I have done it many times, and you feel his mind is flying on 100 different separate issues from what you are telling him.

Chairman BOREN. Well let me ask you this—

Senator BRADLEY. Mr. Chairman, could I follow up on that point?

Chairman BOREN. Yes.

Senator BRADLEY. This made a big impression on Mr. Gates?

Mr. ALLEN. Yes.

Senator BRADLEY. You told him you suspected diversion?

Mr. ALLEN. Yes.

Senator BRADLEY. And you then told him who you thought was involved? Your suspicions?

Mr. ALLEN. I told him that—

Senator BRADLEY. Somebody at the NSC.

Mr. ALLEN. The NSC.

Did you mention Lieutenant Colonel North?

Senator BRADLEY. Right?

Mr. ALLEN. I mentioned Lieutenant Colonel North.

Senator BRADLEY. And did that make an impact on him?

Mr. ALLEN. That had an impact on him.

Senator BRADLEY. What was—how was his reaction? What was his reaction?

Mr. ALLEN. He said, well, Lt. Col. North has done excellent things in the area of crisis management, and perhaps other fields, but that overall this goes too far.

Senator BRADLEY. So he shouldn't have forgotten that, should he?

Mr. ALLEN. He didn't forget it. He remembered essentially what I—he essentially remembered the bottom line, that a diversion—

Senator BRADLEY. Well, but there are two points here. Ones a diversion, and who's responsible. And you have testified that he clearly was effected by both, and yet he has faulty memory when it comes to involvement of the NSC.

Mr. ALLEN. All I can say, Senator, is to reiterate that from my perspective Bob Gates was hearing this for the first time and it registered on him in a way that caused him concern.

Chairman BOREN. Let me ask this. You apparently, by taking this to Mr. Gates, trusted Mr. Gates at this time.

Mr. ALLEN. I've trusted Mr. Gates for many years.

Chairman BOREN. All right. You apparently said that you decided not to take it to the NSC because, for various reasons, you decided instead to go through your chain of command.

Mr. ALLEN. That's correct.

Chairman BOREN. Does this mean you also trusted Mr. Casey at this time?

Mr. ALLEN. Yes sir.

Chairman BOREN. You did not believe at this time that Mr. Casey knew about the diversion?

Mr. ALLEN. I had no reason at all to believe he knew of a diversion.

Chairman BOREN. All right. Now, this is something I still don't quite understand. I was listening to what Senator Rudman was asking you awhile ago. You trusted Mr. Gates, you believed this was the first time that at least the magnitude of this possible diversion registered with him. He took it to Mr. Casey and was there

with Mr. Casey when you came into the meeting. They asked you to prepare this memorandum. It's pretty clear that you certainly had suspicions about the National Security Council, which included both Col. North and Admiral Poindexter at this point. Some suspicions.

Mr. ALLEN. That is correct, sir.

Chairman BOREN. And yet you didn't seem to be alarmed at the fact that Mr. Casey and Mr. Gates took this memorandum and took your accusation to the very people that you suspected?

Mr. ALLEN. I felt that, getting back to perhaps an avenue that was proposed for Senator Rudman for me to take to the NSC, I felt it would have more impact and effect if the Director of Central Intelligence went with it. I didn't know he was going to take Mr. Gates. I only found out the next day that he had in fact taken Mr. Gates.

Chairman BOREN. So you weren't alarmed. You really expected that it would get to the NSC, but you felt your superiors really would have more clout in taking it?

Mr. ALLEN. Yes. And I felt—I wasn't certain whether they would hand the memorandum over, in fact I didn't want it handed over, because it was really accusing, at best, the White House of fairly unintelligent policies at the time.

Chairman BOREN. They were either acting beyond the bounds of the law or un-intelligently or both?

Mr. ALLEN. It was a very dumb effort. Yes.

Chairman BOREN. It was not a complimentary memorandum.

Mr. ALLEN. It was a very critical memorandum. It said the White House had lost its way on this initiative.

Chairman BOREN. I gather that, according to Mr. Gates, there was some direction given that the White House Counsel should be consulted about what you said in that conversation. Also apparently that the Legal Counsel at CIA should be consulted at some point? Do you have any knowledge of that?

Mr. ALLEN. Mr. Casey, when he came back, called me in the following day after seeing Vice Admiral Poindexter, and during the conversation—Mr. Gates was present—during conversation, he advised, he said I told the Vice Admiral to get the White House Counsel involved and then allegedly Vice Admiral Poindexter said that I don't know whether I can trust the White House Counsel. Mr. Gates did not tell me that he was involving the CIA General Counsel.

Chairman BOREN. Although apparently he did.

Mr. ALLEN. I have no reason to doubt that.

Senator BRADLEY. What was the date of that meeting?

Chairman BOREN. That was on October the—

Mr. ALLEN. 16th, perhaps. The morning of the 16th.

Chairman BOREN. The memo was on the 14th and then they went over to the White House.

Mr. ALLEN. On the 15th. And they called me in and Mr. Gates and Mr. Casey were the only people present and that was the morning of the 16th.

Chairman BOREN. Do you think it's possible, because this is subject to various interpretations, Mr. Gates has said well when I learned this my first thought was to take it to my superior Mr.

Casey, his thought was to take it to Admiral Poindexter. Mr. Gates said I thought at that time he was a straight arrow. I think that was the term he used. So the thing was to notify all the chain of command plus the General Counsels of both institutions. Now that's one hypothetical way of looking at that. That this was a sincere effort to go through the chain of command and inform the people you normally inform.

And he said, I guess in retrospect I was naive, I shouldn't have been so trusting about people just because they were above me in the chain of command.

Now there's another hypothetical way of looking at this and that is, gosh, Charlie Allen has come up with analysis that's pretty damaging, and if it is true the roof is going to blow off the place. So let's find a way to tip off the guilty parties that they're in trouble, that they've been found out by taking this to Mr. Poindexter.

Why isn't that a reasonable hypothesis for why they went to the White House?

Mr. ALLEN. For a lot of reasons. But first and foremost I don't believe either Director Casey or Mr. Gates are those kinds of people. I believe that this information from everything I know was new to them. They acted upon it; they took it to the White House; they called me in afterward and they were still, Mr. Gates, I remember was troubled and so was Mr. Casey.

Mr. Casey in that huge desk of his piled with endless papers, said, well you've read that memo that I did from Roy Furmark. I said no, I hadn't. That's when he pulled this thing out of—and then he said I want you to pursue this. I want you to get more information on this because Mr. Furmark clearly has interesting information about the bridge financing and that appears to be totally awry.

He said I'll call Mr. Furmark and get him down here to talk to you. So the fact that they didn't just come back and say we've done our job, Mr. Gates and I have done our job. The Director said I want to pursue this with Mr. Furmark. So I thought this was an indication of sincerity.

Chairman BOREN. Well, Mr. Allen, it could be. Let me say this. Could it not have been that Mr. Casey did know about the diversion and that he wasn't so shocked and surprised about the diversion, but he was shocked and surprised by the inept way in which it was being carried out?

And, therefore, he might well have been shocked to learn about all these problems with Mr. Furmark, but he might have known about the diversion. His shock might have been oh, this has been so mismanaged, this is all going to blow sky-high. Is that another possible hypothesis?

Mr. ALLEN. That's strictly a hypothesis. I have no evidence that Mr. Casey was thinking along those lines.

Chairman BOREN. Let me ask you this question and this is a little bit beyond the bounds of our focus. Then I have two last questions which return us back to Mr. Gates. You obviously think Mr. Gates was not knowledgeable about the diversion and I assume you still think so?

Mr. ALLEN. I firmly think that, yes.

Chairman BOREN. Implied in your testimony is the feeling that at least at that point in time you also trusted Mr. Casey and did not believe he knew about the diversion, at least in toto.

Mr. ALLEN. Contemporaneously I had no reason to believe that he knew of the diversion.

Chairman BOREN. Now, since that time we've really had only one person's testimony under oath on that question and that was the testimony of Col. North which I cited and put into the record, I believe, on the first day of our hearings. He indicated that Mr. Casey did know of the diversion. Have you drawn any conclusions or have you speculated yourself, not in terms of what you believed at the time, but what you believe now in terms of whether Mr. Casey knew about the diversion when he was talking to you through this whole period?

Mr. ALLEN. Other than Lt. Col. North's statement which he gave under oath, I have no reason to believe, that DCI Casey knew of the diversion. I have no personal evidence of that. I found that Mr. Casey sometimes walked a fine line, but he never crossed the line based on what I've seen of the Director. And I have no reason to believe he was deliberately deceiving me at the time.

Chairman BOREN. Well, let me turn to two last questions. According to your interrogatories during the week of November 21, while Mr. Casey's testimony was being prepared you had a conversation with CIA Associate General Counsel Makowka regarding his discovery of the unsigned copy of the retroactive Finding prepared after the November 1985 flight approving the assistance the CIA had provided. Do you remember that?

Mr. ALLEN. I recall that there was a question of a mini-Finding and the issue had arisen. I believe there was a mini-Finding and Mr. Makowka and I discussed it.

Chairman BOREN. You refer to mini-Finding, meaning what some have called a retroactive Finding?

Mr. ALLEN. That's correct.

Chairman BOREN. According to the testimony Makowka told you that Mr. Gates had raised this Finding at the White House and had been told by North or Poindexter that, quote, "It did not exist."

And upon hearing this, according to your testimony you called North yourself and he reiterated to you the Finding does not exist. Is that correct?

Mr. ALLEN. That's a fact. Lt. Col. North was quite emphatic over the secure telephone saying that such a Finding never existed, it's never been signed and you should forget about it.

Chairman BOREN. Well, at a meeting which occurred the next morning in Director Casey's office, you raised the matter of the retroactive Finding once again, I believe. According to your answers to us, you were rather abruptly told by Mr. George to keep quiet. And that's an accurate summary of what happened?

Mr. ALLEN. That's a polite way of putting it. Yes sir.

Chairman BOREN. Did you view these efforts by the White House and by Mr. George as a deliberate effort to keep any mention of this unsigned Finding out of the Director's testimony?

Mr. ALLEN. I never dwelled on it at the time. I was firmly convinced that one existed and of course Mr. Makowka demonstrated

that one existed, at least a draft existed. And that it had been sent to the White House. I found that disquieting. I didn't understand exactly what was occurring. I may have been naive about it, but it didn't ring true because Mr. Makowka had actually drafted it as I recall for Mr. Sporkin.

Chairman BOREN. So by implication you're saying they certainly want me to stay quiet for some reason. You're not sure exactly what, but it made you suspicious.

Mr. ALLEN. That really bothered me because on the 24th of December 1985, Lt. Col. North at the White House had talked with Mr. Makowka and me about a document that had been signed and there's one copy of it in his corner safe. Both Mr. Makowka and I assumed that it was the retroactive Finding or the mini-Finding that had been signed.

I don't think Col. North ever used the term Finding.

Chairman BOREN. But you were aware of the fact that he told Mr. Gates, no, it doesn't exist. And when you called him back, he even told you that. Even with the background knowledge you had?

Mr. ALLEN. That's correct sir. That's correct.

Chairman BOREN. If you got a sensation from others that they didn't want you to talk about this, did you ever feel any pressure in any way whatsoever from Mr. Gates, even by a wink or a nod or a glance, that you should not bring that matter up or talk about it in terms of the testimony?

Mr. ALLEN. No. Mr. Gates never indicated that he wanted anything but full disclosure of the facts to me. Never any indication, never a wink, never a nod. No, he was very direct on this.

Chairman BOREN. The Committee has recently interviewed Director Casey's Executive Assistant, who was deeply involved in putting together his testimony.

Mr. ALLEN. Yes.

Chairman BOREN. And he continued to work on putting together his testimony after these chaotic meetings that you and others have described. The people who have participated in those meetings went home, including Mr. Gates. And apparently Mr. Casey continued to work on his own testimony and with his Executive Assistant.

The Executive Assistant says that on the night of November 21st, after the Director's testimony had been given, that he had a discussion with you where you told him for the first time your speculation about a diversion. According to his statement, you said you were really concerned because profits were being diverted to the Contras. He said it hit him like a ton of bricks, to use his words. I'm talking about the Executive Assistant to Mr. Casey.

Do you recall that conversation?

Mr. ALLEN. No sir. I do not.

Chairman BOREN. You don't recall a conversation with him?

Mr. ALLEN. I'm sorry. I cannot recall. I recall that 21 November 1986 was one of—was an extremely stressful day. But I do not recall discussing it with the Executive Assistant.

I recall working on the testimony with the Executive Assistant after Mr. Gates and Mr. Casey had left and we worked on some further revisions, either up to eight or nine o'clock that Thursday evening.

Chairman BOREN. While you were working with the Executive Assistant during that period of time, still working on Director Casey's testimony, did you raise your suspicions of a diversion with him?

Mr. ALLEN. No sir. Not at that time. We were struggling to get the story correct on the so-called movement of HAWK missiles into Tehran around the 24th, 25th of November. And it took us a long time before we even got the basic facts correct on that.

Chairman BOREN. Here you know you've told Mr. Gates, you and Mr. Gates have gone to meet with Mr. Casey about your fears, you've written a memorandum which has been taken to the NSC and perhaps discussed with legal counsel. You've kind of waited to watch and see how the NSC would respond to the fact that the people in the Agency know this now or at least have very strong reasons to suspect it.

Why didn't you say something about it since this was the final touch being put on Director Casey's testimony. I guess you and he were the last two, other than Mr. Casey himself who could have made some more changes, that worked on this.

Mr. ALLEN. Mr. Casey had a penchant for changing things right up to the last moment. And there probably were a few additional adjustments made the morning of the 21st. I believe there were a few adjustments made to the testimony.

Senator BRADLEY. And Mr. Gates made some contributions?

Mr. ALLEN. I don't recall, sir. It was more of getting facts down and whether we could use the term Southern Air Transport, how to use that.

Senator BRADLEY. Mr. Gates admits making a contribution.

Mr. ALLEN. Yes. He may have made it. I don't know that. I remember—

Senator BRADLEY. After?

Chairman BOREN. No, not after the afternoon. The last was on the afternoon of the 21st. Rather, the afternoon of the 20th.

Mr. ALLEN. On the afternoon of the 20th, Mr. Gates made some changes. I don't recall specifics. But yes, he did.

Chairman BOREN. He testified to that.

Mr. ALLEN. On the morning of the 21st, it was a matter of fine tuning. I think there were a few minor adjustments made to the testimony.

Why, at the last moment, that evening on the 20th of November or on the morning of the 21st of November, I did not give my deepest concerns in some form of written statement in the testimony, I cannot answer that. At the time, there were a number of factors that led me to believe that I did not have the conclusive evidence, that this would be too difficult to get inserted into testimony at that stage without the confirming evidence.

I was troubled. And if I told the Executive Assistant after the testimony on the 21st, it was clear I was still troubled.

Chairman BOREN. I guess that's what I don't understand. The testimony of Mr. Gates, I believe, and others was that he participated in the drafting of the testimony up until the afternoon of the 20th making some changes. Then he went home and others went home. And I gather what you are saying is that you were still behind after the others had left working with the Executive Assist-

ant on some additional changes and then finally Mr. Casey was the last one that worked on it before he went off to give his testimony.

But, I guess it is just hard for me to understand why. Obviously, you've had this concern about the diversion really gnawing at you. And you've thought a lot about it. As you testified in response to questions from Senator Nunn and Senator Bradley, you felt inhibited and very concerned because you had suspicions you said, not proof but suspicions, this could go all the way to the President of the United States.

I guess I don't quite understand why you wouldn't have said to the Executive Assistant to Director Casey when you are putting the final—other than Casey himself—touches on the testimony, well, there's this other thing that has just been eating at me for months. Shouldn't we at least think about whether we ought to bring it up to Casey as to whether or not he ought to put that in?

Mr. ALLEN. I could have done that. I felt at the time though I had brought this matter to the attention of a number of senior officials—and I believe the Vice Chairman counted eight or nine—that had at least word of the diversion. And several and most had seen my memoranda that I had written, the one on the 14th of October, as well as the meetings with Mr. Furmark. So I could have done that. But at the same time, late in the afternoon and early evening of 20 November, as I set forth in my written statement, we were still trying to get a lot of basic facts together. And I was trying—we were certainly trying to get that November 85 shipment in a more coherent form.

You would be surprised how much difficulty we had getting a few simple facts together, with everyone agreeing as to what really happened.

Chairman BOREN. Yes. Senator Bradley has one last question and then we are going to take a recess. I think we'll come back at 2:30 to give a little more time since we've gone on longer than we anticipated.

Senator BRADLEY. Your October 14th memo, which was taken to the White House? To the NSC?

Mr. ALLEN. Yes sir.

Senator BRADLEY. This is a memo in which you laid out your concerns, suspicions, diversion.

Mr. ALLEN. There was little mentioned about the diversion in that as Senator Rudman has pointed out.

It laid out sort of the origins of the initiative. Who were the parties involved. What were the objectives. It did talk about potential problems and implied improprieties. But it didn't lay out all my concerns in depth.

That was the memorandum.

Senator BRADLEY. And who told you that they were going to consult White House Legal Counsel?

Mr. ALLEN. Mr. Casey said that he advised Vice Admiral Poindexter to seek legal counsel, to get the White House Counsel involved straight away. And Vice Admiral Poindexter looked at Mr. Casey and said, I don't know that I can trust the White House Counsel.

Senator BRADLEY. And who was the White House Counsel?

Chairman BOREN. Mr. Wallison, I am told.

Mr. ALLEN. I don't know, sir.

Chairman BOREN. Peter Wallison was the White House Counsel.

Senator BRADLEY. And who said that he couldn't be trusted?

Mr. ALLEN. Vice Admiral Poindexter, according to Mr. Casey, said I'm not certain I can trust the White House Counsel.

Senator BRADLEY. So that you have the head of the NSC advised by the head of the CIA to consult his Legal Counsel, but he says I can't trust my Legal Counsel?

Senator RUDMAN. If the Senator would yield? The record will show that what he did do was to consult the NSC Legal Counsel. And that has been a matter of record for five years.

Senator BRADLEY. But the point—was the White House Legal Counsel alerted?

Mr. ALLEN. I don't know sir. I have no knowledge that Vice Admiral Poindexter ever alerted the White House Counsel.

Senator BRADLEY. But clearly the document itself, if the document is what Senator Rudman, read, is not a neon sign blinking, but since most of this was also conveyed by word of mouth, verbal, it is conceivable that this could have been conveyed by word of mouth that there is a real problem here. It is conceivable Mr. Casey could have talked to Mr. Wallison. It is conceivable that the NSC Legal Counsel could have talked to Mr. Wallison. It is conceivable that this would be the first time that anyone really knew that they were going to have to have some kind of strategy to deal with this emerging scandal. Is that not correct?

Mr. ALLEN. My concerns over the diversion could have been verbally expressed. Yes.

Senator BRADLEY. Thank you.

Chairman BOREN. Let me just say from the study by this Committee and from the Iran-Contra Committee—and Senator Rudman may want to comment because he served as Vice Chairman of that Committee—the record reflected that Legal Counsel of the NSC was told. The record also reflects that around this same time that I don't know whether it was Mr. Gates or Mr. Casey took their concerns to the Legal Counsel of the CIA, Mr. Doherty, who I believe has also indicated to us that he was informed by them of the problems.

So, we do know that the concerns in your memo were discussed with Casey, then Poindexter, the Legal Counsel of the NSC, and then the Legal Counsel of the CIA. The record does not reflect that Mr. Peter Wallison, the Legal Counsel of the White House, was ever told. I might yield to Senator Rudman because he is very familiar with this history.

Senator RUDMAN. The Chairman is correct. And what's interesting about all of this—since we are getting into a few irrelevancies here—is that although the civilian lawyer at the White House was in fact the White House Counsel to the President of the United States, he was not trusted by Admiral Poindexter. The National Security Council lawyer, who was a Navy Officer, was trusted by Admiral Poindexter.

Senator CRANSTON. It seems to me the point ought to be made that the matter of trust related to that person's desire to follow the law and to protect his President and that if there was a matter of mistrust, it was not trusting somebody to do something improper.

Chairman BOREN. I'm told by our—

Senator BRADLEY. Mr. Chairman, just—is it that the record shows that the NSC General Counsel was consulted about the diversion?

Chairman BOREN. Let me clarify that.

Senator BRADLEY. Or about the problem? I don't think—

Chairman BOREN. Let me clarify that because I want to be fair to the NSC Legal Counsel. Mr. Snider, our legal counsel, informs me that his reading of the record is that the NSC legal counsel, I believe was a Navy Commander, was informed about the problems with the operation. The record says he was informed about the problems of the operation. It does not explicitly say whether or not he was told about the question of the diversion.

Senator RUDMAN. That is absolutely correct. And it is a matter of some contention, I might add.

Chairman BOREN. Right. It was never resolved as to whether or not he knew explicitly about the diversion. He did know there were problems with the operation.

Apparently the White House counsel was not informed about any of this. At least the record doesn't reflect that. And the legal counsel at CIA was informed specifically about fears about the diversion, was he not? Is that correct, Mr. Snider?

But the CIA Counsel, Mr. Doherty, indicates he was informed about the full range of concerns including a possible diversion.

So that's what the record would reflect. And we are dealing here obviously it is a very—it is a sad commentary, as many of us said as we sat through those days of the Iran-Contra proceedings, that we had a government in which many people were operating not trusting each other. Not only a matter, as we've seen before, of the Executive branch not trusting the Legislative and the terrible damage that causes to the Constitutional process and the relationship of trust and the confidence of the American people. Here there was even within the Executive branch itself, all sorts of levels of distrust. It's a very sad commentary that we went through a period of time like this where professionals in the field had to wonder who knew what, who should they tell what, who could they trust, who was play acting with them, who was being straightforward with them.

And I guess to some degree, Mr. Allen, you leave us even still with some mysteries that perhaps we can never resolve as to what some of these people who were dealing with you knew.

Well, we will resume—

Senator CRANSTON. May I just make one more comment on this matter?

Again, some of the mistrust was not trusting somebody to be willing to do something improper.

Chairman BOREN. Wrong. Exactly.

Senator CRANSTON. And that may have specifically been a reason why Robert Gates was excluded from the loop, from the compartment.

Chairman BOREN. Well I think you have to say that it is, as sometimes we say in politics, a tribute to you to have certain enemies sometimes. When some people use the term "mistrust" or decide to cut some people out of meetings, that's not necessarily a

derogatory term. We're talking about the White House counsel. I would assume, for example, that they said they didn't trust the White House Counsel, what they meant was if they were doing something wrong, they couldn't trust the White House Counsel to go along with it and keep quiet. Now that's the kind of mistrust I think anybody would like to be guilty of on the receiving end. I think that one of the things the Committee has to decide is, was Mr. Gates cut out of the loop? Was he or was he not? And if so, why? That's one of the things we've tried to uncover the answer to in these hearings. Members will of course reach their own conclusions.

Mr. Allen, we've kept you an awful long time here at a single sitting. We appreciate your patience in answering our questions. We do have at least two Members, Senator Metzenbaum and Senator Bradley, who have additional questions this afternoon. There might be at least one other Senator with additional questions. We will come back at 2:30 and complete our questioning of you at that time.

Thank you very much. We will stand at recess.

[Thereupon, at 1:25 o'clock p.m., the Committee was recessed, to reconvene at 2:30 o'clock p.m. the same day.]

AFTERNOON SESSION

Senator CRANSTON [presiding]. We are going to proceed with the hearing now. We thank the witness for returning to the table. Senator Metzenbaum has some questions to ask.

TESTIMONY OF CHARLES E. ALLEN—Resumed

Senator METZENBAUM. Mr. Allen, let me get something clear.

At the present time, what position do you hold at the CIA?

Mr. ALLEN. Currently, sir, I am the National Intelligence Officer for Warning.

Senator METZENBAUM. And whoever becomes the new Director, would you intend to remain as a member of the team and continue your employment? You have been there how many years, 25, 30?

Mr. ALLEN. I would hope I could remain for a while, as part of the team. Yes, sir, that is my intention. I still have a daughter to educate at the University of Hartford.

Senator METZENBAUM. Actually, we are asking you some very difficult questions about a man who might be your future boss.

Mr. ALLEN. I understand that, sir.

Senator METZENBAUM. Let me ask you a question that has occurred to me as you were talking this morning, about people dealing with the Iranians and Ghorbanifar, and the White House and various other people in the intelligence sector.

Am I wrong? Did we not have an announced U.S. policy that we would not deal with terrorists or those who were holding hostages, and that we would not negotiate with them; that we would not make any deals with them; that we would not be in communication with them except to seek the release of the hostages? But nobody raised this. Is that your recollection of our national policy at that time?

Mr. ALLEN. I'm well aware of our policy at the time. It had been enunciated for some years, I believe, beginning with President Nixon, after the Ambassador and the DCM at Khartoum, I believe, were killed by terrorists, that we would not negotiate or deal with terrorists. And this policy was part of the watchword that was carried out through the work that I did on counterterrorism, with Ambassador Oakley, and then later with Ambassador Bremmer at the Department of State and with the NSC.

Senator METZENBAUM. So you were very much aware of it, and you understood that was the position we were following.

Now how does it follow, then, that when you learned that Colonel North was, indeed, negotiating indirectly with the terrorists, and was talking about quid pro quo consideration, how does it happen that neither you nor anybody else at the CIA or at the White House raised the question that hey, this is just contrary to our national policy as enunciated by the President?

Mr. ALLEN. I believe our view was that we were not negotiating directly with terrorists, per se. It was clear that Iran and other countries, a small number of other countries, were viewed as states that sponsored terrorism. The initiative that was begun in 1985 with the assistance of the government of Israel was to find elements within the Iranian government with whom the United States could deal—particularly to counter terrorist activity by Iranian-influenced captors in Lebanon; and also to try to encourage the development of a climate where Iran would not engage in terrorism; with the view that we had a political vacuum in southwest Asia, and that there were substantive reasons to see if we could constructively find elements within the Iranian government who were willing to renounce terrorism and to rejoin the community of nations.

The prospective, as presented to me by the White House and by Vice-Admiral Poindexter, and Lieutenant Colonel North was that these were not terrorists with whom we were dealing; that these were elements within the Government of Iran who could influence and control terrorism in Iran and perhaps even in Lebanon. And as a result, we went for almost 2 years, I guess, we went from a period from the summer of 1985 into September of 1986 and no Americans were kidnapped—no additional Americans were kidnapped in Lebanon. I believe Frank Reed was finally kidnapped around the 8th of September, 1986. That was frequently cited by Lieutenant Colonel North and others that we were on the right track. Not only were we aggressively trying to free our hostages in Lebanon, but that we were trying to counter terrorism sponsored by the Iranian government.

Senator METZENBAUM. He said we were on the right track because only one American had been kidnapped? Is that what you are saying?

Mr. ALLEN. I am saying that there was a hiatus in kidnappings that stretched for many months. We also looked to see if terrorism, internationally, had continued at the same level from the government of Teheran.

We were told that this policy was clearly—had the support first, and initially by the National Security Advisor, MacFarlane, and later by the National Security Advisor, Vice Admiral Poindexter;

and then, of course, I learned directly from Mr. John McMahon in December 1985 that the President of the United States strongly supported this initiative toward Iran.

Senator METZENBAUM. Why had he strongly supported the initiative of dealing with the Iranians, of selling them arms? Was it the thought that (a) it would cut down the amount of terrorism in the world, and (b) that somehow it would help release the hostages? Is that what your testimony is?

Mr. ALLEN. I'm saying that that was the policy initiative as articulated by some individuals at the NSC. And that, of course, has been part of the record, I guess, over the last 3 or 4 years.

Senator METZENBAUM. And that reflected the policy of President Reagan. Is that your testimony?

Mr. ALLEN. My testimony is that the President, from discussions I had with Mr. McMahon, in mid-December 1985 reflected that he supported the Iranian initiative as delineated by Vice-Admiral Poindexter, and Lieutenant Colonel North.

Senator METZENBAUM. Mr. Allen, as a National Intelligence Officer, you were a senior analyst with substantial experience. Bob Gates has testified that when you came to see him on 1 October 1986, you based your so-called speculation regarding the possibility of a diversion on two things: sensitive intelligence that you had been handling; and your observation that General Richard Secord was involved in both the Iran arms sales and in supplying the Contras with arms.

Your statement indicates that you told Gates of two other sources of information as well: one, direct conversations with Mr. Ghorbanifar; and two, Ollie North's reference to the reserve, as the source of possible funds to pay off Mr. Ghorbanifar.

I understand you also told Mr. Gates that Mr. Ghorbanifar had been charged \$15 million for arms that were only worth between \$5 million and \$7 million, and explained to him that this meant that somebody other than the Iranian middle-man was cheating the Government of Iran.

In your professional opinion, what was the significance of the confluence of these several different warning signals?

Mr. ALLEN. These were what I would call intelligence indicators, some of them quite separate from each other. The reference by Colonel North to the reserve; Mr. Ghorbanifar's impassioned plea to me for help—my view is that you take those indicators, as we do today in our intelligence world, and you look at them; you aggregate them, and from that you try to develop some analysis. And that is what I did. I had no documentation whatsoever, from anyone, of—that would be considered valid in a courtroom that a diversion had occurred. It was an analytic conclusion.

Senator METZENBAUM. Well, it is a little bit more than that, is it not, Mr. Allen? You told Mr. Gates a whole series of items and indicated, I believe, the exposure of the initiative could be imminent. You told him about the channel, the Ghorbanifar channel, and you also told him about the Secord channel. You told him that you were concerned about other aspects: the impasse over the price; the arms being sold to the Iranians; and that you thought the proceeds might have been diverted to support the Contras in Central America. And then you went on to describe the impasse over the pricing

of the HAWK spare parts, and the refusal of the Iranian Government and the officials involved to pay for the parts because the price was five or six times their actual cost. You went on to tell him to note the desperate financial straits of Manucher Ghorbanifar; and his "frantic calls to me in August of 1986 in which he insisted his commission; and the price or parts averaged only about 40 percent."

You went on to mention "Lieutenant Colonel North's reference to the reserve and his conversation with me on September 1986;" an indication that substantial profits were being obtained from the arms sales to Iran. You pointed out that Mr. Hakim and Major General Secord directed and controlled the second channel to Iran and at the same time, evidently, were principals involved in the so-called "private" effort to aid the Contra struggle against the Sandinista regime in Nicaragua.

Now, all of these sort of come together. I mean, you are telling him all of these things. And I am asking you, if somebody had told you all of those things, would you not have been sufficiently alerted and concerned; would you not have taken some major steps to see what was going on?

Mr. ALLEN. Well, I think in the light of hindsight, those indicators, based on the knowledge that was revealed later, become even starker. In the context of the time, they were indications. We did not have confirming proof.

I think Mr. Gates reacted with—as I have testified—with surprise and concern, and directed me to take some action with Mr. Casey.

Senator METZENBAUM. With some concern.

Mr. ALLEN. Yes.

Senator METZENBAUM. Well, you did not just tell him one thing; you did not just tell him about Ghorbanifar being concerned about being cheated. You did not just tell him about any one of the several things I have previously mentioned.

You told him a whole host of things. And you are saying and he reacted with some concern.

Do you not, as a trained intelligence officer, believe that it was a matter of major moment? I mean, there were enough indicators. This was not just circumstantial evidence. You talk about whether there is enough evidence in a courtroom. This is some pretty specific information that you mentioned to him.

And Mr. Gates took some notice of it and told you, as I remember, to prepare a memo. And then you prepared the memo. And the memo had less in it than what you had originally told him. And you explained why that was.

But the question I have is, were you not telling him that there is really something going on out here? And was Gates not sort of brushing it off and saying well, get a memo off to Mr. Casey?

Mr. ALLEN. Well, let me correct the record, Senator, if I may, sir.

Yes, I did cite and list—as I think Senator Boren said, I won't use the term tick—I listed a number of indicators. Mr. Gates told me to see Mr. Casey. It was Mr. Casey who directed me to write the memorandum, not Mr. Gates. Mr. Gates was present when Mr. Casey gave the direction.

Senator METZENBAUM. You are a seasoned intelligence officer. You put together evidence about the Iranian initiative and the Contra re-supply network. You reached an analytic judgment that a diversion had occurred.

Now history has shown that you were absolutely right. You were right on target. The question is—and this is a difficult question for you, because in all likelihood you are going to become an employee of Mr. Gates—why do you think Mr. Gates dismissed this analytic judgment as “mere speculation,” and “flimsy” in his 1987 testimony before this committee?

Those are his words: “mere speculation” and “flimsy.”

That stuff you gave him was not speculation and flimsy. You were reporting certain facts to him, and it certainly was far from flimsy. Why do you think he dismissed it in that manner?

Mr. ALLEN. Well, I—he certainly, at the time, first did not react as if the information I had imparted was just flimsy information. He reacted, I thought, very constructively.

My view was that, as an experienced analyst, I have analysts who work for me in Warning who come to me with indicators. They list them and they believe that developments are going to occur which are perhaps quite potentially damaging to U.S. interests. I have to evaluate that and say whether I agree with it or not.

And very candidly, sometimes I disagree with even my most experienced Warning officers. So I can only—I can't respond to that. I have cited—I had listed a number of indicators. I thought Mr. Gates reacted quite properly. And as to his testimony later, I can't comment on that.

At the time, contemporaneously, in October 1986, he seemed to react with—in the proper way, to get this to Casey, and then he went with Mr. Casey to see the Vice-Admiral at the White House.

Senator METZENBAUM. This is really, in my opinion, the crux of this inquiry. Because the question is, does a man who knew or should have interpreted the warning signals, have an obligation to do more about it than Mr. Gates did? Or, can he say he told Casey, and Casey told you to prepare a memo? And then after the memo comes through, which is a much lesser version of that, which you told him it is. As you, yourself said, you did not want to say things that were so strong because it could create just tremendous repercussions and indicate illegalities at the White House.

My question is, given those circumstances, does Mr. Gates have the sensitivity to become head of the CIA? And you do not have to answer that if you do not want to. But if you are inclined to do so, I would appreciate it.

Mr. ALLEN. Mr. Gates has been a man with whom I have worked for most of his CIA career. He has been off at the NSC a great deal. But I have known him and worked with him. I have respected him. When he was Chairman of the National Intelligence Council, and later as Deputy Director of Central Intelligence, I frequently prepared estimates and interagency memorandums on counterterrorism. He was always a healthy critic of my work, and he was always constructive.

He is certainly an individual who probably knows, as well as anyone I know, the overall issues and problems facing the Intelligence Community today. It's hard to conceive of anyone having as

much knowledge or actual personal grasp of the issues. But of course that's a decision that has to be made by you, sir.

Senator METZENBAUM. I do not think that anybody questions his knowledge. I think our questions relate to his sensitivity, his judgment, and his candor—some of which he has covered in his mea culpa.

When you were interviewed by the Tower Board, you told them that when you briefed Bob Gates on 1 October 1986, he replied that he did not want to hear what you were telling him; that he did not want to hear any rumors of a diversion.

If that is a fair statement of Gates' initial reaction, and I understand that he did go on to tell you to see Casey right away—

Mr. ALLEN. Well, he said that more, I believe, in surprise, and in the sense of being startled.

It was clear from the tone, and from the way he recovered, was that that was not a serious statement. Don't tell—I think his reaction was my God, don't tell me about something like this. Because this raises some questions about the—about perhaps activity within the NSC or at the White House.

But then he said this potentially is a very serious development. You see Director Casey immediately. So I—it's my interpretation of that statement that he made, and it's been 5 years, is that it was not a serious statement. It was a statement of the way many of us react: we don't want to hear the kind of news that comes to us that is not palatable. But then he asserted himself, in my view, by telling me to go see Mr. Casey. And I had a very clear mission to perform.

Senator METZENBAUM. He told you he did not want to hear any rumors about it. That—

Mr. ALLEN. Well, I don't recall exactly his words. But please don't tell me that this is happening—but it was said not in a serious vein, by any means. His directions, Mr. Gates' directions are unmistakable when he gives them.

Senator METZENBAUM. Now you have set the meeting with Casey, six days later. And there you go through the same train of reasoning; you report to him the same kinds of things—I do not know of anything more. Gates is present. And at that point, Casey tells you to write up a memorandum.

Gates says that your resulting memorandum, which was prepared, I think, 8 days after the meeting, contributed to his lack of action on this matter, because it was less forceful than your oral presentation. You noted in your statement, however, that you were justifiably afraid that anything you said in that memo would go straight to the White House, with you being named as the accuser.

Did Bob Gates say anything to you like: "Say, Allen, how does it happen that your memorandum is so much less forceful than what you told me?" Or did he say, "I noticed you had a soft memorandum that did not really tell all that you said before, but if you want to say more, you can be sure I will protect you if anybody comes down on you for doing it?"

Did he ask you why your memo was not as strong as your oral presentation?

Mr. ALLEN. No, sir, he did not ask that. I know that—as I testified to Senator Boren—when I finished the memorandum, it was

on a holiday, the 13th of October, Columbus Day. The next morning I took the original and a copy up to Mr. Gates' secretary, in a sealed envelope. Mr. Gates was out at the time. And I kept checking back during the day, because I wanted Mr. Gates to hand the original to Mr. Casey. And I kept checking with his secretary. And later in the day on the—I guess that was the 14th—it is my understanding that he had taken it in to Mr. Casey at some point, either on the 14th or early on the 15th. And Mr. Casey, either on the 14th or 15th, according to what Mr. Gates—and you refreshed my memory—Mr. Gates said Mr. Casey got on the telephone immediately after reading it, and made an appointment to see the Vice-Admiral. And that appointment was on the 15th.

Senator METZENBAUM. Did Bob Gates do anything to obtain further information that might determine whether your concerns were warranted? Did he do any follow-up at all?

Mr. ALLEN. He did not ask me for additional data. I think he had taken it to the Director, and the Director had taken it to the White House. He was aware that the Director had asked me to see Mr. Furmark, which I did on three occasions. And I took Mr. George Cave with me when I went to New York so there would be two of us listening to Mr. Furmark. It just wouldn't be Charlie Allen listening to Mr. Furmark, so we would have a very valid debriefing.

So I believe Mr. Gates had pushed this thing forward with Mr. Casey jointly, and that he had put this huge problem on the desk of Vice Admiral Poindexter.

Senator METZENBAUM. Now the memo that you wrote contained the fact that Mr. Ghorbanifar had been charged \$15 million for those missile parts. I know the matter was taken to the White House.

In retrospect, do you think that Mr. Gates had a further responsibility than that which he performed, knowing that there was this illegal diversion, and knowing that the \$15 million was being charged? Was it enough for him just to say, "well, turn it over to Poindexter?"

Mr. ALLEN. That is a very difficult question for me to answer, Senator Metzenbaum. We did know that Mr. Ghorbanifar had to raise \$15 million. We did know, and came to know that the real cost of those missile parts was only about \$3.4 million, if I recall correctly—3.4 or 3.5. So there were—I kept calculating at 3.4. It is clearly a heavy mark-up, to say the least, as to whether Mr. Gates should have done more at the time.

I thought Mr. Casey and Mr. Gates had done what was required. In fact, I expected to see, over the coming weeks, initiatives at the White House to try to deal with this burgeoning problem of operational security if exposed, it would cause major, international fallout; and two, that they might look into any possible illegalities or even improprieties or just questionable, where questionable judgment had been used by the White House.

Senator METZENBAUM. In retrospect, Mr. Allen, do you think Mr. Casey should have done more than he did?

Mr. ALLEN. Should Mr. Casey?

Senator METZENBAUM. Excuse me, Mr. Casey and Mr. Gates.

Mr. ALLEN. Should they have done more? In hind-sight, I guess we would have to say yes. But at the time, contemporaneous with

the atmosphere and the knowledge that I had in October 1986, I thought they had acted appropriately by going to the White House. They had encouraged me, and we met—Mr. Cave and I met—with Mr. Casey, before we went to New York on the 22nd, in order to tell him what we were going to try to obtain from Mr. Furmark, that we were pursuing it. And when we were preparing the testimony in November, the week of 17 November, 1986, I think we all felt that the final, bottom-line was not really necessarily known to us in this initiative.

It turned out that we underestimated the calamity that was about to befall us.

Senator METZENBAUM. Ghorbanifar was asking for the money he felt he had coming. He came to you and rather persuasively indicated that the security of the mission was being threatened, if he was not paid. This alarmed you enough to come to Mr. Gates. And 1 week later you learned, in Director Casey's office, that Mr. Furmark was essentially delivering the same, threatening, message: the middle-men will blow the mission if they do not get paid.

Did you have any feeling at that point that the CIA, in a sense, was being blackmailed, and do you think Mr. Gates understood that threat?

Mr. ALLEN. I can't speak for Mr. Gates. Mr. Gates was on an important overseas trip, the second-half of October. I was on overseas travel in November, and certainly early November. I can't speak, but it was clear to me that Mr. Furmark was using some leverage with Mr. Casey, an old business associate, to try to get the Agency, I believe, to move the White House along.

I did not consider what Mr. Furmark was doing was all that appropriate. And Mr. Casey, however, had considerable trust in Mr. Furmark.

Senator METZENBAUM. In your deposition to the Iran Contra Committee, you said of the October 14 memo, "I took it originally to Mr. Gates' office, EYES ONLY, to his secretary on the morning of the 15th. And I said I have a very, exceedingly-sensitive memorandum. I said I didn't want to give it directly to Casey because I wasn't certain what he would do with it. I wanted Mr. Gates to look at it carefully first, and decide what to do with it."

That was your testimony to the Iran Contra Committee. Did you not believe that Mr. Gates would understand the explosiveness of your memo, and take action to protect you, as well as to try to resolve an unfolding risk of disaster? Did you not think he would take action?

Mr. ALLEN. Didn't I think he, himself, would take action? I had confidence that if required, and if the problem was very explicit, he would take action. At that stage we were putting our concerns, both for operational security in the diversion, and the fact that this whole project needed immediate White House review in order to avoid total disaster.

The message was loud and clear in the memorandum that Mr. Casey delivered to the White House. He did not recount all of the discussions that he had with Vice-Admiral Poindexter. But he did say that the Vice-Admiral read the entire memorandum in his presence.

Senator METZENBAUM. Well, the fact is that Mr. Gates knew that the memorandum was not a complete one. He was present, and was in a position to point out that that was not all that Charlie Allen had talked about. His failure to do that certainly raises questions, because the entire picture was not presented in your memorandum, and you explained why it was not.

But knowing that, do you think that Mr. Gates followed the appropriate procedure in failing to speak up to Poindexter?

Mr. ALLEN. I think you have to direct that question—I believe you have, already—to Mr. Gates. I believe that I did what I should have done, and that is warned—up my chain of command—of serious problems. I think—I'm simply speculating—it seems to me that Mr. Gates and Mr. Casey, in their conversation with me on the 7th, and then again, I guess, on the 16th, believe they had placed the burden back with the White House and with a very senior official, who was our National Security Advisor.

Senator METZENBAUM. I do not think any member of this committee questions the propriety of your actions. I think you have explained why you did not go as far in your memo as you did in your oral presentation to Mr. Gates and Mr. Casey. But one man who knew that the memo did not accurately reflect all that you knew, was Mr. Gates. The question has to do with his failure to speak up, or to speak out, or to take further action.

Mr. ALLEN. Well, both Mr. Casey and Mr. Gates knew of my analysis, which was not based on hard, confirming evidence, but based on a list of indicators.

Senator METZENBAUM. Mr. Gates wrote, in response to a question from this committee in the early part of this summer, "To the best of my recollection, Allen never mentioned to me or speculated that anyone in the U.S. Government, including the CIA, NSC, or White House was involved in the possible diversion of funds paid by the Iranians to support the Contras."

That sounds to me to be somewhat contrary to what you have told us here. Am I misunderstanding?

Mr. ALLEN. I told Mr. Gates in the context of the meeting on 1 October, that Lieutenant Colonel North was involved in giving guidance to U.S. intermediaries, like Mr. Hakim and Major General Secord, and that they were in the middle, in the main, sitting astride the second channel. And that that raised questions that if they controlled the second channel to Iran, at the same time while operating in support of the Contras in Central America, and so-called private initiatives, that was one additional indicator that we were—the problems might lie with the United States, rather than with Mr. Ghorbanifar or the Government or Iran. But that was—Mr. Gates, as I told Senator Boren, and to use Senator Boren's word, Mr. Gates got the bottom-line. He recognized that there was a problem and that it had to be brought to the attention of Mr. Casey, and then the White House.

Senator METZENBAUM. I am not really questioning that, at the moment. I am directing myself to his statement to us, that "Allen never mentioned to me, or speculated that anyone in the U.S. Government, including the CIA, NSC or White House was involved in the possible diversion of funds paid by the Iranians to support the Contras."

If I heard you correctly, that statement is not accurate.

Mr. ALLEN. My recollection is that I mentioned Lieutenant Colonel North's involvement with Major General Secord, and Mr. Hakim. That's my recollection, Senator. Mr. Gates may have a different recollection.

Senator METZENBAUM. But in the context that you mention it, you were referring to these excess funds, to the excess funds being used to support the Contras. Am I correct in that?

Mr. ALLEN. Well, that was my speculation. That was based on—there was an analytic judgment reached based on a number of pieces of intelligence.

Senator METZENBAUM. Then Mr. Gates says that "Allen never mentioned to me, or speculated that anyone in the U.S. Government," et cetera, "was involved." That is not in accord with your recollection.

Mr. ALLEN. I recall that I mentioned Lieutenant Colonel North as being involved in the establishment of the second channel, and that Major General Secord and Mr. Hakim were controlling the second channel.

Senator METZENBAUM. Controlling the second channel and thereby using the excess profits to fund the Contras.

Mr. ALLEN. That was my speculation based upon a set of indicators, which you can call analysis, analytic judgment, or you can call it a speculative judgment—whatever you want to call it.

Senator METZENBAUM. And that is what you told Mr. Gates?

Mr. ALLEN. Along those lines. That is the way I recall it. Mr. Gates recalls it differently, and that's understandable. It's been five years.

Senator METZENBAUM. Gates has indicated he believed the Boland Amendment essentially prohibited the CIA from inquiring as to whether the Boland Amendment was being violated. Was that your understanding of the way the Agency interpreted the Boland Amendments?

Mr. ALLEN. Sir, I would—I have no opinion on the Boland Amendment, other than I was aware that it prohibited, at certain times, assistance by the Agency to the Contras of Central America. I was focused, day and night, on freeing hostages and counter-terrorism, and counter-narcotics. And I really didn't contemplate the Boland Amendments. So I can't really answer that I—but I was aware that CIA was prohibited from providing assistance to the Contras at certain times.

Senator METZENBAUM. You say you were aware of that?

Mr. ALLEN. I was aware of it generically, sir, yes.

Senator METZENBAUM. Nobody ever told you that if you asked, "is what we are doing violating the law," that that inquiry, in and of itself, would be a violation of the Boland Amendments. Nobody ever suggested that to you, did they?

Mr. ALLEN. No, sir, not to my knowledge.

Senator METZENBAUM. I have no further questions, Mr. Chairman.

Senator MURKOWSKI [presiding]. Senator Cranston wanted to be recognized for one question.

Senator CRANSTON. I wanted to return, if I may, to the October 14, 1986 memo regarding a possible diversion of funds that you pre-

pared for Mr. Casey, at the request. I have asked the Committee staff and my staff to give you a copy to refresh your memory.

Several people, somewhat familiar with surrounding events at that time, including some of the staff of this Committee, have suggested that the word "eliminating" may not mean, perhaps, killing something. The language that you are reading toward the bottom of the page there, discussing discussions with Iranians, has a lot redacted out, as you will note. I have read both the classified and the un-classified version and they are about the same. There is a huge amount that is blacked out on this page. But the language states, notwithstanding, "Blank," blacked out, "has spoken of 'eliminating' blank" blacked out, "sometime in the future."

Did your use of the word "eliminating" there, in quotes, imply what I took it to imply that it meant, actually proceeding to kill someone whom they wished to dispose of? Or was it something general like eliminating them from this kind of activity?

Mr. ALLEN. I don't recall the sentence. It has been a long time since I've read the memorandum. There were comments made at some point in 1986 that the Iranians—some elements within the Iranian Government could threaten Mr. Ghorbanifar, threaten his life. And I don't have an un-redacted version. But it could refer to that. I would have to see the un-redacted version, sir. But there were rumors, or some of the intelligence I saw could have implied displeasure on the part of some elements—not all—within the Iranian Government at Mr. Ghorbanifar's activities, although he seemed to have good credentials with some key officials, because he went in with MacFarlane. He didn't go in on the same aircraft. But he was in Teheran when Mr. MacFarlane and others were in Teheran. And he came out totally unscathed.

Senator CRANSTON. I thank you for the clarification.

I would like to make two comments: one, I am glad that you stated that your memory and your strong belief is that this referred to some Iranian who was speaking of eliminating someone else, and not an American official; and secondly, I am concerned on the point that Senator Metzenbaum brought up about whether we were dealing with terrorists at a time when it was the law not to do so.

The way this reads, it sounds like it was someone we were dealing with that made the statement about eliminating someone else, and not some third party somewhere else in Iran, which would lead to some substantiation of the fact that we were dealing with some pretty tough characters, and not the sort of reformists that someone suggest we were seeking to deal with.

But some would believe there were not any visible reformers we could find at that time in Iran.

Mr. ALLEN. Well, I think that some of the individuals with whom we were dealing in Teheran, we hold some data on those individuals. Based on some aspects of their activities, one would have concerns about their reliability and their devotion to good principles of government, yes. However, it was looked upon by the White House as explained to me, that it was to probe the Iranian government to try to secure the release of hostages. And as you recall, we had Reverend Benjamin Weir, Father Jenco, David Jacobsen released, and to see if we could find elements within the government with

which we could engage in some long-term dialogue, and hopeful change. However, some of the immediate individuals with whom we were dealing—and I can't go into it in this room—were not the most pleasant people in the world, from my perspective.

Senator CRANSTON. Apparently we have not found such a person, in this particular person, whomever it may have been.

Thank you very much.

Mr. ALLEN. That is correct, Senator Cranston.

Senator METZENBAUM. Thank you, Senator Cranston.

Senator Bradley.

Senator BRADLEY. Thank you very much, Mr. Chairman. Mr. Allen, we have been over this territory a lot. And so I do not want to spend a lot of time going over it. I would like just to touch on four or five quick things. And then I would like to move to Iraq, if I could.

You told Mr. Kerr, in August, that you had some concerns about what was going on; that there possibly could be a diversion. A day or two later, Mr. Kerr met with Mr. Gates and told him this. And in fact, Mr. Kerr recalls that he wanted to make absolutely sure that Gates knew that there was an over-charging on pricing of weapons, and that the money was being diverted to the Contras. This is what Mr. Kerr says.

Mr. Gates says that he really has never—he said in that meeting, he did not say that he had heard rumors of this diversion. Mr. Kerr reports that he said he heard rumors that there was this diversion, and Mr. Gates says no, the first time he ever heard about this was October 1. The first time he ever heard about the diversion was October 1. And that's a conflict between what Mr. Kerr says Mr. Gates said, which is I heard rumors; and what Mr. Gates says, which is I never heard about it until October 1.

You cannot help us with that?

Mr. ALLEN. Sir, I cannot help you at all.

Senator BRADLEY. But you can help us with the next point, which we went over a little bit today, which is on October 1, you told him that the diversion had taken place, and that you had real concerns that there was active involvement by Mr. North, who was part of the NSC.

Mr. Gates certainly recalls you telling him that there was a diversion. But he says, specifically, that no one on the NSC was involved. This morning you testified that he had a look of shock, or a look of startle on his face when you told him both that there was a diversion, and that there were people at the NSC involved. Is that not correct?

Mr. ALLEN. Yes, that is correct.

Senator BRADLEY. And therefore, it stretches, just a little bit, to say he would remember that there was a diversion, but that he would not remember that the NSC was involved?

Mr. ALLEN. Well, let me make it clear that my analysis led to the conclusion that there could be. I didn't have proof. I didn't have it confirmed at that time, nor did I put it in a sense of absolute certainty. We put it—it was an analysis. There were uncertainties.

Senator BRADLEY. But he clearly knew that what you were talking about, because as you recall, he said something like well, he

has always had a lot of respect for North because of crisis management. But now he's going too far. So there's no mistake in your mind that he knew somebody on the NSC was involved.

Mr. ALLEN. That was my recollection that—and in fact, Lieutenant Colonel North had done remarkable work in the field of crisis management. And I think everyone acknowledges that—absolutely unbelievable work in some respects. And so it was clear that Mr. Gates was familiar with the work that Lieutenant Colonel North had done on crisis management. And I recall that he said that this is going too far. I admire Colonel North for the work he's done in the past.

Senator BRADLEY. So only Mr. Gates can answer that discrepancy.

Mr. ALLEN. My recollections are along the lines you just described.

Senator BRADLEY. The next day or so, after this meeting you had with him, he goes to the White House for a weekly meeting with Poindexter. And the memo from the CIA, the CIA memo of the meetings says the special Iran project was discussed.

Now, Mr. Gates says that he has no memory of this. No memory—that the special Iran project—what that refers to. Is it credible to you that two days before, when he heard about it for the first time that there was a diversion, and that members of the NSC, specifically, Mr. North, was involved, that two days later he could not remember a discussion about the Iranian project?

Mr. ALLEN. Well, Mr. Gates will have to answer that. I have recounted the discussion that occurred on 1 October.

Senator BRADLEY. But you also recounted how startled he looked, and how much this registered, and how this was the first time he had heard about this.

Mr. ALLEN. It was my distinct impression it was the first time he had heard of the possibility of a diversion.

Senator BRADLEY. So only Mr. Gates can answer that.

Mr. ALLEN. Mr. Gates will have to respond.

Senator BRADLEY. Now, also, one week or two later, some time—the exact dates I do not have right in my mind, but some time in a two-week period in October—after these meetings, he goes on a trip, and on the trip Mr. Twetten says that he discussed the diversion to the Contras with him, with Mr. Gates. Mr. Gates says he has never discussed this with anyone.

Now there is a question—did he discuss diversion to the Contras with Mr. Twetten on the trip or not? And that, I suppose, is something that only Mr. Gates can answer.

Mr. ALLEN. Only Mr. Gates could answer that question, sir.

Senator BRADLEY. All right, now, on the last point, which is the November 7 memorandum that you did, in which you alluded to money being diverted for—I think the reading is unauthorized U.S. and Israeli projects—I think that is what you said.

Mr. ALLEN. This was 7 November?

Senator BRADLEY. Was that the 7 November memo?

Mr. ALLEN. No, I think I said something a little more specific on 7 November.

Senator BRADLEY. What was that?

Mr. ALLEN. I don't have a copy. I didn't bring copies of my memoranda. I think that Mr. Furmark said that if I recall correctly, we met at the Key Bridge Marriott Hotel. And he said—and this was on the 6th of November, the memoranda was dated 7 November—that the Canadians involved in backing Adnan Khashoggi were of the belief that the bulk of the proceeds or the profits from the sale of Iranian arms had gone to Central America. And that was about the way I think it was characterized in the memorandum. I don't have a copy of the memorandum.

Senator BRADLEY. Mr. Gates says he has no memory of ever having—of ever reading the memo. Now you say—I think you said today—that you recall discussing the memo with him.

Mr. ALLEN. I do recall, but I don't recall specifics.

Senator BRADLEY. But you recall discussing the memo?

Mr. ALLEN. I recall that there was some exchange on that. And shortly after that, I left on a trip to the Middle East.

Senator BRADLEY. Which is a direct contradiction of him saying that he never remembers ever reading the memo.

Mr. ALLEN. Our memories are not always perfect, obviously.

Senator BRADLEY. And essentially, Mr. Gates is the only one who can answer that?

Mr. ALLEN. Yes, Mr. Gates can answer that. He has no recollection. I have a recollection, but I do not recall the specifics. And then I recall leaving shortly for a trip to the Middle East.

Senator BRADLEY. If I could move from this subject to Iraq. Let me ask you, how long have you been the National Intelligence Officer for Warnings?

Mr. ALLEN. A little over 3 years, about 3½ years.

Senator BRADLEY. Well, it's about 1988.

Mr. ALLEN. March 1988.

Senator BRADLEY. And in 1988, essentially the war comes to an end, and the Intelligence Community arrives at an assessment that says Iraq would not make war on any of its Arab neighbors for the next several years. You knew that was the Intelligence Community's assessment. Is that right?

Mr. ALLEN. I recall there was an estimate in September 1989 that I believe made a statement along those lines, yes, sir.

Senator BRADLEY. Did you know there were large areas of uncertainty in that estimate?

Mr. ALLEN. Yes, there were uncertainties.

Senator BRADLEY. Could you describe those at all?

Mr. ALLEN. I can't recall the uncertainties. We in Warning, had a lot of uncertainties about Iraq, starting in 1988, after the war. We had worked on warning issues during the war. And we began to look at Iraq as a very fundamental, front-line player among Arab states, because of its massive army.

Senator BRADLEY. So it did not decrease its army?

Mr. ALLEN. It did not decrease its army. Some agencies speculate and wrote that it would develop into a leaner, and even more effective fighting machine. It had over 50 divisions when the war ended, and it maintained over 50 divisions in November 1988. We were concerned over some of the public statements that were emanating from Baghdad, of a fairly coercive nature towards Kuwait. And we flagged that issue at the time for the Director.

Senator BRADLEY. So that you knew that Iraq had not demobilized?

Mr. ALLEN. Yes, sir.

Senator BRADLEY. You knew they had gassed the Kurds; you knew that they were still in active pursuit of strategic technology.

Mr. ALLEN. Yes, sir.

Senator BRADLEY. You knew that they had revived clandestine ties with terrorists.

Mr. ALLEN. Absolutely.

Senator BRADLEY. And you knew they had the largest army in the region and they were not demobilizing.

Mr. ALLEN. That is correct.

Senator BRADLEY. But you did, or did you not know, that they had invested vast sums of money in an ambitious uranium enrichment program for nuclear weapons?

Mr. ALLEN. I'm not sure how far I can go in this particular forum.

Senator BRADLEY. But did you or did you not know that?

Mr. ALLEN. I believe that we were aware that a nuclear weapons program was being pursued. The question was—and I'm not competent to make the judgment—was how close were they, were the Iraqis to developing a nuclear weapons capability. We were concerned in that time-frame over Iraqi non-conventional weapons development in all three areas: nuclear, biological, and chemical.

Senator BRADLEY. Were you aware of all the methods that they were pursuing?

Mr. ALLEN. We were not aware, no sir.

Senator BRADLEY. For nuclear development?

Mr. ALLEN. For nuclear development.

Senator BRADLEY. At that time?

Mr. ALLEN. At that time, sir.

Senator BRADLEY. And you say that you felt that there were warnings that Iraq was planning to invade Kuwait, or at least you felt that was—

Mr. ALLEN. We saw aggressive tendencies on the part of Iraq. We saw it one, become a front-line player in the Arab confrontation with Israel. We—and this was 1988, 1989. And into 1990—we were particularly concerned by the speech that Saddam Hussein made on April 1, 1990, which I read and reread many times because of the threat that he made to, I believe, burn $\frac{1}{3}$ of Israel. I remember sitting and reading the speech he gave number of times, just to get the sense of what this man really had in his brain.

Senator BRADLEY. Yet, the prevailing view in the Intelligence Community was that he was not going to invade any of his Arab neighbors for 3 or 4 years.

Mr. ALLEN. Well, we in the Warning community are Cassandra—and we never accepted that premise. We always—

Senator BRADLEY. But that was the prevailing view.

Mr. ALLEN. That was a prevailing—that was—assuming that what you quote was accurate from the estimate, that was a prevailing view.

We in the Warning community, and that includes officers around the Community, as well as my own staff and myself, we were very questioning towards Iraq and its posture. My staff worked with

DIA and with CENTCOM looking at a possible threat scenario to Kuwait by Iraq. And it turned out to be a very good scenario, in fact.

Senator BRADLEY. And when did you develop that threat scenario?

Mr. ALLEN. That was in January 1990, January—early, in the winter of 1990.

Senator BRADLEY. Let me ask you, did you ever receive a request from Mr. Gates, as Chairman of the Deputy's Committee, to challenge the consensus view that Iraq was not going to invade any Arab neighbor for several years? Did you ever receive a request from them?

Mr. ALLEN. No, I didn't. But as the NIO for Warning, I'm a fairly independent individual, and I don't need the Deputy National Security Advisor to ask me to do something like that.

As Judge Webster and Dick Kerr knows, I don't hesitate to put my opinion forward.

Senator BRADLEY. To your knowledge, did anyone else in the Intelligence Community receive such a request from the Chairman of the Deputy's Committee, Mr. Gates?

Mr. ALLEN. Not to my knowledge, sir, no.

Senator BRADLEY. Not to your knowledge.

Mr. ALLEN. No, sir.

Senator BRADLEY. If you had received a request, what would you have done, if you had been asked, in early 1990, why and how Iraq might use force?

Mr. ALLEN. I would have utilized the methodologies that we normally do in doing an intelligence warning assessment. We would have looked at—using our techniques and methodologies—we would have done a total review of political, economic, social, as well as possible military indicators, and pull them together in some sort of a long-term warning assessment, something that we do regularly.

Senator BRADLEY. But did you do that?

Mr. ALLEN. We did not do a formal—

Senator BRADLEY. Because there was no request.

Mr. ALLEN. There was not a request. We began to warn on ominous developments in Iraq, though, in the fall of 1989, and I think we wrote a couple of warning pieces that dealt with some of their ballistic missile developments—which I don't want to go into in any detail, but which gave us concern in warning. And we provided that to the senior intelligence and policy officials.

This is case where I think some of views were put around the community, and around the policy community.

Senator BRADLEY. Did you receive any guidance from the Deputy's Committee about keeping a closer watch on Iraq in 1990?

Mr. ALLEN. I did not personally receive any such guidance. But the Chairman of the National Intelligence Council, Mr. Frits Ermarth encourages me to be the devil's advocate, and to be the individual that turns over rocks to see what's under them. So I certainly had the mandate to do so.

Senator BRADLEY. Do you think that more active interests on the part of the Deputy's Committee, with regard to early warning would have enabled you to generate better information?

Mr. ALLEN. I think that early warning is the way we should engage in threat management in this Government. And I think the Intelligence Community should get more oriented to threat management than crisis management.

We can always warn at the last minute when it's obvious that war is going to occur. But if you warn early enough, you can truly give the policymaker the tools to avert, diffuse a crisis. And that's the way I do national intelligence warning.

Senator BRADLEY. So the answer is yes.

Mr. ALLEN. Yes.

Senator BRADLEY. If there had been an active interest on the part of the Deputy's Committee, there would have been a better set of information.

Mr. ALLEN. Yes, I think—I think we have to have regional and country analysts. And I think we have to have functional warning analysis, if we're going to avoid the kind of problems that we suffered in 1973, 1979, and again, I guess, in 1990—certainly at the policy level.

At the intelligence level, as we move towards actual military mobilization, as Mr. Kerr and I have testified, the Intelligence Community record is reasonably good.

Senator BRADLEY. Thank you very much.

Thank you, Mr. Chairman.

Mr. ALLEN. Thank you, Senator.

Chairman BOREN [presiding]. Thank you very much, Senator Bradley.

I think the last series of questions indicate how important early warning is. It is going to become even more important in the new environment because we are going to have fewer troops forward-positioned around the world. We are going to have fewer installations, fewer troops out there. A kind of Panama situation where we are already on the ground is going to be the exception, rather than the rule.

So earlier warning to give the policymaker other options as a way of averting conflict becomes all the more important.

Mr. Allen, I thank you. I do not believe there are any more questions from members of the Committee, Thank you for taking the time to come and answer all of our questions. We appreciate your cooperation with us in these hearings.

Thank you very much.

Mr. ALLEN. Thank you, Mr. Chairman, very grateful.

Chairman BOREN. If we could ask Mr. Kerr, the Acting Director, to come and take the witness stand at this time.

It is my hope that we complete Mr. Kerr's testimony today. I have been told that there will be a vote on the Floor at 7:00, and at 7:15, and then perhaps another one after that. So we will proceed ahead with the hopes that we can complete the questioning of Mr. Kerr.

As I have indicated, Mr. Kerr has previously testified before us. The Intelligence Committee Members have had an opportunity to question him recently. So I hope we can complete our questioning of Mr. Kerr this afternoon, in light of the fact that we have already had a good opportunity to question him on these matters. But obvi-

ously, there are some very important questions that need to be directed to him.

Our last witness today is Richard J. Kerr, currently serving as Acting Director of Central Intelligence. Mr. Kerr has been serving as Deputy to Judge Webster since he was confirmed by the Senate in March of 1989. Prior to this, from January of 1986 until March of 1989 Mr. Kerr served as the Deputy Director for Intelligence, the DDI, where he had previously served most of his career at the CIA.

As we have heard, Mr. Kerr was told by Charles Allen—and we have just heard Mr. Allen's testimony through the course of today, Mr. Kerr—that you were told by Charles Allen in the summer of 1986 of a speculation concerning a possible diversion. And subsequently, according to Mr. Kerr's testimony, he reported this to Mr. Gates.

Mr. Kerr, in fact, has testified at length about this matter, in a deposition taken on September 11 which we released last week to the public. And while we will be unavoidably retracing much of the same ground that we went over in the deposition, there are also some additional questions we wish to pose.

And Mr. Kerr, let me say, we appreciate very much your willingness to return in public, and go over this matter with us again. We gave you very short notice the last time, and had you come late in the day. And I apologize for the fact that we have now given you three different times and dates when we thought we would get to your testimony in these proceedings, and we appreciate your patience with us in understanding that the schedule is sometimes hard to control.

As with all of our witness, I would ask, since we are in the confirmation process, that you stand and be sworn at this time.

Do you, Richard Kerr, swear that the testimony you are about to give will be the truth, the whole truth, and nothing but the truth, so help you?

Mr. KERR. I do.

Chairman BOREN. Mr. Kerr, are there any opening comments you would like to make before we go on to the questions?

TESTIMONY OF RICHARD J. KERR, ACTING DIRECTOR OF CENTRAL INTELLIGENCE

Mr. KERR. No, I—just go directly to questions.

Chairman BOREN. We already have your deposition before us, and it has been made public.

In response to the written questions posed to you by the committee, you stated, in late summer 1986, Charles Allen came to you and said that U.S. arms were being sold to Iran. He told you there was reason to believe that these arms were being sold at inflated prices, and at the end of the discussion, he speculated to you that the money might be going to the Contras. That was his analysis, there might be a diversion.

He offered no evidence of this, you say, in your comments to us, merely giving you his personal speculation.

You went on to say you raised this with Mr. Gates, who was the DDCI at the time, either the same day or the following day. You say that this occurred not in a formal meeting, but in a meeting

where you walked into his office and discussed a number of other items, including this one.

You say you do not know what Mr. Gates did with the information, but you recall Mr. Gates asking you to keep him informed. Is that correct as far as I have gone at this point?

Mr. KERR. That is correct.

Chairman BOREN. In your deposition of September 11, 1991, you say that your best estimate in terms of when this conversation with Charlie Allen occurred was in, I quote, "late August."

Mr. Allen, in his testimony, says mid-August, and he refined that for us in testimony today to say he thought it was the third week in August.

Now, since your deposition last week, the Committee has obtained notes of two interviews in December 1986 that raise some questions concerning the time of Mr. Allen's report to you. I asked Mr. Allen about this this morning.

Since we did not have these at your deposition, I would like to cover them with you this afternoon for just a moment.

The notes of the first December 1986 interview with you say, "Charlie told me on 12 or 13 May that he suspected some of the money from the sales was going to the Contras."

The notes of a followup interview with you on the 7th of December, 1986, a little later in the same month, reflect that you were asked by the interviewer if you could narrow the time between May and late summer when you were informed.

You say that you were confident that the visit was before September and most likely was in the June to July period. It may have been as early as May or as late as August. And the note says, referring to you: he is convinced that in his own mind that it was closer to the beginning of the time span than the end.

The other interviews done during the same period suggests a possibility that the diversion issue might have been raised in conjunction with the briefings Mr. Allen gave in preparation for the May 25, 1986, trip by Bud McFarlane to Tehran.

Of course, we know that Mr. Allen was reading certain highly compartmented intelligence reports that, as early as March and certainly by June, indicated that the Iranians had been seriously overcharged for the weapons they were buying.

As you know, Mr. Allen said to us that during June and July, his concern about this was on the increase.

What we are having trouble sorting out is this. There was some discussion at one time of a meeting in May or earlier in the period. Mr. Allen now remembers it was the third week in August. You said in your most recent deposition with us that you think it was in mid to late August.

Were there two separate meetings with Charlie Allen on the subject of the diversion, or was there only one meeting with Charlie Allen on this subject?

Mr. KERR. There was only one meeting. And if I can, let me tell you about the timing.

I was un—very uncertain about the timing, and I still could not—cannot pin it down to a precise time. In part I think it is useful to say that, first of all, this was a meeting that took place over a period—this conversation dealing with this particular sub-

ject probably took place over a period of about a minute. It was a piece of other business. It was not a formally scheduled meeting. It was a walk into an office to just—

Chairman BOREN. You are talking about Charlie Allen's visit to you?

Mr. KERR. No, my meeting to—the whole meeting with Bob Gates, following that. So both that meeting and the meeting with Charlie I do not have either on a schedule or I don't have a clear time frame to put it in.

I've looked back at my own notes and my own records, and the only conclusion I can come to, first of all, there was only one meeting, and the only timing that I can get—give you is that it was sometime between—I thought between that period of the end of May and early September.

I really don't have much more precision except to look at my notes and find that Charlie Allen did come to see me several times during August.

Chairman BOREN. So there was not a May meeting and an August meeting? There was only one meeting?

Mr. KERR. That's right.

Chairman BOREN. One meeting. And your latest best estimate is that it probably occurred in August sometime.

Mr. KERR. That's the best I can do, given my own records and my own notes and my recollection. But I cannot be precise about that.

Chairman BOREN. Is the difference between your thinking first that it was in May and now thinking in August based upon your refreshing your memory and looking at your schedules?

Mr. KERR. Well, I was trying to put limits to the time, and I am uncertain about, I don't remember saying a specific time in May, because I would not have been able to come up with a particular time. I never had a date, but my view initially was, the best I can recall, that it was between the end of May and the end of August sometime.

As I said, I have tried to narrow that down a bit by looking at my own records. In talking to John Helgerson, who is uncertain about the date, who sat in on the meeting with me with Charlie Allen, so we have kind of narrowed it down to that time.

But again, I have no specifics I can give you in terms of a specific date.

Chairman BOREN. Did anybody else other than Charlie Allen discuss the possible diversion of funds with profits from the overpricing of the arms to Iran with you at any time before this became public in November of 1986?

Mr. KERR. No.

Chairman BOREN. No one else?

Mr. KERR. No.

Chairman BOREN. Now let me first go to the meeting Mr. Allen had with you, and then we will go to your meeting with Mr. Gates, as you recall it.

Mr. Allen described his meeting with you today and his sworn interrogatories were pretty much reflected again in his statements to us this morning.

And I quote from Mr. Allen's answers to our interrogatories:

I stressed to Mr. Kerr that project's lack of operational security and pointed out that no arrangements were being made to shut down effectively the first channel, the Ghorbanifar link to the Iranian Prime Minister's office.

I described in some detail the pricing impasse that intelligence showed had existed for over a month. The intelligence showed that the Iranians in Tehran believed that they were being grossly overcharged by agents of the U.S. Government. I further described why I believed the NSC was mixing the Iranian project with the White House initiatives in Central America.

I cited a number of indications, this including the fact that Mr. Albert Hakkim and Major General Secord were totally managing the new established second channel, and that they were also the key individuals in the so-called private efforts to support the Contras in Central America.

After I detailed my concerns, Mr. Kerr asked me to keep him closely informed on these developments. I ran into Mr. Kerr later in the day at the CIA Operations Center, and he again returned to our earlier conversation and expressed the view that it was not a question of whether the initiative would be leaked, but when.

Let me stop right there and say is that a fair summary? Does your memory of the conversation with Mr. Allen track that description?

Mr. KERR. I think that is a fair description. Let me, though, put it in a bit of context. First of all, this is the first occasion I had at any time to have any information about the activity that Charlie related relative to this arrangement, about Ghorbanifar, about the people involved so that you have to put it in the appropriate context. That is, I got a fairly big dump of information from Charlie that really did not have a lot of, that I could tie a lot to or put in any context.

What I got out of that conversation was essentially what you described, Charlie saying as well, and that is that there was evidence indicating that the Iranians were being overcharged, and also speculation on the part of Charlie that it is possible that money gained from being overcharged was being diverted.

Now, as I remember that, it was much more speculative on the part of Charlie Allen's part than you had just read in that testimony. I don't remember evidence or information that would be supportive about that. It was merely the people involved and the nature of the fact that there was money.

Chairman BOREN. So you remember the discussion of the people? You do not essentially remember it differently, but it was more speculative, at least in your memory, than the way it has been stated by Mr. Allen as I read it?

Mr. KERR. That is correct. And if I may, I did my own little note on the 25th of November, just to myself on this, which I have been using as the basis to my recollection. It is the most current recollection that was done in 25 November in 1986 and I said, at that point in time, that Charlie came by to fill me in on developments, including the fact that arms were being provided in this arrangement with Iran.

He also expressed his concern that some of the money being received from the Iranians was being used to support the Contras. It was in that context and in that relatively brief form, that I recollected it.

Chairman BOREN. Well, now, let me now turn from this conversation that you had with Mr. Allen in which Mr. Helgeson was also present; is that correct?

Mr. KERR. That is correct.

Chairman BOREN. Now, let us turn to the follow-up conversation that you had with Mr. Gates. At your deposition I asked you whether you had passed on all of the information that Mr. Allen had given to you to Mr. Gates, and you said, no, that "the only thing about that conversation that it seemed to me was worth from our perspective at least, making sure Mr. Gates knew, was the issue that funds were being overcharged, and that money was being passed to the Contras.

Was that a fair statement of what you passed on to Mr. Gates? Would you describe for us now the nature of the conversation? Could you set the scene for us, describe just exactly how this conversation took place and what you said that related to this whole Iran-Contra matter during that conversation?

Mr. KERR. After talking to Charlie, when I concluded that exactly those two points that you made were worth at least calling to Bob Gates' attention, one that to make sure that he had heard that there was overcharging, and that there were arms provided—make sure that he knew that.

Also, to pass on this speculation that there was—the funding, the extra money was being used to fund the Contras. I considered it to be speculative and to be rumors, but I nevertheless thought it was sufficiently important to make sure, at least, that he had heard just that much.

So, I did not schedule an appointment. I went down to Bob Gates' office, and this is something I did rather frequently. After all, I had worked with him for a number of years. I was a close associate and a colleague and a friend, and also I often went to Bob Gates for a whole variety of things as the Deputy Director for Intelligence.

So I went into his office, and in a very brief forum, summarized Charlie Allen's comments and then also conducted some other business of things that were going—that I was—

Chairman BOREN. Do you remember how long the entire meeting took?

Mr. KERR. It could be a minute—you know, it would be 60 seconds or 2 minutes in terms of that conversation. It was very brief, and the entire meeting was not very long. As I said, it was not a scheduled meeting. I didn't have an agenda. I just had some things I wanted to pass on and talk to him about.

Chairman BOREN. So the part dealing with what Mr. Allen had told you, you say lasted a minute or two?

Mr. KERR. At most.

Chairman BOREN. Can you explain why you limited what you told Mr. Gates in this way? In other words, you did not go into all the things that Mr. Allen had told you.

Mr. KERR. Well, as I said earlier, first of all I have to go back to say that the detail that Mr. Allen provided was considerable, but nevertheless, it didn't fit into my knowledge or my understanding very well, and so I didn't come away with a lot of the facts.

Charlie delivers you a lot of information over a relatively short period of time. I had no context to put it in, and what I was trying to do was pass on what I thought were the key points that I was concerned about to Mr. Gates. And that was—I wasn't interested, quite simply, in providing all the detail, but merely to highlight those two points.

Chairman BOREN. Mr. Helgerson has stated in his sworn response to our interrogatories that he was present during a meeting with Mr. Allen, as I mentioned. He cannot confirm the date of the meeting either, but he remembers the meeting. He says he remembers Mr. Allen saying he had reason to suspect funds from Iran had been diverted, and he also recalls Mr. Allen indicating to you that he thought the NSC staff was somehow involved in the suspected diversion.

The notes of the first interview with you in December of 1986 suggest that you might have mentioned the NSC involvement to Mr. Gates. According to this report, when you gave Mr. Gates the information, he responded, "God only knows what Ollie is up to."

Now, in your deposition on September 11, 1991, you say, at page 21 of the transcript that Mr. Allen's information was "very interesting primarily because of Ollie North and a view that most people had of Ollie North, and this was kind of a loose cannon." From this it is likely that you reported Allen's information to Mr. Gates relating his concerns about the diversion to Lieutenant Colonel North or the NSC staff.

Let me go back to that. Do you recall whether or not you said in this conversation something in addition to saying Charlie Allen has a speculation that arms are being overcharged and that there is a diversion of funds, maybe going to the Contras? Do you recall if you said in this brief conversation was either something about Colonel North or NSC involvement?

Mr. KERR. Well, Charlie had in his original conversation—and I—I had mentioned this earlier, but Charlie had mentioned—I mean, obviously, in that conversation had mentioned that Ollie North might have been involved in this. Ollie was involved, and obviously, in arms to Iran and the connection between that and the excess money was the connection I think that drove Charlie to believe that the people involved might well have a connection with supporting, giving the Contras money.

So that's where he drew the association, and it is pretty clear, and I clearly mentioned that to Bob Gates as well, saying this is something that at least Charlie is concerned about in part because of the excess money, and because Ollie is involved.

Chairman BOREN. Now, do you remember what Mr. Gates said in response? You told him briefly you say in one to two minutes Charlie Allen is speculating to me that there is overcharging and there may be a diversion and that Ollie North of the NSC might be involved.

Do you recall what he responded?

Mr. KERR. Well, first of all, let me say that I am more certain about what the essence of my conversation in terms of what I was conveying than I am about the response. But my understanding, and again, I refer back to some notes I used, and I wrote on the 25th of November in '86 saying that—

Chairman BOREN. That was after the diversion became public?

Mr. KERR. Shortly after the meeting with Charlie I went to Bob Gates and told him what Charlie Allen had conveyed to me and asked him if he had heard about the Contra connection. He indicated that he had heard rumors, but knew nothing about the rumors. Ollie's involvement probably would generate any number of

rumors no matter where he was. Some connection, real or otherwise, would have been made to Contra support.

He said at that point in time, kind of following that, and that is about the total extent of the conversation. He said keep him informed.

Chairman BOREN. He said keep me informed? That is a quote, again, from what you said in your deposition. He said to keep you informed?

Mr. KERR. Yes, that's right.

Chairman BOREN. For you to keep him informed?

Mr. KERR. That's right, sorry.

Chairman BOREN. Now, as you know, this is a very serious matter for this Committee to try to determine. Mr. Gates says now that he just does not recall that conversation or at least that part of the conversation about the diversion. It did not register with him.

By the way, you and Mr. Allen testified this morning—I have been a little unclear on this, and so have other Members of the Committee—that you later told him that you had not told Mr. Gates?

Mr. KERR. I later told Charlie Allen?

Chairman BOREN. Yes.

Mr. KERR. I am uncertain. I probably did. I do not know specifically but I would—

Chairman BOREN. He said today that you told him that within a day or two after the diversion became public by Attorney General Meese.

Mr. KERR. I have no reason to disbelieve that whatsoever.

Chairman BOREN. I believe this morning you said that you said something to him after this was all made public: well, you know, I told Bob Gates about that, and that sure is a problem for him or he has a problem about that, or something? Do you recall?

Mr. KERR. Well, it was clear when we began the review of all of this, and IG's, and people were talking to us. As I told this story of what I passed on to Bob Gates, and Bob Gates' reaction, and Charlie's initial informing of me, and then I heard that Bob could not recall the conversation, it was clear that there was a disconnect there.

It obviously has led to a ton of ink in print and discussion since that time. I can do nothing but provide to you my recollections of this.

At the same time, I think it is quite easy to understand from my perspective, quite easy to understand why Bob Gates might not remember. First of all, I did not do this as an element of high drama as something that was terribly exciting and a breaking piece of intelligence.

I did it as a piece of information that I considered to be very speculative and without having any context or anything to put it in, merely information to make sure that someone, my boss, knew a piece of information. I would have done that about a lot of other kinds of information outside this in terms of rumors, intelligence, things that were happening that I had no certainty about, but nevertheless would make sure that you give somebody a heads up. I did it in that context.

At the same time, it is quite easy for me to understand from my own perspective, someone coming in and giving me information like this that I couldn't put in context, getting a lot of different inputs from people, that it is quite possible to forget that and to not recall that.

Chairman BOREN. Mr. Kerr, let me ask you, and again this is an extremely important point. As I said to Mr. Allen this morning, in some ways you, Mr. Allen, and Mr. Gates are in the best position to shed some light on this.

I asked Mr. Allen for his opinion this morning as to whether or not he thought that the point about the diversion had registered with Mr. Gates prior to his telling him on October the first. Mr. Allen's answer, in essence, to me was I do not think so. I do not think it had registered with him in a meaningful way prior to that because he expressed such surprise. I do not think he is that good an actor. That was the gist of his answer.

I would like to ask you for your assessment. I know you have indicated you are a friend of Mr. Gates and a co-worker for a long time. You are the Acting Director of this agency now. Undoubtedly if Mr. Gates is confirmed, you would continue to be a colleague of Mr. Gates.

But to the best of your ability and standing back from all of that, do you believe that it is really credible for this Committee to believe the testimony of Mr. Gates that if, indeed, you did tell him this information in August sometime, that it did not register with him, and that he does not remember receiving it?

Mr. KERR. I think it is quite credible, and I have great confidence in Bob Gates' integrity. If he would have remembered, he would have told you so. He would have in his discussion with the IG and with others have said so, I am quite confident that he does not remember.

And, again, I would say that that doesn't surprise me. I had a lot of conversations with him on a variety of different subjects. I didn't bring this in as a crisis or as a major issue. There are times when people are distracted by other things and don't pay attention even when you are talking to them. That happens to me; I have other things on my mind. And I am sure that if I went back through my own record, I could not recall many visits of people who came in and talked to me, even if I try to put a specific time on it. But I think that is quite credible, and I have confidence that that is exactly what happened.

Chairman BOREN. Well, according to your recollection of this conversation, you do remember him saying back to you, keep me informed, or something like that?

Mr. KERR. Yes, something to that effect.

Chairman BOREN. Did you ever get back to him on this subject?

Mr. KERR. No, I never got any more information on it.

Chairman BOREN. You were, as DDI, a senior agency manager. Usually the DDI sits on a high-level panel to review covert operations; is that right?

Mr. KERR. That is now true. At that time, it was a more informal system in terms of the review of covert action programs, but it certainly is true now. There is a group that reviews them systematically and passes recommendations up.

Chairman BOREN. The DDI now sits on that?

Mr. KERR. Yes.

Chairman BOREN. But that was not formal at that time?

Mr. KERR. I believe that it was instituted. I'm not sure when the formal structure was instituted to review them, but the previous practice had been to provide to the DDI a copy of the finding which was then handled in a very careful way with one of the principal officers in the directorate.

Chairman BOREN. Well, setting that aside, if a senior NIO expressed concerns to you as Mr. Allen did about the likelihood that, at the very least, the operational security of a highly sensitive covert action was about to be compromised. He conveyed that there was this overcharging. Let us suppose there was not even a diversion, but that overcharging, as it had been handled, could cause this very sensitive operation to be divulged.

Looking back on that, do you not feel that you had an obligation to have more than just a casual conversation with either Mr. Gates or Mr. Casey or somebody about that?

Mr. KERR. Well, hindsight's a great thing. Looking back on it, I wished I would have done a lot of things with regard to that. I'm not sure that at the time, and in the context of the way of my own responsibilities and in the context of what I knew about that, that quite simply, if I were to do it over again with that same knowledge, I would do it differently.

I heard information that I found a bit confusing, but nevertheless enough alarming that I wanted to at least notify my immediate boss, and I did that.

I did not see in that an area that I had responsibility to pursue or an activity that I would pursue.

I am reasonably curious and aggressive and not necessarily stuck in a particular little rut. I am inclined to look at other things, but in this case, it seemed to me this was an activity that, one, Charlie was involved in and that I had passed the information back to Mr. Gates.

I did not feel more needed to be done at that point in time. Perhaps I should have.

Chairman BOREN. Looking back on it, do you wish that you had been more aggressive about it?

Mr. KERR. That's nice speculation, but that's not very satisfying, quite simply.

Chairman BOREN. Let me turn to one other matter and then I will turn to my colleagues. The Committee has in its possession another memorandum recounting your September 2, 1987, interview with the Iran-Contra Committee prepared by a staff member of CIA's Office of Congressional Affairs. According to this particular memorandum, you told the Iran-Contra Committee that when you informed Mr. Gates of Charlie Allen's speculation, he responded that, "He was aware that rumors were circulating, that profits were being made on the sales of arms to Iran, and that money from the arms sales was being made available to the Contras."

In looking at the notes of the Iran-Contra staff, we have also found a notation at this point of the interview with you confirming that Mr. Gates was "aware of rumors." At your deposition, you said, and I quote the deposition that we just took recently, "My im-

pression, again, looking back over and trying to recall precisely that event, was that he expressed surprise, concern, with some suggestion that there had been rumors or there had been something to that effect that he had heard before."

Now, Mr. Gates, in his testimony before us at the beginning of the confirmation hearings, stated that he had heard rumors about the contribution by third countries to the Contras but he did not say that he recalled hearing rumors about the diversion per se.

In your conversation with him, was there any possibility that he was referring to third country contributions and not to the information you were relating to him on the diversion? Let me split that in two parts. First, do you recall his saying something about being aware of rumors?

Mr. KERR. Yes, I did. And my notes—the contemporaneous notes that I made suggest that.

Chairman BOREN. Can you spell out in your own words your best recollection of what he said about rumors?

Mr. KERR. I am uncertain about that. I believe, based on my own notes, that it was speculation about that there was funding or donor funding or finding for the contras, but I cannot go beyond that. I do not recall—for instance I can't with any specifics recall him saying I have heard of rumors of the diversion of money from the covert sales to the contras. I do not believe he said that.

Chairman BOREN. You do not think he talked about rumors of diversion per se?

Mr. KERR. No, I do not believe so.

Chairman BOREN. He talked about rumors, and you did not know whether he was talking about rumors of diversion or rumors of contributions to the contras?

Mr. KERR. Again, going to my own notes, it appears to be, and the best of my recollection is it was rumors about funding for the contras but not funding out of the diversions. But I cannot be specific about that. Again it was a very brief conversation. It was 5 years ago. Even my notes were written some considerable time after that.

Chairman BOREN. Would you be willing, Mr. Kerr, to provide a copy of your contemporaneous notes for the record?

Mr. KERR. Certainly.

Chairman BOREN. We will receive those then for the record.

[The document referred to follows:]

SSCI# 91-52291

25 Nov 86

DI + specifically Dick Keris involvement in the Iran arms deal.

~~When did you find out what was going on.~~

12/13 May 86

Just before the McFarland/North visit Charley Allen + George Case asked me to provide some DI support ⁱⁿ developing a briefing (including satellite photography) of the Soviet threat to Iran that could be given to Iranian contacts. Briefing was prepared by Soviet ^{Soviet} and presented to McFarland who came to the building

After ~~April~~ ^{May} 86 (May?) June

Subsequent to that meeting Charley Allen came by to fill me in on developments including the fact that arms were being provided in this "arrangement" with Iran. He also expressed his concern that some of the money being received from the Iranians was being used to support the Contra

Shortly after that meeting (hours) I went to Bob Bates + told him what Charley Allen conveyed to me. I asked if he had heard about Contra connection. He indicated that he had heard rumors but knew nothing about ~~the~~ rumors. Ollie's involvement probably would generate any number of rumors and no matter where he was some connections real or otherwise would be made to Contra support.

Chairman BOREN. I apologize for breaking in at one point about a matter for the record that I forgot to read into the record earlier. We received September 25th—today, I lose track of time—a letter to the Committee that is addressed to our General Counsel, Mr. Snider, and it is from Mr. Stanley Arkin, attorney for Mr. Fiers. I want to read this letter into the record. I would point out it is not a sworn statement. It is a letter from Mr. Arkin asking that the record be corrected that on Mr. Fiers' testimony in one regard. And this is addressed to Mr. Snider.

"This is to confirm the information transmitted to you earlier that upon receiving press reports of his testimony before the committee last week, Mr. Fiers believes that the record should be amended in the following respect.

Mr. Fiers testified to a meeting in the fall of 1986 involving himself, Oliver North, William Casey, and Clair George, and testified that just after the meeting, Mr. George had speculated to him that "sometime in the dark of night, Bill Casey had said, "I'll take care of Central America. Just leave it to me."

This is a quotation from the New York Times' account.

Mr. Fiers recalls that Mr. George's speculation was that Mr. Casey had said this to the President.

I trust from your earlier conversation in my office you will take appropriate steps to amend the record in this respect. Thank you for your attention. Stanley S. Arkin.

We will release copies of this letter. This is the conversation that Members will recall where Mr. Fiers described that he thought he had been put through a charade. Do you recall that conversation with Mr. George, Colonel North, Mr. Casey and himself? As they were walking away, Mr. George had an additional conversation and he said that when he was quoting Clair George as saying that he speculated that Mr. Casey had sometime said, "Sometime in the dark of night, "I'll take care of Central America, just leave it to me." Mr. Fiers recalls that Mr. George was speculating that Mr. Casey had said that to the President.

So I put that in the record just to correct the record as he requested.

[The document referred to follows:]

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VIA FACSIMILE 202-224-1772

Britt Snider, Esq.
United States Senate
Select Committee on Intelligence
Washington, DC 20510-6475

Re: Alan Fiers

Dear Britt:

This is to confirm the information transmitted to you earlier that upon reviewing press reports of his testimony before the Committee last week, Mr. Fiers believes that the record should be amended in the following respect. Mr. Fiers testified to a meeting in the fall of 1986 involving himself, Oliver North, William Casey and Clair George and testified that just after the meeting Mr. George had speculated to him that "Sometime in the dark of night, Bill Casey has said, 'I'll take care of Central America, just leave it to me.'" (This quotation is from the New York Times account). Mr. Fiers recalls that Mr. George's speculation was that Mr. Casey had said this to the President.

CHADBOUENE & PARKE

Britt Snider, Esq.

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September 24, 1991

I trust from your earlier conversation with my office that you will take the appropriate steps to amend the record in this respect.

Thank you for your kind attention to this.

Very truly yours,



Stanley S. Arkin

Chairman BOREN. That completes my questioning for now, Mr. Kerr. I will turn it over to the Vice Chairman. Senator Cranston is next in order of arrival at the afternoon session.

Senator METZENBAUM. Senator Chafee, if he wishes to return to ask questions. Senator Bradley, Senator Rudman, and Senator Danforth.

We will turn first to Senator Murkowski.

Senator MURKOWSKI. Mr. Kerr, you mentioned about an Inspector General's review of the CIA involving the Iran-contra affair. I think that would be December of 1986. Was not Mr. Gates Acting Director at that time?

Mr. KERR. I believe so, yes.

Senator MURKOWSKI. I will repeat that. You talked about an Inspector General's review of the CIA involvement in Iran-contra in December of 1986, and my question was, was not Mr. Gates Acting Director at that time.

Mr. KERR. Yes, he was.

Senator MURKOWSKI. And did he not request the Inspector General to undertake the investigation?

Mr. KERR. Yes, he certainly did.

Senator MURKOWSKI. Can you explain how significant this is in view of some allegations concerning Mr. Gates in this matter?

Mr. KERR. Well, I think Mr. Gates was quite confident in terms of having IG inspection. He did not know, obviously, because he could not recall my conversation with him that we were going to end up with a statement by me that indicated a conversation that he couldn't remember. But that's what happened.

Senator MURKOWSKI. But it clearly appears to be the appropriate action of an administrator pursuing, if you will, a correct procedure, as opposed to somebody who was trying to hide something.

Mr. KERR. No, I do not think there was any attempt to hide anything.

Senator MURKOWSKI. You have never denied that you might have mentioned Charlie Allen's speculation to him in August of 1986 and I guess you simply had no memory of it. So do you recall whether you and Bob Gates discussed Charlie Allen as the source of this information and whether you thought it was reliable?

Mr. KERR. At the time—you are talking about in the August conversation?

Senator MURKOWSKI. Yes.

Mr. KERR. No, it would have been, as I said, a very brief conversation.

Senator MURKOWSKI. You did not dwell on the source, then?

Mr. KERR. No, I am certain—I would be certain that I told Mr. Gates about where the source of my information, which was Charlie. But beyond that, and beyond saying that it was Charlie's speculation, I don't think there was any further conversation.

Senator MURKOWSKI. No conversation into the reliability?

Mr. KERR. Of Charlie? Of Mr. Allen?

Senator MURKOWSKI. Of the source.

Mr. KERR. I do not believe so, although it is possible. Charlie can be excitable at times.

Senator MURKOWSKI. Well, we all can. Generally the information from Charlie Allen, you would regard it as what?

Mr. KERR. Having worked with Charlie over the years, and I have a lot of respect for Charlie in many ways, I am always careful about the information he provides and judgments about that.

Senator MURKOWSKI. You might typify it by taking his information with a grain of salt or something like that?

Mr. KERR. That's exactly right.

Senator MURKOWSKI. You would not necessarily speculate. It was just knowing him, you feel comfortable with it, and you just—

Mr. KERR. I think that is fair.

Senator MURKOWSKI. You were head of the Intelligence Directorate in 1986 and met frequently with Mr. Gates before and after the diversion became public, which was November 25, 1986. I am interested in your assessment of Mr. Gates' attitude. Did he seem to want to learn more facts or did he tend to ignore the facts about the diversion after October, 1986? Was there any appreciable change?

Mr. KERR. I think after the Meese announcement, I do not think there was any question. My involvement in putting together any information after that was very limited, but I sat in a couple meetings and I clearly was involved in staff meetings and things. I think there was a very aggressive attempt to try to understand the facts. And Bob Gates is a person who is inclined to do that, to try to organize and manage and try to get to the facts and to array them and get people working on them.

Senator MURKOWSKI. And that was evidenced in his demeanor and—

Mr. KERR. No question, no question.

Senator MURKOWSKI. Now in Mr. Gates' opening statement before this Committee, he acknowledged that he personally could have done better, he could have been more sensitive, he should have pursued more information. I think you have indicated a similar willingness, with hindsight, to have taken a more active and aggressive posture. But I think he said in his statement that he learned from those mistakes.

You occupied a position of leadership in the agency and are now acting head of the agency. Give us an assessment on how the Iran-Contra matter was handled within the CIA in 1986 and how others in a position of leadership responded to the information which Charlie Allen provided. Was it like a bomb shell?

Mr. KERR. Well, certainly the announcement itself and the revelation of involvement was a bomb shell in the sense of new information. People—I think, again, people tried very hard to try to organize the information and organize the facts and the chronology of what happened in that period because we were under great pressure of course to get the information straight, to get it organized and presented.

In this particular situation, the one characteristic that I think I found in CIA over the years is the record of intelligence has a capacity to array and organize its information rather easily because its business is the production of information. It has dates, times, and information all neatly arrayed. So it can recall and organize what it did rather systematically.

The Directorate of Operations is quite good in organizing its reporting, knowing what clandestine reporting it has provided and

getting it organized. But it is much less able to organize its operational activity and recall it in a systematic way because, in part, a lot of it is done verbally without memo of records and without a written record. I think during that period my impression was that we were having a very difficult time getting the story and the chronology and the information together from the various participants, which had been kept essentially compartmented.

So while there was a very real effort to do that, it was a very difficult process.

Senator MURKOWSKI. I am interested in that meeting held November 20th to prepare the testimony for Mr. Casey. I think Mr. Allen indicated under oath this morning that there were seven or eight principals there, and the hot potato clearly was the diversion of funds that was not mentioned. And, of course the Committee did not ask the right question directly of Mr. Casey.

Tell us your recollection of how it was handled. How could something as hot as this not come up as an issue of whether it should be included or excluded? Was it just so hot that nobody wanted to address the appropriateness of including it?

Mr. KERR. No, I think there's a simpler explanation than that, that it was not principal to the agency's business. It was not involved in the diversion of funds. It was not involved in this activity in any way. What it was trying to do was document the record of what it was involved in. So it focused on its own business and on the things it had knowledge of, not on the things that were outside of its immediate area.

So it would be quite logical not to focus on that and that that would not be central to putting together information on this particular subject.

Senator MURKOWSKI. The diversion question would have been appropriate for somebody to ask Mr. Casey had somebody on the Committee thought of it, wouldn't it?

Mr. KERR. I think the focus though was on the business of that particular hearing, and quite simply, I think that is the area, trying to get our own information together, that is where our own emphasis was placed.

Senator MURKOWSKI. Yet the diversion topic was the burning fuse, so to speak, of the whole plan running awry even though it was under the auspices of Colonel North.

Mr. KERR. I think the other side of that is there were relatively few people in that room who had any knowledge or any detail of that particular set of activities, Charlie being probably the one with the most extensive amounts of knowledge. We have heard his testimony describing the nature of that meeting.

Senator MURKOWSKI. I guess in hindsight one wonders whether you would expect to ask the Director how he was going to answer the question if it were to come up, but that did not come up either.

Mr. KERR. Not to my knowledge. Did it come up in the testimony, I guess would be the question.

Senator MURKOWSKI. Let me turn briefly to another topic, slanting of analysis. You succeeded Mr. Gates as head of the analysis side of the CIA. You were his deputy prior to that. From the association which you had with him, which was a long one, and your

background as an intelligence analyst, did Mr. Gates to your knowledge ever slant intelligence to make it fit policy?

Mr. KERR. No, I don't believe that for a moment. I believe what he did was aggressively push analysts, and push people, and have them check their own evidence and their own assumptions. And he had strong views about various issues but he also was quite willing to listen to the views of others when presented with a comprehensive case and presented with evidence. But he would certainly test people's arguments. And that is the business that we are in; so that is not surprising. If you don't do that, you make a mistake.

But I have known Bob over the years, and we haven't agreed on a lot of things on substantive issues. We've had a lot of discussions about them, and I have found him quite willing to change his views when given a good argument. And I hope I have done the same.

Senator MURKOWSKI. This has received a lot of attention. Is the allegation that the CIA slants intelligence for political reasons something new or has it always been around?

Mr. KERR. It has always been around. It is not new. I do not think it is accurate. I think to the contrary, to the degree that it is possible, we are as an agency as objective as you can be. We sometimes follow a wrong course or set of assumptions and lead ourselves into conclusions that may not be helpful. Often we are wrong in some our judgments, but I have not been, in my experience there, I have never been told what to write, told to change my conclusion.

And I would argue quite simply I think that assertions that Bill Casey somehow gave us instructions each morning to change our information to coincide with his beliefs is just dead wrong. I found him willing to listen to arguments. If you could persuade him, he would side with you on conclusions that went against his initial views on something. I think he was susceptible to persuasion and to evidence.

So I think the idea that somehow we are going to twist the analysis—for one thing, in my judgment, I would not know how to twist it because I do not know who—what the customer is I am going to twist it for because there is no agreement across our customer line about what the answers are either.

So my belief in this is and has been over the years that you do the best, most objective job you can. You do it as clear and as precisely as you can.

Senator MURKOWSKI. We have already heard at least one or two cases where Mr. Gates had an aggressive statement or speech that he was asked or told not to release or give. I am referring to an instance where the Secretary of State was not too happy with some preparation for a major address. So recognizing that occasionally somebody in the Administration sat on Mr. Gates because they did not agree with him, to your knowledge did Mr. Gates ever suppress intelligence analysis that he thought would upset senior policy makers?

Mr. KERR. No, to the contrary.

Senator MURKOWSKI. But sometimes they might sit on him?

Mr. KERR. Sit on him in terms of a public speech is one thing, but not in terms of the production of finished intelligence. Those are quite different things.

Senator MURKOWSKI. I appreciate that distinction.

Concerning this business of slanting intelligence that we hear about—it seems that much of it has got to be in the eyes of the beholder. But you said allegations have been around for some time. I assume they were common before Gates joined the CIA.

Mr. KERR. They have been with us from the time I came to this agency in 1960.

Senator MURKOWSKI. Then one could assume as well that they have continued since he left the CIA to go to the NSC?

Mr. KERR. They have. I have people and customers and people who still are not convinced at times we are giving them information that is not colored somehow. I argue strongly that it is not. I think the problem of politicizing intelligence is a much more complex problem than shaping a product. There are times in intelligence when we produce intelligence on a particular subject where we write frequently about a particular subject, and a customer will reach the point where they believe we are over-emphasizing the threat or the danger on a particular issue.

So it is a perception that we are taking the subject, writing about it too often, using fragments of information to draw analysis out. There are people who argue we are carrying a line too far and becoming alarmist. Quite simply, George Schultz believed that when we wrote about coups in the Philippines. He criticized us for picking up every coup threat. We also had a major coup there not long afterwards. So I take all that with a grain of salt, quite simply.

We do provide some context as best we can. There are times when aggressive analysts may carry a particular subject more consistently in our product than perhaps it deserves. But we try to balance that out with good judgment.

Senator MURKOWSKI. So you would take issue with those that contend that Gates has been responsible for slanting intelligence?

Mr. KERR. I take serious issue with it.

Senator MURKOWSKI. It went on before he got there; it has gone on since he left.

Mr. KERR. I take issue with it in part because if he did it, I did it, and I didn't.

Senator MURKOWSKI. And we can always ask him whether he did it.

Mr. KERR. No, this is not just a single person. This is a partnership and an organization that produces intelligence, not an individual. And I think the organization and the individuals in it can take great pride in their objectivity. I'm not saying they are always right or they fully understand the issues or have the complete evidence in all occasions.

Senator MURKOWSKI. So the distinction you are making is that he could not have done it without you, he could not do it individually?

Mr. KERR. An individual can have an impact certainly but it is in terms of questioning and probing and asking questions. Certainly the leader of an organization can have an impact on the product, but you cannot tell this organization to change the yeses to nos, and the left to right. It will not stand still for that.

Senator MURKOWSKI. Can you turn from white to grey?

Mr. KERR. You can push people if they are willing to be pushed. If they are willing to modify their judgments because they cannot stand up to your own arguments, you can push them around in that regard. Good, thorough analysts stand up, argue their cases, and win their cases. In my judgments they won their cases as often as not with Bob Gates as they did with anyone else. Again, I would assert we won our cases with Bill Casey as often as not.

Senator MURKOWSKI. You do not feel that in your long association with Mr. Gates that you were ever pushed against your will in one way or another?

Mr. KERR. No, not whatsoever.

Senator MURKOWSKI. My last question is, in your judgment, should Bob Gates be confirmed?

Mr. KERR. Yes, I don't think there is anybody I can see who can do a better job of taking the leadership of the agency at this point in time, and I think it is an important time, and I think he has the vision to keep it on the right direction. I think it is an extraordinarily strong agency now, but I think its future is very critical and I think he is important to its future.

Senator MURKOWSKI [presiding]. Thank you, Mr. Kerr. We very much appreciate your testimony.

Senator Cranston is next.

Senator CRANSTON. Thank you, Mr. Chairman. I welcome the opportunity to meet with you again.

When did you first see the October 14, 1986, memo that Mr. Allen prepared at Mr. Casey's request?

Mr. KERR. Senator, I'm not sure that I saw it until very recently. I don't think I saw it on any occasion contemporaneous with its preparation; I'm quite sure of that.

Senator CRANSTON. Did the memo differ in substance and tone from the conversation and had with Mr. Allen in August of that year? In other words, did the memo change your mind about the nature of Mr. Allen's concerns when you finally read it?

Mr. KERR. Well, when I read it this time, obviously it was more complete, more comprehensive, and is a little more black and white. Looking back at it of course I do not know how much I have added from my other knowledge about all this. As I would say right now, my view of it is quite different.

Senator CRANSTON. I believe you said in your previous appearance before this Committee that you do recall discussing with Mr. Allen his follow-up meetings with Roy Furmark on the subject of the diversion of the funds, but that you do not recall sharing that additional information with Bob Gates, who you said had asked that he be kept informed of further developments. Is that correctly?

Mr. KERR. I cannot recall the detail the subsequent conversation with Charlie, but I believe it only involved the issue of overcharging for the arms. I do not believe there was further discussion of the diversion. But I did not go back on the particular issue. No I did not.

Senator CRANSTON. Mr. Allen testified this morning that he does not recall speaking again with you until November. Where do you recall any additional conversation you and with him?

Mr. KERR. My conversations with him on other subject were on the warning issue, but I do not believe we talked about this particular issue again.

Senator CRANSTON. Do you recall seeing memos Mr. Allen prepared after the meetings with Mr. Furmark?

Mr. KERR. No.

Senator CRANSTON. what is your review now of the nature of Mr. Allen's concerns, having read the memo?

Mr. KERR. Well, I go back again to an earlier time frame of August. I am not sure how I would have, even in hindsight, interpreted his conversation or his information at this point in time, differently. Certainly in the later period, you see this building of concern and also the concern and the problem of security and other things coming out, which are more extensive and certainly raise more concerns.

Senator CRANSTON. Why did you not share with Mr. Gates the additional information you got about the Furmark meeting and what you derived from your additional talks with Allen?

Mr. KERR. I cannot say why precisely except that Charlie Allen—again I did not look as someone who was the responsibility of the Director of Intelligence. And I thought it more appropriate that Charlie talk to Bob Gates. I believe at one point in time in this conversation that I recommended that he go and talk to others about it because I had no authority in this particular area, which of course Charlie did.

Senator CRANSTON. In retrospect, was there anything you would have done differently from the way you handled the information you got from Mr. Allen?

Mr. KERR. I would like to say, Senator, I should have spent more time on this and focused on it and gathered more information and then gone forward with a more persuasive case. But I have to admit, even in hindsight, I find it difficult to imagine that I would have done that given the nature of the information I had and the circumstances. It would have been nice. It would have looked good on the record, but I am not sure in fact even in hindsight, it was a practical judgment.

Senator CRANSTON. I would like to ask you one general question based on the fact that you have this background in analysis but that you also presently have experience in broader responsibilities. Some experts believe that it would be wise to separate analysis from operations, clandestine, covert, overt, and so forth. Do you have any concerns that the mix of having the two types of work in one agency can lead to less subjective analysis, to a temptation at least to back up, justify, or otherwise help out your own colleagues and your own agency by the way you analyze something that relates to an operation they are carrying on in one way or another?

Mr. KERR. That is an important question and one we had discussed over the years. I believe it would a serious mistake to take the Directorate of Operations away from the Directorate of Intelligence. I believe that the two work in some ways against and with each other in a very constructive way.

I think it is important to have the people, for instance, who are running clandestine, particularly covert operations, separate from those who are assessing the developments in the country where

covert operations are being run. To me it is a little bit like having General Motors do their own Motor Trend assessment of their cars. It is probably not a good idea to have the two in the same organization.

When you have them in separate organizations, you create some tension across that line. And I think is a useful, healthy tension. I think you should maintain some of that tension so that the people doing the analysis do not get coopted into being enthused about running the operation.

But I have seen in my experience no instance where that has been a problem. To the contrary, if anything, where we have had problems, sometimes they are a little too antagonistic, not too close.

In the contra issue itself where the Directorate of Operations was involved in a covert action, we had a very independent and I thought a very aggressive Directorate of Intelligence assessment of the likelihood of Contra success. For the most part, that assessment was fairly negative about the prospects for the success of the Contras.

So I think in fact it works rather well. I think there needs to be a tension across the lines. I would not put them together. I think that would be a mistake. But I think they have reached the point also where they complement each other in very sophisticated operations. And if I can, the best example of that would be terrorism. There, having some analysts working closely with operations people and collectors I think has made a significant difference in our ability to take information and turn it into action. So there is an area where it works rather well. It's one you need to control and watch very carefully.

Senator CRANSTON. Thank you very much for a very thoughtful answer.

Senator MURKOWSKI. Thank you, Senator Cranston. Senator Metzenbaum?

Senator METZENBAUM. Thank you, Mr. Chairman.

Mr. Kerr, you served under Bob Gates as Associated Deputy Director for Intelligence, then you succeeded him as Deputy Director for Intelligence in 1986.

During this period, officials in your Directorate complained to you that intelligence analyses or estimates were being perverted.

On May 12, 1987, you wrote a memo entitled "The Integrity and Objectivity of National Foreign Intelligence Estimates," arguing that the process for drafting estimates was flawed.

Mr. Chairman, I would like to introduce that memo into the record at this time.

Senator MURKOWSKI. It will be entered into the record as requested.

[The information referred to follows:]

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12 MAY 1987

SSCI #91-4376
W/91-4099

MEMORANDUM FOR: Chairman, National Intelligence Council

FROM: Richard J. Kerr
Deputy Director for Intelligence

SUBJECT: The Integrity and Objectivity of National
Foreign Intelligence Estimates

REFERENCE: NFIB 89.9, dated 28 April 1987, Same Subject

1. Although generally satisfied with the integrity of most estimates, we believe that the objectivity, quality and usefulness of Community estimates could be significantly improved by changes in the process -- and the role that key individuals play in that process -- by which estimates are produced. Individuals, not process, are the critical element in the integrity and objectivity of national intelligence estimates. Without individual integrity and objectivity at all levels, particularly at the top, no process will work; with it, any process will be successful. [REDACTED]

2. The role of the National Intelligence Officer, in our judgment, is critical. An impartial estimative process requires the full expression of views by participating agencies and the clear identification for our consumers of areas of agreement and, often most importantly, disagreement. In order to fight what is often an unhealthy desire to reach consensus, the NIO must, above all, see himself as a manager of the process, the one who ensures that the tough questions are addressed, that consensus views represent real agreement and not papered-over differences, and that minority views are fully expressed. It has been our experience that when the NIO subordinates this responsibility to the advocacy of a particular analytic line that the integrity of the estimative process suffers. [REDACTED]

3. The manner in which the NIO interprets his role usually depends on how the Director of Central Intelligence interprets his role in the estimative process. The DCI must first reconcile the potential conflict between his roles as both policy and intelligence advisor to the President. Maintaining the integrity and objectivity of the estimative process requires, above all, that the DCI prevent his role as a policy advocate from undermining the impartiality of his intelligence support to the President. But it also further requires, in our judgment, that the DCI recognize -- as we believe the NIO must -- that his first responsibility is to ensure the full and clear expression of views by NFIB principals. The DCI must, of course, provide the President with his assessment -- estimates are "issued by the Director of Central Intelligence" with which "the National Foreign Intelligence Board concurs, except as noted in the text" -- but a DCI overly concerned that estimates reflect his assessment.

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[REDACTED]

[REDACTED]

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rather than the interplay of his views with those of other NFIB principals, risks seriously undermining the objectivity and integrity of the estimative process.

4. Since the current estimative process provides both the DCI and the NIO multiple opportunities to weigh in, the degree of self-restraint that both exercise is critical. We believe that it is almost impossible for the NIO to draft an estimate and manage the coordination of that draft in an objective manner. Similarly, we believe the integrity of the estimative process suffers when the DCI -- or, more frequently, the NIO acting in the name of the DCI -- tries to make draft estimates conform to his views before entering community coordination. We tend to be distrustful of those NIOs who presume to speak as the authoritative voice of the Community because their desire to be sole spokesman often undercuts their willingness to seek alternative views. We are especially concerned with the tendency of some NIOs to circulate their own uncoordinated material and views as possessing the same significance as printed NIEs with NFIB approval. These "private" communications, of course, are not subject to the same rigorous review and testing that other products go through.

5. Our suggestions for improving the integrity and objectivity, as well as the quality and utility, of foreign intelligence estimates fall into several categories:

--We are clearly doing too many estimates, and too many of our estimates look more like research papers than estimates. NIE/SNIEs should address critical intelligence questions on important policy issues and should be analytic and estimative in nature. We believe that NFIB -- or perhaps a subgroup consisting of the principal production agencies -- should approve TORs to ensure that only important topics are selected for NFIB consideration, and that the critical issues are being addressed in the estimative process.

--The role of the National Intelligence Officer as the manager of the estimative process can be improved in several ways. NIOs should never draft estimates, accepting instead that their principal responsibility is to seek the full and clear expression of views including their own. We also believe the NIOs should recognize that their status derives from their facilitation of community positions on intelligence issues, not their own substantive views which can be misconstrued as community views. The institutional role of the NIOs -- as well as their perceived objectivity -- could be strengthened, in our view, if the NIOs were located away from CIA Headquarters, a move that would enhance the impartiality of the estimative process and reduce the temptation that NIOs sometimes have to serve as the advocate of the DCI's view to the exclusion of others.

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--We must work harder to facilitate the expression of minority views, which, in our judgment, is critical to the integrity of the estimative process. Even as we have expressed our concern about the impact that the NIOs and the DCI may have upon the openness and objectivity of national estimates, we also recognize that each NFIB agency must recognize its responsibility to state fully and clearly its views and avoid "brokered" estimates reached largely through a desire to form a consensus. We in the DI should be more willing to take minority positions and resist the tendency to strive always for a common position with the DCI, a pressure that may lead both the DCI and the DDI to mute important differences in judgment. We also believe we must develop better ways of presenting minority views, possibly through direct incorporation into the text or the use of split text.

--As we suggested earlier, we believe the role of NFIB should be strengthened. The DCI, as Chairman of NFIB, is clearly "first among equals," but, in our judgment, the weight and status of a National Foreign Intelligence Estimate derives largely from the fact that it represents the judgment of the Intelligence Community, including the DCI. NFIB itself should decide what are appropriate topics and intelligence issues by passing on TORs as well as final drafts. The Senior Review Panel -- a useful external check -- should report directly to NFIB, commenting on TORs and final drafts for NFIB consideration rather than to the NIOs for sometimes arbitrary treatment.

Richard J. Kerr
Richard J. Kerr

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Senator METZENBAUM. I would like to quote some of your comments from that memo.

Without individual integrity and objectivity at all levels, particularly at the top, no process will work.

You went on to say:

An impartial estimative process requires the full expression of views by participating agencies and a clear identification for our consumers of areas of disagreement. In order to fight what is often an unhealthy desire to reach consensus, the national intelligence officer must above all see himself as the one who ensures that minority views are fully expressed.

I think this was underlined, but I am not sure.

It has been our experience that when the NIO (National Intelligence Office) subordinates this responsibility to the advocacy of a particular analytic line, that the integrity of the estimative process suffers.

You went on to say:

The Director of Central Intelligence must first reconcile the potential conflict between his roles as both policy and intelligence advisor to the President. Maintaining the integrity and objectivity of the estimative process requires, above all, that the DCI prevent his role as a policy advocate from undermining the impartiality of his intelligence support to the President.

A DCI overly concerned that estimates reflect his assessment rather than the interplay of his views with those of other principals risks seriously undermining the objectivity and the integrity of the estimative process.

Now, we all know that, that at that time, Bob Gates had been in charge of that process which you were criticizing. He had been in charge of that process for several years. Would you tell us what were the problems with estimates written under Bob Gates' leadership?

Mr. KERR. Well, first of all, that is a memo that I prepared. It was not directed at estimates necessarily prepared under Bob Gates, but it was directed at the estimates process generally.

Senator METZENBAUM. He had been in charge of the process for 5 years at that time?

Mr. KERR. He was the chairman of the National Intelligence Council and also the Deputy Director for Intelligence. And so he did have responsibility for estimates, but there was the estimative process, and the drafting of that was done in an office, a separate office.

And the problem I had and the reason I wrote the memo was, first of all, to state some rather general principles that I thought were worth restating at a time when we were relooking at—taking another look at the estimative process, how it was done, how things were drafted, when the DCI should get into the review process, and how to make the process work.

My concern at that point in time, and it is still a concern, is to try to make that process as good a process as possible. I had had, and you in this Committee have looked at two estimates and held, I think, two estimates as examples, I think of what has been characterized as politicizing products.

In my judgment, the Mexican estimate, which was one of the estimates that I was concerned about, and actually referring to. This estimate, one that you have dealt with, and the Iranian estimate, were not politicized. They were just poorly done. They were examples of what I thought was a bad process on those two estimates.

Now, there are a hundred other estimates that I think were done rather well, but on those two, and on some others, I had some problems. And my problems were fairly straightforward.

One was, in both of those cases, the NIO was the drafter of the estimate. I found it difficult having an NIO draft the estimate and then sit at the head of the table and take the comments on his own draft.

Unless you are a very big person, that's tough to do, and I don't think that's the way the process should work. So, I was complaining about that.

On the other hand, I believe on the Mexican estimate, the initial draft of that estimate was what I considered to be a very bad draft. It was a very good paper. It was a very interesting monograph and a very bad estimate.

I wrote to the drafter when I saw the first draft at the very beginning in this 1-year process and said exactly that. This is a bad draft for an estimate. It has no evidence. It has a lot of assertions and a lot of conclusions, but it would be nice if you had some facts in it.

That started off, in my judgment, a Mexican process, a process for the Mexican estimate that ended up with a bad estimate with eight or so footnotes on the first page. It wasn't politicized, it was just a bad job and a bad process.

And what I was trying to do in this particular memo was to say we need to look at the process. We need to have the NIO's play the appropriate role as a mediator and in listening to people. Sometimes that doesn't happen. So I was trying to emphasize that point.

Finally, the only other thing I would say is that you have to remember that at that point in time, I was the Deputy Director for Intelligence, the Deputy Director for Intelligence and the head—the National Intelligence Council, are always a bit at odds as to who is going to be the premier analytic element, the estimative group in the NIC or the DI. So there's always a little bit of creative tension there.

So that was the purpose of it. And that was the objective, but it was to make the process more sensible and to make a better process and hopefully to make a better product.

Senator METZENBAUM. Well, Mr. Kerr, I have a little difficulty with your answer, because your answer sort of indicates that you were doing a textbook commentary, that you were just looking at this overall process.

But your memo is far more specific than that. You say, "maintaining the integrity and objectivity of the estimative process requires, above all, that the DCI prevent his role as a policy advocate from undermining the impartiality of his intelligence support to the President." You go on to say not a general view about how to do analysis, but that "a DCI overly concerned that estimates reflect his assessment rather than the interplay of his views with those of other principals, risks seriously undermining the objectivity and integrity of the estimative process."

Now, your answer is a very, very lengthy one, and almost confused the issue. You weren't writing an estimate. You were writing a memo having to do with the integrity and objectivity of national foreign intelligence estimates, and you were doing it in the context

that Bob Gates had been the director of that process for the previous 5 or 6 years.

You were addressing yourself to the responsibility and the role of the DCI; wasn't that the case?

Mr. KERR. I was, but what I was doing, it was not addressed to a Bob Gates or to a Bill Casey or to a Stansfield Turner, or to an individual. It was to the Chairman of the NIC. I mean, it wasn't to the Director. It was to the Chairman of the National Intelligence Council, which, at that point in time, I believe, was General Horton.

My objective was to say there are some first principles, there are some principles that we should follow in this, and I wouldn't even argue all of them were violated or had been or anything else.

What I was saying, there are principles that you need to follow, and you need to think about these. Sometimes our process in the past and my particular concern was with the way several estimates, particular estimates had been handled.

Senator MURKOWSKI. Senator Metzenbaum, I wonder if you would yield to accommodate Senator Rudman who has to leave at 5:00, and I believe just had one question or two?

Senator METZENBAUM. If it is two short ones, Warren, I have no problem.

Senator RUDMAN. About how long, how much more time does Senator Metzenbaum have?

Senator MURKOWSKI. Well, Senator Metzenbaum's 10 minutes has expired.

Senator RUDMAN. How much more time does Senator Metzenbaum need?

Senator METZENBAUM. I guess I would to another 10 or 12 minutes. I don't mind if Warren wants to go and I will come back.

Senator RUDMAN. Well, as a matter of fact, Mr. Chairman, let me just ask a procedural question. What are the plans of the committee? Are we going to finish this witness this afternoon and then recess until tomorrow for a closed session?

Senator MURKOWSKI. That is the intention of the chairman.

Senator RUDMAN. Do you know what time that closed session is going to be tomorrow?

Senator MURKOWSKI. I am advised 9:00.

Senator RUDMAN. Well, actually, Mr. Chairman, you know I have been listening to all of this, and Mr. Kerr has answered just about every question that I believe is relevant to the nomination of Robert Gates to be Director of Central Intelligence, so I have no questions.

Senator MURKOWSKI. Senator Metzenbaum, you may proceed.

Senator DANFORTH. Excuse me. On the 10-minute rule, what is the reason for the rule? Can any Senator just go on for as long as we want, or are we going to have rounds?

Senator MURKOWSKI. I think it is fair to say that the chair has accommodated the Senators to the extent of their questions, and while it was the intention to try to limit it to ten minutes, and then go a second round, in actuality we have accommodated the Senators' extended remarks.

Does the Senator object to the procedure, or were you just asking for a clarification?

Senator DANFORTH. What does the list look like now?

Senator MURKOWSKI. The list looks currently like Senator Chafee, Senator Bradley, Senator Rudman, Senator Danforth, Senator DeConcini, and Senator Warner.

So Senator Warner is dead last.

Senator METZENBAUM. I would like to point out my questions have not been quite that long. The answers have been rather lengthy.

Senator MURKOWSKI. I could time them, if you want to compare them. I think they have been about equal, but go ahead.

Senator METZENBAUM. Admiral Inman suggested last week, in his testimony, that while the more senior officials were more resistant to change, are against Mr. Gates' nomination, the youngsters at the CIA, as he put it, are looking forward to his leadership. Do you agree that there is internal opposition to Mr. Gates from the more experienced people at the agency? If so, is this due only to a fear of change or is it due to more serious concerns?

Mr. KERR. The Agency, generally, is always concerned when it gets a new leader. However, it has a good deal of knowledge with Bob Gates. I don't think there is great concern about him by any means. People, I think, are looking forward to someone who is effective and has the confidence of the President and he is able to provide leadership to the Agency.

I believe they believe he can do that.

Senator METZENBAUM. And that is pretty true across the board?

Mr. KERR. I believe that is true.

Senator MURKOWSKI. Could you speak a little louder? It is hard to hear.

Senator METZENBAUM. Thank you. I guess I was too far from the mike. Sorry about that.

Let me go back to the estimates. One of the estimates that prompted the most criticism was the one in May 1985 that overstated the threat of Soviet inroads in Iran and recommended Western arms sales.

At Tuesday's hearing, Bob Gates finally admitted that he had intervened to stifle dissent on this estimate. Were there complaints that your analysts made to you regarding that estimate?

Mr. KERR. Well, Senator, I don't know. I'll have to watch the hearings completely, but I don't think Bob Gates would have said that stifled an estimate. I think he said, as best I understand, that he talked to Mort Abramowitz and said that he didn't think Mort had a real footnote and was taking a footnote of something that was already in the estimate. I believe that was the case.

You don't stifle, nor have I ever seen in this process, Bob Gates stifle an estimate. To the contrary, and again, I would say this of Bill Casey as well, they encouraged estimates. If you don't agree with the footnote—if you don't agree with the estimate, take a footnote, and express your views in a systematic clear way has been a statement that I have heard rather consistently in the National Foreign Board meetings from both Bob Gates and from Bill Casey.

Senator METZENBAUM. Is my recollection wrong? I thought I remembered Bob Gates saying that he had called for some footnotes to be eliminated.

Mr. KERR. I believe he talked Mort out of it, but Mort usually was not intimidated. If he wanted to take a footnote, he did often and frequently did take footnotes. Mort was quite willing to express different views, and so if Bob persuaded him, he must have been persuaded that it wasn't a useful footnote.

Senator METZENBAUM. You told the Tower board that when you briefed Bob Gates on Charlie Allen's concerns about a possible diversion, Gates said that this sounded like something Ollie North would do.

Did this give you the sense that Gates was already aware of something? Did it give you any signal?

Mr. KERR. Sir, I think it gave me a better sense of judgment and perspective on Ollie North than anything else.

Senator METZENBAUM. Would you repeat that, please?

Mr. KERR. What it did was to say, this is something he might do, Ollie might be involved in. I think it is a better statement and commentary on Ollie North, but not—I think it was a casual statement at most.

Senator METZENBAUM. You do not think that it indicated that Bob Gates comprehended what was being told to him, or understood or remembered?

Mr. KERR. No, I believe he comprehended what I told him. I believe he did, yes, at least at the time I thought he did.

Senator METZENBAUM. You said you were not terribly surprised that Bob Gates might forget his meeting with you in August of 1986, but Bob Gates has also testified to failing to recall the December 1985 meeting with John McMahan at which he first he learned of an arms sale Finding.

He also forgot his involvement in White House efforts to sell CIA the assets of the so-called private benefactors.

From your experience, could Bob Gates have that bad a memory that he forgot all three of those things?

Mr. KERR. Bob Gates has an excellent memory, Senator, but, I mean, that card on both sides is filled with today's activities as the Acting Director. That's about what Bob's card daily looked like at about 15 or 20 meetings with people on 15 or 20 different subjects.

I don't find it at all surprising that a one minute conversation on something that's tucked into other issues and is based on speculation would be forgotten.

Senator METZENBAUM. Even when it involves possible violation of laws by representatives of the United States?

Mr. KERR. Sir, I think it is important to say that it did not involve violation of the law by the CIA or by the organization that we are responsible for. It was rumors about what somebody else had done outside the organization.

Senator METZENBAUM. Somebody at the National Security Council?

Mr. KERR. That's right, yes, sir.

Senator METZENBAUM. I realize you were not given a copy at the time of Mr. Allen's October 14, 1986, memo regarding his concerns about the security of Iran arms for hostages operation.

I believe, however, that you have had a chance to review it. I had asked that that be done this morning. You have served as Deputy Director or Acting Director since Mr. Gates left the CIA in 1989.

What if you were given a memo that included the following: "Ghorbanifar and his creditors appear determined to recoup their losses even at the risk of exposing U.S. covert arms shipments in exchange for release of our hostages, and Ghorbanifar has said he would not sit idly by and permit himself to be made the fall guy in this matter," and "Ghorbanifar might tell the press the U.S. Government acquires substantial profits from these transactions, some of which profit was to be distributed to other projects of the U.S.," a memo that gave recommendations for action, underlining the fact that Ghorbanifar had too much documentary evidence that implicates U.S. officials? What action might you have taken if you had been given such a memo?

Mr. KERR. It's hard in hindsight to say that, but certainly, if I were given that today, I would take action, and I'm sure that Bob Gates, given that today would take action. I don't know specifically what action he took on the basis of that, but we learn rather quickly.

Senator METZENBAUM. How does the CIA decide whom to give monetary awards such as a performance award, a meritorious officer stipend, or distinguished officer's stipend?

Mr. KERR. It's a process that starts with the immediate supervisor in every component who recommends people at the SIS level, the executive level, either for, recommends a stipend and at what level or decides that that person should not get a stipend.

It then works its way up to the, usually at the component level, there is a career service associated with each component, the DDI, the DDO, DDS, and DDA, that is reviewed by a board there. Usually it is by a panel of people who would, in effect, vote on their ordering of priority among people that are recommended, and then finally, at the end, the component chief makes the final selection, usually based on that recommendation.

Ultimately, the DDCI and the DCI then either add to that or slight changes based on their knowledge. It's a very systematic process.

Senator METZENBAUM. The Director himself is not the final word?

Mr. KERR. The Director until lately is the final word, but very seldom does, in my experience, and I've been involved in this now for quite some years, does the Director ever do anything—do very many things. He may add somebody or move somebody up on the list. He may actually reach down and recognize an individual for exceptional work. Or he also can take somebody off the list. But they are few in number.

Senator METZENBAUM. Do you care to comment on the fact that while Bob Gates was Acting Director, awards were given to Clair George, Allen Fiers, and Dewey Clarridge, all of whom were disciplined months later for their Iran-contra activities? Clair George even got an award in 1988 when Bob Gates was Deputy Director. Do you think that is just one of those things, and nothing for us to really be concerned about?

Mr. KERR. Well, I can't judge the reason for the awards except to look at the jobs they held and the performance independent of those reprimands. That came later. But in terms of the sensitivity and the importance of their jobs and the complexity of them, and

their activity, again, I didn't make that judgment, but it seems to me that it is not unlikely that they would have been put in for awards.

Senator METZENBAUM. Thank you, Mr. Chairman.

Senator MURKOWSKI. Thank you very much, Senator Metz-
enbaum.

Senator Danforth?

Senator DANFORTH. Thank you, Mr. Chairman. Mr. Kerr, I would like to direct your attention to the meeting in late August between you and Mr. Gates at which this subject of the overcharges and the Allen analysis or speculation or however you characterize it, took place and ask you to describe that meeting as fully as you can. Where was it?

Mr. KERR. The meeting with Allen?

Senator DANFORTH. No, with Gates.

Mr. KERR. It was in his office.

Senator DANFORTH. In Gates' office?

Mr. KERR. What I did was—

Senator DANFORTH. And only the two of you were present?

Mr. KERR. Yes.

Senator DANFORTH. It was either about another subject or about a number of other subjects.

Mr. KERR. Yes.

Senator DANFORTH. How long would that meeting have lasted, and I know that it is looking back 5 years, and it seems impossible to remember, but if you do know?

Mr. KERR. It was very brief. I would say 5 minutes total.

Senator DANFORTH. It was a drop-in kind of a thing?

Mr. KERR. It was a walk in through the secretary without a call in advance, which I did occasionally.

Senator DANFORTH. And during that meeting, more than one subject were discussed by you, one of which was your conversation with Mr. Allen?

Mr. KERR. That is correct.

Senator DANFORTH. And what do you remember saying to Mr. Gates?

Mr. KERR. I said that Charlie Allen had come to me and had described some of this information that led to his judgment that there had been overcharging for the weapons and that profits, significant profits had been, money had been made beyond the cost of those weapons.

I also remember him specifically saying that Ollie North had been involved in this. He also then—

Senator DANFORTH. Now, wait a second. This is you talking to Gates?

Mr. KERR. I'm sorry, I'm getting back to.

Senator DANFORTH. What I want you to do is to try to recall what you said to Mr. Gates.

Mr. KERR. My conversation was very brief with him as I have said, and it indicated that Charlie had come, indicated that there had been money from the sale of weapons beyond that, and that that money was being used, diverted to the Contras.

That was Charlie's speculation about what purpose that money might be used for.

Senator DANFORTH. Did you characterize it as Charlie's speculation?

Mr. KERR. Yes. I'm quite sure I did, although I cannot recall the precise wording. But that would have been, I almost certainly would have done that.

Senator DANFORTH. What was Mr. Gates' response?

Mr. KERR. He expressed concern. And as I said in my note, again that indicated that it would not surprise him to find that Ollie North was involved in such an activity.

Essentially then, that was about the extent of it indicated. He asked me to keep him informed.

Senator DANFORTH. Is that when he said that he had heard rumors to that effect?

Mr. KERR. Yes. Rumors to the effect, I believe, that money was being raised from donors, or given for the Contras. Again, I am not at all certain of the connection between that and the diversion of funds.

Senator DANFORTH. You are not sure one way or another whether he indicated that he had ever heard that Iran proceeds were being diverted to the Contras?

Mr. KERR. I don't believe he did indicate that, but I cannot, I would have been surprised had he indicated that.

Senator DANFORTH. So you don't believe he, to the best of your knowledge, he did not indicate that?

Mr. KERR. No.

Senator DANFORTH. So what he meant by rumors was what?

Mr. KERR. Donors, or money being raised for the Contras.

Senator DANFORTH. Just that donors were being used but not that money was being diverted?

Mr. KERR. That is my assumption, but again, I cannot with precision recall his precise words.

Senator DANFORTH. Did anything in Mr. Gates' response to your comments to him surprise you?

Mr. KERR. No. Did his comments back to me surprise me? No, they didn't. He expressed concern, surprise, but again, we were dealing the way I presented it, at a level of speculation and low key and not with any supporting evidence behind it.

Senator DANFORTH. It would be impossible for me to try to remember words after 5 years, but do you remember the words that he used?

Mr. KERR. No, I cannot.

Senator DANFORTH. In essence, did he more or less just say he was surprised or was not surprised?

Mr. KERR. I really cannot, I'm afraid, recall the precise words. I have a little more precision on the words, but I think I gave because I had gone up with some idea of what I wanted to tell him, so I am more confident about that than I am about this precise response.

Senator DANFORTH. But you think that he said that he had heard rumors, that there was this benefactor program going?

Mr. KERR. I believe so, yes.

Senator DANFORTH. But he did not indicate any prior knowledge or hint one way or another that there was any diversion of funds from Iran to the contras?

Mr. KERR. I do not believe so. The only thing that I can dredge up, quite honestly, Senator, out of this is a comment to the effect that he wouldn't be surprised if Ollie would be involved in such a thing. But that is not fore knowledge in my judgment.

Senator DANFORTH. That would be in your view more of a statement of his view of Ollie North?

Mr. KERR. Yes.

Senator DANFORTH. And sort of the manner of Ollie North and not a statement about foreknowledge of this particular statement that you had made to him?

Mr. KERR. That would be my judgment, yes.

Senator DANFORTH. Thank you.

Senator MURKOWSKI. Thank you, Senator Danforth. Senator Warner?

Senator WARNER. Mr. Chairman, I think the witness has responded to the questions that you and the Chair and others have put down. I would simply follow up on one question there that Senator Danforth asked about the meeting, and you said Bob Gates sort of said keep me advised.

Did you keep him advised?

Mr. KERR. No, I had no further knowledge about it. I found it would have been useful to pass on, and I knew Charlie Allen essentially was involved in it, and that he, in some point in time had certainly engaged Bob and the Director in this. So, I had no particular knowledge to pass on.

Senator WARNER. Mr. Gates, in appearing before the Committee on the first day, set forth in his opening remarks some goals that he had. Have you had an opportunity to look at those goals?

Mr. KERR. Yes, sir, I have.

Senator WARNER. Let us discuss the one: We must dramatically expand our clandestine human intelligence collection effort. At the same time, we must consider the implication for our covert action capabilities.

A dramatic decline in Soviet aggressiveness and disruptive activities in the Third World, we must remedy the gap between the 21st century collection systems and a 19th century system for informing policymakers. Let us pick up on that last one, and would you share your views:

Mr. KERR. Well, this is an issue where I certainly agree with Bob Gates, and we have talked about this before he left the Agency and in fact, we had a project going with a Director of Intelligence to look at an automated system using for the dissemination of our product and what amounts to real time and to have a current intelligence product, not just the publication each day, but a product that went to people electronically.

We had funded some activity on it and had developed it a fair distance. But it reached the point where rather significant costs were going to be involved, and at this point in time it wasn't obvious to either of us that either our customers or the organization were quite ready for it, but I think I would agree with Bob that it is a necessity and is going to be a necessity. We need to update our distribution system.

Senator WARNER. Another one. The intelligence budget should be considered by the President, the senior advisors in the Congress,

within, but independently of the defense budget. You are familiar with the process now. Let us start off with a question.

What about making the defense budget, I mean, excuse me, well. The defense is public. But that portion therein of the CIA budget public, the top line. You Are A Career Man.

Mr. KERR. On this issue, I'm fairly conservative not because I am particularly concerned about the number itself. I don't think that is the issue. What I am concerned about is that the explanation of that number and in breaking it down into its component parts and having a discussion of that, which seems to be the inevitable process, that would result from an open number, then leads to, I think, problems in terms of protection of information about where we are putting our emphasis and what kind of activities we are involved in.

It seems to me that is the appropriate purview of our Oversight Committees. We report to them, and quite simply, that process I would find more satisfactory than trying to defend it in an open forum.

Senator WARNER. So you lean towards, as I do, making the least amount of it public?

Mr. KERR. I do.

Senator WARNER. This is a very interesting one on page 12: CIA's Relationship To and Support For the U.S. Military Must Be Improved.

Mr. KERR. I agree with that.

Senator WARNER. Did you have an opportunity to look at General Schwarzkopf's remarks before this Committee?

Mr. KERR. Yes, I did. I don't think they accurately reflect the role intelligence played. I don't think General Schwarzkopf, to be honest, understood fully what intelligence he got, how he got it and where it came from. I'm not sure he needed to understand that as a commander in order to command troops, but I don't think he appreciated it fully.

I think the intelligence he got was much more comprehensive now. I think there are problems. And I think there are things that we could make some significant changes, how to move from a civilian fundamentally a civilian strategic organization, as CIA is, and to an organization that can effectively help and apply that information to the military.

I think it is an important challenge for us. It works the other way, too. The military needs to figure out how to tap the resources of the national community more effectively. Those are things we are working on. We have some things underway right now that I think are important that will help that. Some more gaming of intelligence problems. To involve the military in intelligence before we have a crisis. I think we need to practice together more. And they need to have more confidence in us and we need to have more confidence in how they handle materials.

But there's work to be done in this area.

Senator WARNER. Another one, the relationship between national and tactical intelligence programs must be dramatically—and I underline dramatically—improved.

Mr. KERR. Well, that goes essentially to the point I was trying to make. I think the division between national and tactical has

become fairly fine, nearly an indistinct line. National resources that were used in Desert Storm, together with tactical, for the same objective. And the commander didn't care where he got the information. he only wanted it at the right place at the right time.

Senator WARNER. His last remark:

The Intelligence Community, and the CIA in particular, must build on openness, Director Webster, the foundation that he has laid and encouraged to develop better popular understanding and support for the U.S. intelligence activities.

I would you pick up on that one?

Mr. KERR. I think I have changed my view about this in the last several years. Intelligence officers, historically, have said they always wanted to made no comment publicly on everything. Because the minute you make a comment, then you had to explain it, and then you had to go further and describe it. And then you were never in a position to describe the full story, because you could not use the full extent of your information, which was classified.

But I think we do need to describe to people in a more graphic way, what the business of intelligence is; what it does for the policymaker. We need to describe the oversight process, this process that we're involved in with your Committee. I think that's an important one. People need to understand that there is oversight, and there is responsibility involved in this. And I think that's extraordinarily important. And we need to have the confidence of people.

Senator WARNER. Do you feel that that will help build the moral—a greater degree to openness and public understanding of the dedicated work that the CIA personnel perform?

Mr. KERR. I think so. Although morale is very high, it's an organization that doesn't let—I mean it's used to criticism, it's used to scrutiny. It's used to doing its work, and doing it well. And so I think it's very high. And it's not—the CIA is not particularly worried about the fut—its own future.

Senator WARNER. I wasn't suggesting that, but I'm glad that you brought that up. I—of course, I'm pleased that it's in the State of Virginia, the majority of them. And I find in my contacts there morale is quite high. And they're very proud to be a part of it. And they feel that the work product being used, from the President on down by the policymakers in our country.

Mr. KERR. Well, that's true. I believe that.

Senator WARNER. And if I may say, I think you've done a fine job in stepping in and carrying on for this period of time. Good luck.

Mr. KERR. Thank you, sir.

Senator WARNER. Thank you, Mr. Chairman.

Chairman BOREN [presiding]. Thank you very much, Mr. Kerr.

Senator DeConcini has joined us and has indicated—he was here earlier and had to step out—and he does have some questions he would like to ask. So I recognize Senator DeConcini at this time.

Senator DECONCINI. Thank you, Mr. Chairman.

Good afternoon, Mr. Kerr. I would like to touch on just a couple of things that maybe you can help me with.

Please put yourself in the frame of mind of 1985 and the papal assassination and who might have been involved. Are you familiar with the subject matter?

Mr. KERR. Yes, I am.

Senator DECONCINI. And realize—I am not interested in getting into classified information—obviously we cannot. I am looking for some answers and would like to verify some of the facts that have been reported to us.

It has been reported to the Committee that prior to the drafting of this 1985 assessment, a meeting was held, chaired by Director Casey, in which Mr. Casey expressed his views that the Soviets were behind the attempted assassination of the Pope. It has been reported that there was disagreement on the Soviet involvement, and that Mr. Gates suggested that the Soviet analysis division draft an assessment that lays out a specific case that there was, indeed, Soviet involvement.

Did you attend such meetings? Are you aware of any such meetings?

Mr. KERR. I'm not sure I attended the precise meeting you're talking about. But I'm certainly aware of the process, and the tasking of the paper, and was involved during that process, yes.

Senator DECONCINI. But you were not at a meeting where it might have been, or was suggested by Mr. Gates that the Soviet analysis division go prepare something implicating the Soviet Union?

Mr. KERR. Senator, I may have been. But I certainly—if I wasn't at the meeting—I certainly—if I was at the meeting, regardless, I knew about the tasking for the Soviet Division, yes.

Senator DECONCINI. Do you know why Mr. Gates would have gone ahead and told them to do that based on the information you recall now about the incident?

Mr. KERR. I think the process—yes, I do remember. This was a debate that had been going on for quite some time in the Intelligence Community, and outside matters, the degree of Soviet involvement. And there was, I believe—and I know Bob Gates believed this—a tendency to disregard the possibility of Soviet involvement. I think at times our—there was a tendency to say we don't have evidence of it clearly, so—and it doesn't make sense, so it probably didn't happen. And I think Bob Gates, and I certainly would agree with him, believed that you should push this evidence, and push this—

Senator DECONCINI. Well, is there a difference here between pushing or letting the analysis division know that you want a certain answer from them?

Mr. KERR. No, I think in this case it was make the case. In other words, the idea was, sit down and try to make a case for—

Senator DECONCINI. And, if indeed you could not make a case, that's what you should come forward with?

Mr. KERR. I think—quite often in this process of intelligence, you ask people to test the hypothesis, to see if you can make a case on this—

Senator DECONCINI. And in this particular case, the recommendation, I guess, did come forward, and ultimately some kind of a report was put together—

Mr. KERR. That's correct.

Senator DECONCINI [continuing]. That indicated there was such involvement.

Mr. KERR. It certainly laid out the evidence for that. It still was ambiguous, I think, in the end.

Senator DECONCINI. Do you recall the assessment?

Mr. KERR. Yes, I thought it was—

Senator DECONCINI. Was it a balanced—

Mr. KERR. I don't think it was intended to be—

Senator DECONCINI [continuing]. Assessment?

Mr. KERR [continuing]. Balanced.

Senator DECONCINI. You don't think it was?

Mr. KERR. No, I think it was intended to do exactly what the title suggested, and that was make a case for it.

We are, for example doing—we do this on a regular basis. We set up a scenario and pursue that, to see if, in fact, the evidence would support it—

Senator DECONCINI. Excuse me.

Mr. KERR. Go ahead.

Senator DECONCINI. It has been brought to this Senator's attention that there was a cover page on it, on top of the assessment that pointed out that there was some difference within the department, and there were some—whoever wrote the cover memo did not feel like this was indeed what it should be.

Did you ever see a cover sheet, or cover memo?

Mr. KERR. I have, subsequently, only in reviewing the process recently.

My understanding is that that footnote, or that forward was written by the Soviet Division as a part of their contribution to the paper, and was subsequently—but did not relate to the whole paper. In other words, it's just—

Senator DECONCINI. Do you know what the cover page said?

Mr. KERR. I can't recall it precisely, but I have read it, yes.

Senator DECONCINI. You can't recall?

Mr. KERR. It was—I mean I can't recall the detail of it. It essentially was—

Senator DECONCINI. Was it in contradiction to the report?

Mr. KERR. No, I think it was a forward that described the context of how the report was made, and the fact that this was a case for it, a case for Soviet involvement.

Senator DECONCINI. Oh, you think it was an argument supporting the Soviet involvement, and supporting the assessment that was attached to it?

Mr. KERR. I believe it was a description of the purpose of the paper, and the purpose behind the paper.

Senator DECONCINI. I see—I think I see. That means that to the best of your recollection, it said, we have put this together because we have been asked to put everything we can put together that implicates the Soviet Union in this. Is that more or less—

Mr. KERR. It made the case for. I believe that's the situation. And that is, I believe, fundamentally the title of the paper was the case.

Senator DECONCINI. Do you know that we have not seen the cover page? Is it because it is lost, or do you know? That cover page?

Mr. KERR. I think I've seen a copy somewhere.

Senator DECONCINI. I don't want to make a big deal of it.

Mr. KERR. I know I've seen a copy, so I see no reason why you couldn't see a copy of it.

Senator DECONCINI. I am not making a big deal about it, but I would like to see it because it has been brought up so many times. If you could help us find it, maybe that is all I need to know.

Mr. KERR. Sure, we can provide a copy.

Senator DECONCINI. Or any cover sheets, if there are more than one.

Mr. KERR. I believe there's only one.

Senator DECONCINI. Thank you. Let me turn to another area briefly, an issue that was raised with Mr. Fiers when he testified, that is monitoring, or collection, or having a report—or whatever it's called—of information on members of Congress, Congressional staff, and American citizens.

Were you ever involved in the collection of such information, the dissemination of it, or monitoring of any kind on members of Congress, their staff, or just general American citizens who might be in opposition to some Administration policy on Nicaragua or any place else?

Mr. KERR. No, the only thing that I can say I was involved in, directly, Senator, on this issue, is I have, on occasion, seen reporting that was directed against foreign nationals that had some reference to a U.S. citizen in it. And the material that I have seen, most often the names are not in there. They are deleted as part of a process for keeping the names out. But that was kind of inadvertent collection, when I have seen it.

Senator DECONCINI. You are not privy—you were not privy, then, to the fact that there was supposedly a report put together regarding former Congressman Barnes?

Mr. KERR. I have subsequently seen that material, and read Casey's notes on it. But I was not involved in it at the time.

Senator DECONCINI. You were not involved in it.

Mr. KERR. No.

Senator DECONCINI. Do you know who was involved in that, besides—

Mr. KERR. I think Alan Fiers certainly was the principal, and Bill Casey was personally involved in it. So I'm not sure, beyond those two. But certainly those two were.

Senator DECONCINI. You were left out?

Mr. KERR. No. I was not involved in that issue, no.

Senator DECONCINI. Do you know if Mr. Gates was?

Mr. KERR. No. I do not. I can't speak to that.

Senator DECONCINI. What, as far as you are concerned, is there for acquiring information on members of Congress for any reason?

Mr. KERR. No, there is no—to my knowledge—there is no direct, certainly no intention to do that. There is inadvertent information acquired as part of other collection. But again, we have rather—certainly, very careful procedures for handling that material, and for protecting the individuals involved.

Senator DECONCINI. There is information that Mr. Casey had actual names of supposedly either members of Congress or staff members of Congress that were collected through intelligence gathering means, where normally that information is kept by the

Agency—I mean the name of the person is kept by the Agency or blacked-out. And Mr. Casey had that. Do you know if that's true?

Mr. KERR. I believe that is true. In the specific case you're talking about, that was—I believe, if I'm not mistaken—was a human intelligence collection report, and not a technical intelligence where those names are taken out. And I think that was the nature of that particular report.

Senator DECONCINI. How would it be that he would get that, because he would order it up?

Mr. KERR. I believe—and I only know this quite simply based upon what I saw briefly of Alan Fiers' testimony—but my understanding is that Alan Fiers personally brought that to the attention of the Director. But that is my only knowledge of it.

Senator DECONCINI. Is it your understanding that the Director could instruct the gathering unit or agency to give him the actual names? Was the policy of that collection intelligence group or agency always to black out the names?

Mr. KERR. I'm not sure of the procedure, if we're talking about the signals area. I'm not sure of the precise procedure for acquiring names when they're not included in the report. I don't know the answer to that. I'm sure that you can—somebody could acquire them. But I don't know the procedure for that.

Senator DECONCINI. You're not familiar with any reports being sent to the President or the Vice President from Mr. Casey involving aid or the policy of Nicaragua that dealt specifically, or made reference, specifically, to any members of Congress or their staffs?

Mr. KERR. No, I'm not.

Senator DECONCINI. Mr. Chairman, I want to ask this witness a question on intelligence-sharing of our Government with Iraq during the Iran-Iraq War. I am not sure that I can do that here. It is not a question of any great significance, and it occurred a long time ago. But I need your guidance.

Chairman BOREN. Why don't I ask the General Counsel to come and confer with you just a minute about what it is. And if this is something we cannot handle in open session, we can ask for Mr. Kerr to answer in writing. Or we can convene privately, for a minute, as we break up, and have you have an opportunity to ask that and then enter his response into the record.

Senator CRANSTON. Could I ask a question while we are waiting?

Chairman BOREN. Yes.

Senator Cranston.

Mr. KERR. Is this fair?

Chairman BOREN. We do not want to let you have a breather, Mr. Kerr.

[General Laughter.]

Senator CRANSTON. You mentioned Bill Casey's notes on conversations between Members of Congress and the Sandinistas. Do you know the dates of those notes?

Mr. KERR. No, I don't know them. We certainly could provide the date for you.

Senator CRANSTON. I would appreciate it if you would.

And Mr. Chairman, do you know if the Committee has copies of those notes?

Chairman BOREN. I do not.

I am sorry.

Senator CRANSTON. Do you know if the Committee has copies of the notes Bill Casey made between Members of Congress and the Sandinistas?

Chairman BOREN. I assume we will get that as one of the things we have requested. I know Mr. Kerr, as Acting Director and his staff are putting together all of the information on it. I asked for a comprehensive survey of all the information that might have been collected by Members of Congress, what was the extent of it, and what was done with it, and so on. When we go into our closed session tomorrow, we will have a report.

As I understand, Mr. Kerr, there is someone from the Agency who will be prepared to come and present that material to us and answer any questions. So we will have an opportunity, in closed session, to go into all of that.

I take that as a very serious matter. I think at the very least, there has been no evidence, thus far, that anyone set out to intentionally target a Member of Congress. But in the course of collecting against other targets that were legitimate, contact showed up. They may have been very harmless contacts, but they showed up. And therefore they became of record.

And so the question of how to safeguard that information and how to make sure it is not abused has come up. Admiral Inman had his suggestion that, for example, it would not be disseminated to other agencies. It would be protected. As I recall, one of our witnesses—maybe it was Admiral Inman—suggested there should be a policy, perhaps, of conveying some improper behavior or questionable behavior privately to the Leadership of the Congress, to discuss it with them, as to how to proceed in this kind of joint fashion if it involved a Member of Congress, or a member of a Congressional staff.

But I do think this is something we need to probe not only to make sure that nothing improper happened here and to find out what the facts were, but also to determine if we really do have sound enough policy guidance. We really need some standard operating procedures to cover a situation like this.

We have not found thus far that there was any illegality in the sense of deliberately targeting a Member of Congress, or trying to operate domestically by the Agency, or improper targeting by the Federal Bureau of Investigation, which obviously is the other agency primarily involved here under their counterintelligence responsibility.

I understand from staff that the Agency has indicated they will be able to give us a comprehensive report.

Senator DeConcini.

Senator DECONCINI. Senator, I can finish up if the Senator is finished.

Mr. Kerr, in May of this year—May 21, as a matter of fact—I was at a hearing up here. And you appeared before us regarding Desert Storm. You said, regarding sharing of intelligence information with Iraq during the Iran-Iraq conflict, we never provided sensitive information, no imagery was provided.

Now, there is some dispute as to that. The Inspector General came out with a report in July—and I cannot go into the sub-

stance, I am told, because of the nature of it—But I think it is very fair to say that there was sensitive and substantial intelligence that they believed our government gave over to Iraq.

Do you still stand by your statement as of May 21, 1991?

Mr. KERR. I would have to go back and look at the context of it. But I think I—as I remember my response, what I was referring to is sensitive, in terms of sources and methods, and providing them information that would compromise our own capability, and also, quite simply, providing them imagery that they then held—in other words, we didn't give it away. We may have given briefings, we may have given line drawings, and we did give some information.

But when I—the context that I was answering it, and if I misinformed you then I'm sorry—was sensitivity of the intelligence sources and methods—not that we didn't give intelligence.

Senator DECONCINI. No imagery was provided?

Mr. KERR. Imagery was shown—again, I draw—we probably should do this in another—

Chairman BOREN. I want to allow the Senator from Arizona to get an answer, and we will get an answer. But I am very concerned we not tread into specifics here, because we have been particularly admonished—

Senator DECONCINI. I understand, Mr. Chairman. I remember that meeting so well, and I have the greatest respect for you, sir. And when you told me that, I was surprised. I said my God, here it comes from the Acting Director—I guess you were Acting Director then in May.

Mr. KERR. I was something, I don't remember what it was.

Senator DECONCINI. You were certainly in a position that you knew about it, which I gathered very clearly, so I went back and asked my staff to pull out the language. It just seems to me that there's a big difference between the information you gave us—

Mr. KERR. If I can on that, let me provide—go back to the record on that, what I said, and provide a written comment, if that would be helpful to you.

Senator DECONCINI. That would be helpful.

Mr. KERR. There was certainly no intent to misinform you. I may have misunderstood the question.

Senator DECONCINI. I understand, and my concern is during the period of time that this information was given over, what involvement was Mr. Gates', if any, in the information. Because I intend to ask him the same questions, how substantive it was, and what it was—which we cannot go into here. So if you are going to research that, I would like to know what involvement, in your recollection, was Mr. Gates aware of?

Chairman BOREN. Let me suggest this, that perhaps, Senator DeConcini, you and Director Kerr could have a verbal conversation about this so that you understand each other and then have Mr. Kerr supply his answer, which would track what he tells you verbally, so we could then have it officially as a part of the record as well.

Senator DECONCINI. All right, Mr. Chairman, thank you.

Chairman BOREN. It would then be a continuation of the sworn response here.

Mr. KERR. That's fine. I would be glad to submit that.

Senator DECONCINI. Mr. Chairman, that's fine.

May I ask one additional question, and then I will wind up?

Chairman BOREN. Yes, sir.

Senator DECONCINI. Mr. McMahon testified here on something that was really interesting to me. Whereas, prior to Mr. McMahon we had testimony by Mr. Fiers indicating that indeed, when Mr. Casey was Director, there was references made. And I don't know that it is any such bad thing, to the political situation and how the results of some intelligence affected the Administration.

The reference he gave, I believe, that Mr. Fiers gave, if my recollection is correct—was about a training manual provided to the Contras by the CIA. In the presence of Fiers, Mr. Casey said that this was hurting the President in the polls; that this was the only thing that he was down in; and what were we going to do to fix it?

My question is not so much as to that specific incident, but more so as to the statement by Mr. McMahon that politics was never part of any report or decision that he was involved in there. I do not know that it is so bad that it is, but those kind of statements really are doubtful in my mind, because I think the people I know in the CIA are just as politically aware—if not more—than most Government officials, because that is their job: to know what the politics is in other countries, and you cannot avoid that without knowing what the politics is in your own country.

I just wonder if you can give me your candid view as to how much the political process weighs in at the Agency? Obviously, I am sure you are going to say that it is unprofessional to sit down and create intelligence to justify a political premise that the President wants to make a statement on. I am not suggesting that. What I would like to know is in the course of developing information that you have been tasked to do, either within the Agency or from outside that Agency, what is the political involvement?

Mr. KERR. Well, that is a serious and important question.

No one sitting in the job of DCI, or the Deputy, or in a senior job in CIA or elsewhere in the Community is unaware of the politics or the pressures on particular issues. I mean, after all, we have to be sensitive to that, because if you don't know that, it's not just politics, it's—you have to understand what is important to the policymaker, and what is making the difference to them, or you do not fully understand how to—what they need from you as help.

But when I say help, I don't mean we tell them what they want to hear. In my judgment, our obligation, and my obligation to the President, and to other policymakers is to tell them as accurately as I can, the information. That's the obligation. And not telling them is falling down on that obligation, in my judgment.

So—but we—there are times when you practically you will say we have driven this point home again, and again, in our product. If we do it one more time, we're going to lose a policymaker in terms they won't pay attention to us.

Senator DECONCINI. Then based on that, do you think Mr. Gates—I'm sure I know the answer to this—but for the record, do you think Mr. Gates could withstand someone from the White House, even if it be the President, calling him and telling him, you know, put together something here, justifying my position—when

indeed he could not do it. That Mr. Gates would say, I can't do it—that isn't right.

Mr. KERR. I think that's quite easy to withstand. It is not that much of a problem, quite simply.

I have had, as, you know, a person—and certainly Bob Gates has had—I've had people call me and express great unhappiness with what I—with what the Intelligence Community or CIA had written about a particular issue, at very senior levels, saying they disagreed, they thought it was wrong, they thought we were on the wrong course and we were hurting policy. And again, my reaction to that—that doesn't happen very often, I'll tell you—but if my reaction to that is my obligations are rather clear in this regard. And Bob Gates, I would think would have no hesitation, whatsoever. He's done that over the years. He understands that issue. But he also is going to do it as I would try to do it, in a way that's helpful to the policymaker.

It is not just enough to provide them information that they don't want to hear. It's also useful to try to tell them—help them understand it and put it in some kind of context—and perhaps even describe opportunities that might exist for doing things.

Senator DECONCINI. Thank you, Mr. Chairman. Thank you, Mr. Kerr.

Chairman BOREN. Senator Chafee.

Senator CHAFEE. Thank you. I apologize, Mr. Chairman, and Mr. Kerr for being so late. I know that you have had some previous discussion here about a sensitive source that was targeted on the Sandinistas that disclosed information, or from which it was learned that meetings were taking place between Congressional staff and Sandinistas—I believe you mentioned that, haven't you?

Chairman BOREN. We have talked about that.

Senator CHAFEE. Now, my question is, was any classified information being transmitted to the Sandinistas from Congressional staff, that you know of, Mr. Kerr?

Mr. KERR. I don't believe so, Senator Chafee. But it would seem to me that as we were discussing earlier, Senator Boren, if we could discuss this in a closed hearing, I think we probably could give you a better description of what it was, and what we were talking about and what our controls are, and how we handle it, and what this particular incident involved.

Chairman BOREN. Senator Chafee, we have requested, beginning with the time in which the first news stories were carried about this matter, the Agency to provide us with a full briefing and information. Director Kerr has tasked the Agency to come up with that. I do not know if he is yet, personally familiar with all the details of the data—

Mr. KERR. Yes, I am.

Chairman BOREN [continuing]. But tomorrow, this will be one of the items that we will take up in closed session. We will go into all the information that they have gathered together for us, and go into what it was, what was done with it, and the rest of it.

So we will be able to pursue all that tomorrow.

Senator CHAFEE. Well, I think that is good, Mr. Chairman. The only reason I brought it up—and I just do not want anybody to go,

any press or anybody to go out of here with the idea that dossiers were kept on certain—

Chairman BOREN. Of course not, no.

Senator CHAFEE [continuing]. Members or staff, because that just is not the case. There are no dossiers kept. It was—this information came up, and through these sources, and—

Mr. KERR. I think you will find out of this—if I can say this much—and that is that there was a legitimate—a very careful process. And my understanding of how the information was then used, and subsequently used, I think is, you will find it is very constructive. And there is nothing sinister, there is no problem about it. I think it was used very openly.

Senator CHAFEE. But I think that is right. And I think that we should destroy the suggestion that there was anything sinister, if, indeed, the suggestion is out there. I believe that completes the questions, Mr. Chairman.

Could you roughly go through our time now? Are we meeting at 9:30 tomorrow?

Chairman BOREN. We will meet at 9:00 tomorrow in our closed Committee room. And tomorrow it is my hope that we could complete all of the classified items. We will be talking about intelligence sharing with other countries. We will discuss, specifically, the matter of Iraq that has been raised this afternoon, and been raised previously by Senator Bradley. We will be talking about the politicization of intelligence. We will be able to go, in that session, into the classified intelligence estimates. And we will also have this report on the collection which touched on members of Congress, or Congressional staffs.

So those will be the three topics tomorrow. It is my hope that we can cover all three of those topics in closed session. It will be a lengthy session, throughout the day and perhaps into the evening hours tomorrow.

Then, my thought is that we will begin Thursday morning with the nominee as our concluding witness. First, Members of the Committee can ask any classified questions of the nominee they wish to ask in closed session; items that might have been stimulated by other things they have heard during the course of the hearings.

Then we will come into open session for Members to complete their questioning of the nominee. It would be my thought that we have at least a good opportunity to complete the hearing process on Thursday, with the last rounds of questions of Mr. Gates. And unless there is something else that we do not foresee at this point, he could be our concluding witness.

There are two or three Members that has indicated they still had additional questions to ask him. I think Senator Metzenbaum had indicated to me he had maybe 15 to 20 minutes more of questions for Mr. Gates. I think Mr. Bradley had 10 or 15 minutes in addition to any questions that might have been stimulated during the process. I had a few questions on the future of intelligence. We really have not had a opportunity, that many wanted to have earlier, to focus more questions about the ideas that the nominee might have for the future.

I see no reason why we could not complete our business by the close of business on Thursday, giving staff then time to prepare the transcripts for us to study over the weekend.

Senator CHAFEE. That would take us into the week of September 30, and we go out on that Friday, under the latest arrangement. Presumably during that week, we might have a chance—at least in the Committee—to vote.

Chairman BOREN. I think we could deliberate in the committee and vote, and that would be done in public session, sometime during that week.

Senator CHAFEE. Then it is up to the leader, when it would be taken up on the floor.

Chairman BOREN. Exactly, our Committee Rules provide that we have to have at least 48 hours after the time the transcripts of the hearing are available to Members before we vote in the Committee. But I would think that if we complete our business on Thursday, that should give adequate opportunity to take action some time the week of the 30th.

Senator CHAFEE. Just casting thoughts ahead, the chances of a Floor vote, then coming up before that Columbus Day recess, before we go out on the fourth, are probably slim.

Chairman BOREN. Probably, just because again, you have the 3-day rule, after the Committee vote, before it can be done by unanimous consent. But I do not know that any nominations to this post have ever been handled by unanimous consent on the Floor. So I would doubt that would be practical.

Senator CHAFEE. And then we come back on the 15th, I believe. So it would probably be in that week?

Chairman BOREN. I imagine so, but I have not discussed that specifically with the Majority Leader. But he has indicated to me that he intends to take it up in a timely fashion when our Committee has finished deliberation, barring some major controversy in our Committee.

I have a couple of last questions for Mr. Kerr. I know he would be disappointed if we allowed him to leave so early in the evening. It is only 6:00—just a few more questions that really touch on the future.

In the course of our hearings, as you know, we have, in this Committee, Senator Warner, Senator Nunn, myself, and others, a large majority in this Committee, have adopted as part of our bill for this year what we call the National Security Education Fund. This program would be located, essentially, in the Department of Defense, with an advisory committee drawn from the Intelligence Community, the Defense Department, and the State Department, and so on. This is aimed at making improvements in the area of foreign language, and area studies like Middle Eastern studies, African studies, Latin American studies, and others. It should also strengthen those courses of studies at our colleges and universities. Some graduate fellowships would be provided in these areas of study for those that then would agree to accept some employment with the Government.

Now, Mr. Gates has indicated his support for this concept, having had his own experience with the National Defense Educa-

tion Act. Admiral Inman also was very strongly supportive in his testimony.

I wonder if you would agree that improvements in the academic background of our future Intelligence Community work force are needed?

Mr. KERR. There is no question. I think the area studies programs, and the loss of those in universities has had an impact on the Intelligence Community. So from that perspective, I think it is always valuable, I think, to have additional area studies, and familiarization and training.

Chairman BOREN. So you believe there is a national security requirement for programs like the National Security Education Program we have talked about in our Committee?

Mr. KERR. I do. I would be less than candid, however, if I didn't say I was concerned about where the money comes from, and the National Foreign Intelligence Program.

Chairman BOREN. I understand you have to defend the priorities of the budget. But you would regard this as a valid national security concern?

Mr. KERR. No question. It is important, and our ability to get qualified people and have people with area familiarization is important, very important for intelligence. And it will be more so in the future.

Chairman BOREN. Well, that is something that has been so alarming to me, to discover that only 8 percent of our college students, in any given year, are taking a foreign language at a time when we are internationalizing more and more—not only with the need for intelligence, defense, and diplomatic communities, but obviously also as a part of the global economic marketplace.

But it was interesting to me that when we had some of those that were present at the creation of the CIA come and talk to us in our Committee, really historians of the Agency, that one of the things they emphasized was the need to improve the quality of education; that so many of our universities had slipped back, done away with, and watered-down their international studies, their area studies and their language studies.

Mr. KERR. Or cancelled programs—as you know, we have a lot of—because of that, we have been forced to do a lot of our own training, internally, in language, and also some fairly rudimentary training, at times. But we do a lot, and we will do more in the future.

Chairman BOREN. It also increases the lead time it takes, does it not, when we talk about—and we have had a lot of talk, and certainly you have been a part of this process with this Committee—beefing-up human intelligence and also analysis, so that we have people that we can put into certain areas of the world where we have been thinner than we have been in others. And our coverage, either for operations officers, or analysts, is something that we just cannot snap our fingers and do overnight. As you say, if they are not coming out of the colleges and universities with the language skills, the ethnic studies, the religious studies, the cultural studies, and all the rest of it, very often they almost have to start from scratch, sending people back to school, training them themselves. And that lengthens the process of adjustment, does it not?

Well again, Mr. Kerr, thank you very much. I know it has been a long day for you. I apologize. And now, within just a few days we have had to bring you back twice. But I think you understand that your testimony and that of Mr. Allen is critical on certain issues. We would not have asked you to come back were it not for the fact that our members are trying to meet their own responsibilities, and felt it was essential.

I apologize that we have had to shift the time on you two or three different times, even today, at least twice because of our own scheduling problems. We are appreciative of the fact that you are very busy as Acting Director, and that you would come during this time slot and answer the questions that we had.

Mr. KERR. Thank you. I have had things to fill in while I wasn't here. And I wouldn't have missed it.

Chairman BOREN. Thank you very much, Mr. Kerr.

We will stand in recess until 9:00 in the morning when we will have our closed session.

[Whereupon, at 6:10 p.m., the Committee adjourned.]

NOMINATION OF ROBERT M. GATES TO BE DIRECTOR OF CENTRAL INTELLIGENCE

TUESDAY, OCTOBER 1, 1991

U.S. SENATE,
SELECT COMMITTEE ON INTELLIGENCE,
Washington, DC.

The Select Committee met, pursuant to notice, at 9:44 a.m., in room SH-216, Hart Senate Office Building, Hon. David L. Boren, Chairman of the Committee, presiding.

Present: Senators Boren, Nunn, Hollings, Bradley, Cranston, DeConcini, Metzenbaum, Glenn, Murkowski, Warner, D'Amato, Danforth, Rudman, Gorton and Chafee.

Also attending: Senators Cohen and Moynihan.

Also present: George Tenet, Staff Director; John Moseman, Minority Staff Director; Britt Snider, Chief Counsel; and Kathleen McGhee, Chief Clerk.

PROCEEDINGS

Chairman BOREN. The Committee will come to order.

This morning the Committee takes up the subject of the record of Mr. Gates as Deputy Director of Intelligence, Chairman of the National Intelligence Council and Deputy Director of Central Intelligence in the preparation of intelligence for policymakers.

Initially, the Committee undertook to review this subject in closed session. We did so because the debate involves specific classified intelligence analysis. It became apparent that a substantial portion of the discussion could take place in a non-classified context. And because the issues are important to the American people, we decided that as much of the discussion and questioning should be held in open session as possible.

As I have said in the course of these hearings, it is not only our purpose to weigh the qualifications of the nominee for this important position, it is also our purpose to share to the maximum degree possible with the American people information about the intelligence process. The taxpayers of this country pay for the intelligence establishment of this country. I think there is great value in having the American people understand as much as possible about our Intelligence Community, how it operates, issues which impact it, and the future course of intelligence in the next century.

In preparation for today's session, we asked the CIA to declassify a large number of documents. The Agency has been cooperative in this regard, and that number of documents have been declassified, all of which, I believe, have been released to the public today. The

Agency has, however, decided that it should not declassify those portions of finished intelligence products known as National and Special National Intelligence Estimates and intelligence assessments. It was my hope that at least the key judgments or findings of these estimates could have been made public. It remains my hope that in the final report to the Senate, the Committee will be able to add more to the public debate from these documents. And we will certainly endeavor to do so at any point that we can. But for now, I believe that we have more than enough to begin a healthy public debate on this very difficult and complex subject.

There may be some instances during the course of our questioning, we will have to enter into classified areas which will have to continue in closed session because of the classified nature of the underlying document or the underlying pieces of raw intelligence that would compromise sources and methods. As I have said privately to all of our witnesses this morning, if at any point in time they are asked a question by Members of the Committee they think will force them to go into classified information in their answers, I hope they will not hesitate to notify the Chairman so that we can pursue those questions that might involve classified information in private session. It is my hope, again, that most of this discussion can take place in public and I think certainly most of it can. But we do want to be sensitive to make sure that all of us try to keep clear in our own minds the line between those matters which are classified and not classified. I do appreciate the willingness of the witnesses today to help bring those matters to our attention when any Member of the Committee might inadvertently ask a question which would get into a classified area.

The Committee has conducted an extensive review of specific allegations by some of the politicization of intelligence. This has not been easy because we lack even a consensus of opinion on a definition for politicization. What is to one individual the skewing of intelligence, to another is effective management review of intelligence.

However one chooses to define it, politicization of intelligence analysis is a very serious matter for this Committee and for all of those who care about the independence and integrity of U.S. intelligence. If the analysis of intelligence information is slanted or misrepresented at the back end of the process, then what use are all the resources costing, over the years, billions of dollars, that we commit to the front end in collecting intelligence, everything from human intelligence to satellite collection. We must be assured that all of the information gained through those costly resources will be marshaled in a fair, an impartial way, and an objective way to be given to the policymaker in a form that will be most useful to the policymaker in trying to reach the best decision that is in the interest of the American people.

As a result, the Committee has undertaken a very serious review of all the credible allegations of politicization. The Committee staff has conducted over 80 interviews, reviewed dozens of intelligence products, tracked down several internal CIA memoranda and other documents that might shed light on particular cases. Staff investigation has highlighted four cases that we hope to lay out for Mem-

bers and to the public today as we continue in the course of these hearings.

First, a 1985 special study was commissioned by Mr. Gates, that laid out the case for Soviet involvement in the 1981 attempt to assassinate the Pope. New evidence had come to light, and although the Office of Soviet Analysis and the Directorate of Operations continued to believe that the Soviets most likely were not involved, the objective of the fast-track study was to challenge this conventional wisdom and to discover if a strong case for Soviet involvement could be made. The key issue for this Committee is whether the case was accurately represented by Mr. Gates to policymakers and whether he took sufficient steps to obtain balance of intelligence in this area.

The second case is one that took place in May of 1985. A May 1985 Memorandum to holders updating a special national intelligence estimate that had been produced in October 1984 is also at issue. It is alleged that the National Intelligence Officer who called for the update cited support from Mr. Gates, who at the time was simultaneously Chairman of the Council and head of all CIA analysts, to persuade CIA Soviet analysts not to formally object to inclusion of his view that the Soviets had major opportunities in Iran. Some imply that this estimate laid the predicate for the subsequent Iranian initiative on the part of the White House staff. And we will be looking at that whole question of Mr. Gates' involvement in that matter as we proceed today.

Third, a series of Inspector General reports in the late 1980's examined the flagship office of the Directorate of Intelligence, the Office of Soviet Analysis, and found that there was at least the perception of, quote, "politicization", and that it was widespread. Staff investigations also found considerable indications that morale in SOVA, the Office of Soviet Analysis, became a serious problem in the mid 1980's, continuing to this day. The issue for this Committee is to what extent any of this was caused by Mr. Gates or any of his actions and policies.

The fourth area that is a focus for us this morning is a 1986 speech by then-Deputy Director of Central Intelligence, Robert Gates, on, quote, "The Soviets and SDI", unquote, which was largely based on an unofficial CIA working or white paper that was produced in a short time by a senior CIA directed energy weapons analyst, and then quickly declassified. The speech openly supported the President's strategic defense initiative. As Mr. Gates indicated in his testimony, that probably wasn't a good idea.

We've assembled before us today six witnesses who have knowledge of these and other issues based upon their experience in the Agency.

First, Mr. Mel Goodman, a former CIA analyst and manager of intelligence analysis, now with the National War College.

Second, Mr. Graham Fuller, currently with the Rand Corporation and a former National Intelligence Officer for the Near East and South Asia, will provide his views on these issues.

Third, Mr. Hal Ford, who has some forty years of intelligence experience and who, from 1980 to 1986, served in various positions on the DCI's National Intelligence Council.

Fourth, Mr. Larry Gershwin, National Intelligence Officer for Strategic Programs since 1981. He is also here today to provide his perspective on the issue of politicization as it relates to Soviet strategic programs.

Then we will hear, fifth, from Ms. Jennifer Glaudemans, former CIA analyst, who will give her views from the perspective of that echelon in the organization.

And then we will finally hear from Mr. Douglas MacEachin, currently Chief of the Central Intelligence Agency's Arms Control Intelligence Staff and formerly Director of the Office of Soviet Analysis.

In order to have a balanced presentation of this matter and to try to be as fair as possible, it's been determined that it would be valuable for us to hear the perspectives of all of these witnesses. We will first hear them one at a time. We've allocated approximately twenty to twenty-five minutes to each of these presentations. Although I would say to those who are testifying this morning that we do not want to limit you in any way that will make it impossible for you to lay out all of the items you wish to bring before us that you think are relevant to us. So we will not keep an exact time clock. I would just ask for cooperation as much as possible to try in as brief a period of time to bring forward all of those substantive matters that you think that the Committee should hear. So you will be the guide of your own time limitations but I would just ask that you would be as sensitive as you can to the time of the Committee.

We will hear from all six of these in terms of their opening statements without interruption by questioning from Members of the Committee. This will give us all six of these perspectives before we begin the rounds of questioning by Members of the Committee. After each has testified, I'll ask all six of our witnesses to come forward and act as a panel. Members of the Committee will be able to direct questions in our questioning rounds to any members of the panel of six to whom they wish to address questions.

We will begin with ten minute rounds of questioning and simply continue those rounds of questionings as long as we need to in order to complete the questions that any Member of the Committee wishes to ask.

I think in fairness we will go through the rounds and then continue with additional rounds as long as there are Members who want to ask those questions.

We do have two or three votes that will begin at approximately 11:00 o'clock. We should be able to resume then by about 11:45. We will go on for at least an additional hour at which time we will break for the caucus lunches which occur on Tuesdays, and then we will return at approximately 2:15 this afternoon.

It is our plan that we will complete testimony this week. I would put my colleagues on notice that we may well go into the evening hours tonight and any other evening this week so that we can complete this week.

When we have completed the questioning and testimony of these six witnesses and consider if there should be any other additional witnesses brought on this subject or any other subject before the Committee, we will then have testimony again from Mr. Gates, the

nominee, who will first testify in closed session to respond to still sensitive and highly classified matters related to liaison relationships with other nations or any other classified questions. And then we will return in open session so that Members of the Committee will have another opportunity in light of all of the testimony that we have heard over the past three weeks to ask additional questions of Mr. Gates or to request from him clarifications before the hearings are concluded.

So, I would ask first if there are any other statements that Members of the Committee would like to make before I ask Mr. Goodman to come forward.

Senator MURKOWSKI. Mr. Chairman.

Chairman BOREN. The Vice Chairman.

Senator MURKOWSKI. Thank you. I think the record should note that Senator Nunn and Senator Warner have been called down to the White House, and they didn't share with me the message so I can only guess that something significant will be coming back from them, but let the record note that.

A very brief statement, Mr. Chairman.

The allegation that intelligence analysis has been slanted or suppressed as you stated, is certainly a serious one. It goes to the integrity and it goes to the very heart of the intelligence process. The taxpayers have paid many, many millions of dollars to build an exotic collection and communications system and to maintain a massive intelligence bureaucracy. But what is that investment worth if the analysis that actually goes to the policymakers at the end of the day is tainted?

But the specific issue before us today is whether Robert Gates, as the senior manager of the CIA and Community analysis, was responsible for slanting or suppressing intelligence to please policymakers.

I think the record should note that we have heard from three of the most experienced and respected figures in American intelligence, John McMahon, Admiral Inman, and the current DDI, Richard Kerr, testify that they believe Robert Gates did not do so. Mr. Gates, himself, has given this Committee strong assurances that he regards the integrity of intelligence analysis as vital.

In my view, therefore, those who assert the contrary have a very heavy burden of proof. And let us insist that those who try to make the case for slanting intelligence—and those who rebut them—stick to the facts. Accusations are certainly very easy to make, but responsible testimony requires evidence.

Let us also keep in mind that as the DDCI Bob Gates would have to confront dozens of issues every day. As DDI he probably read and certainly edited nearly every major piece of intelligence analysis produced by the CIA—perhaps 25 major articles and monographs per week. that adds up to well over a thousand per year—not to mention internal memos, letters and so forth.

Out of the thousands of possible candidates for slanting of intelligence, how many do we have before us? Well, as the Chairman indicated, it's my understanding from staff that approximately four or five. That doesn't mean that they should be brushed aside by any means. They should be examined and where there seem to be issues, Mr. Gates will be invited to respond and explain.

After reviewing the prepared testimony of some of the witnesses, it is suggested that there is a pattern of harsh criticism by Mr. Gates of the Soviet Union. I think we're all reminded of that day in 1983 when we heard of the shootdown of the Korean Airlines Flight 007. I recall the circumstances where one of our Senators spoke on the Floor of the United States Senate—Senator Helms. He happened to be in Anchorage, Alaska with Senator Symms at the time the two Korean flights were about to depart, and he recalled the instance where he took two children that were on that flight 007 on his knee and told them a story while their mother took care of a few personal needs. I recall his statement at the Floor of the United States Senate that said that these two children, little girls, had a right to life and a right to be loved, and they were murdered in cold blood. I think as we reflect on the Soviet Union it's also fair to reflect on the contention that the Soviet Union's current situation is a result of our policy of maintaining peace through strength—that the Soviets bankrupted themselves in the arms race.

Finally, Mr. Chairman, I was struck by an eloquent op ed published recently by my distinguished colleague, Senator Moynihan. In it he notes that the 1975 resolution declaring Zionism a form of racism did not originate with the Arabs, but was instead a cynical Soviet maneuver. Bob Gates is chastised by his critics for taking too harsh a view of the former Soviet Union. Senator Moynihan has provided a useful reminder that those who took a harsh view did so with some justification.

Mr. Chairman, I would ask that this op ed by Senator Moynihan be entered into the record as read.

Chairman BOREN. Without objection.

[The document referred to follows:]

Dr. el Patrick Moyuihan Big Red Lie

It was the Soviets, not the Arabs, who came up with "Zionism is racism."

On Monday last, in as fine an address as any American statesman will ever give, George Bush called for the United Nations to undo one of the most sordid acts of the age of totalitarianism: the 1975 resolution declaring Zionism to be a form of racism. In effect, it was a resolution to deny the state of Israel the right to exist.

If you would take the measure of just how monstrous that event was, you need only consult the news reports of the president's address. Without exception, so far as I know, Resolution 3379 is described as an Arab initiative.

It was nothing of the sort. It was a calculated lie of the Communist Party of the Soviet Union that began in the age of Stalin and culminated in a two-part article in Pravda Feb. 18-19, 1971, an article that asserted, among other things, "The tragedy of Babi Yar will forever be a reminder not only of the monstrous barbarity of the Nazis but also of the indelible disgrace of their accomplices and followers—the Zionists."

The author was one Vladimir Viktorovich Bolshakov, then or shortly thereafter head of the paper's international department. An English-language pamphlet followed promptly.

Today is the 50th anniversary of the massacre at Babi Yar. Just possibly the time has come when we can deal with the Holocaust—can "accept" it, "absorb" it or however it is the psychologists put it. For my part I can report that I never came near to understanding it until I encountered the Zionism resolution.

I was our U.N. ambassador at the time. The motion appeared as from nowhere in October 1975, in what is known as the Third Committee, which is to say the political committee. There had been faint rumblings of it—something floating about at the World Conference of the International Women's year, held in Mexico City that summer—but no real warning.

When the resolution appeared, our representative, Leonard Garment, spoke up hard on Oct. 3. The new Israeli ambassador, Chaim Herzog, was furious and fierce. We hadn't a third of the vote behind us. I went over and hugged him and said "—em," which was as much as I knew or understood of the situation.

We waited for State Department instructions. None came. We called Herzog. He had none either. Nor was there any outcry from the Jewish organizations in New York.

The first break finally came from William Kosey, then director of the international affairs department of B'nai B'rith. He told Suzanne Garment, a member of our delegation, of the Pravda article.

After a little more digging, a historical pattern emerged. It went back as far as 1952, when Rudolph Slansky, then general secretary of the Czechoslovak Communist Party, was charged with Zionist connections, and confessed. By 1975 it had become common for Soviet television to show David Ben-Gurion's face superimposed on that of Hitler. On newsreels, footage of marching Israelis would be followed by marching Nazi stormtroopers.

The origins of this escalating campaign were complex. The disappearance of ethnic and religious attachments was central to Marxist prediction, but things weren't working out that way. The Israeli victory in the Six Day War of June 1967 generated great



enthusiasm among Soviet Jews. Could the Ukrainians, they must have wondered, be far behind? Strong measures were called for.

What none could predict, certainly not a hack such as Bolshakov (now, incidentally, head of the Paris bureau) was the impact the charge would have.

At President Ford's personal direction, I lobbied vigorously against the measure when it came to the floor of the General Assembly. Herzog raised a storm of his own. A Belgian motion to adjourn almost succeeded, but on the final vote, we lost 2 to 1, and silence fell.

An Orwellian coup had occurred at the United Nations. The place that had been the embodiment of liberal expectation after

this is Elie Wiesel, a survivor of the camps, the incomparable, unflinching witness to what totalitarianism can do, and yet he had never heard of the Pravda articles, the charge that Babi Yar was a collaboration of the Gestapo and the Zionists: Nor, evidently, had anyone with him. Like the Holocaust itself, it was somehow too horrible to know.

Now, finally, that long night has lifted. Two weeks ago, Wiesel was in Kiev, where Ukrainian President Leonid Kravchuk pledged to him that the Ukraine would vote to rescind the Zionism resolution. This past Wednesday, in Washington, Kravchuk met with senators and repeated this pledge, adding that the Ukraine had been "the" Soviet sponsor of the resolution back in 1975. This is something that appears all across what was once Soviet society: the need to face up to the lies, somehow to exorcise that past.

Presidents Bush and Kravchuk will need help. The gentlest thing to say about the U.S. State Department is that it has been indifferent to the issue from the first. I have been in the Senate 15 years now. We have enacted four statutes calling for the repeal of Resolution 3379. I have never once heard from the State Department acting on its own; never once heard of an embassy told to take the matter up with, say, Mexico, as we get into trade discussions, or say, Cameroon, during aid discussions.

The Arabs' need help in this regard, too. They were not about accusing Jews of racism—such talk began to appear in their documents in the 1960s—but the Zionism resolution was *not* their initiative. The lead sponsor was Somalia, then a wholly owned subsidiary of Moscow. The Arabs went along, of course, but none of them whooped it up the way Guyana did—to cite one example.

Let the Arabs, then, vote to rescind now, or if they can't do that, just stay away when the matter is reconsidered. We can count on the three current Soviet votes, plus three new Baltic delegations. All of Europe will be with us. China doesn't matter. As for the nonaligned: Announce we will close our embassy in each and every country that votes no. And as for the U.N.: Do this, and you just may have a part to play in the next millennium.

The writer, a Democratic senator from New York, was United States ambassador to the U.N. in 1975 and 1976.

I never came near to understanding the Holocaust until I encountered the Zionism resolution.

World War II had moved toward totalitarianism: the inversion of truth, the Big, Big Lie—this was now the language of the General Assembly.

Even those who should have understood backed off from the fight. Ten days after the vote, my wife was seated at a formal dinner next to the French ambassador, who allowed that the resolution would never have passed if the American statement had not been so "confidential." In point of fact, with that in mind, I had spoken *after* the vote.

After it was over, silence fell, or near silence. No one wanted to talk about Zionism and racism. The totalitarian effect took hold: Don't fight; it's hopeless. It even seems to have prevailed in Israel, where, so far as I am aware, nothing much was written.

In 1979 The President's Commission on the Holocaust visited Babi Yar in Kiev. Elie Wiesel was chairman. They were taken, as he describes it, to the "huge, ugly, blasphemous" memorial the Soviets had finally put up. He could not contain his shock, his anger. There was no mention of Jews. Now,

Senator MURKOWSKI. Finally, Mr. Chairman, I look forward to the testimony; I commend each of the witnesses for coming forward. A democracy certainly depends on citizens such as these. I will listen closely to Mr. Gates' critics carefully, with an open, but somewhat skeptical mind.

I thank the Chair.

Chairman BOREN. Thank you very much.

I would ask first then if Mr. Goodman would come forward. Mr. Goodman, since this is a confirmation hearing I would ask that you be sworn. Would you please raise your right hand.

Do you solemnly swear that the testimony that you are about to give is the truth, the whole truth and nothing but the truth?

Mr. GOODMAN. I do.

Chairman BOREN. Thank you very much. You may be seated.

Senator BRADLEY. Mr. Chairman, would you make sure that all of the witnesses hold the microphone close to their mouth so that we can hear them at a normal level.

Chairman BOREN. That's a good point. These microphones are adjusted so that you have to be within three or four inches of the microphones in order to be picked up, so I would ask all of our witnesses to speak very close to the microphones.

Senator BRADLEY. Mr. Chairman, because I know that our microphone technology is primitive here in the Senate.

Chairman BOREN. We welcome your testimony, Mr. Goodman. We will hear the testimony of all six of the witnesses and then I would ask that you rejoin us as a member of a panel for questioning to all of you from Members of the Committee. We welcome you. We received your testimony already in closed session, and as we indicated at that time we felt that these are issues important for the American people to hear as we debate the future as well as the past of American intelligence. We appreciate your willingness to be with us again this morning.

TESTIMONY OF MELVIN A. GOODMAN, FORMER DIVISION CHIEF, OFFICE OF SOVIET ANALYSIS, CENTRAL INTELLIGENCE AGENCY

Mr. GOODMAN. Thank you very much, Mr. Chairman.

I want to say at the outset that I want to thank the Committee for the opportunity to address this very important issue of the politicization of intelligence. I also want to make the point that I am speaking on behalf of so many of my colleagues still at the Agency who share these views regarding the need to protect the ethics of the intelligence process. And, finally, I want to thank the Committee for the opportunity to discuss these issues in public. For too long the CIA has hidden behind a wall of secrecy not to protect legitimate assets or legitimate secrets, but to protect its reputation. I feel this has complicated our efforts, the CIA's efforts, to recruit the best brains in the country. And I also feel that it has created a public perception of the CIA's disregard for law, morality and public disclosure. I might add that I was very active in CIA's efforts to correct that preception—speaking on campuses, giving papers at academic conferences. The record will show that no Agency officer probably spent more time and was more active in that regard.

I also want to point out that I agree with Admiral Stansfield Turner, a former DCI, that the Agency owes the nation a better understanding of its mission and its activities. And if you'll permit me, I would just like to briefly describe my own background because it's important to understand my vantage point in being able to critique Bob Gates' performance as both an analyst and a manager.

I received my Bachelor's Degree from Hopkins in Diplomatic History and a M.A. and Ph.D. from Indiana University in Diplomatic History. My dissertation was on Soviet-American relations. I joined the CIA as a junior analyst in 1966. I was on the SALT I delegation as an intelligence adviser in '71 and '72, and I taught at the University of Connecticut in 1972 and 1973. I was with the State Department's Bureau of Intelligence and Research from '74 to '76. I returned to the Agency in 1977. I became a Branch Chief for Soviet foreign policy, a Deputy Division Chief from '79 to '82—also for foreign policy—a Division Chief for Soviet Foreign Policy in '82 to '85, and a senior analyst for Soviet Affairs in '85 and '86. I was sworn into the Senior Intelligence Service by Bill Casey in 1982 and promoted in the Senior Intelligence Service by Dick Kerr in 1984.

I must say that there has been some confusion with regard to the circumstances of my departure from the CIA and I'm going to take a few minutes to explain that.

In 1985, I was told privately by the Director of my office that Bob Gates had ordered my removal from my managerial position in SOVA. I was not the only one to be removed. There were three of us. One was considered too soft on Soviet-Third World relations. One was considered to have too bleak a view on the Soviet economy. And one was considered too apologetic on Soviet-American relations and arms control issues. This letter or memo also designated likely people to replace the three who were to be ousted.

At this point I became a senior analyst to the Director of the Office of the Soviet Analysis for Soviet Affairs. I was very productive during this period but I did seek the first good opportunity to leave SOVA.

In 1986 I was named to the National War College faculty. I consider the National War College one of the most unique teaching opportunities in the country. And one of the most challenging opportunities due to the presence of the best and the brightest in terms of military officers at the colonel level and Foreign Service Officers at the FSO 1 level.

It is a very competitive place with constant debate and great discussion. I received civilian awards from the DoD during this period and previously no agency official was ever given a four-year tour at the National War College. My evaluations at the National War College will document my high standing there. Just as my personnel record at the CIA will confirm my high standing there. You are certainly welcome to examine all of these records.

I only provide this detail because my position offered this excellent vantage point to work along side of Bob Gates and for Bob Gates over a long period of time. From 1988 to 1990 while I was still at the National War College, the CIA made numerous efforts to get me to return. In 1988 I was offered the job of Division Chief for East European Affairs.

In 1989 I was offered the job of Deputy Group Chief for Soviet Political-Military Affairs. In 1990 I actually became the Director of the Center for the Study of Intelligence for short period of time.

Nevertheless, in 1990 I resigned from the CIA to join the National War College Faculty on a permanent basis. When I did so, I carried my complaints about politicization to the DDI and the DDCL. I never carried them anywhere else, although I had spoken to the Inspector General on earlier occasions.

At the National War College I am Director of their Geostrategic Program. I teach courses on Soviet foreign policy and domestic policy and I direct the annual National War College trip to the Soviet Union. I've written books on the Soviet Union, numerous articles and op ed pieces.

Why did I leave? Why did I leave the CIA? I left because of politicization. And I must state at the outset that I agree with John McMahon that the integrity and the objectivity of intelligence is central to the mission of CIA. Second, I would like to say at the outset that I agree with Bob Gates that slanting intelligence would transgress the single deepest ethical, cultural principle of the CIA. Indeed I would argue that the CIA was constructed to protect analytical independence. And I certainly agree with the Acting Director of the CIA, Dick Kerr, who has stated that the Agency's strength is its ability to produce intelligence that represents the entire Intelligence Community.

Indeed, it is because intelligence data is subject to interpretation and because policy departments have their own intelligence bureaus and their own policy agendas that the CIA was established as the one place where objective analysis could be done without fear or favor.

That explains, for example, the need to separate the Directorate of Operations and the Directorate of Intelligence. After all, the Directorate of Operations is part of the policy process. Covert action is policy, operational policy, and the Directorate of Operations should not be able to influence the Directorate of Intelligence, which could lead to the slanting of intelligence to support covert action.

Moreover, I strongly believe that any effort to subvert the process of independent analysis—that is politicization—can lead to the loss of life as in Vietnam, to national embarrassment as in the Bay of Pigs, and to national tragedy as in Iran-Contra.

Now I can understand the country's desire to put Iran/Contra in the background and I can certainly understand the Congress' desire to put Iran/Contra in the background. But it should never be forgotten that the actions and the policies of very few people in government, including the CIA, led to the sale of arms to the same Iranians who held U.S. diplomats hostage for more than a year, and were linked—and we know this from intelligence sources—to the murder of more than two hundred Marines in Lebanon, the savage bombing of the U.S. Embassy in Beirut, and the death of a good friend, Bob Ames. I can assure you I won't forget and my colleagues at CIA and the National War College who sacrifice their lives for this country will never forget Iran-Contra.

One additional point before I begin. I have never said, I have never claimed and I will never write that Gates politicized all

issues that the Directorate of Intelligence had to deal with. Bob Gates is correct with regard to the fine work of some of my former colleagues on such issues as the Philippines, Lebanon and Soviet strategic forces.

These issues were not targets of Casey's politicization. And therefore they may have been protected from efforts to corrupt the intelligence process. There were two primary targets for politicization. First, nearly all intelligence issues connected to covert action; that is, the operational commitments that Casey had made regarding Iran, Nicaragua and Afghanistan. All those issues were politicized.

The second area concerned Casey's other major concern. His world view of the Soviet Union; that is, the Soviet Union as the source of all U.S. problems in the international arena. Casey seized on every opportunity to exaggerate the Soviet threat. This included the case for Soviet involvement in the Papal plot, international terrorism, and Soviet-Third World relations, my own area of specialization. All those issues were politicized.

Gates' role in this activity was to corrupt the process and the ethics of intelligence on all of these issues. He was Casey's filter in the Directorate of Intelligence. He protected Casey's equity in these issues. And as the memo calling for the bombing of Nicaragua showed, he pandered to Casey's agenda. There were other memos of this type that maybe you have not seen. I remember one calling for military force against Libya to, quote, "change the map of the region," unquote.

Gates' other contribution was to ignore and suppress signs of the Soviet strategic retreat, including the collapse of the Soviet empire, even the Soviet Union itself. I will address that in my conclusion. Let me describe what I mean by politicization so I can give you some context for this charge, because I still don't think it's properly understood. And then I want to give you definite, direct examples of Gates' role in politicization.

I'm going to deal with politicization in terms of five issues:

One, the imposition of intelligence judgments without adequate evidence, often over the protests of the consensus in the Directorate of Intelligence and even in the entire Intelligence Community.

Two, I will deal with the suppression of intelligence that didn't support Casey's agenda or Gates agenda.

Three, I'm going to talk about the use of the Directorate of Operations to slant intelligence of the Directorate of Intelligence.

Four, I'm going to talk about the manipulation of the intelligence process that existed for forty years to protect dissent, to protect differences of opinion, to protect differing views and to protect the ethics of intelligence.

Five, I will talk about the manipulation of personnel or what I call judge-shopping in the courthouse, finding someone to do your bidding, to write your analysis, to reach your conclusions. That was how the Papal Plot memo was written. That's how links were suggested between drug dealers and international terrorists. That's how Soviet aircraft losses in Afghanistan were exaggerated, especially losses to STINGER missiles.

I might add that there were other agencies that had problems with these issues with regard to CIA analysis during this period. And it would be interesting to get the testimony of other intelli-

gence agencies with regard to their views of what the CIA was producing at this time.

I'm going to start with my first charge, the use of the Directorate of Operations to slant Directorate of Intelligence analysis. I will be making a very important charge. And I know it's a very serious charge. I believe that the CIA was responsible for providing the NSC and even the President with misleading and false information on a sensitive issue.

As you well know, George Cave, from the Directorate of Operations, joined Robert McFarlane on the trip to Iran in 1986. Upon returned he was allowed or encouraged to do several things. One, he sent a typescript memo to the White House regarding Iranian politics. This memo was never coordinated in the Directorate of Intelligence. The memo argued for the fact that there was a moderate faction in Iran that wanted to establish contacts with the United States.

Two, he sent Directorate of Operations reporting along with the PDB, that is the Presidents Daily Brief, to the President. These reports were at variance with the views of the Directorate of Intelligence and the senior analyst on Iran with regard to whether or not there was a moderate faction in Iran.

Three, he was allowed to brief the NSC on the basis of these reports. He was given a special channel to the White House and the NSC.

Also, I might add that the NIO for Counterterrorism, Charlie Allen, sent a memo to the NSC stating that moderates were eager for improved relations with the United States and that they were in sufficient charge to carry this policy out.

Five, the NIO for counterterrorism briefed the NSC on Iranian attitudes toward the United States. Again, the analysts of the Directorate of Intelligence were not consulted.

Now all of the activity that I've cited thus far was not coordinated within the Directorate or Intelligence. It was at variance with the views of the Directorate of Intelligence and with the entire Intelligence Community, especially with regard to the existence of moderate factions in Iran wanting contacts with the United States.

I believe—this is my opinion—that this was a conscious attempt to provide uncoordinated information to the NSC and even the President in support of operational activities. This effort had devastating consequences. It violated the ethics of the Intelligence Community and it may mean that when President Reagan said that he thought he was dealing with a moderate Iranian faction with interest in dealing with the United States he was acting on the basis of false CIA analysis.

So a question remains. Was the President himself a victim of CIA misinformation or even disinformation? I direct your attention to a ten-page memo, now de-classified, that describes this activity in detail with regard to a small group of agency officials who ignored the Directorate of Intelligence and in the process misinformed the President.

The lesson in this is that when you intentionally disrupt or even corrupt the processes and the integrity and the ethics of the DI you run the terrible risk of providing incorrect analysis to senior officials on very sensitive issues. Gates clearly did not protect our

system nor our ethical standards and did nothing in response to the ten page memorandum. He had no reaction, according to the author of this memo, and reportedly he called the drafter a "whiner" who complained of being out of the loop.

This was Gates' reaction to one of the most egregious misuses of the Directorate of Intelligence that I've encountered in nearly twenty five years at the Central Intelligence Agency. In other words, Gates, who has written eloquently about the importance of CIA's ethical principles, made no effort to stop the corruption of the central mission of the CIA—to present informed intelligence to policymakers, especially the President.

I'd like to make one footnote here. In Gates' testimony to the Tower Board on January 1987—you'll find it on page 39, in response to a question from General Scowcroft—he said that you will find no one in the Intelligence Community who will say there are moderates in Iran. Scowcroft asked, are you speaking for the Intelligence Community? Gates said yes, it was Iran and Israel that fed the notion.

What I am saying is that the CIA also fed the notion. The Directorate of Operations of the CIA, the Counterterrorism Center of the CIA and the NIO for Counterterrorism were feeding this notion.

My second charge deals with the imposition of intelligence judgments without persuasive evidence. I could cite many issues of this but I would like to emphasize the worst that I know of—the Papal Plot, the so-called case for Soviet involvement.

John McMahon told this Committee that Casey wanted to find the Soviets guilty of the plot, and this is true. He also told this Committee that there was no evidence linking the Soviets to the plot. And this is true. In fact, there was very good sensitive DO evidence that suggested and indicated the Soviets were not linked. This evidence was not reflected in the 1985 memo, and I can discuss it in closed session.

Gates told this committee that Agency work on the Papal Plot was haphazard and that the DO put little effort in collection. That is false. He has also argued that the DI was too cautious. That is also false. The DI stuck to the evidence and I direct your attention to the 1983 memo on the Papal Plot done by a senior analyst which concluded there was no evidence linking either the Soviets or the Bulgarians to the Papal Plot.

In any event, the point I'm trying to make is that there was pressure throughout to produce an assessment implicating the Soviets. Pressure on me to do so but the evidence wasn't there. But four years later, four yours after the Papal Plot, a weak DO report—and DO officers acknowledged personally to me that they would not have issued that report, because the sourcing was so bad, and we can discuss that in closed session—but that because there was such high-level interest in the subject particularly on the part of Bill Casey that they felt they had to issue the report.

In any event that report led Bill Casey to direct Bob Gates to write the case for Soviet involvement. The Office of Global Issues was given the task originally and ultimately SOVA was brought in, that is, the Office for Soviet Analysis, to create a team, in camera, to make the case for involvement. Thus, a secret team prepared, essentially, a secret study.

Now the sources did not deserve such sensitivity or compartmentation, but we can save that for closed session. The point I want to make here is that the intelligence was just not that sensitive. Most of it was based on Agca's public trial in Italy. Agca, I might say is well known as a liar and a dissembler.

In any event, the assessment was terrible. The scenario was far-fetched. The analysis was tendentious. That was my view at the time when I fortuitously found out about the estimate, and it's also my view now after examining two in-house studies that were done of the assessment.

The important thing here is that when Gates received the assessment, he was not satisfied with it. In fact, the senior Soviet analyst told me that she tried her hardest to give Gates what he wanted but it still wasn't enough. After all, I might point that out her assessment did at least note the inconsistencies and the anomalies in the evidence. And that there was a reference originally to these inconsistencies in the Key Judgments and the Summary in the original draft.

Senator D'AMATO. Mr. Chairman, I am wondering, at this point could we ask who that senior Soviet analyst was to whom you made reference? What that person's name is?

Senator BRADLEY. Mr. Chairman, are we going to have questions or go through?

Senator D'AMATO. Well, I would just like that clarification, that's all.

Senator BRADLEY. Mr. Chairman, you know, I have a lot of questions, too.

Senator D'AMATO. Well, I haven't asked a question. I'm wondering if we could get the name, that's all. Point of clarification.

Chairman BOREN. If Mr. Goodman wants to clarify the name, he may. Otherwise, let's proceed and hold our questions. If you'll just make notations of names you want to go back into, then we'll ask those during the question period.

Mr. GOODMAN. I don't mind mentioning names as long as people aren't under cover. But I think I would like to complete my statement.

Chairman BOREN. Let's allow all the witnesses complete their statements and then if additional clarifications are desired by members of the Committee, we'll do so. I'm afraid if we start down this path we'll have too many interruptions. Mr. Goodman you may proceed.

Mr. GOODMAN. The important thing to me is that these inconsistencies in the argument were dropped from the Key Judgments and the Summary and I believe that Bob Gates was responsible for that fact.

It's also important that Bob Gates, I believe, dropped a scope note that was written for the assessment that noted the limits in the methodology, especially the failure to examine the counter-arguments, that the Soviets may not have been involved. Bob Gates, however, added his own cover notes to the assessments. And in at least one case, a cover note I'm familiar with, said, and I quote, "This is the most balanced and comprehensive work on this subject ever done," unquote.

In fact, two in-house studies noted numerous flaws in the paper. I'll summarize some. I just want to add that I perceived these flaws when I initially read the paper. All of the in-house studies just confirm my original analysis. But I do direct your attention to the studies. I do have one concern, however. The Committee has declassified one of those studies and I wish you would de-classify the other one. It is not sensitive in terms of sources and methods. I think if you remove several sentences and I can help in that process, the entire text can be declassified.

Chairman BOREN. It is declassified and it is in the briefing books.

Mr. GOODMAN. I don't have it. The Cowey Memo?

Senator BRADLEY. Mr. Chairman, I understand the summary is declassified but not the report.

Mr. GOODMAN. The summary is not good.

Chairman BOREN. It was all provided I'm told to members last night.

Senator BRADLEY. The whole report is declassified? And available?

Chairman BOREN. I'm told that it is, yes.

Mr. GOODMAN. Thank you very much. I was not aware of that, Mr. Chairman.

Chairman BOREN. The full report is provided.

Mr. GOODMAN. I'm sorry. The important thing is that these two in-house studies are very important documents. They show that alternative explanations were never examined. They show that the seventh floor management—that is, Bob Gates—overwhelmed the analytical line of the piece. They show the lack of balance in the assessment. And they show the poor sourcing, and I think there is a reference to the poor use of sources.

I might add, from my own contacts in April 1985 when I learned about the paper, I made my own calls to DO officials and DI officials, both at the analytical level and some at the managerial level. And they told me they distrusted the paper, particularly its use of sources.

Now the important thing here to understand is that this episode and how we learned about this episode all contributed to at least a perception of politicization in the DI. Analysts believed there was politicization.

Now I want to deal with my third charge regarding intelligence on Iran which I believed involved every instrument of politicization.

Let me introduce this subject by providing some context. From 1981 to 1985, the Directorate of Intelligence, that is, the analyst in the Office of Soviet Affairs and the analysts in the Near Eastern Office developed rather strong analytical positions on several key issues. Iran support for terrorism was significant. Iran's political scene did not include a moderate faction seeking ties with the United States. The Soviet position in Iran was in decline. Soviet arms sales were declining significantly. I might add that in 1986 there were no Soviet arms deliveries to Iran.

The important point about all of this is that this analysis was based on very strong evidence. Now one thing is certain and can be documented. The CIA changed its analytical position on all of these

views during a very important period. We're talking about mid May 1985, before the delivery of HAWK missiles to Iran.

I think it is also important that the views were changed without a strong evidentiary base, and over the protests of the senior analysts, particularly in SOVA. I find it is also interesting that in 1986, after the disclosure of many of these events associated with Iran-Contra, the CIA then reverted to the old line it had consistently established from 1981 to 1985.

I will now present the facts. They are all documented to show this tergiversation. But I feel compelled to add my personal opinion that the switch was designed in one way or another to support the arms sales to Iran. In any event, we are dealing with politicization. And we are dealing with Bob Gates' lack of candor with this Committee.

Now, I've already explained the role of George Cave and Charlie Allen and the special channel to the NSC and even the President which delivered incorrect information on Iran. I've stated how this channel circumvented the DI. Let me describe a 1985 estimate which changed several important analytical lines on the Soviet Union and Iran, ignored many trends and ignored much evidence that showed the Soviet role, its influence, its arms sales to Iran, were in decline. I might add that this was the view of the entire Intelligence Community.

Now, Gates has told this Committee that he was unaware of dissent, and he has told this Committee in his '87 testimony that there was no dissent. There were no footnotes. And that the DI, his own Directorate of Intelligence, had the opportunity to do both. In fact, Gates suppressed dissent. And he even strongly pressured one agency, the State Department's Bureau of Intelligence and Research, not to take a footnote. I think he also strong-armed his own Directorate of Intelligence.

Now there were two views. The view of one individual, the NIO for the Middle East; and the view of the Intelligence Community with regard to the chances for Soviet influence in Iran. The NIO felt there was, indeed believed, there was a good chance for Soviet influence in Iran. The Soviet analysts in the DI and the rest of the Intelligence Community supported the view that the Soviet Union had problems in Iran, influence was down, assets were down, and they had already tilted toward Iraq and would protect that position.

I believe that the NIO for the Middle East has conceded that the SOVA analysts did feel a great deal of pressure and that there was an effort to create a high impact scenario, even if it was an unthinkable one at that time.

Now, never mind that it was wrong and ignored the evidence and never mind that it was a minority one, a view of one man. But it was done in order to sound an alarm. But it was done to sound, what I think, was a false alarm. Now, it's worth recounting this in view of the letter that Bob Gates sent to you, Chairman Boren, in 1987 when he said that there was no dissent from any agency and that the integrity of the intelligence process was preserved. Actually, the analysis on Soviet and Iran was changed. And it was done without good evidence.

Now, on the eve of the HAWK delivery to Iran, there was another important analytical argument that was changed. This one regarding Iran's support for terrorism. Bob Gates has written in the Washington Post, in November 1987, in Foreign Affairs, in the winter of 1987-88, and in Studies of Intelligence, which is an in-house CIA publication—in all three places he used the same exact language—that few people in the CIA believed that Iran's support for terrorism was down and that no CIA publication ever said so.

In fact, the CIA's Product Evaluation Staff, which reports to Bob Gates, concluded in late October 1987 that at least three publications said Iran's support for terrorism was down, and termed it, and I quote from their report to Bob Gates, that "this was a marked discontinuity in the analytical line. And even worse, no apparent evidence was cited explicitly or implicitly to justify such an abrupt departure."

Now, let me just review the bidding. At the same time all of this was going on, you have the Counterterrorism Center briefing this message to the NSC. You have the NIO for Counterterrorism, Charlie Allen, doing the same. And once again, I think this is important, neither the DI nor any other intelligence agency agreed with these views.

Now, finally we have the Fuller memo that made the case for lifting the arms embargo against Iran in order to pre-empt the Soviet threat, or what he perceived of as a Soviet threat to Iran. I personally believe this is dangerous policy advocacy, but I don't want to get into that issue now.

Now all lines of analysis were pointing in the same direction at this time in order to support the decision to supply arms for Iran. This was maybe intentional, maybe unintentional. But the point I want to make is that in the case of the estimate in '85, you have cases where you overstate and misstate the Soviet role in Iran and you ignore dissent.

In the question of Iran and its support for terrorism, you have a changed line. Iran's support for terrorism was not down. In the case of George Cave and the NIO for Counterterrorism, you're making a case for a moderate faction wanting U.S. contracts. Again, no analyst believed this.

And finally you have the Fuller memo with regard to lifting the arms embargo.

Now just to sum up this point. I think that this swerve in analysis in the estimate on Iran and the intelligence on terrorism and the view with regard to the moderate faction were all cases of politicization. That is my opinion. I believe that Gates suppressed dissent in the estimate. I believe that Gates then did allege falsely in the letter to Chairman Boren in 1987 that he had protected the process.

Now what I also believe is that the key players in all lines of intelligence were brought to bear to support arms sales to Iran. Yet I find it interesting that in Gates' own testimony to the Foreign Relations Committee in 1987 he completely ignored this swerve in the intelligence. Even though he had a contribution from the Office of Soviet Affairs that described this swerve. And I think you have documents to support what I am saying here.

Let me make one footnote. George Shultz, at the Iran-Contra hearings, said that he had grave doubts about CIA intelligence. This Committee asked Bob Gates what he thought Shultz meant when he made that statement. Gates told this Committee that he thought Shultz was talking about the Philippines and Lebanon. In fact, Shultz said he was talking about Iran and terrorism. And we know that he told the President the same message.

Let me make one slight footnote here about misinformation as opposed to disinformation. I think this is important, not for the Committee certainly, but for the public that is watching what will become a debate on these issues.

Disinformation is a very serious charge. I know that. And I hope that what I have been describing was not disinformation. In the intelligence lexicon, there are several terms that describe inaccurate reporting. One is misinformation. That is simply information that is misleading or false. There may or may not be an intention to deceive.

Disinformation, however, is information known to be wrong, but is intentionally disseminated for some specific reason.

Now, I don't know the motivation for sending misleading and inaccurate information to the White House. It may have been an honest mistake, stemming from the strong convictions of Charlie Allen and George Cave, then working for Col. Oliver North on the shipment of missiles to Iran. In that case, the action was certainly one of serious misjudgment and corruption of the intelligence process, with the disastrous results that I have already noted.

The testimony of Robert Gates before the Tower Commission suggests, however, that the motivation may have been more manipulative. Mr. Gates stated that no one in the intelligence community believed there were moderates in Iran willing to deal with the United States, and that such a notion was being advanced only by the Iranians and the Israelis. In fact, as I have mentioned, such a notion was also being advanced by Mr. Allen and Mr. Cave in their communications to the NSC and even to the President.

If, in fact, no one in the Intelligence Community believed that notion, it is possible that disinformation was being passed to the President.

Now, I would like to deal with the suppression of intelligence. In some ways, I consider this just as important as my previous examples because it deals with all the things, all the analysis, we were never permitted to say. We are talking about the intelligence the policy makers never got. Trends that were never reported. Data that was suppressed, particularly with regard to Soviet retrenchment and retreat.

I must say that I have read very carefully Senator Moynihan's remarks about the CIA intelligence failure. And I am stung by those remarks. I think he is right. I think there was an intelligence failure. But I hope one day I could sit down with Senator Moynihan and have the opportunity as a professional intelligence officer to discuss all of the evidence we had on those issues and all of the evidence we could never report.

Now I know this area best because it is my area of specialization. That is Soviet Foreign Policy and Soviet-Third World relations. In 1982, I wrote a National Intelligence Estimate in which I assessed

Soviet strengths and weaknesses in the Third World. But I did conclude that there was tenuous evidence of a Soviet retrenchment and that the Soviet drive to expand may have reached its limits, due to the costs, due to the returns, due to the risks. I got a 1982 memo from Gates that killed the draft, but I think it is worth reading because it showed Gates' approach to the problem. His emphasis on ideology and his belief that Soviet-US relations were secondary to the Third World for Moscow. The fact that, according to Gates, the Soviets had unlimited political and military assistance to offer the Third World. The fact that the Soviets had tactical creativity in the Third World and that the Soviets had larger Soviet imperatives and motives in the Third World. All of that was in the Gates memo.

Let me just digress for a minute—please permit me this. The Gates' view in 1982 may indeed have been the conventional view for many people. But to hold that same view in 1985 when Shevardnadze became Foreign Minister of the Soviet Union; and to hold it in 1986, when Gorbachev went to the Party Congress and talked about the bleeding sore in Afghanistan; and to hold that view in 1987, a year that saw the purge of the military and the INF treaty; to hold it in 1988 when Gorbachev announced the withdrawal from Afghanistan and then at the UN in a shocking speech, announced his unilateral cutback of soviet forces; and to hold that view in 1989, when we saw the election of the Congress of People's deputies and the withdrawal from Vietnam; and to hold that view in 1990, when we saw the beginnings of a political revolution in the Soviet Union—this suggests a fixation. Not a line of analysis.

Now let me go on with the point I wanted to develop.

In 1985, my senior analyst on this subject and a scholar in residence from the State University of New York, returned to the same subject of the Soviets in the Third World. Now this time they did a study based on very hard information that we were not getting, that looked at the indicators of influence—and I think methodology is very important in this process and we were following the methodology of Professor Alvin Rubinstein of the University of Pennsylvania, who has written a very good book on how to assess Soviet influence in the Third World—we looked at indicators of military aid, economic aid, Soviet advisors, ship days in out of area waters, and all of these indicators were either stagnant, some were even dropping. And that was the reason for writing the paper. We thought we had an important message to say in 1985. We thought we had good evidence.

Now the paper was killed. What is interesting is that a year later, Bob Gates wrote in the Washington Times an article called "War By Another Name"—and remember that Gates told this committee that all public remarks were submitted to DI analysts and that his remarks followed the intelligence views of the CIA—that the Soviets were targeting the oil holdings in the Middle East, the Panama Canal, the minerals of South Africa. Now there was no evidence, no good evidence that you could cite to support these charges.

The point I want to make is that I am not aware of any DI analyst who ever reviewed this piece for the Washington Times, and it certainly didn't follow what the CIA was saying in any product out

of the DI on the Soviets in the Third World. Now this same article also talked about Soviet links to the terrorist activities of Syria, Libya, and Iran. Again, we did not have good evidence of such links. This article also advocated the use of military power in the third world.

My opinion is that no agency official at any level should ever get into policy advocacy. But what I find interesting in all of this is that in 1982, when my estimate was killed on the Soviets in the Third World, this was followed by a Wall Street Journal Op-Ed piece by Bill Casey, making the case for the Soviet threat in the Third World. And then in 1985, you get another paper killed in the Directorate of Intelligence, and this was followed within a year by Bob Gates's article in the Washington Times.

Let me digress just for a second to give to you one personal experience. In the mid-80's, I was briefing someone on Chet Crocker's staff—Chet Crocker of course is the State Department official who negotiated the cease fire in Angola—and in talking to members of Chet's staff, I always took the view based on evidence, that the Soviets would be cooperative in his efforts. I basically made the case for Soviet cooperation.

These views were met with disbelief. And I'd say, why are you so shocked, and his response was, but you don't write any of this in your products. And I told him we can't get this kind of line out. It is very difficult to publish this line of analysis.

Now, let me look at other areas of suppression of intelligence. We tried to get out a piece in the Office of Soviet Analysis, to make the case for why the Soviets would not deliver MIGS to Nicaragua.

On one of these episodes, we received a note back from Bob Gates, who killed the article, that it would be, quote, "unhelpful to lead with our chins on this issue," unquote. Now I only say this because General Schwarzkopf noted not too long ago, that he had certain difficulties with the intelligence he was receiving. And he said what he needed was the best guess of the Intelligence Community. Policy advisors, military officers, know that they are getting the best guess. But they want that. I think that is what we are there to do. The problem was, and why I consider this politicization, is we were always allowed to give our best guess when the Soviets were involved in one nefarious activity or another, but we couldn't even guess at all when it meant that there were signs that the Soviets maybe were being conciliatory, or moderate in some fashion.

I can tell you this same story with regard to a paper we did on the military limits of the Mujahadin. We were told this paper was too journalistic, even though other agencies were writing on this issue and getting it correct. Now we couldn't get this view out in the Directorate of Intelligence because I think—this is my opinion—it appeared to disagree with Gates' line that the Mujahadin would be getting more aid, they would be doing better, and as Gates said in his memo to me, that the Soviets, quote, "would have to consider more seriously more dramatic action," unquote, in Afghanistan.

We were arguing at the time that there was a case to be made for Soviet constraints in Afghanistan. And I might add that the Soviets did not add any troops to their presence after 1984 when we

were arguing this case. We just couldn't get this story out. We couldn't publish this kind of evidence.

Now this was true also with regard to Soviet problems in Africa. And I will give you a personal example from 1981. This was before Gates joined Bill Casey's staff—he was still the NIO for the Soviet Union. At that time, he commissioned an assessment on Soviet policy in Africa. I didn't believe the assessment was a good one. I had to go to the meetings for coordination because I was the DI representative to the coordination process. And I thought it was only fair to go to the drafter to give him some advanced warning that I was going to have some problems at the meeting. I thought the paper had ignored evidence that the Soviets were having their own problems in Africa. The analyst who drafted the paper said your problem isn't with me. I was just, quote, "a hired gun" on this paper. I asked, who hired you? He said, Bob Gates. I took my problems to Bob Gates. This was the first encounter I had with Bob Gates, someone who I have known since 1968. The first encounter with Gates on integrity and the intelligence process.

There was an angry exchange. It is not necessary to go into that. The important point I want to make is that when we got to the coordination meeting, even though some changes were made in the coordination process, at one point in these deliberations, Bob Gates says that this is the paper that Casey wants, and this is the paper that Casey is going to get.

One final example of suppression and manipulation. And I cite this one, because politicization is such an insidious process. It is hard to track. In July 1986, Gorbachev announced at Vladivostok that the Soviets would be withdrawing 6 regiments from Afghanistan. In September '86, the DI was getting evidence that actually 6 regiments were going into Afghanistan. In other words, we were dealing with what looked like a sham withdrawal. Indeed they were taking 6 units out, but they also appeared to be introducing 6 new units. The analyst wrote this for the National Intelligence Daily. That is the premier publication of the Directorate of Intelligence in that it is our serialized publication and it is coordinated with other agencies.

This view was blocked from the National Intelligence Daily and the manager of the product was told we can't run this. We need more indicators. We can only write with information. Therefore, there was a delay. More indicators came in, another item was submitted, again it was blocked. And the message we got from the leadership was that to run this item now would show that the Soviets can't be relied on in arms control negotiations. Now this wasn't Bob Gates who was involved in this. The point I am trying to make is that in October 1986, all of this activity with regard to the withdrawal of forces and the introduction of forces, had already been leaked to the press before the CIA ever even reported on it. The lesson here is how insidious politicization can be, in that anyone can resort to it, if he wants to, to protect his, or her, own agenda.

Now I want to talk about the manipulation of the system. What I call judge shopping in the court house, because you can always get someone to do your bidding in a situation such as this. Let me tell you one anecdote. A senior analyst was called in by Bob Gates and told that Bill Casey wanted a memo that would link drug dealers

to international terrorists. This senior analyst looked at the evidence and couldn't make those conclusions. The evidence wasn't there. He was told to go back and look again. He did that and said the evidence wasn't there. Gates took the project away from him and gave it to another analyst. I believe there is an ethical issue here.

In 1987, Gates at Princeton said that estimates were never seen by the DCI before they were published. That's false. It was true before Bill Casey arrived at the CIA, but it was false to say that in the 1980s because Casey and Gates introduced unprecedented measures that changed the process of how we prepared estimates. For one thing, we had to clear terms of references and drafts that went out to other agencies before coordination. In other words, Bill Casey and Bob Gates had a very early opportunity to weigh in on a particular estimate. We were also told individually—I was told, others were told, I can provide you names of people who can provide other examples—that the DI could not take footnotes to certain sensitive estimates. It is also true that during this period, from about '83 to '86, the Gates chaired both the Directorate of Intelligence and the National Intelligence Council. In other words, he has the filter for all intelligence analysis that came out of the CIA.

Now I still believe that the international terrorism estimate in 1981 was an example of politicization. I am not going to develop that now, it is important however because that was the estimate in which Bill Casey really cut his teeth on us. That's when he really learned a lot about us and we learned a lot about him. The important thing is that I was told personally by the chairman of the National Intelligence Council, during the process of writing this estimate, that we're operating under constraints.

Let me add one point here that I think is important in dealing with what I consider exaggerated analysis or even misinformation put out by the CIA. I think there were 3 classic instances where there was misleading agency analysis which I think—this is my opinion—placed a terrible burden on US policy makers and even created an ethical issue. I have already discussed the papal plot. I could discuss international terrorism in this same light. But I want to add a new issue. And that was the one of yellow Rain. In some ways, it is similar to international terrorism in that you had a charge from Secretary of State Al Haig, without evidence, that the Soviets were responsible for the use of chemical agents in Southeast Asia.

The DI, the Directorate of Intelligence, provided much of the misleading information on this subject. The important thing is that the intelligence was issued and that embassies in Southeast Asia were encouraged to spread this line about Soviet use of chemical agents.

The embassy in Bangkok—that is our embassy in Bangkok, didn't believe this charge. They set up their own investigation, they found no evidence, and they merely stopped making the charges they were directed to report regarding Yellow Rain and the Soviet use of chemical agents.

Now, finally, let me talk about the personnel problem at CIA. I don't have a lot to add to documents that I think you have in your own record. It's all in the Inspector General Reports, and it is all in

the management surveys and I think you have seen those surveys—you have them all. I think they show, on the basis of what I have given to the IG, and what I know is in those reports from others who have talked to the IG, that it shows a history, a record of ethical abuse and politicization.

I might add that I don't think the worst of it is in those reports. I was told personally that the worst of my charges did not go into the reports because it was considered too sensitive, but I was told—to be fair—that they brief this message to the DI orally. So that the message may have gotten across. All I am saying is when you see the Inspector General reports you are not seeing everything.

I would like to add two points however on the issue of personnel policy. Each example of politicization—and I know this first hand from dealing in the Directorate of Intelligence—led to a great deal of self-censorship by the analysts. The perception was held by many good analysts, senior analysts, that certain evidence was going to be ignored by the 7th floor if it did not suit a certain 7th floor policy agenda. And I think this self-censorship gets into the insidious nature of politicization.

I want to just point out one other issue. We lost a lot of good senior people in the Directorate of Intelligence because of this activity. I think we lost our best people. Some of our best people are working now for other intelligence agencies. I've already circulated a list to this Committee of the tremendous seniority of Soviet analysts up to 1985 in the Office of Soviet Analysts and the very inexperienced analysts and manager who now work there.

I think this exodus of analysts is important. I think the fact that there is almost an analytical diaspora out there, throughout Washington and the academic community, is very important. These are people who are fed up. These were people who felt an ethical dilemma. I know each one of them. I have talked to everyone of them. I think there is a waste of government resources in the fact that this has happened.

Let me tell you about one anecdote of someone who has stayed behind, who is still there. One day he wrote a piece that apparently attracted a great deal of anger from the management of the Office of Soviet Analysis. This was recent. This was in the last year. He was called in by his supervisor and told, and I quote, "You know, this isn't a democracy we are running here. Your job is to know the message the office wants and make sure the analysts get it right," unquote. This kind of thing is what gets people to leave the CIA. This is the kind of event that leads to the loss of very good people—very experienced people—very senior people.

Now, what are the implications of all of this? Frankly, I find this history distasteful. I find my own recollections distasteful. I don't want anyone on this Committee to think that I get any satisfaction whatsoever out of bringing any of this to you. I might add that I did not come to the Committee; the Committee came to me. I might also add that I have spent my entire professional life in government service, and I am proud of that fact. I've spent nearly thirty years in the United States Army, in the State Department, the CIA and the Department of Defense. I learned the culture and the craft of intelligence from people I respect, admired and took very seriously—people like Sherman Kent, Ambassador Llewellyn Thomp-

son and William Hyland. Those were my mentors in the intelligence business. And I take the intelligence business very seriously—both its ethical dimensions and its analytical dimensions. I firmly believe that intelligence has a very special role to play in our government. I firmly believe that intelligence must have an ethical compass. Indeed, the very seal at the CIA states “Seek Ye The Truth.” This motto goes right to the heart of the professional ethic of the intelligence officer.

Now, I have no idea frankly what you may think of the work we do, but I want to assure you that our standards are high and we believe that our only unique contribution is in terms of independent analysis done without fear or favor.

Now the fact has been expressed here by some that Gates lacks strategic vision in his own area of expertise—that he missed the strategic retreat of the Soviet Union, the collapse of the Soviet Union. Now that’s important, and I’m not gainsaying that—that’s very important. The fact that Gates was more often wrong than right, especially when he substituted his own judgment for the view of his analysts is also important. The fact that policymakers missed data, they missed trends, they missed analysis on trends that led to missing an historic opportunity with the Soviet Union, and certainly led directly to the sad venture in Iran, of course that’s important.

But what I think is most important and most offensive is that Casey and Gates arrogated to themselves the power to make intelligence judgments; that they had contempt for a process designed to allow independent analysis; that they damaged the integrity of that process and the credibility of the CIA where I’ve spent twenty-four years; that they ignored the long established ethics and morality of an intelligence officer; and that even the President of the United States was given misleading analysis and uncoordinated views. Frankly, I worry about the signal that would be sent in returning Gates to the environment he created. I worry about the effect this would have on the standards of others back at the Central Intelligence Agency to be led by someone so lacking in vision, integrity and courage.

I might add that one of my great heroes is General Matthew Ridgeway—one of the great soldier-statesmen of the 20th century. And when he lectured at war colleges and staff colleges, he was asked about intellectual toughness. What does it mean to be intellectually tough? And the characteristics he always set forward were the vision to see the choices before you, the integrity to make the right choice, and the courage to act on that choice.

In closing, I guess what shocks me more than anything else is that so few people at the CIA could create such an environment and do so much ethical damage and that they could do it so easily. I think it is for that reason that I have such a sense of shame.

Thank you for your attention.

Chairman BOREN. Thank you very much, Mr. Goodman, for your statement. As I indicated, I would ask that you stand by when we finish the opening comments of the other five witnesses. Then you will resume as a panel which the members of the Committee will question and that, obviously, will take place some time this afternoon.

Thank you very much, Mr. Goodman.

Our next witness will be Mr. Graham Fuller. If Mr. Fuller will please come forward. Mr. Fuller, as I indicated in my opening remarks, is currently with the RAND Corporation, formerly with the CIA, a former National Intelligence Officer for the Near East and South Asia involved in the preparation of some of the intelligence estimates—one in particular that had been referred to in Mr. Goodman's testimony.

Mr. Fuller, we appreciate your adjusting your schedule to be with us today, and I would ask as we are in a confirmation process if you would be sworn and raise your right hand at this time.

Do you solemnly swear that the testimony you are about to give is the truth, nothing but the truth, the whole truth so help you God.

Mr. FULLER. I do.

Chairman BOREN. Thank you very much, Mr. Fuller. You may be seated. We would appreciate having your opening remarks at this time. We will withhold questions until later. If you can possibly present all the information you can to us in the shortest possible time, we had hoped to hold these opening statements to about twenty-five or thirty minutes. We've gone about double that time so far. So I don't want to put constraints on any individuals to skip over any of the items that they may feel are important, but, within the bounds of doing that and being sensitive to our time constraints, we would welcome any opening statements which you might like to make.

TESTIMONY OF GRAHAM FULLER, FORMER VICE CHAIRMAN, NATIONAL INTELLIGENCE COUNCIL

Mr. FULLER. Mr. Chairman I can stay within that time frame, I hope. I'd like to point out also that I was not aware that I would even be testifying at all until some forty-eight hours ago. I have not had opportunity to dredge through past documentation and such things as the previous witness has, so I am drawing, I'm afraid, on my best memories of events and incidents that have been referred to so far.

First of all, Mr. Chairman, I am happy to do what I can to shed any light on past work at CIA that involves Robert Gates. I do not want here to comment on many of the charges made against Bob Gates that relates to his handling of the DI. I was not in the DI. I was working in the National Intelligence Council, and I would largely limit my remarks to my experiences in that field.

Mr. Chairman, I served at CIA Headquarters first as NIO for the Near East-South Asia from 1983 to 1986, and then as Vice Chairman of the National Intelligence Council for the two following years after that. During those years, I had many occasions to work very closely with Bob Gates.

Now, let me give you something of my own background in brief and where I'm coming from. I have a BA in Russian Language and History and an MA in Soviet Studies, both from Harvard University with a minor in Middle Eastern Studies. I served overseas in the Foreign Service for nearly twenty years, most of the time in the Middle East and in various sensitive positions of considerable re-

sponsibility that I don't need to go into here. I then served at CIA Headquarters for five years. I finally left government service at the end of 1987 when I was able to first retire to go to RAND Corporation, where I am now a Senior Political Scientist. My goal in leaving the government was to get greater freedom, both to write and to speak out publicly on foreign affairs. I have just published a book on The Geopolitics of Iran, and I've completed numerous published studies for RAND on the Soviet Empire, on Turkey, on Gulf security policy and on the long-range outlook for the Middle East. Since leaving government I have published regularly in a variety of newspapers, magazines and journals, including Foreign Policy and Foreign Affairs on both Soviet and Middle Eastern affairs. I also have a book coming out in January called, The Democracy Trap: Pitfalls of the Post-Cold War World.

I mention these publications, Mr. Chairman, mainly to establish the fact that I have long had a serious interest in foreign affairs which I have maintained up to the present time, and hopefully to suggest thereby that I have not been merely some dutiful public servant fulfilling the political agenda of William Casey and Robert Gates—as some of the testimony about my tenure at the NIC might seem to infer.

Mr. Chairman, as I read the testimony of others in the past week, I find myself disquieted. Serious charges have been raised against Bob Gates, especially those of Mel Goodman. While I know and respect Mel Goodman as a very knowledgeable and experienced Soviet analyst, in all frankness, I do not readily recognize the Bob Gates described in his testimony. I am indeed disturbed at hearing the specific and worrisome accusations that he levels against Gates. But I find that when he talks on those incidents of which I am personally familiar, his account, in my opinion, contains serious distortions in content and in the manner of telling.

In brief, I do not believe that during my five years tenure at the National Intelligence Council I witnessed anything that I would call improprieties in the conduct of estimative work by Bob Gates. I have no direct knowledge of his leadership of the DI which has figured in so much of the testimony. But I do know that within the confines of the NIC and the National Estimates, I have not seen Gates engage in anything that can be loosely called politicization of intelligence.

Now how do we define that? In my terms I would call it the deliberate distortion of the intelligence to satisfy policy goals. That there is room for immense difference and debate within the Intelligence Community is well known and hardly limited to the Intelligence Community—these debates can be raucous and bloody. But I think it is very important to distinguish between sharp differences of opinion and sharp disagreements about the implications of those differences on the one hand and deliberate distortion of facts on the other.

During my entire time at the NIC I felt there was a scrupulous regard and concern for the integrity of the estimative process, and a singularly high proportion of time spent in talking about what the integrity of that process implies in concrete terms. To be specific, at no time was I ever told what either the Administration or Gates or Casey wanted to come out of an estimate, or what it

should say, or what conclusions it should reach. Not only was I never told what to say, but I would have regarded it as outrageously improper to even hear the suggestion, and I would have rejected it forthright.

I have taken flak from Casey for what we ended up saying on occasion—he did not always like the product that I delivered to him—but I have never been told what to say, even indirectly. There was never a hint that there was an unspoken line somehow to follow and that I was to respond to.

Mr. Chairman, I may have many failings, and I have indeed made errors in calling the political shots correctly on a number of issues over my many years in this very risky business of prediction. But nobody who knows me would ever call me a toady or patsy to upper management. If I have any reputation it is one of independence, feisty individualism, originality of viewpoint and perhaps even considered to be a maverick on some issues. But I have never had my own integrity questioned, and I have never been a snap and salute man to the seventh floor.

I was, in fact, tested extremely early on in my tenure as NIO. I took on an estimate of the situation in Lebanon in 1983 after the Israeli invasion in which George Shultz's May 17th Accords were the cornerstone of U.S. policy there—an attempt to somehow get the Lebanese to join in a peace policy with Israel over Syria's live or dead body. Our estimate there stated categorically that U.S. policy aspirations were founded on unreality and would not succeed. Casey was unhappy with this result and he told me that we had not taken sufficiently into account the degree of American resolve to force a settlement in Lebanon through military use if necessary. We were asked to revisit the issue, bearing in mind the prospect that the U.S. indeed just might employ force in the region to attain a settlement and that might dissuade Syria from following a rejectionist line. The second estimate produced by the Community produced the same result. But by then Casey had come around to understand that perhaps this was, in fact, the correct analysis. But Shultz wanted yet another estimate, based on still another premise. And we still said his May 17th Accords were doomed to failure.

After the death of so many Marines and the pullout of American troops, Shultz later complained to Casey that, quote, "The Agency had not been supportive of American policy in Lebanon." Casey at that time replied to Shultz that it was not the CIA's business to support American policy in its estimates, and furthermore, that the estimates had not been wrong in their conclusions. Now, that is one reason why Shultz hated Casey and distrusted Agency estimates.

Mr. Chairman, I feel that it's important to impart at least a little flavor of the Casey tenure at CIA. Again, I can only speak of it from the vantage point of estimative work at the NIC. Casey was a man of huge intellect and far-ranging interests. I think he's well known to most of you in many different capacities. He had a geostrategic mind if there ever was one. It was at once his source of brilliant strength and greatest weakness. Casey had a broad sense of global politics and the interrelationships of things. He could usually think of ten more implications of any international event than the average analyst could. He read widely and his NIOs had to run

to keep up with his restless mind and flow of various hypotheses. He was an unabashed Cold Warrior and tended to view all events in terms of their impact on the struggle with the Soviet Union, apart from other regional implications.

Now Mr. Goodman, I think, has suggested what I think is a slight parody of Casey's views on these things. I do not think Casey viewed all evils as emanating from the Soviet Union or from the Soviet Empire. He certainly was willing to blame them for a very healthy proportion of what went on in the world, but his major strategic concern was what world events anywhere in the globe meant to the American-Soviet confrontation. That was his particular focus—how does it affect the American-Soviet balance and the Western-Soviet balance.

While I shared a deep suspicion of Soviet motives and ambitions with Bill Casey, I often disagreed with him sharply in his interpretation of many issues where he was inclined to overstate the Soviet role or the Soviet ability to influence things. This was especially true in the Middle East where I constantly pointed out to him that the Syrians and the Iranians and the Libyans and others had ample reason to want to do many nefarious things on their own without much help from the Soviet Union. But the fact remained that the Soviet Union did give very, very considerable assistance to both Syria and Libya in pursuing those goals.

Mr. Casey was indeed impatient and analysts who cleaved to narrow interpretations of events. He could be intimidating in his style and his knowledge, but he was willing to take as well as to give if he had any respect for his interlocutor. I can think of few NIOs who did not need to respond firmly with him to hold their analytic ground on some occasion. But Casey respected the judgment of those who seriously defended their views, even if he did not like it. He could be withering if the analytic work in his view was weak or excessively narrow or formalistic. Long range strategic estimates, after all, is not a game for kids. We all had to be tough, but nearly all of us relished a Director who took a hands-on interest in the pith and substance of our analytic work. I frankly think that is far more desirable than a Director who stays aloof from the substance of the work of the Agency. But in Casey, the passion for involvement reached an excess that was obviously to be his Achilles Heel by the end.

Now, Bob Gates may be a skillful staffer who has served a number of differing bosses well, but he too is not a faceless bureaucrat. He is immensely intelligent, has a superb grasp of substance, he is a quick study, and he fully understands the relationship between policy and intelligence. He was indeed able to keep pace with Casey's own geopolitical instincts, but he was also able to tone down some of Casey's more far-fetched hypotheses in discussions were held in which I have been personally present. Where Casey did not always hide what he hoped intelligence might indicate, Gates was always fully aware of the requirements of analytic procedure and the validity of independent analysis from everything I saw within the NIC. I cannot speak to charges leveled about Gates' handling of research within the DI, but he was certainly respectful of the process in the work of the NIC.

Gates did share a hard line view, but a very well-informed view of the Soviet Union independent of Casey. The international situation at that time I would argue perhaps justified a fairly hard-line view in any case. The world was very different in 1980 to 1985 prior to Gorbachev than it has been in these stunning years that we have witnessed following the Gorbachev tenure.

Because of the strongly felt Casey position, I am afraid a counter-culture seems to have sprung up among the SOVA analysts that struck me quite vividly as I got involved in estimative work. As much as Casey tended to link many world events in terms of its implications for Soviet policy—although not as simplistically as his accusers would have it—SOVA seemed to bend over backwards to compensate. I think Mr. Goodman's own testimony very clearly indicates the degree to which this had become almost a running battle—at least in some portions of SOVA, and particularly the Third World area. We have heard as much from almost all recent witnesses in this area. SOVA, in my own personal observation—and I must say this is based primarily on SOVA's work in Third World areas—in my own personal observation seemed inclined towards, yes, a highly benign vision of Soviet intentions and goals as related to the Third World.

Mr. Chairman, at the time, I too, was frankly uncomfortable with much of SOVA's approach to Third World issues, personally and independently of Mr. Casey. I have two degrees in Soviet affairs myself; I speak fluent Russian; I dealt with Soviet diplomats abroad most of my professional life in the Third World. I personally felt that many SOVA analysts may perhaps have been expert on Soviet writings on the Third World and Third World issues, but few of them had gotten their feet dirty, so to speak, in the dust of the Third World, and had not watched Soviet embassies work abroad, and were far less familiar with the political environment of the specific Third World countries whose relations with Moscow they were following. These were countries and cultures in the Middle East in which I had lived and felt that I had a rather different sense of the kind of hard ball ad hoc approach that the Soviet Union could take in fast moving situations overseas.

Chairman BOREN. Mr. Fuller, I apologize. We're down to five bells on a vote on the Floor. We'll have three votes. It should enable us to, if Members will vote at the very beginning of the third roll call, to return by about 12:00. We'll continue with your testimony at that time, and perhaps be able to also have the testimony of Mr. Ford before we break for lunch. I apologize. We have to interrupt your testimony at this point. We will continue after a brief recess to vote on the Floor.

[A recess was taken from 11:31 a.m. until 12:40 p.m.]

Chairman BOREN. Could we resume, please.

I apologize to the witness. I thought we were going to vote again immediately, and now I have been told that we are not going to vote before the break which will occur shortly. We probably will vote immediately after the 2:00 caucuses. So my suggestion is that we resume around 2:30 here in the hope that we won't be interrupted again. Mr. Fuller I again apologize that we've had to interrupt your testimony. You might want to go back over the last paragraph or so right before we broke, to refresh our memory and to

resume a sense of continuity in your statement. And then we will proceed to hear the remainder of your testimony. I think obviously now we will not be able to go on to any other witnesses until after we break for lunch. So the other witnesses will commence in the afternoon. I would remind you, Mr. Fuller, you do understand you are still under oath.

Mr. FULLER. I understand that, sir.

Chairman BOREN. Thank you very much, Mr. Fuller, and you may resume your comments where you think appropriate.

Mr. FULLER. Mr. Chairman, as you recall, I was simply discussing the question of what I felt was development of an adversary culture within the CIA. Within at least the Third World branch of SOVA given Mr. Casey's own strong views, Bob Gates' partial adherence to some of those views and the very strongly felt discontent within the SOVA Third World group that saw things quite differently.

I was also adding that in my own personal view, I had arrived independently in my own personal view at a feeling of concern about the general sort of approach of the Soviet-Third World group, in which there are a number of very fine, outstanding analysts. My own sense of them was not that they were wrong in their understanding of what Soviet stated positions were and what Soviet writings and analysis were on these things, but that sometimes they reflected less of an understanding of the countries whose Soviet relationships they were examining. As someone who had served overseas for many years I had a slightly different sense of reality about the Soviets on the ground than many of the analysts who had more of an academic approach in Washington than I did.

So I did have in part a regular concern about some aspects of the Soviet analysis that I was given by some Soviet analysts for our work.

As I was saying, Mr. Chairman, I had been in anti-American riots in countries where there was good evidence of close Soviet contact with the organizers of the rioting. I am not saying there would have been no rioting without the Soviets there, but the Soviets clearly were in touch with a panoply of anti-Western forces throughout the Third World in the ongoing zero-sum quest for influence. It's hard for many of us now, as we look back on that period, to remember how rough the game was up until about 1985. The Soviets were playing a tough game and so were we in influence, in every little backwater in the world. That was the essence of our policy.

Mr. Chairman, I stood on the roof of the American Embassy in Kabul, Afghanistan on the night of 27 May 1978 as pilots of the Afghan Air Force, controlled by the Afghan Communist Party, bombed the President's palace in the Communist takeover of the country. I believe that no SOVA analyst would have told you that Afghan—say a year prior to that event, that Afghan Air Force pilots trained in the USSR could and would pull off a coup in the name of the Afghan Communist Party. It was not part of the SOVA culture to believe that "that was the way the Soviets would do business."

No SOVA analyst would have been likely to tell you, until the troops were lined up and ready to go, that the USSR would ever

send the Red Army into Afghanistan. Because the Soviet Union had no history and no background of doing that. When Mr. Goodman suggests, for example, that in the year that we were doing the analysis on Iran, that the Soviets were losing a position in Iran and were systematically finding their position weakened, I would only like to point out that the same was true in Afghanistan in the year that preceded the Soviet coup there. The Soviet position was consistently weakening and the President of Afghanistan was moving gradually away from positions preferred by the Soviet Union.

So it was not a question of talking about will the Soviets pull a coup in Iran as they did in Afghanistan. Of course it was a very different country. But simply to feel that that was no precedent for believing that the Soviet Union would do, or could do the kind of things they did Afghanistan and therefore they wouldn't be likely to do it in Iran, it seems a very risky position.

Those actions that the Soviets fulfilled in Afghanistan were inconsistent with a generally shared SOVA vision that the Soviets tended to react defensively in the Third World and avoided risk. This almost became doctrine, and it was the standard language that SOVA usually offered in contribution to many Middle East estimates. It is significant that nearly all these analysts in the testimony that I've read of them from the past week, nearly all of these analysts referred to my own attempts at a new look at the Soviet-Iranian problem, in our 1985 Estimate, as a "swerve" from the SOVA line. While SOVA has many fine analysts, there was a tendency towards a certain homogenization, couched primarily in terms of Soviet dilemmas and problems, obscuring the fact that they had just taken over several real countries in the process in the late 1970s. Afghanistan, Nicaragua, Angola, Mozambique, Ethiopia and others.

Now I do not want to oversimplify what were complex views of both sides of these debates. But I for one independently grew unhappy with the product that I received from many SOVA-Third World analysts. There was a liberal vs. conservative struggle. And this was not a healthy situation within the Agency to have exist. I scarcely need add that.

In coming to the heart of the accusation against Gates in estimative work during my tenure as NIO for the Middle East, I would like to touch now upon the Special Estimate done on Iran in May 1985. Special Estimate by the way, I think most of you know, simply refers to the fact that this is an estimate done out of cycle or focusing on a specific aspect of Iran rather than a generic, full-blown analysis of everything you ever wanted to know about Iran. There was no sinister or particular meaning to be attached to the word Special Estimate. We did special estimates all the time on everything.

Mr. Chairman, as I watched the events of the bloody Iran-Iraq war in those years, I grew increasingly concerned over our policies towards Iran. As I mentioned, I have just published a book on the geopolitics of Iran—that has nothing to do with Iran/Contra, thank God, I hasten to say. I felt that Iran was ultimately the key power in the Gulf, and already a major ideological threat to the region and to Western interests there through its zealous Islamic fundamentalism.

But American policies were based solely on two factors and had only two goals: one was to strike back at Iranian terrorism and the other was to stop all flow of any weapons from the West to Iran. Now these goals were certainly understandable. Of course we wanted to stop Iranian terrorism and it was desirable to lessen Iran's ability to make war where possible. But I felt that these two factors hardly constituted a serious policy designed to get the United States back into some position in Iran. We were engaged in a basic struggle with Moscow for influence in Iran, the most important country on the entire southern Soviet border. I was likewise concerned with our excessive tilt towards Saddam Hussein who—and I am on record on this—I felt had never moderated during the Gulf War.

Now DI analysts within the Agency's analytical section had already produced analyses earlier that year indicating concern for instability—future instability in Iran, with which I agreed. Any careful look at the situation raised potentially alarming prospects: the clerical regime was perhaps foundering; Khomeini was aging and losing grip daily on the situation, opening the way potentially to radical leftist forces within the country.

Yes, we had information from a Soviet defector that the Communist Party had been badly damaged by Khomeini, but the Tudeh Party was a survivor over nearly fifty years of the ravages of SAVAK under the Shad as well. Who could safely count out its basically unknown influence within the army or other institutions?

Furthermore it was not only SAVAK, the Communist Party but the Mujahadeen organization which was a Marxist-Islamic group that was highly anti-American in its outlook as well and was one of the major opposition forces to the clerics.

The Iranian regime at that point was already seeking to repair its relations with Moscow. We had information that Khomeini's people were painting off anti-Soviet slogans that were—had been painted on the Soviet Embassy in Iran at that time. I was concerned that a very serious geopolitical imbalance could be emerging in Iran of major import to U.S. policies.

If the Western arms embargo was a total success, it was logical that Moscow would be the most natural next source of arms, and could quickly come to gain a monopoly over arms to Iran if it wished. A direct arms relationship with Moscow would have provided a major strategic advance for Moscow in Iran. Moscow had long been able to intimidate Iran militarily from the north, and now from Afghanistan as well—where Soviet troops were ranged along the Iranian-Afghan border against Mujahideen operating out of Iran. A weakening clerical regime could certainly strike a bargain with the devil to survive. I believe that Moscow would not turn down that opportunity if it was presented. Especially as the clerical regime seemed to move towards possible collapse in that year as was feared by the CIA's own estimative Middle East people.

A pro-Soviet group conceivably could have come to power in Iran under such circumstances, a far worse disaster for the West than Afghanistan had been so far. I had communicated my concerns to Casey on this, quite unsolicited at about this time.

When the SOVA analyst brought me his draft portion of the estimate, Mr. Chairman, on Soviet policy toward Iran, I was immedi-

ately unhappy. It dismissed the possibility that the USSR would even seek to take advantage of the desperate arms need in Iran and it comfortably dismissed any serious Soviet design or intention to gain dominant influence in Iran in the foreseeable future. Such a view ignored several hundred years of Russian expansionism inexorably southward or into Iranian territory in the Caucasus in Central Asia in the 19th Century, and an attempt to establish a Soviet Republic in Iranian Azerbaijan and Iranian Kurdistan at the end of World War II.

It ignored a Soviet effort to ditch Iraq in favor of Iran as soon as Khomeini had come to power. Of course, Khomeini had disappointed Moscow in not being more pro-Soviet and less anti-Communist. But would not Moscow have leapt at the chance to gain a foothold in Iran a few years after the invasion and the occupation of Afghanistan? Even if the possibility were only light, the impact of such a logical move by Moscow to support left wing forces in Iran to exploit chaos or to become a sole arms source to Iran would have been a major political coup for Moscow and a major loss for the U.S.

I felt that a formal warning of this eventuality, potential eventuality, was of critical importance to U.S. interests. And estimates are partly designed to play a warning function as well.

In effect, therefore, Mr. Chairman, I think when we were facing a period of potentially dramatic change within Iran in which the U.S. had no cards, and no influence whatsoever in Iran, and the Soviet Union had very considerable cards to play, although perhaps dwindling from their point of view, that not to take cognizance of this very major potentiality would have been nothing short of derelict of the Intelligence Community to point out this warning. Our policies were only able to focus on terrorism and stopping arms. I felt it was imperative that we be designing a policy at least designed to strengthen some presence that we might be able to have Iran in the future and not leave it simply to the Soviet Union to make its move at the time and place of its choosing, especially if the Iranian regime should founder.

Chairman BOREN. Mr. Fuller, again I apologize to you. Our schedule has gotten so disrupted because of the votes on the floor. I gather that you are only about half way through your prepared statements.

Mr. FULLER. I should be more than that Mr. Chairman, because I have inserted some material—

Chairman BOREN. About page 6, I think, there is 12 pages?

Mr. FULLER. Yes.

Chairman BOREN. We had planned to break at 1:00. I don't want to take away from your presentation and there are members who are going to have to go ahead and leave. Would you be able to come back this afternoon with us?

Mr. FULLER. Of course.

Chairman BOREN. I think we should probably break. This testimony is very important because, as you know, the Iranian estimate is one of those key items. Without diminishing the importance of any of the others, it is perhaps the item on which there has been the most focus.

Mr. FULLER. That's right.

Chairman BOREN. So I want us to have adequate time to really go into this and for members to be here.

I am told that there is a vote at 2:15 and we can predict another vote after that. We can't predict when that will be, so let's try to resume at 2:25, if members would vote at the beginning of the roll call. If matters on the Floor had unfolded in a way to harass us to the maximum degree in being able to continue our work in a normal fashion, they couldn't have broken worse.

Senator RUDMAN. Mr. Chairman, before your proceed, could I ask the Chairman a question?

Chairman BOREN. Yes, certainly.

Senator RUDMAN. Mr. Chairman, it looks like your well planned schedule, through no fault of the Chairman's, has essentially been blown away.

I do not believe that getting the testimony of each of these very important 6 witnesses can possibly be accomplished until sometime later this afternoon. It is my view—and only my own—that because a number of members of this panel have important questions for a number of these witnesses, that to attempt to start that examination in 10 minutes segments at 5:00 or 6:00 today is probably a mistake. I know that everyone is anxious to finish this process. I certainly am. But I believe that we ought to be prepared to come in here tomorrow morning and hopefully finish our examination and move on from there or if we have to go late tomorrow, then make that choice. But I would hate to see us doing extensive examination with many members of the panel not here to hear it. The witnesses frankly, after being under some considerable pressure here in the lights, might be a bit fatigued come say 6:00 this evening—not to speak of the panel members and the Chairman of course who never gets tired. [General laughter.]

Chairman BOREN. Well, I appreciate the comments of the Senator from New Hampshire. I saw the Senator from New Jersey nodding that he agreed with that point of view. It would be my inclination to agree with you if we go until like 5:00 or 6:00 before we are finished with the statements. I had indicated that I thought the statements might take 20 to 25 minutes. I think the statements are averaging about an hour so far or maybe longer. And we don't want to constrain the witnesses from making all of the points they feel they should make. So let's take that under advisement. It would be my inclination that, if we do have to go virtually until 5:00 or 6:00 this afternoon with the opening statements, it probably would be better to begin afresh with the questions in the morning.

Senator METZENBAUM. Mr. Chairman, I have no objection to that, provided we have some understanding that we aren't going to have night sessions. I think the Senator from New Hampshire makes a good suggestion, to come back in the morning; that is fine with me. But if the Chairman indicates something about working late tomorrow night, remember that we are going to be in session next week. If this carries over into next week, so be it. I don't know how long it will take. I don't know how much more is on the plate of the Chairman. But I think that night sessions—and I know Senator Deconcini indicated to me earlier that he had concerns about it, and I think other members have—I just think we ought to go—

Senator RUDMAN. Mr. Chairman, does the Senator from Ohio know something that we don't know? I was under the impression that there was a recess next week.

Senator METZENBAUM. The Senator from Ohio knows something you don't know.

Senator RUDMAN. There is not a recess next week?

Chairman BOREN. This is obviously compartmented and the Chairman has not been let in on this yet.

Senator METZENBAUM. Well, you know, it is my understanding that there are problems about that and it would be my guess that we will be here on Monday.

Chairman BOREN. We can't reveal this obviously to the public until this matter has been resolved and we figure out which of us are cleared for the right compartment here. But I would say to the Senator of Ohio that it has never been my plan for us to go late in the evenings. It depends on the flow of our work. Because I agree, people get too fatigued when we have gone on too many hours. If we are in session anyway in an evening hour, and we can go a reasonable period of time without fatiguing the members, I think we should leave that opportunity open. But I assure the Senator from Ohio, this Senator agrees that we should not plunge on for unreasonable amounts of time.

So we will just weigh this as we go along and revisit the issue later this afternoon as to whether or not we go on this evening.

There also may be some additional witnesses on the subjects that have been raised today that we may need to call. We will have the information from the "compartment" officially later on about the recess.

Senator METZENBAUM. Mr. Chairman, I have no problem about your calling as many witnesses as you want. I did notice somebody saw fit to circulate some papers here with telephone calls somebody allegedly made to talk to somebody. I would very strongly object to any such statements being put in the record and being considered by this Committee. If anybody has any additional evidence, bring them forward and let them testify like everybody else, under oath.

Chairman BOREN. I don't think we have put any statements into the record that are unsworn, have we?

Senator METZENBAUM. No, but they have been circulated around here as if they had been.

Chairman BOREN. No statements have been put into the record that have not been sworn to I'd say to the Senator from Ohio so far as I am aware. We are going to put into the briefing books, for members only, any background information that we think would be helpful to you. Anything that comes to me as Chairman, I certainly want to share with Members of the Committee for their background. And the flow of information, I might say, is well balanced, it seems to me on those matters that have not been brought under oath. People on both sides of this particular issue are giving us additional comments and so on.

So that will be available for your background. But certainly, I don't intend to put anything into the hearing record unless it is on a equal basis with the sworn testimony. I think that would be inappropriate.

Senator METZENBAUM. There is some testimony also this morning about a memo of Mr. Gates concerning bombing of Libya. Would the Chairman see if that memo could be made available?

Chairman BOREN. We'll see. I'm not sure I know which one that was.

Senator METZENBAUM. I think that Mr. Goodman testified to such a memo.

Chairman BOREN. Anything that has been mentioned. I am not sure that was in his testimony. His testimony is somewhat different today than it was in closed session.

Senator METZENBAUM. It was in his testimony today.

Chairman BOREN. And so it was added today. I don't know if we have all those matters that were in his testimony in closed session that we had requested. So if it just happened this morning, we'll have to look into that. We'll endeavor to try to get all the documents.

Senator METZENBAUM. I thank the Chairman.

Chairman BOREN. And to get as many as possible declassified.

All right we will stand in recess until 2:25 and again, I apologize to the witness.

[Whereupon, at 1:05 p.m., the Committee was recessed, to reconvene at 2:25 p.m. the same day.]

AFTERNOON SESSION

Chairman BOREN. If we could begin, I would again apologize. Mr. Fuller, I have been told every 5 minutes for the last hour that we would vote within the next 60 seconds, so that is exactly the situation we have been in. As soon as we start, I am sure that that will happen to us again. But I assure you that whatever interruptions we get, you are going to be allowed to finish your testimony.

I am very apologetic because I think you have important testimony to give. The disruptions in it are making it more difficult and I wish all the Members were here to hear it because it is important testimony. We will do the best we can.

Some of us think it is time to take a look at how we can reform our process around here and how we can make Congress work a little more effectively. Maybe we have seen a reason why we should try that.

Mr. FULLER. I will not take it as a conspiracy.

Chairman BOREN. The Chair is, I will say, as frustrated as can be about this and I am very sorry. We will just have to do the best we can. So I will once more remind you, as I have after each break, that you are still under oath as you continue your testimony.

I think you should perhaps back up just a little bit. As you were ending, you were talking about your feeling that some of those who had not had experience in the field as well as experience in analysis perhaps did not have quite the same perspective that you felt you could bring to it from your experience in the field, particularly as it related to how the Soviets operated at the grassroots during these years.

Please feel free to summarize what you have said thus far and then proceed ahead as you wish.

TESTIMONY OF GRAHAM E. FULLER—Resumed

Mr. FULLER. Fine. Mr. Chairman, I would like to take just one minute to clarify the process under which I advanced on these estimates.

In talking to people at the break and elsewhere, it seems to me that there is considerable lack of understanding, not surprising, about what an NIO does or doesn't do in putting together these particular estimates. It's very important that this be known.

In essence, when anyone has a right to ask for an estimate within the U.S., within the policy—foreign policy body of the United States. State Department, DIA—excuse me, the Pentagon, the NSC, all have a right to ask for an estimate on a subject. The DCI can ask for an estimate to be done on something. An NIO himself can decide that he thinks an estimate is due on a particular topic.

We felt consistently that the person who asks for the estimate, the body that asks for the estimate, has a right to state the issues that interest them, to state the topics of concern to them. We would then coordinate closely with that requesting body to ensure that we got all the questions that that requesting body had posed and understand them thoroughly and why they want them.

We would also reserve the right to add additional questions of our own to be answered to any estimate, because it is possible to distort an estimate by saying, these are the three questions we want and nothing else. Don't deal with anything else, just these three issues. If somebody came to us and said, these are the three issues to talk about, we would say great, we will answer them in full, but by the way, we feel that there are some very important questions you didn't ask that would also have a bearing on this and we will deal with them.

The NIO is then in a position to go out in the community and select a drafter to do the estimate and the drafter is informed of the general terms, the terms of reference of the paper. The terms of reference would have been discussed within the community and generally agreed upon. The terms of reference again means the questions but not the answers. The scope, in short, of the estimate.

That paper is basically the property of the NIO until it reaches the stage of broad coordination among the entire community. If a drafter who might ask to do a paper then brought his paper to me, I would look at it. I would say, gee, this is a great job. The one thing I think is not so good is this area here, in which you didn't really answer the question, or I think it's weak, or I disagree with you. How about thinking about it from this point of view? And then the drafter would go back and make a few changes until it met what I felt was the standards that that paper should represent. This was entirely appropriate and proper.

So when a Soviet representative—SOVA office representative would bring me their draft, I had the perfect right to say, wait a second, I don't like this. This is not getting at what I think the real issue is. Or for me to take it and make some changes in it personally.

Because in the end, I knew I would have to face the community and coordinate this thing, and everybody who didn't like the paper

would have a chance to come forward and say, we don't like it, the community disagrees, or we partially agree, or we're divided, or whatever else. But all NIO's had that option to change the draft until—to amend, sharpen the draft until it reached the stage that we thought it was appropriate to bring forth. That was standard appropriate procedure.

Now, returning to my memo here, as I say, as a result I rewrote entirely on my own the Soviet portion of the estimate. This was my prerogative, as NIO, to bring to the coordinating table a draft that represented my best vision of what the estimate should say to then be discussed, debated, and coordinated.

As Gates was my immediate superior, I informed him of my feelings and showed him my rewrite of the SOVA draft. Now, I went to Mr. Gates on this because he should have been aware that I had taken an action that very possibly would result in remarks coming from the SOVA side, for which he was also responsible, saying wait a minute, Fuller has changed this in ways that we don't like. I was therefore putting him on notice—you should be aware that I am making some very major changes in what they have given to me.

Gates concurred with my version, although that was an informal thing, because essentially it was my decision to decide what should be in that estimate and not his or Casey's at that point. I also showed the draft to the NIO for the USSR, and this was just an informal thing saying, what do you think of it—this is my feeling, what do you think of it, and he agreed with my changes.

At the coordinating session, we spent some time discussing the substance of the issue among all community representatives. After airing all disagreements I told the SOVA representatives that they could take the issue up through the DI channel of communication, but I did point out that I had already talked the issue over with Gates and the Soviet NIO.

Now, Mr. Chairman, it is clear to me that this was viewed by junior analysts—or analysts, not necessarily all junior, that the deck was at that point somewhat stacked. I didn't like what they had written, and I had changed it, and they then knew, after a lot of discussion, that Gates had also agreed with it. But nonetheless they were capable, able, to move up through their own particular channels if they had grievances with that.

I say in my memo here I can no longer recall the position of the INR and DIA Soviet analysts, but if they had all weighed in against me as well as the SOVA analysts my view would have been distinctly in the minority. But neither DIA nor INR chose to take footnotes, as best as I can recall, and I don't have full recollection of this period, but I do know that if INR analysts were unhappy with estimates they could take it to Mort Abramowitz, and Mort Abramowitz was one hell of a tough guy, and I think all of you here know, or many of you know him, who would not have sat by to watch his people be "trampled" at a coordinating session and not have something to say about this later on at the NFIB table.

I say also that I believe SOVA was in part aggrieved because perhaps a non-Soviet NIO had tampered with their work, which most other NIO's did not do, leaving matters to Soviet specialists to duke it out among themselves. But I, too, had some credentials, and

much experience in Soviet affairs that may have been resented. I have no idea.

It may have been due to my being an outsider, but I had "swerved" from the solid SOVA line on Iran, as many of these SOVA analysts have mentioned. Yet I do believe that it can only be through the relentless examination of various new hypotheses and counter-hypotheses that the intelligence community will ever have a chance to get at the illusive truths of forecasting the unknowable.

Because of this legitimate disagreement, SOVA analysts—some of them—have chosen to cast this issue in terms of right and wrong, truth versus politicization. Their own internal frustrations seem to have caused them to reject out of hand this line of analysis that was not stated as a certitude on my part but only as a distinct and serious strategic possibility that the U.S. Government must be watchful for.

The argument instead has been presented now as to being—serving either Casey or Gates, or serving the White House. I have not even been given the courtesy of simply being called wrong, but rather portrayed as someone else's instrument in the struggle against SOVA.

Whether the application of the word, wrong, is appropriate in any case is questionable when one speaks of the warning function in intelligence. The Soviet Union in effect did not have the field day in Iran that I was concerned it might have, but that's also because the Iranian regime did not move toward collapse and dismemberment in that year that many of us were concerned could happen.

No, in the end, the barn did not burn down, but there were plenty of fires raging in the region, and people were playing with matches in the barn. Even the possibility of this major calamity for American interests seems not to have been acknowledged by SOVA analysts.

Now, Mr. Chairman, the next estimate on Iran in February '86 is commonly touted to have reversed itself, showing that an anomaly the previous May '85 estimate had been, and it's referred to as having admitted its earlier error. Now, I find this an extraordinary interpretation.

The later estimate we did—about from May to February, what, 9 months?—took note (and this was revisiting the Iranian memo) took note that the disturbing negative trends suggesting the Iranian regime might be foundering now seems to have receded and that the Iranian regime had in fact weathered the year better than most Iranian analysts had felt, and that includes CIA Iranian analysts, and that it had moved toward a stronger footing.

I submit, Mr. Chairman, that if going back in retrospect and recognizing that some of our concerns had not been borne out represents admission of an error, or saying that gee, we had been wrong all along, then I think the system is skewed. It is imperative that we look back at estimates and say what was fulfilled and was not fulfilled among our major concerns.

That same February estimate also said that the Soviet Union still could gain—make major gains in Iran under one of any six

conditions that were then set forth, and the SOVA analysts agreed to those conditions.

In the end, too, then, the SOVA—some of the SOVA analysts who have been speaking revert to the same ad hominem attacks in attributing neanderthal political views of the Soviet Union to me. I note for the record, Mr. Chairman, that I was one of the very first senior agency figures to state that the Gorbachev revolution was for real.

I stood strongly in support of the most liberal interpretation of Gorbachev's reforms in estimates produced early on by the now NIO for the USSR. I was one of the first to publish a major piece in *The National Interest* in 1987, immediately after leaving the agency, stating that Soviet new thinking was absolutely for real and what the changes—the roots of this change were.

If I fault Gates for anything, it was that I think he was far too resistant to recognizing the reality and the import of the Gorbachev revolution. He was not alone. I frankly wonder, Mr. Chairman, where I would have been if I had been in the agency at that point taking a powerful position in support of the Gorbachev revolution and its legitimacy if Mr. Casey had still been there.

I always felt that I could walk in on Casey and have a knock-down, drag-out fight and hope to change his mind, or at least have him not change my work. I have no idea what would have happened at that stage of history, or where Mr. Casey would have been or where I would have been in his eyes. That is pure speculation.

Throughout these controversies, Mr. Chairman, Gates never told me what to say. He never winked at me or otherwise attempted to dictate the outcomes of these estimates. He had his views and they were very well known to me. Mr. Casey had his views and they were very well known to me. I had my own views on a whole range of issues, and they were well known to the NESAC community and in our regular monthly brainstorming sessions that were designed to make sense of the morass of Middle East politics.

I think anyone who knew me from that period would testify that we were exhaustive and exhausting in arguing issues first one way and then another, devil's advocating and probing the meaning of regional events. Most other NIO's that I knew maintained similarly open minds. All of us would have bristled at any attempt to be told what to say or what to do.

Mr. Chairman, I am aware of the Iran-Contra saga only as you are, through what I later read in the papers. I had no inkling before or during the operation of what was doing on, and I—thank God—was not briefed or brought in on it. Any analysis I did was entirely on my own. Whether or how much it served the Administration's own purposes, I cannot say.

All I know, was that I had strongly urged, in private memos, that our Iran policy be reviewed. It was reviewed. My suggestions were rejected by State and Defense. I was satisfied—believe it or not—I had done my job, as far as I was concerned. And the issue was debated and it was over—or so, at least I thought.

I am aware that some have claimed that my policy pieces on the geopolitics of Iran provided the "intellectual foundation" for arms sales to Iran. If so, those arms sales were really politically insignificant in terms of our relations with Iran. They were not what I had

in mind, in the change of policy. And I think what the Administration then proceeded to do was feckless in the extreme.

I think those analysts within the agency who are grieved that the Administration never saw fit to check with them on what the operation—what the implications of their Iran caper would have meant—have reason to be aggrieved. Because indeed, Iranian experts were not consulted on it.

The charge of politicization was also raised repeatedly in connection with an estimate we did, at Casey's request, on the possibility of collusion among Iran, Libya, and Syria to coordinate certain kinds of Anti-American actions and policies in the region.

One of the—you heard some testimony on this in the closed sessions, from one of several analysts. The topic had come up as a result of our on-going contact, established by the previous Middle East NIO, with an outside analyst who specialized in strategic issues involving radicals and Soviets in the Middle East. That analyst, of Israeli background—who later did several contract papers for NIO/NESA, which were distributed to others in the agency—possessed a highly prolific and creative mind. I also think that he was quite wrong on a number of issues, but his analyses were invariably thought-provoking, even when I did not agree with them.

Mr. Chairman, when you're working on estimates, you come to have a craving for some new ideas, somebody to spark some new thoughts, new approaches in looking at things. And that, among other things, was what this particular analyst did, among the many people we talked to on the outside.

We brought him in one time to discuss some of his research and his ideas with a group of various DI analysts, on his thesis of possible coordination among anti-American elements in the Middle East.

But instead of encountering lively responsiveness and debate, he was met by cold and unresponsive hostility by nearly all analysts. They scarcely even deigned to debate him in the session in which he came in. His views strayed too far out from the well-trodden lines of in-house analysis. Casey, intrigued with the thesis of possible coordination among radicals, asked for an estimate on the topic. This was typical. Casey liked—was concerned that there were coordination of bad guys against Americans. He always wanted to plumb this to the limit. It was entirely appropriate of him to ask for any topic to be addressed. The topic, indeed, was worth addressing to see if there was anything really significant to it.

The contractor—contrary to what was suggested by Ms. Glaudemans, in her earlier testimony, in which I think she was frankly, being almost paranoid—was not emphatically written by the contractor, as she suggested that it may even have been done. It was written within the DI. The contractor never saw it, and never should have seen it.

In any event, community analysts found little evidence to support the concept of significant coordination among these three, Middle Eastern radicals. But they did agree that they probably had some distinct, ideological impact on each other, and shared common, anti-American goals at certain junctures.

The estimate was an interesting and thought-provoking exercise. But the major thesis was essentially not accepted. I went to Casey,

I gave it to him. I said, Mr. Casey, we have examined it. It's a fascinating thesis. There's not much evidence here. And this is where we've come out. Casey grumbled, he accepted, and the estimate was done.

For many analysts, however, the outrage consisted in that they were asked to consider the thesis at all—one that they perceived as serving a right-wing agenda. After hearing so many of the grievances of analysts within SOVA, I am growing slightly more sympathetic to them, in the sense that I think maybe at this point they were beginning to be shell-shocked by Casey's interest in pursuing things that he thought were strategically important.

But they were, maybe, tired of running after some of his particular private—or not-so-private concerns. Whatever their frustration, I feel the request to explore them was not illegitimate.

In my view, this has been, indeed, one of the problems of the DI, as a whole, though, to live within its own intelligent, thoughtful world, but not able to venture out too much—literally or figuratively—into the world. Here, again, Casey and Gates—far from seeking to impose a house view on analysts, as far as I could see—constantly urged analysts, at least in our group, to get out into the outside world to seek new ideas that might stimulate fresher analyses. In the event, few analysts were willing or able to do so. But the NIO function aimed very specifically at getting at least the NIO out daily, to comb academia, press, and business circles for glimmers of new—not facts, because we've got too damn many of them, anyway—but new approaches, and new concepts.

The sometimes-introverted character of the DI, physically remote from Washington, and hierarchical in character, still has some impact on the amount of flexibility it has in readily thinking the unthinkable.

I also feel some sympathy for analysts who have had to sit in the trenches in this respect. Because I think it is very difficult for them to work down under many layers of bureaucracy, and not have access to Mr. Casey. I could walk into Mr. Casey and tell him what we thought about things. But an analyst who works for a boss, who works for a boss, who works for Mr. Casey, might find it a lot harder to be able to go in and vociferously express those views, even if technically the right existed.

Now, Mr. Chairman, the NIO and I and Gates were also accused of politicization on an estimate we did on Soviet-Israeli relations, a year or so later. In that estimate, both myself and the Soviet NIO, impressed with the new vigor of Gorbachev and foreign affairs in the early days, reconsidered the old issue of Soviet-Israeli relations. And we felt, in fact, by now, that there were very good reasons why it would now be in the Soviet advantage to establish diplomatic relations with Israel, within—as the estimate said—within possibly the next 18 months.

Goodman's and Glaudemans, in their testimony, referred darkly to some impulse that we had to serve policy needs. There were no policy needs, Mr. Chairman, as far as I can see. To say that the Soviets might do this, I could see as playing one agenda. To say that they wouldn't do it, might play to another policy agenda.

Our revisionist review—myself and the Soviet NIO—of this time-honored SOVA position—that we chose to review this time-honored

position, was viewed with scorn by SOVA. And our estimate was acknowledged—even though our estimate openly acknowledged a difference of opinion, and explicitly stated so.

SOVA analysts now triumphantly point out that they were right. The diplomatic relations were not, in fact, restored within 18 months between the Soviet Union and Israel. But if formal relations were not restored, Mr. Chairman, in fact, a whole revolution came out about, in Soviet relations, with the whole region, and informal ties—informal ties—with Israel, blossomed extraordinarily.

It was a true time of revolution. While we were technically wrong about the level at which relations would be established, we were right, and on to something very new, very early-on, in a changing Soviet-Mid East policy. Yet, this kind of thinking, too, was “a swerve” from standard positions in SOVA eyes at that stage.

Lastly, Mr. Chairman, I would like to ensure that you and Members of the Committee are aware of several facts of NIO life and the estimative game. Mr. Chairman, the first paragraph of this, I have been over—extemporaneously I won't go over that again. You have it in front of you.

I conclude, in that paragraph, that saying of course, research must be professional and honest. These values must always be preserved. But topics should not have been dismissed so contemptuously, just because CIA analysts have no evidence that the Soviets were involved in one or another activity—including, even the issue of the Pope, that God knows is very controversial.

Because this, indeed—and this is a very important point, Mr. Chairman—this is one of the dilemmas of intelligence work. It is not a good versus evil. It is a dilemma of intelligence work. Does absence of evidence—absence of evidence—mean that something is not there? Or it has not happened? How much should we rely on intuition, judgment, and experience in appraising the likelihood of events or motives, or the issue of who benefits from an event?

This dilemma can never be solved. SOVA seems to have clung to the idea that the sweeping force of “no evidence” means that we don't think it happened; which is a safe, and perhaps appropriate position for a junior analyst.

But is a more experienced analyst or manager wrong to examine other considerations, even in the absence of evidence that we may never collect?

In the estimative business, in any case, we are always, Mr. Chairman, always talking about intuitions, judgments, gut feelings and experience. We are writing estimates precisely because we do not know. And there will never be enough evidence to enable us to be sure. Analysts love to say that it is “too early” to make a judgment. But the policymaker has to make a judgment, and right now, damnit. What are we analysts paid for, anyway—they will say? If the evidence was that clear, of course, we wouldn't need an estimate. Estimates are judgments. They are based on slim, and sometimes no evidence. Of course, we want evidence. But when we have only a tiny sliver of evidence, is that all that we go on? Or do we use our intellects to try to glean the remaining 95 percent of an unknown construct, of which we have only one, tiny part?

The SOVA charges seem to talk with undue certainty about evidence ignored. I submit, Mr. Chairman, that the dilemma of evidence in judgment can never be appropriately and fully resolved. Both are essential. But judgment still goes on in the absence of evidence.

And so, too, this role of the senior manager. This is an insoluble question that we are faced with. It is not a black and white, or good and evil, or right or wrong question. There is a hidden supposition. And much of the analysts' complaints that senior people should stay the hell out of their analyses.

I respect their concern. But here, again, we have a trade-off. Is wisdom couched exclusively at the lower levels of analysis with the "hard facts"? Or does it reside, perhaps, nearer the top with senior, experienced officials who have seen much of the world and a lot of politics—and indeed, some of whom may also have their own agendas, as well.

In my experience, no one, not even analysts, are totally agenda-free. Even Dick Kerr's own memo on how to hew the straight and narrow path in writing estimates—that is one of the documents in question, here—suggests that well, the NIO should really not play any substantive role in the estimates, themselves, and just be an honest broker. And by the way, they should probably live in a building far away from the CIA. That's all very well, for the then-head of the DI to say, who views—and did view at that time—the NIC as a prime, in-house institutional competitor in analysis.

These are just facts of life in the real world, Mr. Chairman, about how we do our analysts. In principle, good people are supposed to be at the top, where they can exercise their own judgments about the true, import of events. These senior people may appreciate the analyst telling them about what happened. But they will not relinquish the right to interpret events for themselves, if they wish.

The same goes for the President, in reading CIA reports. Is this wrong? Sometimes the policymaker's analytic instincts might be better than the analysts. I'm quite sure that George Bush gets tons of information that is unsubstantiated; never cleared by the CIA; not coordinated; off-the-wall; partially valid—or whatever else. And George Bush has got to decide what he's inclined to believe, and what he isn't inclined to believe.

CIA estimates, of course, should be taken at a higher level of seriousness. But I'm suggesting that there's no right or wrong here, always, but only a permanent dilemma.

I would concur with my SOVA colleagues who are upset if information is mis-represented as it is set forth. That's a different question. But to suggest that it all has to be carefully scrubbed before any policymaker is allowed to see it, or allowed to have his own opinion, is, I think, naive about the way the system works.

You are all familiar with the NFIB, the National—what is it, the National—Foreign Intelligence—yes, excuse me, thank you, sir. It's been 6 years since I attended one of those august meetings.

The very principle of the NFIB is that the senior-most people in intelligence work have the right to pass judgment, even on the NIO's work; even on the community's work; and change the judgments as they see fit.

Is this politicization? Or is it seasoned judgment? You tell me. I don't know. All I know is that real hardball was played at NFIB meetings. And NIO's and the analysts who had written the drafts, along with them, had to face more than just a strong-minded Casey, or a strong-minded Gates.

General Odom, of NSA, with a solid, Soviet background, believe me, could dish it out with the best of them—with his own clear vision of what the U.S.S.R. was all about. So did Mort Abramowitz of INR, whose fine mind delighted in rapier thrusts through the fabric of carefully-coordinated estimates, brought to NFIB for approval. Was Mort Abramowitz—because he was a member of the State Department, and working for George Shultz—politicizing estimates by saying that he challenged the community's views; or General Odom; or the DIA? I can't answer that question. That's the way the system is built. And it's very difficult to decide whether the top, senior people are being political, or simply being wiser and more thoughtful about certain problems that they deal with. In the end, NFIB, as you know, did reject or not reject estimates, depending on what they thought of them.

Mr. Chairman, this is the real world of intelligence analysis that I know and experience. That is the Casey and the Bob Gates that I know. I am actually aware that we have many analysts—including serious, respected and knowledgeable, senior analysts, and junior analysts—who somehow feel pain at the way the process worked when they were there.

I am concerned that the system did not seem to deal better with the wounds and scars that hard-ball analysis—and it really is hard-ball—has produced among the SOVA analysts.

I suspect that there are a whole lot of different things going on here, rather than a systematic attempt to distort and politicize intelligence. I think Bob Gates is too intelligent for that. For there is no quicker death for an intelligence officer, than manipulation—willful and deliberate manipulation—and distortion of facts.

No DCI can afford to go down in history as one who manipulated or distorted intelligence. That fact, through Irangate, has destroyed the reputation of the remarkable intellectual figure that Bill Casey was.

But in the trenches of analysis and policy, over the years, mistakes do get made. We have all made them. God knows I have made mistakes in my own judgments, and I will probably go on to make more in the future.

Yet, I have not personally experienced anything that I would call true politicization of estimates in my personal experience—even by Casey. As I said, I have taken a lot of flak off Casey. I know his views. I've argued strenuously with him, and knew where he was coming from, and where he wanted to go. That was his prerogative. It was my job to do what I was paid for—not to do his bidding.

Nor, do I think that politicization accurately or fairly describes the Gates that I worked with for 5 years—whatever failings, harshness, insensitivities, or analytical misjudgments, he, too, may be guilty of in this period.

I'd just like to interject, Mr. Chairman, before I hit my last paragraph—having heard the grievances of so many analysts, I am deeply concerned with what seems to be a very, very serious ero-

sion over time, of morale within the working group of at least the SOVA, Third World Group. I can't speak for other groups, elsewhere. I think that it's very unfortunate, and highly undesirable, whatever the nature of debate is.

There are winners and losers on every issue of judgment that we make within the intelligence community. That comes with the turf. But I think if it leads to the wholesale destruction of morale and confidence, at the lower working levels, then something is, perhaps, awry with the process.

In the end, the intelligence community must constantly review its procedures and processes, so as never to become complacent. But the issues are rarely one of malfeasance, but rather trade-offs among competing values. I wrote an extensive memo to the SSCI sometime around the summer of 1986—and it's in your files—that set forth in some detail the intellectual dilemmas that the community must always live with, and bear in mind in its work. For they can never be resolved, only balanced.

I think the amalgam of problems that we, in the intelligence community always face, really can't be reduced to a simple, black and white charge of politicization. That's not the Gates I knew. I don't think that's the way the system worked—whatever turf got trampled by elephants in the Casey period.

Thank you.

[The prepared statement of Mr. Fuller follows:]

PREPARED STATEMENT OF GRAHAM E. FULLER

Mr. Chairman: I am happy to do what I can to shed any light on past work at the CIA involving Robert Gates. I served at CIA Hqs first as NIO for Near East/South Asia (NESA) from 1983-1986, and then as Vice-Chairman of the National Intelligence Council (NIC) from 1986-1987--for nearly two years. During those years I had occasion to work closely with Bob Gates throughout.

My own background in brief:

I have a BA in Russian Language and History and an MA in Soviet Studies from Harvard University with a minor in Middle Eastern studies. I served overseas in the Foreign Service for nearly twenty years, most of the time in the Middle East, in various sensitive positions of considerable responsibility I don't need to go into. I then served at CIA Hqs for five years. I finally left government service at the end of 1987 to go to RAND Corporation where I am now a Senior Political Scientist. My goal was to get greater freedom both to write and speak out publicly on foreign affairs. I have just published a book on The Geopolitics of Iran, and have completed numerous published studies for RAND on the Palestinian problem, Islamic fundamentalism, the breakup of the Soviet Empire, on Turkey, on Gulf security policy and on the long-range outlook for the Middle East. Since leaving government I have published regularly in a variety of newspapers, magazines and journals, including Foreign Policy and Foreign Affairs on both Soviet and Middle Eastern affairs. I have a book coming out in January called The Democracy Trap: Pitfalls of the Post-Cold War World.

I mention these publications, Mr. Chairman, mainly to establish the fact that I have long had a serious interest in foreign affairs which I have maintained--and hopefully to suggest thereby that I have not been merely some dutiful public servant fulfilling the political agenda of William Casey and Bob Gates--as some of the testimony about my tenure at the NIC might seem to infer.

Mr. Chairman, as I read the testimony of others in the past week, I find myself disquieted. Serious charges have been raised against Bob Gates, especially those of Mel Goodman. While I know and respect Mel Goodman as a very knowledgeable and experienced Soviet analyst, in all frankness, I do not readily recognize the Bob Gates described in his testimony. I am indeed disturbed at hearing the specific and worrisome accusations he levels against Gates. But I find that when he talks on those incidents of which I am personally familiar, his account in my opinion contains serious distortions in content and in the manner of telling.

In brief, I do not believe that during my five years tenure

at the National Intelligence Council I witnessed anything that I would call improprieties in the conduct of estimative work by Bob Gates. I have no direct knowledge of his leadership of the DI which has figured in much of the testimony. But I do know that within the confines of the NIC and National Estimates, I have not seen Gates engage in anything that can be loosely called "politicization of intelligence," that is, the deliberate distortion of intelligence to satisfy policy goals.

During my entire time at the NIC I felt that there was scrupulous regard and concern for the integrity of the estimative process, and a singularly high proportion of time spent in talking about what the integrity of that process implies in concrete terms. To be specific, at no time was I ever told what either the administration or Gates or Casey "wanted" to come out of an estimate, or what it should say, or what conclusions it should reach. Not only was I never told what to say, but I would have regarded it as outrageously improper to even hear the suggestion, and I would have rejected it forthright. I have taken flak from Casey for what we ended up saying on occasion, but have never been told what to say, even indirectly. There was never a hint that there was an unspoken line to follow.

Mr. Chairman, I may have many failings, and I have indeed made errors in calling the political shots correctly on a number of issues over my many years in this risky business of prediction. But nobody who knows me would ever call me a toady or patsy to upper management. If I have any reputation it is one of independence, feisty individualism, originality of viewpoint--perhaps even considered to be a maverick on some issues. I have never had my own integrity questioned. And I have never been a snap-and-salute man to the "seventh floor."

I was in fact tested extremely early on in my tenure as NIO. I took on an estimate on the situation in Lebanon in 1983 after the Israeli invasion, in which George Shultz's "May 17th Accords" were the cornerstone of US policy there. Our estimate stated categorically that US policy aspirations were founded on unreality and would not succeed. Casey was unhappy with the result and told me that we had not taken into account the degree of "American resolve" to force through a settlement in Lebanon. We were asked to revisit the issue, bearing in mind the prospect that the US might employ force in the region to attain a settlement. The second estimate produced the same result. By then Casey had come around. But Shultz wanted yet another estimate, based on yet another premise. We still said the Accords were doomed. After the death of so many Marines and the pullout of American troops, Shultz later complained to Casey that "the Agency had not been supportive of American policy in Lebanon." Casey replied to Shultz that it was not the CIA's business to support American policy in its estimates, and furthermore that the estimates had not been wrong in their conclusions. That is one reason why Shultz hated Casey,

and distrusted Agency Estimates.

Mr Chairman, I feel it is important to impart at least a little flavor of the Casey tenure at CIA. Again, I can only speak of it from the vantage point of estimative work. Casey was a man of huge intellect and far-ranging interests. He had a geo-strategic mind if there ever was one--at once his source of brilliant strength and greatest weakness. Casey had a broad sense of global politics and the interrelationships of things. He could usually think of ten more implications of any international event than the average analyst could. He read widely and his NIO's had to run to keep up with his restless mind and flow of various hypotheses. He was an unabashed Cold Warrior and tended to view all events in terms of their impact on the struggle with the Soviet Union, apart from other regional implications. While I shared a deep suspicion of Soviet motives and ambitions, I often disagreed sharply with him on his interpretation of many issues where he was inclined to overstate the Soviet role. He was impatient with analysts who cleaved to narrow interpretations of events. He could be intimidating in his style and his knowledge, but he was willing to take as well as give if he had any respect for his interlocutor. I can think of few NIO's who did not need to respond firmly with him to hold their analytic ground on some occasion. But Casey respected the judgment of those who seriously defended their views, even if he did not like it. He could be withering if the analytic work was weak or excessively narrow or formalistic. Long range strategic National Estimates is not a game for kids. We all had to be tough, but nearly all of us relished a director who took a hands-on interest in the pith and substance of our analytic work. I think that is far more desirable than a director who stays aloof from the substance of his agency. But in Casey the passion for involvement reached an excess that was obviously to be his Achilles heel in the end.

Bob Gates may be a skillful staffer who has served a number of differing bosses well, but he too is not a faceless bureaucrat. He is immensely intelligent, has a superb grasp of substance, is a quick study, and fully understands the relationship between policy and intelligence. He was able to keep pace with Casey's own geopolitical instincts, and able to tone down some of Casey's more far-fetched hypotheses in discussion. Where Casey did not always hide what he hoped intelligence analysis might indicate, Gates was always fully aware of the requirements of analytic procedure and of the validity of independent analysis. I cannot speak to charges leveled about Gates' handling of research within the DI, but he was certainly respectful of the process in the work of the NIC. Gates did share a hard-line, but very well-informed, view of the Soviet Union independent of Casey. The international situation of the time perhaps justified a fairly hard-line view.

Because of the strongly felt Casey position, a counterculture seems to have sprung up among the SOVA analysts that struck me vividly as I got involved in estimative work. As much as Casey tended to link many world events in terms of Soviet policy--not as simplistically as his accusers would have it--SOVA seemed to bend over backward to compensate. We have heard as much in recent testimony. SOVA in my own personal observation seemed inclined towards a highly benign vision of Soviet intentions and goals, at least in the Third World. Mr. Chairman, at the time I too was frankly uncomfortable with much of SOVA's approach to Third World issues. I have two degrees in Soviet affairs, I speak fluent Russian, I dealt with Soviet diplomats abroad most of my professional life in the Third World. I personally felt that many SOVA analysts may perhaps have been expert on Soviet writings on Third World issues, but few of them had gotten their feet dirty so to speak in the dust of the Third World, had not watched Soviet Embassies work abroad, and were far less familiar with the political environment of the specific countries whose relations with Moscow they were following.

Mr. Chairman, I have been in anti-American riots in countries where there was good evidence of close Soviet contact with the organizers of the rioting. I am not saying there would have been no rioting without the Soviets there, but the Soviets clearly were in touch with a panoply of anti-Western forces throughout the Third World in the ongoing zero-sum quest for influence. Mr. Chairman, I stood on the roof of the American Embassy in Kabul, Afghanistan on the night of 27 May 1978 as pilots of the Afghan Air Force, controlled by the Afghan Communist Party, bombed the President's palace in the communist takeover of the country. No SOVA analyst would ever have told you that Afghan Air Force pilots trained in the USSR could pull off a coup in the name of the Afghan communist party. No SOVA analyst would have told you, until the troops were lined up and ready to go, that the USSR would ever send the Red Army into Afghanistan. Those actions were inconsistent with a generally shared SOVA vision that the Soviets tended to react defensively in the Third World and avoided risk. This almost became doctrine, and it was the standard language that SOVA usually offered in contribution to most Middle East Estimates. It is significant that nearly all these analysts referred to my own attempts at a new look at the Soviet-Iran problem, in the famous May 1985 Estimate, as a "swerve" from the SOVA line. While SOVA had many fine analysts, there was a tendency towards a certain homogenization couched primarily in terms of Soviet "dilemmas" and "problems," obscuring the fact that they had just taken over several real countries in the process in the late 1970s. Some dilemma. I do not want to oversimplify what were complex views of both sides of these debates. But I for one independently grew unhappy with the product that I received from many SOVA-Third World analysts. It was liberal vs conservative bias. Not a healthy situation, I scarcely need add.

In coming to the heart of the accusation against Gates in Estimative work, during my tenure as NIO/NESA, I would like to touch briefly upon the Special Estimate done on Iran in May 1985. "Special Estimate" by the way, only means out of the ordinary cycle, or an estimate devoted to only a specific aspect of a country and not to a wide examination of all you ever wanted to know about Iran. We did quite a number of Estimates on Iran in those years during the war.

Mr. Chairman, as I watched the events of the bloody Iran-Iraq war in those years, I grew increasingly concerned over our policies towards Iran. As I mentioned, I have just published a book on the geopolitics of Iran--that has nothing to do with Iran-Contra, I hasten to say. I felt that Iran was ultimately the key power in the Gulf, and already a major ideological threat to the region and to Western interests there. American policies were based solely on two factors: striking back at terrorism, and stanching all flow of any weapons from the West to Iran. While those goals were certainly understandable, I felt they hardly constituted a serious policy designed to get us back into Iran. We were engaged in a basic struggle with Moscow for influence in Iran, the most important country on the southern Soviet border. I was likewise concerned with our excessive tilt towards Saddam who--and I am on record on this--I felt had never "moderated" during the Gulf War.

DI analysts had already produced analyses earlier that year indicating concern for instability in Iran. Any careful look at the situation raised potentially alarming prospects: the clerical regime was perhaps foundering, opening the way potentially to radical leftist forces within the country. Yes, we had information from a Soviet defector that the Communist Party (Tudeh) had been badly damaged by Khomeini, but the Tudeh Party was a survivor over nearly fifty years of the ravages of SAVAK under the Shah as well. Who could safely count out its basically unknown influence within the Army or other institutions? The Iranian regime was already seeking to repair its relations with Moscow. If the Western arms embargo was a total success, it was logical that Moscow would be the most natural next source, and could quickly come to gain a monopoly over arms to Iran. A direct arms relationship with Moscow would have provided a major strategic advance for Moscow in Iran. Moscow had long been able to intimidate Iran militarily from the north, and now from Afghanistan as well--where Soviet troops were also along the Iranian-Afghan border against mujahideen operating out of Iran. A weakening clerical regime could certainly strike a bargain with the devil to survive; I believed that Moscow would not turn down that opportunity if it were presented, especially as the clerical regime seemed to move towards possible collapse. A pro-Soviet group could have come to power in Tehran under such circumstances, a far worse disaster for the West than Afghanistan. I had communicated my concerns to Casey on this, quite unsolicited, at about this time.

When the SOVA analyst brought me his draft portion of the Estimate, Mr. Chairman, I was immediately unhappy. It dismissed the possibility that the USSR would even seek to take advantage of desperate arms needs in Iran, and comfortably dismissed any serious Soviet design or intention to gain dominant influence in Iran. Such a view ignored several hundred years of Russian expansionism inexorably southward, on into Iranian territory in the Caucasus and Central Asia in the 19th century, and an attempt to establish a Soviet republic in Iranian Azerbaijan and Iranian Kurdistan at the end of World War II. It ignored a Soviet effort to ditch Iraq in favor of Iran as soon as Khomeini had come to power. Of course Khomeini disappointed Moscow in not being more pro-Soviet and less anti-Communist. But would not Moscow have leapt at the chance to gain a foothold in Iran a few years after the invasion and occupation of Afghanistan? Even if the possibility were only slight, the impact of such a logical move by Moscow to support left-wing powers in Iran, to exploit chaos, or to become sole arms source would have been a major coup for Moscow and a major loss for the US. I felt that a formal warning of this eventuality was of critical importance to US interests. And Estimates are partly designed to play a warning function as well.

As a result, I rewrote, entirely on my own, the Soviet portion of the Estimate. This was my prerogative as NIO to bring to the coordinating table a draft that represented my best vision of what the Estimate should say--to then be discussed, debated and coordinated among all representatives at the table. As Gates was my immediate superior, I informed him of my feelings and showed him my rewrite of the SOVA draft. He concurred with my version. I also showed the drafts to the NIO for the USSR who also agreed with me. At the coordination session we spent some time discussing the substance of the issue among all community representatives. After airing all disagreements, I told the SOVA representatives that they could take the issue up through the DI channel of communication, but did point out that I had already talked the issue over with Gates and the Soviet NIO. I can no longer recall the position of INR and DIA Soviet analysts, but if they had all weighed in against me as well as SOVA, my view would have been the minority. Neither DIA nor INR chose to take footnotes as best I can recall. Now, I am vividly aware of the frustrations of those SOVA analysts, but ~~they were~~ flagging for policy makers an entirely plausible, potential geopolitical shift of major proportions was not ^{less} urgent and correct.

I believe SOVA was in part aggrieved because a "non-Soviet" NIO had tampered with their work, which most other NIOs did not do, leaving matters to Soviet specialists to duke it out among themselves. But I too had credentials and much experience in Soviet affairs that was resented, in part, due to my being an outsider. I had "swerved" from the solid SOVA line on Iran as many of these analysts mentioned in their own testimony. Yet I believe that it can only be through the relentless examination of

various hypotheses and counterhypotheses that the intelligence community will ever have a chance to get at the elusive truths of forecasting the unknowable.

Because of this legitimate disagreement, SOVA analysts have chosen to cast this issue in terms "right and wrong", "truth vs politicization." Their own internal frustrations caused them to reject out of hand this line of analysis--that was not stated as certitude, but ^{only} as a distinct and serious possibility. The argument instead was seen to be serving either Casey, or Gates or the White House. I have not even been given the courtesy of simply being called wrong--but rather portrayed as someone else's instrument in the struggle against SOVA. Whether the application of the word "wrong" is appropriate in any case is questionable when one speaks of the warning function of intelligence. No, in the end the barn did not burn down, but there were plenty of fires raging in the region and people were playing with matches in the barn. Even the possibility of this major calamity for American interests was not ~~not~~ acknowledged.

The next Estimate on Iran, in February 1986, is commonly touted to have "reversed itself" and admitted its earlier "error." I find that an extraordinary interpretation. The later estimate took note that the disturbing negative trends suggesting the Iranian regime might be foundering now seemed to have receded and that the Iranian regime had moved towards a stronger footing after its problems the preceding year. If shifting analysis reflects anything but open-minded continuous review of a problem, then I don't know what does.

In the end too, the SOVA analysts revert to the same ad hominem attacks in attributing neanderthal political views of the Soviet Union to me. I note for the record, Mr. Chairman, that I was one of the very first senior Agency figures to state that the Gorbachev revolution was for real. I stood strongly in support of the most liberal interpretation of Gorbachev's reforms in the estimates produced early on by the now NIO for the USSR. I was one of the first to publish a major piece in The National Interest in 1987 stating that Soviet "new thinking" was for real and what the roots of this change were. If I fault Gates for anything, it was that I think he was too resistant to recognizing the reality and the import of the Gorbachev revolution. He was not alone.

Throughout these controversies, Mr. Chairman, Gates never told me what to say, never winked at me, or otherwise attempted to dictate outcomes of Estimates. He had his views, they were known. I had my own views on a whole range of issues, and they were well known to the NESA community in our regular monthly brainstorming sessions designed to make sense of the morass of Middle Eastern politics. I think anyone who knew me from that period would testify that we were exhaustive, and exhausting, in arguing issues first one way and then another; devil's advocating, and probing the

meaning of regional events. Most other NIOs I knew maintained similarly open minds. All of us would have bristled at any attempt to be told what to do or what to say.

Mr. Chairman, I am aware of the Iran-Contra saga only as you are, through what I later read in the papers. I had no inkling before or during the operation of what was going on and fortunately was not briefed or brought in on it. Any analysis I did was entirely on my own. Whether or how much it served the administration's purposes I cannot say. All I know was that I had strongly urged in private memos that our Iran policy be reviewed. It was reviewed, my suggestions were rejected by State and Defense. I had done my job as far as I was concerned, and the issue was over--or so I thought. I am aware that some have claimed that my policy pieces on the geopolitics of Iran provided the "intellectual foundation" for arms sales to Iran. If so, those arms sales were really politically insignificant in terms of our relations with Iran, not what I had in mind, and were feckless in the extreme.

The charge of politicization was also raised repeatedly in connection with an Estimate we did, at Casey's request, on the possibility of collusion among Iran, Libya, and Syria to coordinate certain kinds of anti-American actions and policies in the region. The topic had come up as a result of our ongoing contact--established by a previous NIO/NESA, with an outside analyst who specialized on strategic issues involving radicals and the Soviets in the Middle East. That analyst, of Israeli background, who later did several contract papers for NIO/NESA (also distributed to DI/NESA and DI/SOVA) possessed a highly prolific and creative mind. His analyses were invariably thought-provoking--even when I did not agree with them. He was a catalyst to our own thought. We brought him in one time to discuss some of his research and his ideas with a group of various DI analysts. Instead of encountering lively responsiveness and debate, he was met by cold and unresponsive hostility by nearly all analysts. His views strayed too far out from the well-trodden lines of in-house analysis. Casey, intrigued with the thesis of possible coordination among radicals, asked for an estimate on the topic. Entirely appropriate to ask for any topic to be addressed. The topic indeed was worth addressing to see if there was anything really significant to it. The contractor, contrary to what was suggested by Glaudemans in a paranoid moment, was emphatically not written by the contractor, but within the DI. The contractor never saw it. In the event, community analysts found little evidence to support the concept of significant coordination among the three Middle Eastern radicals, but did agree that they probably had some distinct ideological impact on each other and shared common anti-American goals at certain junctures. The estimate was an interesting and thought-provoking exercise, and the major thesis was essentially not accepted. Casey may have been disappointed, but I told him that was the community's best judgment and I supported it. For many

analysts, however, the outrage consisted in that they were asked to consider the thesis at all, one that they perceived as serving a right-wing agenda. The DI is often uncomfortable with unconventional probes into conventional wisdom. And conventional wisdom is usually right. (And I do not mean to suggest there are not many very fine individual thinkers within the DI.)

But in my view that has indeed been one of the problems of the DI--the tendency to live within its own intelligent, thoughtful world, but not to venture out too much, literally or figuratively, into the world. Here again, Casey and Gates, far from seeking to impose a "house view" on analysts, constantly urged analysts to get out into the outside world to seek new ideas that might stimulate fresher analysis. In the event, few analysts were willing or able to do so, but the NIO function aimed very specifically at getting at least the NIO out daily to comb academia, press and business circles for glimmers of new--not facts, we've got too many--but new approaches and concepts. The sometimes introverted character of the DI, physically remote from Washington, and hierarchical in character, still has some impact on the amount of flexibility it has in readily thinking the unthinkable.

Mr. Chairman, the NIO and Gates were also accused of politicization in an Estimate we did on Soviet-Israeli relations. In that estimate, both myself and the Soviet NIO, impressed with the new vigor of Gorbachev in foreign affairs in the early days, reconsidered the old issue of Soviet-Israeli relations and felt there were in fact very good reasons why it would be in the Soviet advantage to establish diplomatic relations with Israel within the next 18 months. Goodman and Glau demans refer darkly to some impulse we had to "serve policy needs." There were no policy needs. Our revisionist view of this time-honored SOVA position was viewed with scorn by SOVA, and our Estimate acknowledged openly a difference of opinion. SOVA analysts now triumphantly point out that they were right that diplomatic relations were not in fact restored within 18 months. If formal relations were not, in fact a whole revolution came about in Soviet relations with the whole region, and informal ties with Israel blossomed extraordinarily. While we were technically wrong about the level at which relations would be established, we were in fact onto something very new, very early on in changing Soviet-Mid-East policy. Yet this kind of thinking was a "swerve" from standard positions in SOVA eyes.

Lastly, Mr. Chairman, I would like to ensure that you and members of the committee are aware of several facts of NIO life and the Estimative game.

First, NIOs are indeed in close touch with policy makers to determine what kind of estimates the policy makers need and the questions they have in mind. No estimate is policy relevant

without that. Anyone could ask for an Estimate, including Mr. Casey or the NIO himself. The terms of reference of the Estimate always included everything the policy-maker asked to be examined, but did not stop there. The NIO, and the community, also had the right to insist on raising and answering other questions that maybe nobody wanted raised, as long as we felt it important to a full understanding of a problem. Gates fully backed this approach and participated closely with us in formulating these terms of references. Gates always encouraged us to do so as widely as possible, and to ask the hard, key questions that would bite to the heart of the matter. Indeed, we always felt that anyone had the right to pose any question, including Gates, but never had any right to pose the answer. I do not share the outrage that Mr. Goodman seems to do, that Casey asked the analysts to examine outrageous questions. No questions were illegitimate, and Casey--or Gates, had the right to push for some hard analysis if they thought it was weak. I am not supporting the alleged reports of intimidation or manipulation by either Gates or Casey within the DI--if those are accurate. But I see no reason why Casey should not ask for a careful and thorough examination of the facts behind the assassination attempt on the Pope. The strange truth of that incident has yet to be revealed. Of course research must be professional and honest; those values must always be preserved. But the topic should not have been dismissed so contemptuously just because CIA analysts have no evidence that the Soviets were involved.

That indeed is one of the dilemmas of intelligence work. Does absence of evidence mean that something is not there, or has not happened? How much should we rely on intuition, judgment and experience in appraising the likelihood of events, motives, and the issue of who benefits from an event? This dilemma can never be solved. SOVA seems to have clung to idea that the sweeping force of "no evidence" means we don't think it happened--a safe position for a junior analyst. But is a more experienced analyst or manager wrong to examine other considerations even in the absence of evidence that may never be collected?

In the estimative business in any case, we are **always** talking about intuitions, judgments, gut feelings and experience. We are writing estimates precisely because we **do not know** and there will never be enough evidence to enable us to be sure. Analysts love to say that it is "too early" to make a judgment, but the policy maker **has** to make a judgment, right now, dammit. What are we analysts paid for anyway, they will say? If the evidence was clear we wouldn't need an Estimate. Estimates are **judgments** based on slim or no evidence. Of course we want evidence, but when we have only a tiny sliver of evidence, is that all we go on? Or do we use our intellects to try to glean the remaining 95% of an unknown construct, of which we have only one tiny part? The SOVA charges seem to talk with undue certainty about "evidence ignored." I submit, Mr. Chairman, that the dilemma of evidence and judgment can

never be resolved. Both are essential, but judgment still goes on in the absence of evidence.

So too the role of the senior manager. There is a hidden supposition in much of the analysts' complaints that senior people should stay the hell out of their analyses. I respect their concern. But here again we have a trade-off. Is wisdom couched exclusively at the lower levels of analysis with the "hard facts?" Or does it reside more likely nearer the top, with senior experienced officials who have seen much of the world and a lot of politics, or who may have their own agendas by then as well? In my experience no one, not even analysts, are totally agenda-free. Even Dick Kerr's own memo on how to hew to the straight and narrow path in Estimates suggests that the NIO really should not play any substantive role in the Estimates, and just be an honest broker. That's all very well for the then head of the DI to say, who views the NIC as a prime in-house institutional competitor in analysis.

In principal good people are supposed to be at the top, where they can exercise their own judgments about the true import of events. They may appreciate the analyst telling them about what happened, but they will not relinquish the right to interpret events for themselves if they wish. The same goes for the President in reading CIA reports. Is this wrong? Sometimes the policy-maker's analytic instincts might be better than the analyst's. There is no right or wrong here, only a permanent dilemma. The process must accommodate both, for the quality of judgment may be found anywhere. The very principle of NFIB is that senior experienced people in intelligence work have right to pass judgment even on the NIO's work and change the judgments as they see fit. Politicization? Or seasoned judgment? You tell me. All I know is that real hard-ball was played at NFIB meetings, and NIOs and analysts had to face more than just a strong-minded Casey or a Gates. General Odom of NSA, with a solid Soviet background, dished it out with the best, with his own clear vision of what the USSR was all about. So did Mort Abramowitz of INR, whose fine mind delighted in rapier thrusts through the fabric of ~~Estimates~~ coordinated Estimates brought to NFIB for approval.

Mr. Chairman, this is the world of intelligence analysis that I know and experienced. That is the Casey and Bob Gates that I know. I am acutely aware that we have many analysts, including serious, respected and knowledgeable senior analysts, who somehow feel pain at the way the process worked when they were there. I am concerned that the system did not seem to deal better with the wounds and scars that hard-ball analysis--and it really is hard-ball--has produced among the SOVA analysts. I suspect that there are a whole lot of different things going on here rather than a systematic attempt to distort and politicize intelligence. I think Bob Gates is too intelligent for that, for there is no quicker death than manipulation of facts. No DCI can afford to go down in history as one who manipulated or distorted intelligence. That fact--through Irangate-- has destroyed the reputation of the

remarkable intellectual figure that Bill Casey was. But in the trenches of analysis and policy over the years mistakes do get made. We have all made them. Yet I have not personally experienced anything I would call true politicization of estimates throughout my experience, even by Casey. Nor do I think that the term accurately or fairly describes the Gates that I worked with for five years, whatever failings, harshness, insensitivities, or analytical misjudgments he too may be guilty of in this period.

In the end, the intelligence community must constantly review its procedures and processes so as never to become complacent. But the issues are rarely one of malfeasance, but rather trade-offs among competing values. I wrote an extensive memo to the SSCI sometime around the summer of 1986 that set forth in some detail the intellectual dilemmas that the community must always live with and bear in mind in its work, for they can never be resolved, only balanced. I think the amalgam of problems we in the intelligence community always face really can't be reduced to a simple black and white charge of politicization. That's not the Gates I knew; I don't think that's the way the system worked, whatever turf got trampled by the elephants in the Casey period.

Graham E. Fuller

Chairman BOREN. Thank you very much, Mr. Fuller and my apologies for having to interrupt your testimony so many times.

We will be proceeding to questions after we have heard the others. We would like for you to be available to be part of that panel in responding to questions when that time comes.

Our next witness will be Mr. Hal Ford, if he would come forward at this time. Mr. Ford, we welcome you to the Committee, and again, I am sorry that we weren't able to predict with more accuracy the time you would give your statement.

I hope that the intelligence estimates have been somewhat better than the time estimates that the Committee has been able to give our witnesses today. We appreciate your being with us.

As I indicated in my opening statement, Mr. Ford has some 40 years of intelligence experience. From 1980 to 1986 specifically he served in various positions on the DCI's National Intelligence Council, sometimes referred to as the NIC.

So Mr. Ford certainly brings valuable experience to these proceedings. Mr. Ford, we appreciate your taking time to be with us. As we are in a confirmation process, I would ask that you raise your right hand and be sworn at this time.

Do you solemnly swear that the testimony that you are about to give is the truth, the whole truth and nothing but the truth, so help you God?

Mr. FORD. I do.

Chairman BOREN. Thank you very much, Mr. Ford. If you would, we would be happy to receive your opening statement at this time in any form you would like to give it.

Mr. FORD. This is not my opening statement, this is.

Chairman BOREN. For a minute there, it looked like the opening statement that a Senator might give and I am relieved that yours is somewhat briefer than that.

TESTIMONY OF HAROLD P. FORD, FORMER ACTING CHAIRMAN, NATIONAL INTELLIGENCE COUNCIL

Mr. FORD. Thank you, Mr. Chairman.

I have some very difficult things to say today, but I feel I must say them. In brief, my message is that I think Robert Gates should not be confirmed as Director of Central Intelligence.

This is a difficult task for me, in part, because though semi-retired, I am still an employee of the CIA on part-time contract. This is also a very painful task for me. It is painful to be negative about someone who has been my colleague, a relationship that was cooperative throughout, where there was no bad blood whatsoever between us. Moreover, as my supervisor, Bob Gates was good to me, and awarded me increased responsibilities.

Furthermore, he is extremely able, and has clearly had unique experience in both the production of intelligence and its use by the country's top decision-makers. It is also painful to have to differ with my good friend, Graham Fuller. I see things differently, I see Bob Gates differently as I will spell out.

For me, with respect to Mr. Gates, this is a case of divided loyalties, conflicting loyalties. As an indebted colleague, I should loyally support his candidacy, but I also have loyalties to the Agency and

our country's need to have DCIs of the finest caliber and makeup possible.

I must add that my pain has been eased somewhat in the last few days because since news began appearing in the press that I had some reservations about this nomination, a number of my CIA colleagues, present and past, analysts and operations officers alike, have told me privately that they support my position. It is nice to know that I am not alone. However, my testimony here today is wholly my own, no one else's.

First, a word where I am coming from and about my knowledge of Bob Gates. Following service as a Naval officer in World War II and a freshly won Ph.D., I joined the CIA in 1950. I served in operations, including a tour of duty as a CIA Chief of Station abroad.

I was also an analyst of intelligence for some years and a manager of intelligence for many years. I have also been a critic of intelligence—including 4 years duty with this committee. That was 1976 to 1980, at which time I was the senior staffer concentrating on intelligence analysis.

In the CIA I served 4 years in the Directorate of Operations, the DO, and 4 years in the CIA's Directorate of Intelligence, the DI, but most of my Agency duty concerned the National Intelligence Estimates business.

There my mentor in particular was Mr. Sherman Kent, a marvelous character, but someone who schooled the people who worked for him to play it straight and tell it like it is, and I can't help but compare what the world was, working for him and General Bedell Smith to what it was working for Mr. Casey and Mr. Gates. I don't want to sound like an old-timer who thinks everything in the past is better, but in my view, they don't make them like they used to.

I served in the Office of National Estimates, where I was the Chief of its staff and later with that office's successor, the present National Intelligence Council, the NIC or the Nick, where I was a National Intelligence Officer at Large, later the NIC's Vice Chairman and then its Acting Chairman, from which post I retired from CIA on 3 September 1986 for reasons of health.

Since then I have been a lecturer at the Defense Intelligence College and a historian with the CIA part-time. I am an author and lecturer on intelligence analysis, including a national prize-winning monograph on national intelligence estimating.

Discerning what is the skewing of intelligence and what is not is a tricky business, but from my four decades of experience in and around intelligence, I think I can help the committee thread its way through the differing kinds of pressure which Bob Gates did or did not bring on intelligence analysis.

It is my view that many of his pressures were justified, as he sought to sharpen analysis and its usefulness to decision-makers. Secondly, that some of the pressures he brought on analysis simply reflected differing professional judgments, and that some of the allegations that he skewed intelligence doubtless have arisen from an analyst whose pride was damaged by his revisions.

Thirdly, however, as I am prepared to discuss at greater length, it is my view based on documents that have been released in the last few days, on testimonies that have been given to this Committee of late, and on the confidences of many CIA officers whose

abilities and character I respect, that other of Bob Gates pressures have gone beyond professional bounds and clearly constitute a skewing of intelligence, not in the fields of military and strategic issues, but chiefly concerning Soviet political matters and the Soviets and the Third World.

With respect to the latter, I would interject, events have proved that the Soviets have, for some years, been definitely lessening their commitments in Asia, Africa and Latin America, thus validating the earlier judgments that SOVA made, not those that Bob Gates and his supporters made.

I would also add that the skewing of intelligence and the purging of dissident DDI analysts, as we have already heard today, goes considerably beyond the four particular issues this Committee happens to be focusing upon. It isn't wholly across the board, but there are many more than just four issues.

My knowledge of Bob Gates: We first met in 1980 when I returned to CIA from this committee. I then had some contact with him off and on for some 3 years, then considerably more contact with him after he became Chairman of the NIC in 1983, at which time I was one of his National Intelligence Officers, an NIO/At Large, seized mostly with global issues.

I had still more contact with Bob Gates from January to September 1986, first as his senior deputy in the NIC and then after he became the Deputy Director of Central Intelligence, when I succeeded him as Chairman of the NIC in an acting capacity.

During those months of 1986, we saw quite a bit of one another on questions of personnel, procedure, and substance. In many of our meetings, Director Casey was present; other of my meetings with Bob were one on one. I must add that I admired Bob Gates' efforts to make intelligence estimates shorter, sharper and more relevant to the needs of our policy-making customers.

During those 8 months of 1986, I recall no instance where he tried to skew NIC's intelligence analysis in any way. Regarding pre-1986 months in the NIC however, I find that Bob Gates did lean heavily on the now famous Iran estimate of May 1985, in effect, insisting on his own views and discouraging dissent. That in my view was clearly a skewed estimate or a swerved estimate as Doug MacEachin termed it in the January 1987 memo he sent the DDI, Dick Kerr.

In my view, that 1985 estimate on Iran was not an estimate in the usual sense. The National Intelligence Estimate presents the data, all the data on all sides and then draws what seem to be the most likely patterns and the most likely future. If an NIE or SNIE goes on to talk about, well, it is possible that the Soviets might do this, the worst case that they might do this, it clearly says so.

This 1985 estimate was a worse-case paper clearly, but it did not clue the reader that it was, and therefore the readers could misjudge it thinking this is the way things were going to be, not this is the way things might be if the Soviets did their damndest.

More important, that 1985 skewed estimate had significant policy consequences, as the Congress' Iran Contra report and the Tower Report both indicate, that estimate directly fed White House interest and enthusiasm with respect to reversing the then boycott on U.S. arms to Iran.

Again, as Doug MacEachin said in his memo to Dick Kerr of January 1987, later National Intelligence Estimates backed off from the 1985 estimate stress on the Soviet threat to Iran. I differ with Graham, I think no one can read this without drawing that same conclusion.

They softened that view. Why? Because it became more clear that the level of Soviet military support to Iran had been dropping precipitously for some years, also at the very time the NSC staff in June 1985 were preparing their draft NSSD, their policy paper under the premise that there was a significant Soviet threat to Iran, the Soviets had begun withdrawing the very last of their 1,000 or so remaining economic analysts.

I also fault Bob Gates for sticking with this earlier 1985 swerved vision of a pronounced Soviet threat to Iran when in the capacity of Acting Director of Central Intelligence, he testified to the Senate Foreign Relations Committee in January, 20 January 1987 that, quote: "We believe," that is "We believe," present tense, January 1987, "We believe that the Soviets remain poised to take advantage of the inevitable instability and opportunities that will present themselves in a post-Khomeini era that is now just around the corner. The Soviets, through the proximity of their military might and the covert political and military infrastructure we believe they have been trying to build up inside Iran will have some important advantages. We, in the Intelligence Community, must take the threat of Soviet political and military intervention seriously."

And then Bob ended his testimony to the Foreign Relations Committee with this notable sentence, quote: "It is our understanding that this threat was in fact one of the animating factors for the Administration's initiative."

I should add that the paragraph before, in the next to the last in his testimony, Bob Gates told the Foreign Relations Committee: "By 1985 our concern about the Soviet threat had again risen" and so on and so on, and then the statement that I just read of his.

In his testimony and I fault him seriously on this, he spoke to your colleagues and perhaps to some of you, only in 1985 tones, making no mention whatsoever of the existence of intelligence received since 1987 that had materially softened the vision of a pronounced Soviet threat to Iran, nor did he make any mention of NIE's, National Intelligence Estimates produced subsequent to 1985, which had been prepared under his direction, which also softened the worst-case, the 1985 estimate had presented. I, for one, believe that our country's DCIs should candidly and faithfully report the Intelligence Community's findings to the Congress and not pass off their own earlier preconceptions as present tense fact.

On other matters, if the committee has any interest, I have some firsthand knowledge, clarifying and correcting some of the testimony this committee has received previously concerning the famous or infamous National Intelligence Estimates on Mexico of 1985 or on the Soviets in international terrorism of 1981.

As for the pressures Bob Gates brought within CIA overall, it is clear that he leaned much more heavily on intelligence analysts in the Directorate of Intelligence than he did with the NIC. This is probably because it is harder, much harder, as Graham has said, to

skew a broad National Intelligence Estimate than it is the narrower questions more often addressed by DDI.

Secondly, it was probably more difficult because the DDI's analysts are mostly younger, more junior officers than the NIC's tough veterans.

I know that I am not as well known to the committee as the witnesses who have urged this committee to confirm Bob Gates, but I do bring certain credentials to my testimony. As someone still in the intelligence analysis business, who has been there longer than any other officer I know. Someone who had the pleasure of knowing and working for DCIs of stature, General Bedell Smith, Allen Dulles, John McCone, Dick Helms, Bill Colby. Someone who has held senior CIA positions in both operations and analysis. Someone to whom Director Casey and Bob Gates gave several awards, including the National Intelligence Distinguished Service Medal. Someone who has been rewarded with respect within the CIA, within this Committee years ago and in the outside world of scholarship in the fields of international affairs, of intelligence and of ethics and public affairs, and I have written and spoken quite a bit in all of these fields.

Also, I would say for credentials, my knowledge of the NIC and my knowledge of National Estimates, my knowledge of the use of the NFIB. I think those are bad initials, NFIB, but it stands for National Foreign Intelligence Board. I have been going to NFIBs and their predecessors off and on since 1951 and seen all kinds of directors in action.

As I say in my monograph that I mentioned, I do not generally give the NFIB as high marks as Graham did. Yes, there are occasional Bill Odom's and there are occasional Mort Abramowitz's, but by and large, the senior officers there are especially from the military are picked because they are managers and not because they have world views about intelligence questions.

And again and again I have seen it happen over and over again, where a strong chairman, and in recent years, Bill Casey, and strong spokesman for the CIA can pretty much have their way, and around the table, oh yes, yes, yes, fine, fine, unless it affects my particular turf, my Navy thing, my Army thing, so on and so on.

I wish it were otherwise, and occasionally there are fine officers whose interests are much broader than that and who bring great depth and wealth to the group.

Now the key question before us, why do I take the painful step of urging that Bob Gates not be confirmed? Several reasons. First, my views on the nomination have become markedly more critical since the confirmation hearings began. I have become more critical because of the depositions, the documents and the testimonies that have come to light, including that of Tom Polgar whose detailed knowledge of the Iran-Contra record, in my view, deserves respect and careful testing, even if the Iran Contra committee did not happen to formally pursue many CIA questions at the time.

Secondly, I have become more critical because of certain testimonies of Bob Gates himself, his earlier testimony to the Senate Foreign Relations Committee which I mentioned a moment ago and his many instances of forgetfulness in his responses to this commit-

tee. I am sorry to say it, but the word that for me captures this latter testimony of his is clever.

The forgetfulness of this brilliant officer, gifted with a photographic memory, does not to me instill confidence.

Thirdly, to develop the finest U.S. intelligence possible a DCI Gates would have to attract and recruit the best brains in the country. I fear that he would have some difficulty doing so, because many would shy away from serving a DCI about whom some serious questions had been raised.

Fourthly, there should also be reservations about Bob Gates' analytical style and judgment. Over the year the best analytical results in U.S. intelligence have occurred when the DCI attracted the very best analytical talent he could find, then who listened to their judgments, ground in his own and then presented their collective views to the senior policymakers.

Many will share my view that Bob Gates has often depended too much on his own individual analytic judgments and has ignored or scorned the views of others whose assessments did not accord with his own. I agree completely with Graham about the need for intuition, and we don't just stick to what reports and absolute evidence we have, but the question is, whose initiative, or whose imagination, and whose initiative and how senior are they, and do they insist that that be bought by their juniors or is it plainly labeled as a best guess?

One of the things that I admired with Director Casey was that he urged all of us in the NIC—all of us NIO's and officers there—to give him think papers. If we got a new idea about something or wanted to question conventional wisdom, there's an outside chance that, or worst case that, all of these things were carefully so labeled. They went to him alone.

Now, often I think he probably did other things with them—took them downtown, and so on, which is not always good—but I think the opportunity to do that was correct and should remain correct, and were I running that shop now I would want that to happen.

But it's one thing to have intuition and so on, and another thing to present that to the reader that this is a National Intelligence Estimate and this is the way it is, rather than this is the way I and somebody else think it might be, or I and some other senior person think it might be but we have conned the others into silence.

My view that Bob Gates has ignored or scorned the views of others whose assessments did not accord with his own would be okay if he were uniquely all-seeing. The trouble is, he has not been. Most importantly, he has been dead wrong on the central analytic target of the past few years—the outlook for change or not in the fortunes of the U.S.S.R. and the Soviet-European bloc.

He was wrong in presenting the Soviet threat to Iran in 1985 as a true NIE and then telling the Senate Foreign Relations Committee 2 years later that those things still applied. I think Bob Gates was overly certain earlier that the Soviets ran or were in charge of international terrorism. He certainly was overly certain that the sky would fall if we did not bomb Nicaragua, to say nothing of the wisdom of such a recommended course of action.

The USA deserves a DCI whose analytic batting average is better than that, especially if that DCI tends to force his views on CIA

and the intelligence community and especially at a time when U.S. intelligence and U.S. policy face a far more complex world than the one we have known.

Fifth, the USA also deserves a DCI who sticks to being an intelligence professional and does not politicize his job by publicly plugging particular weapons systems or policies of the administration he is serving. Maybe that's part of my upbringing, and maybe I'm out of date, but I still urge that upon the U.S. intelligence community.

This brings me to my final reservation. I have some hesitancy concerning Bob Gates' determination to be a fiercely independent voice of intelligence. I do agree with Admiral Inman's testimony that there will not necessarily be dancing in the streets in CIA if Bob Gates becomes the DCI. I do feel, however, that Admiral Inman may have left a mistaken impression with this committee that the reason CIA senior officers might not wholly welcome a DCI Gates is because they're simply set in their ways and don't want to have to change.

I would stress that there is another element present among them which deserves emphasis, and that is the strong tradition among older CIA officers, one of stress upon the need for integrity of judgment and action, a generation of officers raised on the need for strict independence of judgment, of a premium of telling it like it is, of going where the evidence takes one and then candidly so telling the senior policymakers, whether they find such judgments congenial or not, the aim being to enlighten them about the true shape of the world, not to please them or to cater to their preconceptions. I do not see Bob Gates a strong exemplar of that tradition.

For U.S. intelligence to be worth its keep, worth all the money, talent, and effort involved, we citizens must be confident that a DCI will independently and fiercely stand his ground with his boss, the President of the United States, in key questions where their views may differ concerning a particular intelligence judgment at hand.

In my view, which I am sure many senior CIA officers share, there would not be such confidence concerning the Bob Gates who served DCI Casey in the CIA, and it seems to me it would be even more difficult for Bob Gates to develop such fierce, independent integrity of judgment and action vis-a-vis the President now, after having been a close, key member of his policymaking team for some years.

Thank you, Mr. Chairman, for permitting me to make these comments.

[The prepared statement of Mr. Ford follows:]

PREPARED STATEMENT OF HAROLD P. FORD

Thank you, Mr. Chairman. I have some very difficult things to say today, but I feel I must say them. In brief, my message is that I think Robert Gates should not be confirmed as Director of Central Intelligence. This is a difficult task for me, in part because though semi-retired I am still an employee of the CIA, on part-time contract. This is also a very painful task for me. It is painful to be negative about someone who has been my colleague, a relationship that was cooperative throughout and where there was no bad blood whatsoever between us. Moreover, as my supervisor, Bob Gates was good to me, and awarded me increased responsibilities. Furthermore, he is extremely able, and has clearly had unique experience in both the production of intelligence and its use by the country's top decision makers. For me, however, this is a case of conflicting loyalties. As an indebted colleague, I should loyally support Bob Gates' candidacy. But I also have loyalties to the Agency and to our country's need to have DCIs of the finest makeup possible. I must add that my pain has been eased somewhat in the past few days because, since news appeared in the press that I had some reservations about this nomination, a number of my CIA colleagues -- past and present,

analysts and operations officers alike -- have told me they support my position. My testimony here today, however, is wholly my own.

First, a word about where I'm coming from, and about my knowledge of Bob Gates. Following service as a naval officer in World War II and a freshly-won PhD, I joined the CIA in 1950. I served in operations, including a tour of duty as a CIA Chief of Station abroad. I was also an analyst of intelligence for some years, then a manager of intelligence for many years. I have also been a critic of intelligence -- including four years duty with this Committee, at which time I was the senior staffer concentrating on intelligence analysis. I served four years in CIA's Directorate of Operations (DO) and four years in CIA's Directorate of Intelligence (DI), but most of my Agency duty concerned the National Intelligence Estimates business. First, with the old Office of National Estimates, where I was the Chief of its Staff; and later with that office's successor, the present National Intelligence Council (the NIC or the Nick), where I was a National Intelligence Officer, later the NIC's Vice Chairman, and then its Acting Chairman, from which post I retired from CIA on 3 September 1986, for matters of health. Since then I have been a lecturer at the Defense Intelligence College, and an historian with the CIA, part-time. I am an author and lecturer on intelligence analysis, including a national prize-winning monograph on National Intelligence Estimating.

Discerning what is the skewing of intelligence and what is not is a tricky business, but from my four decades of experience in and around intelligence I think I can help the Committee thread its way through the differing kinds of pressure which Bob Gates did or did not bring on intelligence analysis. It is my view, in short, that many of his pressures were justified, as he sought to sharpen analysis and its usefulness to decision makers. Secondly, that some of the pressures he brought on analysis simply reflected differing professional judgments, and that some of the allegations that he skewed intelligence doubtless have arisen from analysts whose pride was damaged by his revisions.

Thirdly, however, as I am prepared to discuss at greater length, it is my view, based on documents that have been made available to us witnesses in the last few days, on testimonies that have been given to date to this Committee, and on the confidences of CIA officers whose abilities and character I respect, that other of Bob Gates' pressures have gone beyond professional bounds and clearly constitute a skewing of intelligence -- not in the fields of military and strategic issues, but chiefly concerning Soviet political questions and the Soviets and the Third World.

I first met Bob Gates in 1980, when I returned to the CIA from duty with this Committee. I then had some contact with him, off and on, for some three years. Then considerably more contact

with him after he became Chairman of the NIC in 1983 -- at which time I was one of his National Intelligence Officers, an NIO/At Large, seized mostly with global issues. I had still more contact with Bob Gates from January to September 1986: first, as his senior deputy in the NIC; and then, after he became the Deputy Director of Central Intelligence in April, when I succeeded him as Chairman of the NIC, in an Acting capacity. During those months of 1986 we saw quite a bit of one another, on questions of personnel, procedure, and substance. In many of our meetings Director Casey was also present; many other of my meetings with Bob Gates were one-on-one. As I have mentioned, our relationship was cooperative throughout, and I admired his efforts to make intelligence estimates shorter, sharper, and more relevant to the needs of our policymaking consumers.

During those eight months of 1986 I recall no instance where he tried to skew the NIC's intelligence analysis in any way. Regarding pre-1986 months in the NIC, however, I find that Bob Gates did lean heavily on the now famous Iran estimate of May, 1985, insisting on his own views and discouraging dissent. That was clearly a skewed estimate, or a "swerved" estimate, as Doug MacEachin termed it in a January 1987 memo he sent DDCI Dick Kerr. More important, that 1985 skewed Iran estimate had significant policy consequences: as the Congress's Iran-Contra Report (p. 165) and the Tower Report (pp. III-3-4) both indicate,

that estimate directly fed White House interest in reversing the then US boycott on providing arms to Iran. Later National Intelligence Estimates, prepared in 1986, backed off from the 1985 estimate's stress on the Soviet threat to Iran -- in part because the Soviets had in the meantime withdrawn the remainder of their economic advisors from Iran in June 1985, the very month, incidentally, that the NSC staff were preparing their new policy paper, their draft NSSD, based in part on the premise that there was a significant Soviet threat to Iran.

I also fault Bob Gates for sticking with his earlier, 1985, swerved vision of a pronounced Soviet threat to Iran, when as the Acting Director of Central Intelligence he testified to the Senate Foreign Relations Committee on 20 January 1987 that "we believe" -- "we believe," present tense, January 1987 -- that "the Soviets remain poised to take advantage of the inevitable instability and opportunities that will present themselves in a post-Khomeini era that is now just around the corner. The Soviets, through the proximity of their military might, and the covert political and military infrastructure we believe they have been trying to build up inside Iran, will have some important advantages. We in the intelligence community must take the threat of Soviet political and military intervention seriously." Then he closed his testimony with this notable sentence: "It is our understanding that this threat was, in fact, one of the animating

factors for the administration's initiative." On that occasion Bob Gates did not mention the existence of subsequent intelligence and subsequent National Intelligence Estimates that had materially softened the vision of a pronounced Soviet threat to Iran. I, for one, believe our country's DCIs should candidly and faithfully report the Intelligence Community's findings to the Congress, and not pass off their own earlier preconceptions as present-tense fact.

On other matters, if the Committee has any interest, I have some first-hand knowledge clarifying and correcting some of the testimony this Committee has previously received concerning the famous -- or infamous -- National Intelligence Estimates on Mexico (of 1984) and on the Soviets and International Terrorism (of 1981).

As for the pressures Bob Gates brought within CIA, overall, it is clear that he leaned much more heavily on intelligence analysts in the Directorate of Intelligence than he did with the NIC. This is probably because it is harder to skew a broad National Intelligence Estimate than it is the narrower questions more often addressed in the DDI; and, secondly, because the DDI's analysts are mostly younger, more junior officers than the NIC's tough veterans.

I know I am not as well known as the witnesses who have urged this Committee to confirm Bob Gates. But I do bring certain

credentials to my testimony. As someone still in the intelligence analysis business who's been there longer than any other officer I know. Someone who has had the pleasure of knowing and working for DCIs of stature: General Bedell Smith, Allen Dulles, John McCone, Dick Helms, Bill Colby. Someone who has held senior CIA positions in both operations and analysis. Someone to whom Director Casey and Bob Gates gave several awards, including the National Intelligence Distinguished Service Medal. Someone who has been rewarded with respect within the CIA, within this Committee years ago, and in the outside world of scholarship in the fields of international affairs, of intelligence, and of ethics and public affairs.

Now the key question: why do I take the painful step of urging that Bob Gates not be confirmed? Several reasons:

First, my views on the nomination have become markedly more critical since the confirmation hearings began. I have become more critical because of the depositions, the documents, and the testimonies that have come to light -- including that of Tom Polgar, whose detailed knowledge of the Iran-Contra record deserves respect and careful testing, even if the Iran-Contra Committee did not happen to formally pursue many CIA questions at the time.

Secondly, I have become more critical because of certain testimonies of Bob Gates, himself: his misleading testimony to the Senate Foreign Relations Committee which I mentioned a moment

ago, and his many instances of forgetfulness in his responses to this Committee. I'm sorry to say it, but the word that for me captures this latter testimony of his is -- clever. The forgetfulness of this brilliant officer --gifted with photographic memory -- does not, to me, wholly instil confidence.

Thirdly, to develop the finest US intelligence possible, a DCI Gates would have to attract and recruit the best brains in the country. I fear he would have some difficulty doing so, because many would shy away from serving a DCI about whom some serious questions have been raised.

Fourthly, there should also be reservations about Bob Gates' analytical style and judgment. Over the years the best analytical results in US intelligence have occurred when the DCI attracted the best analytical talent he could find, then listened to their judgments, ground in his own, and then presented their collective views to the senior policymakers. Many will share my view that Bob Gates has often depended too much on his own individual analytic judgments, and has ignored or scorned the views of others whose assessments did not accord with his own. This would be OK if he were uniquely all-seeing. He has not been. Most importantly, he has been wrong on the central analytic target of the past few years: the probable fortunes of the USSR and the Soviet European bloc. He was wrong concerning the Soviet threat to Iran in 1985. Overly certain, earlier, that the Soviets ran

international terrorism. Overly certain that the sky would fall if we didn't bomb Nicaragua -- to say nothing of the wisdom of such a recommended course of action. The USA deserves a DCI whose analytic batting average is better than that -- especially if that DCI tends to force his views on CIA and the Intelligence Community, and especially at a time when US intelligence and US policy face a far more complex world than the one we have known.

Fifthly, the USA also deserves a DCI who sticks to being an intelligence professional, and does not politicize his job by publicly plugging particular policies or weapons systems of the administration he is serving.

This brings me to my final reservation:
~~Finally,~~ I have some hesitancy concerning Bob Gates' determination to be a fiercely independent voice of intelligence. I agree with Admiral Inman's testimony that there will not necessarily be dancing in the streets in CIA if Bob Gates becomes DCI. I do feel, however, that Admiral Inman may have left a mistaken impression with this Committee that the reason CIA's senior officers might not wholly welcome a DCI Gates is because they're simply set in their ways and wouldn't want to have to change. I would stress that there is another element present among them which deserves emphasis. And that is the strong tradition among older CIA officers, one of stress upon the need for integrity of judgment and action, a generation of officers raised on the need for strict independence of judgment, of a premium on telling it

like it is, of going where the evidence takes one and then candidly so telling the senior policymakers, whether they find such judgments congenial or not -- the aim being to enlighten them about the true shape of the world, not to please them or to cater to their preconceptions.

I do not see Bob Gates a strong exemplar of that tradition. For US intelligence to be worth its keep, worth all the money, talent, and effort involved, we citizens must be confident that a DCI will independently and fiercely stand his ground with his boss, the President of the United States, in cases where their views may differ concerning a particular intelligence judgment at hand. In my view -- which I am sure many senior CIA officers share -- there would not be such confidence concerning the Bob Gates who served DCI Casey in the CIA. And it seems to me it would be even more difficult for Bob Gates to develop such fierce, independent integrity of judgment and action vis-a-vis the President now, after having been a close, key member of his policymaking team for some years..

Thank you, Mr. Chairman, for permitting me to comment on this nomination.

Chairman BOREN. Thank you very much, Mr. Ford. Again, I want to thank you for your patience in dealing with our scheduling problems. We certainly appreciate your past service to this Committee and we appreciate your testimony today.

Our next witness will be Mr. Larry Gershwin. I will ask him to come to the witness table. Mr. Gershwin, as I said in my opening statement, is the National Intelligence Officer for Strategic Programs. He has been National Intelligence Officer for Strategic Programs since 1981, and he is here to present his perspective on the issue of politicization as it relates to Soviet strategic programs.

Mr. Gershwin, we welcome you. Thank you for being with us, and if you would raise your right hand at this time you will be sworn.

Do you solemnly swear that the testimony that you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GERSHWIN. I do.

Chairman BOREN. Thank you very much. You may be seated.

Mr. Gershwin, we would welcome your opening statement at this time. We will have questions for the entire panel after our two remaining witnesses have had a chance to give their opening statements which probably will occur tomorrow. We thank you for being with us.

TESTIMONY OF LAWRENCE K. GERSHWIN, NATIONAL INTELLIGENCE OFFICER FOR STRATEGIC PROGRAMS, CENTRAL INTELLIGENCE AGENCY

Mr. GERSHWIN. We thank you, Mr. Chairman. I am pleased to be here today to assist the committee in its consideration of Robert Gates as the nominee for the position of Director of Central Intelligence.

I have been at the Central Intelligence Agency for 10 years, since October 1981, as the National Intelligence Officer for Strategic Programs. Before I took my current job at the Central Intelligence Agency, I worked for 2 years in the Office of the Secretary of Defense. Prior to that, I worked at the Rand Corporation, the Institute for Defense Analyses, Stanford University and Columbia University. I have a Ph.D in physics from the University of California at Berkeley.

The various national intelligence officers are part of an organization called the National Intelligence Council which reports to the Director and Deputy Director of Central Intelligence. I am responsible for preparing classified national intelligence estimates on Soviet strategic forces and weapons systems.

These reports assess the current and future programs and capabilities of the Soviet Union in the strategic nuclear weapons area. The reports represent the views of the entire intelligence community—the Central Intelligence Agency, Defense Intelligence Agency, the intelligence organizations of the Department of State, and the military services and others. The reports explicitly note differences of view among the various intelligence agencies.

The national intelligence estimates represent the views of the Director of Central Intelligence with the advice—with the advice and

assistance of the U.S. intelligence community. Following approval by the National Foreign Intelligence Board, the reports are delivered to senior officials in the executive and legislative branches and are distributed to those throughout the Government who have the appropriate security clearances and need the information. These reports are considered the most authoritative publications of the intelligence community on the subject of Soviet strategic forces and are an important element of U.S. policy planning, the arms control process, and U.S. force acquisition decisions.

I worked closely with Mr. Gates from 1982 to 1989 in his various roles as Deputy Director for Intelligence, Chairman of the National Intelligence Council, Deputy Director of Central Intelligence, and Acting Director of Central Intelligence. Mr. Gates and the Director of Central Intelligence from 1981 to 1986, William Casey, were extremely interested in Soviet strategic programs. So were Admiral Inman and John McMahon, the other Deputy Directors in that period.

I spent a great deal of time with Mr. Gates and Mr. Casey on strategic force issues. There were many such issues such as arms control and the Soviet strategic force build-up of the late 1970's and early 1980's. Their interest was not just because of the strategic defense initiative, or SDI program.

I must say that what I have heard described by Mr. Goodman about politicization of intelligence by Bob Gates and William Casey in Soviet and Third World issues, the Soviet political and foreign policy areas, and the like, does not resemble in any way my experience in military analysis. From my vantage point, Bob Gates and Bill Casey cared about Soviet strategic forces every bit as much as they did about the Soviets in the Third World. They were extremely fair in encouraging different points of view, and the analytic process worked very well.

From my own experience, I am not aware of any serious charge anywhere that any of the analysts in the strategic forces area had any problem with Bob Gates other than his being a tough reviewer. Bob Gates' standards for quality work and the need to lay out the evidential basis for judgments and estimates were commendable. I supported them fully.

He could be a sharp critic of work that in some way did not fully deal with or neglected key available evidence, or work that did not lay out the assumptions leading to its conclusions. Bob Gates' efforts to impose higher standards of quality on the reports issues by the Directorate of Intelligence and the National Intelligence Council gave, in my view, a very positive boost to the credibility of the intelligence support we provided throughout the 1980's to the executive Branch and the Congress. At least in the area I am most familiar with—the strategic forces of the Soviet Union, the finished products of the Directorate of Intelligence and the National Intelligence Council were prepared and produced in a highly professional manner with complete integrity, and were perceived as objective and balanced by policy consumers who held a wide range of views. Having been intimately involved in this process, I am confident that there is no basis for any allegation that either Bob Gates or anyone else sought to distort intelligence judgments in the area of

Soviet strategic forces, including strategic defenses, to suit the desires of the policy community.

Nor did he, or anyone else within the intelligence community, try to override the views of the intelligence community's analysts. National intelligence estimates on strategic forces are written by first laying out all the details. After extensive review and coordination by the Intelligence Community analysts, we prepare the key judgments and summary, including those issues we judge to be of greatest significance to policy officials.

This is a bottom-up approach in which the judgments result from the analytic effort rather than a top-down approach where the judgments are first formulated and then the supporting analysis is written. In my view, the bottom-up approach that we use guarantees the most objective judgments, fully consistent with the evidence.

We never had a situation where Bob Gates either stated or implied how he would like to see our judgments come out before we gave him the community's views. Sometimes he would ask for clarification or amplification or suggest that the section for highest-level policy officials was too long or too complicated.

He was very comfortable with, and promoted the presentation of multiple alternative views in these estimates. This desire to display the various views in the community has been characteristic of all the Directors of Central Intelligence, Deputy Directors of Central Intelligence, and Chairman of the National Intelligence Council, under whom I have served.

The ultimate purpose of our work in preparing judgments on Soviet strategic forces is to support the needs of our many consumers. As you well know, I have often briefed congressional committees and staffs as well as policy officials at all levels in the executive branch. We who are responsible for formulating and presenting our intelligence judgments are well aware of the impact our judgments can have on policy and U.S. force acquisition considerations.

We often receive recommendations from outside the Intelligence Community for research projects that are needed to assist the decision-making process. We are highly responsive to these requests because our work is not done as an academic exercise, it is done to support the needs of our consumers.

Under Bob Gates' leadership and encouragement we all made new, concerted efforts to meet with policy officials to ascertain their intelligence needs and then to brief these officials on the results of our work. We often listened to criticisms of our analysis or our judgments from policy officials, as might be expected. Policymakers often have useful insights based on personal interactions and experience.

Where valid points are raised, we might go back and reexamine our work, even improve it sometimes. However, this interaction with policymakers is not politicization of intelligence. None of us should be so confident of our work that we refuse to consider the views of those who differ with us, whether they are within the Intelligence Community or outside of it.

Note that Bob Gates as Deputy Director for Intelligence strongly encouraged closer links to the academic community and the busi-

ness community as a way to get more inputs for the intelligence products and more external review of the analysis.

Clearly, each of us responsible for the production of intelligence must have the integrity to resist any pressure to modify intelligence analysis or judgments because the views are inconvenient or even apparently undermine a particular policy effort. In my area of Soviet strategic forces, I am confident that we have never allowed our judgments to be influenced by such political considerations, and we have had the full support of Bob Gates and others in maintaining the integrity of our process.

Let me now address the circumstances leading up to the speech by Mr. Gates in November of 1986 called "The Soviets and SDI."

From the 1970's on, Soviet efforts in ballistic missile defense, and directed energy weapons research have been major topics for our classified collection and analysis. The possibility of a Soviet technological breakthrough involving directed energy weapons has been noted all along. I remember explicitly highlighting that in my first national intelligence estimate published in 1982. The topic has been treated for many years as a high priority for collection, because of our major uncertainties about the technical achievements and programs and plans associated with the strong Soviet effort.

Because of the high interest in these issues, we published a national intelligence estimate in 1982, on the Soviet Ballistic Missile defense program, that laid out all the evidence in extraordinary detail.

The Soviet potential for deployment of a widespread antiballistic missile system was also an arms control compliance concern, so that there was tremendous demand for information and intelligence judgments on these issues.

With the announcement of the U.S. Strategic Defense Initiative Program in 1983, there was even greater interest in the Soviet programs, and potential Soviet responses to the U.S. program. We continued to devote considerable research and analysis effort, and coverage in my national intelligence estimates, to these topics.

We participated in the preparation of joint net assessments on strategic forces with the Secretary of Defense in 1983 and 1985, in which detailed comparisons were made of the U.S. and Soviet strategic defense programs.

In 1985, Mr. Casey asked me to prepare a publication on Soviet Ballistic Missile Defense, drawing on all of our coordinated intelligence work, that he could provide to the President.

He was concerned that the totality of the Soviet effort was not coming through in our routine, annual national intelligence estimates.

Further, we published a national intelligence estimate on Soviet responses to SDI in 1986, which took note of the extensive Soviet strategic defense program.

The major initiative in the early 1980's to provide unclassified information on Soviet military forces—including strategic defense—came from the Pentagon, in the form of the annual publication, Soviet Military Power. By late 1984, various officials in the Executive Branch were asking for more unclassified information on Soviet strategic defenses that could be used with the public, because the Soviets were carrying out an aggressive public campaign

against the U.S. SDI program, and would not admit to any such activities of their own.

By early 1985, these requests were increasing. In addition, members of the Legislative branch were urging the Administration to declassify the findings of our 1985 National Intelligence Estimate on Soviet strategic forces. Bob Gates and I testified in open session, in June 1985, on that national intelligence estimate—in the process, providing a great deal of declassified material on Soviet strategic defenses.

In March 1985, one of CIA's analysts, who had been providing intelligence support on Soviet directed-energy weapons research programs to U.S. policy officials, prepared an unclassified piece on these Soviet programs. This piece, the so-called CIA White Paper, was sent by Bob Gates, at the time the Deputy Director for Intelligence, to the White House, State, and Defense, for their use in public discussion.

In June 1985, Ambassador Paul Nitze gave a speech entitled "SDI: The Soviet Program" in which he drew heavily from the CIA White Paper. In October 1985, the Defense Department and the Department of State, together, published an unclassified report entitled "Soviet Strategic Defense Programs" which drew on the CIA paper, as well as providing a great deal more on Soviet defensive programs.

The 1986 edition of Soviet Military Power, published in March 1986, used much of this new material in amplifying its discussion of Soviet strategic defenses.

Despite all of these publications and speeches, it was still the case that in the fall of 1986, the national debate in the U.S. SDI program was not taking much note of the Soviet strategic defense efforts.

I think it was in this context that you have to look at Bob Gates' November 1986 speech, in which he reiterated the Soviet efforts, and noted the Soviet desire to kill the U.S. program, in part, because they may have believed we could accomplish the goals of that program.

Giving such a speech, I believe, is a legitimate role for a senior intelligence officer in support of U.S. policy, so long as the intelligence is not skewed, and sources and methods are not compromised.

My own role in the preparation of this speech was primarily as a reviewer—although I had spoken with Bob many times about the issues reflected in the speech.

I received a draft of the speech about 2 weeks prior to its delivery. It was customary for national intelligence officers and other senior officers to see copies of drafts of speeches that had material in our area, in order to make sure it was unclassified, and to provide advice on the content of the speech.

My inputs, which he mostly accepted, were of that type. In some cases, I suggested that the wording be modified to conform precisely to the unclassified testimony that he and I had given in 1985; or that some unclassified judgments be updated.

In other cases, I made technical fixes to make sure that the material was consistent with our classified judgments. I was supportive of his statements, and gave him some suggestions on the ideas

that the Soviets were seeking to preserve an advantage in strategic defenses and that the Soviets were fearful that we could achieve the goals of the SDI program.

In summary, this speech accurately reflected our intelligence analysis and judgments at the time, as well as being fully consistent with the other, unclassified material available. It was based on the classified information we had already published in the intelligence community, and what had already been published as unclassified.

It was most assuredly not a driver of our intelligence judgments; nor did it affect our judgments in subsequent classified publications. Rather, any change in our classified judgments in 1987, 1988, and beyond, were based on new evidence and analysis.

The CIA assists other U.S. Government agencies in the publication of unclassified intelligence information, on various subjects, including Soviet military issues. I think it was entirely appropriate in 1985 therefore, for the CIA to prepare the White Paper on Soviet directed energy weapons—just as I think it has been appropriate over the years to participate in the preparation of the Pentagon's Soviet military power publication; and to be forward-leaning in providing a new, unclassified write-up for that publication on some important issue.

Our key concerns are to make sure that the intelligence sources and methods are protected, and to make sure that the material is as accurate and consistent with our classified judgments as possible.

We have worked hard at this. And I believe we have been successful.

You also asked for my perspective on the May 12, 1987 memorandum from Richard Kerr—then the Deputy Director for Intelligence—to the Chairman of the National Intelligence Council on "The Integrity and Objectivity of National Foreign Intelligence Estimates."

Having been a National Intelligence Officer for 10 years, I feel qualified to judge that the process of producing National Intelligence Estimates has been carried out with very high integrity and objectivity, on the part of the national intelligence officers, the Chairman of the National Intelligence Council, and the DCI and the DDCI.

There are always improvements that we can make in how this process works, and in the quality and utility of our work. The memo provides various suggestions for how this can be done—some of which I agree with, some with which I differ.

For example, I disagree with the memo on the specific recommendations regarding the role of a national intelligence officer. In the last several years we have taken a number of steps to improve our process, and the products. We have created new types of publications, in an effort to be more responsive to the immediate needs of policymakers.

We have always stressed the importance of representing multiple views in the estimates, and not stifling dissent. Those of you who are familiar with my work, and that of other national intelligence officers, know how conscientious we are in representing alternative views in our written products, as well as our briefings.

I should note that agencies are sometimes unwilling to express their own, alternative views—for whatever reasons. Thus, we often have to encourage the formulation of alternative views, when we become aware of differences on some key issues that are important enough to bother the policymaker with. We try to help those agencies express their views in a way that is useful to the policy process, and so that the reader understands the differences and the reasons for them.

The efforts by the national intelligence officer to deal with views and conclusions for which there is not full agreement within the intelligence community requires his best judgment. It is a very important role.

This is what we are paid to do, rather than to just simply staple it all together. As noted in the memo, we always need to work hard to make sure that no agency's views are submerged, or glossed over, by reaching sloppy or ambiguous judgments that people can just live with.

The last issue you asked me to address, was my perspective on the overall atmosphere within the Directorate of Intelligence, during the years Bob Gates occupied senior, leadership positions at CIA.

In my view, the morale and esprit de corps were excellent, among those analysts working on Soviet strategic forces. I would note that I have insufficient perspective on the morale of analysts working other areas. We were addressing some very exciting issues in the 1980's, including a robust, Soviet strategic force program, intense negotiations with the Soviets in the arms control, and major U.S. weapon-acquisition programs for which intelligence inputs were of critical importance. The analysts had extraordinary access to U.S. policymakers, providing frequent inputs in both written and verbal form.

As I noted earlier, these contacts were strongly encouraged by Bob Gates, and were a major contribution to changes in the way we did our work.

The flip-side of this was that the judgments reached by the analysts were scrutinized carefully, because the issues were so important, and our products were taken so seriously by those to whom we delivered them.

Bob Gates, and those below him in the chain, reviewed the work of analysts carefully, and asked tough questions. Bob often asked for the judgments to be better supported by evidence, or to make a clear distinction between those judgments for which we had supporting evidence, and those that were based more on inference or belief.

In the strategic forces area, these distinctions could generally be made fairly easily, because we acquired a great deal of hard evidence.

I do not think that such requests caused great difficulty. And I think it made for better analysis, and more credible judgments. Regardless, it was both proper and essential that any report going out as a product of the Directorate of Intelligence be clear, as to what assumptions or evidence were used in reaching the conclusions. If an analyst or his office cannot support the judgments adequately in this way then I think there is a serious question as to the wisdom

of publishing the report. I think some of the issues that you have heard about—not in my area, but in others—fall into this category. Some people may say this is interfering with the right of the analyst to make their views known. I do not agree. I think it is a matter of imposing higher standards on the analysis and the product.

Analysts all grouse about having to respond to the comments of reviewers—I know I do—including those up the chain, but we must all recognize the need to provide a convincing argument to justify our judgments. These judgments are important.

In conclusion, I believe that Bob Gates' emphasis on substantive credibility and quality was one of his key contributions to the analytic process in the intelligence community. I am not aware of any personnel or morale problems associated with analysts in the Soviet strategic forces arena, that can credibly be attributed to Bob Gates or the standards he imposed on the analytic process.

Thank you.

[The prepared statement of Mr. Gershwin follows:]

PREPARED STATEMENT OF LAWRENCE K. GERSHWIN

I AM PLEASED TO BE HERE TODAY TO ASSIST THE COMMITTEE IN ITS CONSIDERATION OF ROBERT GATES AS THE NOMINEE FOR THE POSITION OF DIRECTOR OF CENTRAL INTELLIGENCE. I HAVE BEEN AT THE CENTRAL INTELLIGENCE AGENCY FOR TEN YEARS, SINCE OCTOBER 1981, AS THE NATIONAL INTELLIGENCE OFFICER FOR STRATEGIC PROGRAMS.

BEFORE I TOOK MY CURRENT JOB AT THE CENTRAL INTELLIGENCE AGENCY I WORKED FOR TWO YEARS IN THE OFFICE OF THE SECRETARY OF DEFENSE. PRIOR TO THAT I WORKED AT THE RAND CORPORATION, THE INSTITUTE FOR DEFENSE ANALYSES, STANFORD UNIVERSITY, AND COLUMBIA UNIVERSITY. I HAVE A PH.D. IN PHYSICS FROM THE UNIVERSITY OF CALIFORNIA AT BERKELEY.

THE VARIOUS NATIONAL INTELLIGENCE OFFICERS ARE PART OF AN ORGANIZATION CALLED THE NATIONAL INTELLIGENCE COUNCIL, WHICH REPORTS TO THE DIRECTOR AND DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE. I AM RESPONSIBLE FOR PREPARING CLASSIFIED NATIONAL INTELLIGENCE ESTIMATES ON SOVIET STRATEGIC FORCES AND WEAPON SYSTEMS. THESE REPORTS ASSESS THE CURRENT AND FUTURE PROGRAMS AND CAPABILITIES OF THE SOVIET UNION IN THE STRATEGIC NUCLEAR WEAPONS AREA. THE REPORTS REPRESENT THE VIEWS OF THE ENTIRE INTELLIGENCE COMMUNITY--THE CENTRAL INTELLIGENCE AGENCY, DEFENSE INTELLIGENCE AGENCY, THE INTELLIGENCE ORGANIZATIONS OF THE DEPARTMENT OF STATE AND THE MILITARY SERVICES, AND OTHERS. THE REPORTS EXPLICITLY NOTE DIFFERENCES OF VIEW AMONG THE VARIOUS INTELLIGENCE AGENCIES.

THE NATIONAL INTELLIGENCE ESTIMATES REPRESENT THE VIEWS OF THE DIRECTOR OF CENTRAL INTELLIGENCE, WITH THE ADVICE AND ASSISTANCE OF THE US INTELLIGENCE COMMUNITY. FOLLOWING APPROVAL BY THE NATIONAL FOREIGN INTELLIGENCE BOARD, THE REPORTS ARE DELIVERED TO SENIOR OFFICIALS IN THE EXECUTIVE AND LEGISLATIVE BRANCHES, AND ARE DISTRIBUTED TO THOSE THROUGHOUT THE GOVERNMENT WHO HAVE THE APPROPRIATE SECURITY CLEARANCES AND NEED THE INFORMATION. THESE REPORTS ARE CONSIDERED THE MOST AUTHORITATIVE PUBLICATIONS OF THE INTELLIGENCE COMMUNITY ON THE SUBJECT OF SOVIET STRATEGIC FORCES AND ARE AN IMPORTANT ELEMENT OF US POLICY PLANNING, THE ARMS CONTROL PROCESS, AND US FORCE ACQUISITION DECISIONS.

I WORKED CLOSELY WITH MR. GATES FROM 1982 TO 1989, IN HIS VARIOUS ROLES AS DEPUTY DIRECTOR FOR INTELLIGENCE, CHAIRMAN OF THE NATIONAL INTELLIGENCE COUNCIL, DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE, AND ACTING DIRECTOR OF CENTRAL INTELLIGENCE. MR. GATES, AND THE DIRECTOR OF CENTRAL INTELLIGENCE FROM 1981 TO 1986, WILLIAM CASEY, WERE EXTREMELY INTERESTED IN SOVIET STRATEGIC PROGRAMS. SO WERE ADMIRAL INMAN AND JOHN MCMAHON, THE OTHER DEPUTY DIRECTORS IN THAT PERIOD. I SPENT A GREAT DEAL OF TIME WITH MR. GATES AND MR. CASEY ON STRATEGIC FORCE ISSUES. THERE WERE MANY SUCH ISSUES: ARMS CONTROL, THE SOVIET STRATEGIC FORCE BUILD-UP OF THE LATE 1970s AND EARLY 1980s. THEIR INTEREST WAS NOT JUST BECAUSE OF THE STRATEGIC DEFENSE INITIATIVE, OR SDI, PROGRAM. I MUST SAY THAT WHAT I HAVE HEARD DESCRIBED BY MR. GOODMAN ABOUT POLITICIZATION OF INTELLIGENCE BY BOB GATES AND WILLIAM CASEY IN SOVIET AND THIRD WORLD ISSUES, THE SOVIET POLITICAL AND FOREIGN POLICY AREAS, AND THE LIKE DOES NOT RESEMBLE IN ANY WAY MY EXPERIENCE IN MILITARY ANALYSIS. FROM MY VANTAGE POINT BOB GATES AND BILL CASEY CARED ABOUT SOVIET STRATEGIC FORCES EVERY BIT AS MUCH AS THEY DID ABOUT THE SOVIETS IN THE THIRD WORLD. THEY WERE EXTREMELY FAIR IN ENCOURAGING DIFFERENT POINTS OF VIEW, AND THE ANALYTIC PROCESS WORKED VERY WELL.

FROM MY OWN EXPERIENCE, I AM NOT AWARE OF ANY SERIOUS CHARGE ANYWHERE THAT ANY OF THE ANALYSTS IN THE STRATEGIC FORCES AREA HAD ANY PROBLEM WITH BOB GATES OTHER THAN HIS BEING A TOUGH REVIEWER.

BOB GATES' STANDARDS FOR QUALITY WORK AND THE NEED TO LAY OUT THE EVIDENTIAL BASIS FOR JUDGMENTS AND ESTIMATES WERE COMMENDABLE--I SUPPORTED THEM FULLY. HE COULD BE A SHARP CRITIC OF WORK THAT IN SOME WAY DID NOT FULLY DEAL WITH OR NEGLECTED KEY AVAILABLE EVIDENCE, OR WORK THAT DID NOT LAY OUT THE ASSUMPTIONS LEADING TO ITS CONCLUSIONS.

BOB GATES' EFFORTS TO IMPOSE HIGHER STANDARDS OF QUALITY ON THE REPORTS ISSUED BY THE DIRECTORATE OF INTELLIGENCE AND THE NATIONAL INTELLIGENCE COUNCIL GAVE, IN MY VIEW, A VERY POSITIVE BOOST TO THE CREDIBILITY OF THE INTELLIGENCE SUPPORT WE PROVIDED THROUGHOUT THE 1980s TO THE EXECUTIVE BRANCH AND THE CONGRESS. AT LEAST IN THE AREA I AM MOST FAMILIAR WITH, THE STRATEGIC FORCES OF THE SOVIET UNION, THE FINISHED PRODUCTS OF THE DIRECTORATE OF INTELLIGENCE AND THE NATIONAL INTELLIGENCE COUNCIL WERE PREPARED AND PRODUCED IN A HIGHLY PROFESSIONAL MANNER, WITH COMPLETE INTEGRITY AND WERE PERCEIVED AS OBJECTIVE AND BALANCED BY POLICY CONSUMERS WHO HELD A WIDE RANGE OF VIEWS.

HAVING BEEN INTIMATELY INVOLVED IN THIS PROCESS, I AM CONFIDENT THAT THERE IS NO BASIS FOR ANY ALLEGATION THAT EITHER BOB GATES, OR ANYONE ELSE, SOUGHT TO DISTORT INTELLIGENCE JUDGMENTS IN THE AREA OF SOVIET STRATEGIC FORCES, INCLUDING STRATEGIC DEFENSES, TO SUIT THE DESIRES OF THE POLICY COMMUNITY. NOR DID HE OR ANYONE ELSE WITHIN THE INTELLIGENCE COMMUNITY TRY TO OVERRIDE THE VIEWS OF THE INTELLIGENCE COMMUNITY'S ANALYSTS. NATIONAL INTELLIGENCE ESTIMATES ON STRATEGIC FORCES ARE WRITTEN BY FIRST LAYING OUT ALL THE DETAILS. AFTER EXTENSIVE REVIEW AND COORDINATION BY THE INTELLIGENCE COMMUNITY ANALYSTS, WE PREPARE THE KEY JUDGMENTS AND SUMMARY--INCLUDING THOSE ISSUES WE JUDGE TO BE OF GREATEST SIGNIFICANCE TO POLICY OFFICIALS. THIS IS A "BOTTOM-UP" APPROACH, IN WHICH THE JUDGMENTS RESULT FROM THE ANALYTIC EFFORT, RATHER THAN A "TOP-DOWN" APPROACH WHERE THE JUDGMENTS ARE FIRST FORMULATED AND THEN THE SUPPORTING ANALYSIS IS WRITTEN.

IN MY VIEW THE APPROACH WE USE GUARANTEES THE MOST OBJECTIVE JUDGMENTS, FULLY CONSISTENT WITH THE EVIDENCE. WE NEVER HAD A SITUATION WHERE BOB GATES EITHER STATED OR IMPLIED HOW HE WOULD LIKE TO SEE OUR JUDGMENTS COME OUT, BEFORE WE GAVE HIM THE COMMUNITY'S VIEWS. SOMETIMES HE WOULD ASK FOR CLARIFICATION OR AMPLIFICATION, OR SUGGEST THAT THE SECTION FOR HIGHEST LEVEL POLICY OFFICIALS WAS TOO LONG OR TOO COMPLICATED. HE WAS VERY COMFORTABLE WITH AND PROMOTED THE PRESENTATION OF MULTIPLE, ALTERNATIVE VIEWS IN THE ESTIMATES. THIS DESIRE TO DISPLAY THE VARIOUS VIEWS IN THE COMMUNITY HAS BEEN CHARACTERISTIC OF ALL THE DIRECTORS OF CENTRAL INTELLIGENCE, DEPUTY DIRECTORS OF CENTRAL INTELLIGENCE, AND CHAIRMEN OF THE NATIONAL INTELLIGENCE COUNCIL UNDER WHOM I HAVE SERVED.

THE ULTIMATE PURPOSE OF OUR WORK IN PREPARING JUDGMENTS ON SOVIET STRATEGIC FORCES IS TO SUPPORT THE NEEDS OF OUR MANY CONSUMERS. AS YOU WELL KNOW, I HAVE OFTEN BRIEFED CONGRESSIONAL COMMITTEES AND STAFFS, AS WELL AS POLICY OFFICIALS AT ALL LEVELS IN THE EXECUTIVE BRANCH. WE WHO ARE RESPONSIBLE FOR FORMULATING AND PRESENTING OUR INTELLIGENCE JUDGMENTS ARE WELL AWARE OF THE IMPACT OUR JUDGMENTS CAN HAVE ON POLICY AND US FORCE ACQUISITION CONSIDERATIONS. WE OFTEN RECEIVE RECOMMENDATIONS FROM OUTSIDE THE INTELLIGENCE COMMUNITY FOR RESEARCH PROJECTS THAT ARE NEEDED TO ASSIST THE DECISIONMAKING PROCESS. WE ARE HIGHLY RESPONSIVE TO THESE REQUESTS, BECAUSE OUR WORK IS NOT DONE AS AN ACADEMIC EXERCISE--IT IS DONE TO SUPPORT THE NEEDS OF OUR CONSUMERS.

UNDER BOB GATES' LEADERSHIP AND ENCOURAGEMENT, WE ALL MADE NEW CONCERTED EFFORTS TO MEET WITH POLICY OFFICIALS TO ASCERTAIN THEIR INTELLIGENCE NEEDS, AND THEN TO BRIEF THESE OFFICIALS ON THE RESULTS OF OUR WORK. WE OFTEN LISTEN TO CRITICISMS OF OUR ANALYSIS OR OUR JUDGMENTS FROM POLICY OFFICIALS, AS MIGHT BE EXPECTED. POLICYMAKERS OFTEN HAVE USEFUL INSIGHTS BASED ON PERSONAL INTERACTIONS AND EXPERIENCE. WHERE VALID POINTS ARE RAISED, WE MIGHT GO BACK AND REEXAMINE OUR WORK, EVEN IMPROVE IT SOMETIMES.

HOWEVER, THIS INTERACTION WITH POLICYMAKERS IS NOT POLITICIZATION OF INTELLIGENCE. NONE OF US SHOULD BE SO CONFIDENT OF OUR WORK THAT WE REFUSE TO CONSIDER THE VIEWS OF THOSE WHO DIFFER WITH US, WHETHER THEY ARE WITHIN THE INTELLIGENCE COMMUNITY OR OUTSIDE OF IT. NOTE THAT BOB GATES, AS DEPUTY DIRECTOR FOR INTELLIGENCE, STRONGLY ENCOURAGED CLOSER LINKS TO THE ACADEMIC COMMUNITY AND THE BUSINESS COMMUNITY AS A WAY TO GET MORE INPUTS FOR THE INTELLIGENCE PRODUCTS AND MORE EXTERNAL REVIEW OF THE ANALYSIS.

CLEARLY, EACH OF US RESPONSIBLE FOR THE PRODUCTION OF INTELLIGENCE MUST HAVE THE INTEGRITY TO RESIST ANY PRESSURE TO MODIFY INTELLIGENCE ANALYSIS OR JUDGMENTS BECAUSE THE VIEWS ARE INCONVENIENT OR EVEN APPARENTLY UNDERMINE A PARTICULAR POLICY EFFORT. IN MY AREA OF SOVIET STRATEGIC FORCES, I AM CONFIDENT THAT WE HAVE NEVER ALLOWED OUR JUDGMENTS TO BE INFLUENCED BY SUCH POLITICAL CONSIDERATIONS, AND WE HAVE HAD THE FULL SUPPORT OF BOB GATES AND OTHERS IN MAINTAINING THE INTEGRITY OF OUR PROCESS.

LET ME NOW ADDRESS THE CIRCUMSTANCES LEADING UP TO THE SPEECH BY MR. GATES IN NOVEMBER 1986, "THE SOVIETS AND SDI."

FROM THE 1970s ON, SOVIET EFFORTS IN BALLISTIC MISSILE DEFENSE AND DIRECTED ENERGY WEAPONS RESEARCH HAVE BEEN MAJOR TOPICS FOR OUR CLASSIFIED COLLECTION AND ANALYSIS. THE POSSIBILITY OF A SOVIET TECHNOLOGICAL BREAKTHROUGH INVOLVING DIRECTED ENERGY WEAPONS HAS BEEN NOTED ALL ALONG; I REMEMBER EXPLICITLY HIGHLIGHTING THAT IN MY FIRST NATIONAL INTELLIGENCE ESTIMATE PUBLISHED IN 1982. THE TOPIC HAS BEEN TREATED FOR MANY YEARS AS A HIGH PRIORITY FOR COLLECTION, BECAUSE OF OUR MAJOR UNCERTAINTIES ABOUT THE TECHNICAL ACHIEVEMENTS AND PROGRAMS AND PLANS ASSOCIATED WITH THE STRONG SOVIET EFFORT. BECAUSE OF THE HIGH INTEREST IN THESE ISSUES WE PUBLISHED A NATIONAL INTELLIGENCE ESTIMATE IN 1982 ON THE SOVIET BALLISTIC MISSILE DEFENSE PROGRAM THAT LAID OUT ALL THE EVIDENCE IN EXTRAORDINARY DETAIL. THE SOVIET POTENTIAL FOR DEPLOYMENT OF A WIDESPREAD ANTIBALLISTIC MISSILE SYSTEM WAS ALSO AN ARMS CONTROL COMPLIANCE CONCERN, SO THAT THERE WAS TREMENDOUS DEMAND FOR INFORMATION AND INTELLIGENCE JUDGMENTS ON THESE ISSUES.

WITH THE ANNOUNCEMENT OF THE US STRATEGIC DEFENSE INITIATIVE PROGRAM IN 1983 THERE WAS EVEN GREATER INTEREST IN THE SOVIET PROGRAMS, AND POTENTIAL SOVIET RESPONSES TO THE US PROGRAM. WE CONTINUED TO DEVOTE CONSIDERABLE RESEARCH AND ANALYSIS EFFORT, AND COVERAGE IN MY NATIONAL INTELLIGENCE ESTIMATES, TO THESE TOPICS. WE PARTICIPATED IN THE PREPARATION OF JOINT NET ASSESSMENTS ON STRATEGIC FORCES WITH THE SECRETARY OF DEFENSE IN 1983 AND 1985 IN WHICH DETAILED COMPARISONS WERE MADE OF THE US AND SOVIET STRATEGIC DEFENSE PROGRAMS. IN 1985 MR. CASEY ASKED ME TO PREPARE A PUBLICATION ON SOVIET BALLISTIC MISSILE DEFENSE, DRAWING ON ALL OF OUR COORDINATED INTELLIGENCE WORK, THAT HE COULD PROVIDE TO THE PRESIDENT. HE WAS CONCERNED THAT THE TOTALITY OF THE SOVIET EFFORT WAS NOT COMING THROUGH IN OUR ROUTINE ANNUAL NATIONAL INTELLIGENCE ESTIMATES. WE PUBLISHED A NATIONAL INTELLIGENCE ESTIMATE ON SOVIET RESPONSES TO SDI IN 1986, WHICH TOOK NOTE OF THE EXTENSIVE SOVIET STRATEGIC DEFENSIVE PROGRAM.

THE MAJOR INITIATIVE IN THE EARLY 1980s TO PROVIDE UNCLASSIFIED INFORMATION ON SOVIET MILITARY FORCES, INCLUDING STRATEGIC DEFENSES, CAME FROM THE PENTAGON IN THE FORM OF THE ANNUAL SOVIET MILITARY POWER. BY LATE 1984 VARIOUS OFFICIALS IN THE EXECUTIVE BRANCH WERE ASKING FOR MORE UNCLASSIFIED INFORMATION ON SOVIET STRATEGIC DEFENSES THAT COULD BE USED WITH THE PUBLIC, BECAUSE THE SOVIETS WERE CARRYING OUT AN AGGRESSIVE PUBLIC CAMPAIGN AGAINST THE US SDI PROGRAM AND WOULD NOT ADMIT TO ANY SUCH ACTIVITIES OF THEIR OWN.

BY EARLY 1985 THESE REQUESTS WERE INCREASING. IN ADDITION, MEMBERS OF THE LEGISLATIVE BRANCH WERE URGING THE ADMINISTRATION TO DECLASSIFY THE FINDINGS OF OUR 1985 NATIONAL INTELLIGENCE ESTIMATE ON SOVIET STRATEGIC FORCES; BOB GATES AND I TESTIFIED IN OPEN SESSION IN JUNE 1985 ON THAT NATIONAL INTELLIGENCE ESTIMATE, IN THE PROCESS PROVIDING A GREAT DEAL OF DECLASSIFIED MATERIAL ON SOVIET STRATEGIC DEFENSES.

IN MARCH 1985 ONE OF CIA'S ANALYSTS, WHO HAD BEEN PROVIDING INTELLIGENCE SUPPORT ON SOVIET DIRECTED ENERGY WEAPONS RESEARCH PROGRAMS TO US POLICY OFFICIALS, PREPARED AN UNCLASSIFIED PIECE ON THESE SOVIET PROGRAMS. THIS PIECE, THE SO-CALLED CIA WHITE PAPER, WAS SENT BY BOB GATES, AT THE TIME THE DEPUTY DIRECTOR FOR INTELLIGENCE, TO THE WHITE HOUSE, STATE, AND DEFENSE FOR THEIR USE IN PUBLIC DISCUSSION. IN JUNE 1985 AMBASSADOR PAUL NITZE GAVE A SPEECH ENTITLED "SDI: THE SOVIET PROGRAM" IN WHICH HE DREW HEAVILY FROM THE CIA WHITE PAPER. IN OCTOBER 1985 THE DEFENSE DEPARTMENT AND THE DEPARTMENT OF STATE PUBLISHED AN UNCLASSIFIED REPORT ENTITLED "SOVIET STRATEGIC DEFENSE PROGRAMS" WHICH DREW ON THE CIA PAPER, AS WELL AS PROVIDING A GREAT DEAL MORE ON SOVIET DEFENSIVE PROGRAMS. THE 1986 EDITION OF SOVIET MILITARY POWER, PUBLISHED IN MARCH 1986 USED MUCH OF THIS NEW MATERIAL IN AMPLIFYING ITS DISCUSSION OF SOVIET STRATEGIC DEFENSES.

DESPITE ALL OF THESE PUBLICATIONS AND SPEECHES, IT WAS STILL THE CASE THAT IN THE FALL OF 1986 THE NATIONAL DEBATE ON THE US SDI PROGRAM WAS NOT TAKING MUCH NOTE OF THE SOVIET STRATEGIC DEFENSE EFFORTS. I THINK IT WAS IN THIS CONTEXT THAT YOU HAVE TO LOOK AT BOB GATES' NOVEMBER 1986 SPEECH, IN WHICH HE REITERATED THE SOVIET EFFORTS AND NOTED THE SOVIET DESIRE TO KILL THE US PROGRAM, IN PART BECAUSE THEY MAY HAVE BELIEVED WE COULD ACCOMPLISH THE GOALS OF THE PROGRAM. GIVING SUCH A SPEECH, I BELIEVE, IS A LEGITIMATE ROLE FOR A SENIOR INTELLIGENCE OFFICER IN SUPPORT OF US POLICY, SO LONG AS THE INTELLIGENCE IS NOT SKEWED AND SOURCES AND METHODS ARE NOT COMPROMISED.

MY OWN ROLE IN THE PREPARATION OF THE SPEECH WAS PRIMARILY AS A REVIEWER, ALTHOUGH I HAD SPOKEN WITH BOB MANY TIMES ABOUT THE ISSUES REFLECTED IN THE SPEECH. I RECEIVED A DRAFT OF THE SPEECH ABOUT TWO WEEKS PRIOR TO ITS DELIVERY. IT WAS CUSTOMARY FOR NATIONAL INTELLIGENCE OFFICERS AND OTHER SENIOR OFFICERS TO SEE COPIES OF DRAFTS OF SPEECHES THAT HAD MATERIAL IN OUR AREA, IN ORDER TO MAKE SURE IT WAS UNCLASSIFIED AND TO PROVIDE ADVICE ON THE CONTENT OF THE SPEECH. MY INPUTS, WHICH HE MOSTLY ACCEPTED, WERE OF THAT TYPE. IN SOME CASES I SUGGESTED THAT THE WORDING BE MODIFIED TO CONFORM PRECISELY TO THE UNCLASSIFIED TESTIMONY THAT HE AND I HAD GIVEN IN 1985, OR THAT SOME UNCLASSIFIED JUDGMENTS BE UPDATED. IN OTHER CASES I MADE TECHNICAL FIXES, TO MAKE SURE THAT THE MATERIAL WAS CONSISTENT WITH OUR CLASSIFIED JUDGMENTS. I WAS SUPPORTIVE OF HIS STATEMENTS, AND GAVE HIM SOME SUGGESTIONS, ON THE IDEAS THAT THE SOVIETS WERE SEEKING TO PRESERVE AN ADVANTAGE IN STRATEGIC DEFENSES, AND THAT THE SOVIETS WERE FEARFUL THAT WE COULD ACHIEVE THE GOALS OF THE SDI PROGRAM.

IN SUMMARY, THE SPEECH ACCURATELY REFLECTED OUR INTELLIGENCE ANALYSIS AND JUDGMENTS AT THE TIME, AS WELL AS BEING FULLY CONSISTENT WITH THE OTHER UNCLASSIFIED MATERIAL AVAILABLE. IT WAS BASED ON THE CLASSIFIED INFORMATION WE HAD ALREADY PUBLISHED IN THE INTELLIGENCE COMMUNITY AND WHAT HAD ALREADY BEEN PUBLISHED AS UNCLASSIFIED. IT WAS MOST ASSUREDLY NOT A DRIVER OF OUR INTELLIGENCE JUDGMENTS, NOR DID IT AFFECT OUR JUDGMENTS IN SUBSEQUENT CLASSIFIED PUBLICATIONS. RATHER, ANY CHANGES IN OUR CLASSIFIED JUDGMENTS IN 1987, 1988 AND BEYOND WERE BASED ON NEW EVIDENCE AND ANALYSIS.

THE CIA ASSISTS OTHER U.S GOVERNMENT AGENCIES IN THE PUBLICATION OF UNCLASSIFIED INTELLIGENCE INFORMATION ON VARIOUS SUBJECTS, INCLUDING SOVIET MILITARY ISSUES. I THINK IT WAS ENTIRELY APPROPRIATE IN 1985, THEREFORE, FOR THE CIA TO PREPARE THE WHITE PAPER ON SOVIET DIRECTED ENERGY PROGRAMS, JUST AS I THINK IT HAS BEEN APPROPRIATE OVER THE YEARS TO PARTICIPATE IN THE PREPARATION OF THE PENTAGON'S SOVIET MILITARY POWER PUBLICATION AND TO BE FORWARD LEANING IN PROVIDING A NEW UNCLASSIFIED WRITEUP FOR IT ON SOME IMPORTANT ISSUE. OUR KEY CONCERNS ARE TO MAKE SURE THAT INTELLIGENCE SOURCES AND METHODS ARE PROTECTED, AND TO MAKE SURE THAT THE MATERIAL IS AS ACCURATE AND CONSISTENT WITH OUR CLASSIFIED JUDGMENTS AS POSSIBLE. WE HAVE WORKED HARD AT THIS, AND I BELIEVE WE HAVE BEEN SUCCESSFUL.

YOU ALSO ASKED FOR MY PERSPECTIVE ON THE MAY 12, 1987 MEMORANDUM FROM RICHARD KERR, THEN THE DEPUTY DIRECTOR FOR INTELLIGENCE, TO THE CHAIRMAN OF THE NATIONAL INTELLIGENCE COUNCIL ON "THE INTEGRITY AND OBJECTIVITY OF NATIONAL FOREIGN INTELLIGENCE ESTIMATES". HAVING BEEN A NATIONAL INTELLIGENCE OFFICER FOR TEN YEARS, I FEEL QUALIFIED TO JUDGE THAT THE PROCESS OF PRODUCING NATIONAL INTELLIGENCE ESTIMATES HAS BEEN CARRIED OUT WITH VERY HIGH INTEGRITY AND OBJECTIVITY ON THE PART OF THE NATIONAL INTELLIGENCE OFFICERS, THE CHAIRMAN OF THE NATIONAL INTELLIGENCE COUNCIL, AND THE DCI AND DDCI. THERE ARE ALWAYS IMPROVEMENTS THAT CAN BE MADE IN HOW THIS PROCESS WORKS AND IN THE QUALITY AND UTILITY OF OUR WORK. THE MEMO PROVIDES VARIOUS SUGGESTIONS FOR HOW THIS CAN BE DONE, SOME OF WHICH I AGREE WITH, SOME WITH WHICH I DIFFER. FOR EXAMPLE, I DISAGREE WITH THE MEMO ON THE SPECIFIC RECOMMENDATIONS REGARDING THE ROLE OF A NATIONAL INTELLIGENCE OFFICER.

IN THE LAST SEVERAL YEARS WE HAVE TAKEN A NUMBER OF STEPS TO IMPROVE OUR PROCESS AND THE PRODUCTS. WE HAVE CREATED NEW TYPES OF PUBLICATIONS IN AN EFFORT TO BE MORE RESPONSIVE TO THE IMMEDIATE NEEDS OF POLICYMAKERS.

WE HAVE ALWAYS STRESSED THE IMPORTANCE OF REPRESENTING MULTIPLE VIEWS IN THE ESTIMATES, AND NOT STIFLING DISSENT. THOSE OF YOU WHO ARE FAMILIAR WITH MY WORK, AND THAT OF OTHER NATIONAL INTELLIGENCE OFFICERS, KNOW HOW CONSCIENTIOUS WE ARE IN REPRESENTING ALTERNATIVE VIEWS IN OUR WRITTEN PRODUCTS AS WELL AS OUR BRIEFINGS. I SHOULD NOTE THAT AGENCIES ARE SOMETIMES UNWILLING TO EXPRESS THEIR OWN ALTERNATIVE VIEWS, FOR WHATEVER REASONS. THUS, WE OFTEN HAVE TO ENCOURAGE THE FORMULATION OF ALTERNATIVE VIEWS, WHEN WE BECOME AWARE OF DIFFERENCES ON SOME KEY ISSUES THAT ARE IMPORTANT ENOUGH TO BOTHER THE POLICYMAKERS WITH. WE TRY TO HELP THOSE AGENCIES EXPRESS THEIR VIEWS IN A WAY THAT IS USEFUL TO THE POLICY PROCESS AND SO THAT THE READER UNDERSTANDS THE DIFFERENCES AND THE REASONS FOR THEM.

THE EFFORTS BY THE NATIONAL INTELLIGENCE OFFICER TO DEAL WITH VIEWS AND CONCLUSIONS FOR WHICH THERE IS NOT FULL AGREEMENT WITHIN THE INTELLIGENCE COMMUNITY REQUIRE HIS BEST JUDGMENT; IT IS A VERY IMPORTANT ROLE. THAT IS WHAT WE ARE PAID TO DO, RATHER THAN TO JUST SIMPLY STAPLE IT ALL TOGETHER. AS NOTED IN THE MEMO, WE ALWAYS NEED TO WORK HARD TO MAKE SURE THAT NO AGENCY'S VIEWS ARE SUBMERGED OR GLOSSED OVER BY REACHING SLOPPY OR AMBIGUOUS JUDGMENTS THAT PEOPLE CAN LIVE WITH.

THE LAST ISSUE YOU ASKED ME TO ADDRESS WAS MY PERSPECTIVE ON THE OVERALL ATMOSPHERE WITHIN THE DIRECTORATE OF INTELLIGENCE DURING THE YEARS BOB GATES OCCUPIED SENIOR LEADERSHIP POSITIONS AT CIA.

IN MY VIEW, THE MORALE AND ESPRIT DE CORPS WERE EXCELLENT AMONG THOSE ANALYSTS WORKING ON SOVIET STRATEGIC FORCES. (I HAVE INSUFFICIENT PERSPECTIVE ON THE MORALE OF ANALYSTS WORKING OTHER AREAS.) WE WERE ADDRESSING SOME VERY EXCITING ISSUES IN THE 1980S, INCLUDING A ROBUST SOVIET STRATEGIC FORCE PROGRAM, INTENSE NEGOTIATIONS WITH THE SOVIETS IN ARMS CONTROL, AND MAJOR US WEAPONS ACQUISITION PROGRAMS FOR WHICH INTELLIGENCE INPUTS WERE OF CRITICAL IMPORTANCE. THE ANALYSTS HAD EXTRAORDINARY ACCESS TO US POLICYMAKERS, PROVIDING FREQUENT INPUTS IN BOTH WRITTEN AND VERBAL FORM. AS I NOTED EARLIER, THESE CONTACTS WERE STRONGLY ENCOURAGED BY BOB GATES AND WERE A MAJOR CONTRIBUTION TO CHANGES IN THE WAY WE DID OUR WORK.

THE FLIP SIDE OF THIS WAS THAT THE JUDGMENTS REACHED BY THE ANALYSTS WERE SCRUTINIZED CAREFULLY, BECAUSE THE ISSUES WERE SO IMPORTANT AND OUR PRODUCTS WERE TAKEN SO SERIOUSLY BY THOSE TO WHOM WE DELIVERED THEM. BOB GATES, AND THOSE BELOW HIM IN THE CHAIN, REVIEWED THE WORK OF ANALYSTS CAREFULLY AND ASKED TOUGH QUESTIONS. BOB OFTEN ASKED FOR THE JUDGMENTS TO BE BETTER SUPPORTED BY EVIDENCE, OR TO MAKE A CLEAR DISTINCTION BETWEEN THOSE JUDGMENTS FOR WHICH WE HAD SUPPORTING EVIDENCE, AND THOSE THAT WERE BASED MORE ON INFERENCE OR BELIEF. IN THE STRATEGIC FORCES AREA, THESE DISTINCTIONS COULD GENERALLY BE MADE FAIRLY EASILY, BECAUSE WE ACQUIRED A GREAT DEAL OF HARD EVIDENCE. I DO NOT THINK THAT REQUESTS SUCH AS THESE CAUSED GREAT DIFFICULTY, AND I THINK IT MADE FOR BETTER ANALYSIS AND MORE CREDIBLE JUDGMENTS.

REGARDLESS, IT WAS BOTH PROPER AND ESSENTIAL THAT ANY REPORT GOING OUT AS A PRODUCT OF THE DIRECTORATE OF INTELLIGENCE BE CLEAR AS TO WHAT ASSUMPTIONS OR EVIDENCE WERE USED IN REACHING THE CONCLUSIONS. IF AN ANALYST OR HIS OFFICE CANNOT SUPPORT THE JUDGMENTS ADEQUATELY IN THIS WAY, THEN I THINK THERE IS A SERIOUS QUESTION AS TO THE WISDOM OF PUBLISHING THE REPORT. I THINK SOME OF THE ISSUES THAT YOU HAVE HEARD ABOUT, NOT IN MY AREA BUT IN OTHERS, FALL INTO THIS CATEGORY. SOME PEOPLE MAY SAY THIS IS INTERFERING WITH THE RIGHT OF THE ANALYST TO MAKE THEIR VIEWS KNOWN. I DO NOT AGREE. I THINK IT IS A MATTER OF IMPOSING HIGHER STANDARDS ON THE ANALYSIS AND THE PRODUCT. ANALYSTS ALL GROUSE ABOUT HAVING TO RESPOND TO THE COMMENTS OF REVIEWERS--I KNOW I DO--INCLUDING THOSE UP THE CHAIN. BUT WE MUST ALL RECOGNIZE THE NEED TO PROVIDE A CONVINCING ARGUMENT TO JUSTIFY OUR JUDGMENTS. THESE JUDGMENTS ARE IMPORTANT.

IN CONCLUSION, I BELIEVE THAT BOB GATES' EMPHASIS ON SUBSTANTIVE CREDIBILITY AND QUALITY WAS ONE OF HIS KEY CONTRIBUTIONS TO THE ANALYTIC PROCESS IN THE INTELLIGENCE COMMUNITY. I AM NOT AWARE OF ANY PERSONNEL OR MORALE ISSUES ASSOCIATED WITH ANALYSTS IN THE SOVIET STRATEGIC FORCES ARENA THAT CAN CREDIBLY BE ATTRIBUTED TO MR. GATES OR THE STANDARDS HE IMPOSED ON THE ANALYTIC PROCESS.

Chairman BOREN. Thank you, Mr. Gershwin. We appreciate your testimony very much.

I was endeavoring to talk with other members of the committee about our schedule, considering the fact that we have gone on a lot longer today than we had anticipated. Ms. Glaudemans, this does not in any way indicate how long you should take. You should take as long as you need to give all the information that you would like to give.

We had intended to finish about 5:00 p.m. because there were members who have problems if we went beyond 5:00 p.m. We will try to finish by 6:00 p.m. How much time do you think your statement will take? We will not hold you to it at all, but a ball park estimate?

Ms. GLAUDEMANS. It won't be much different than what I said in closed session.

Chairman BOREN. So about 20 or 25 minutes?

[Ms. Glaudemans nods in the affirmative.]

Chairman BOREN. Well, I would suggest—Senator Rudman.

Senator RUDMAN. I do not mean to interrupt the chairman.

Chairman BOREN. Please go ahead.

Senator RUDMAN. Mr. Chairman, I was just thinking that we have heard some very interesting testimony today.

I think one of the most important pieces of testimony is from Mr. MacEachin who is here. He personally witnessed much of what has been talked about and who is still in an important position in the agency. I think to go ahead with him at 5:15 p.m. or 5:20 p.m. and go on till 6:20 p.m. or 6:30 p.m. makes no sense at all. I would very much like to hear this next witness and then let Mr. MacEachin come in and start out tomorrow morning, or whatever time the chairman wants, and then go the questioning.

Now, I will tell you that I think. I do not know about anybody else on this panel, but I have absorbed about as much of this as I can today—I have reviewed, and I am sure others have more capacity, but I have reviewed—the Vice Chairman is nodding, I notice. [Laughter.]

Chairman BOREN. Members of the press would like to stay till midnight. They impress me.

Senator RUDMAN. But I have reviewed Mr. MacEachin's testimony, and it is pretty complex, as was Mr. Goodman's and the others we have just heard. I would hope, Mr. Chairman, that we could hear a final witness of the panel tomorrow, then bring the whole panel up and see if we can get through our examination by the members. I expect that is possible. Then the chairman will have to decide where to go from there.

Mr. BRADLEY. Mr. Chairman.

Chairman BOREN. Senator Bradley.

Senator BRADLEY. If I could, is the proceeding still open to additional witnesses?

Chairman BOREN. Yes.

Senator BRADLEY. I think that a number have come to light, particularly after the testimony, that we might hear. There might be other people that we would want to hear from.

Chairman BOREN. There may be. I know at least of a couple of people who have come forward, one on one side and one on the other.

I think it will be a matter for us to consult among the members in looking at what those individuals might have to say and determine whether or not we will actually need to call them as witnesses or whether we might like to ask them to put their written testimony into sworn form. It is one thing to accept testimony that is unsworn. It is another matter to have sworn testimony and to see if we want to have additional time for some other witnesses.

As I was not able to be at the caucus today, has the decision been made on the recess next week?

Senator METZENBAUM. The last I heard, Mr. Chairman, was that we would vote Tuesday afternoon and recess then.

Chairman BOREN. So we would be in Monday and Tuesday?

Senator METZENBAUM. We would be in session Monday and Tuesday.

Senator MURKOWSKI. Mr. Chairman.

Senator METZENBAUM. I am not sure that is the final word, but that is what I heard.

Senator MURKOWSKI. I am not sure that is the final word. For those of us who have to travel a day back to our State and a day back, the Tuesday or even Wednesday is very inconvenient, and put a tremendous personal sacrifice on Members who live on the West Coast, Hawaii, and other areas, and there has been objection to our leadership relative to that proposal, because it is our understanding that the Thomas nomination does ripen sometime Friday or Saturday at the latest.

Senator BRADLEY. Does what?

Senator MURKOWSKI. It ripens, all right. You have heard of that.

Senator CRANSTON. Mr. Chairman.

Senator MURKOWSKI. There are 48 hours—

Chairman BOREN. We have enough problems in this committee without discussing the Thomas nomination on this panel as well. [General laughter.]

Senator MURKOWSKI. I would like to finish my statement, Mr. Chairman. A 48-hour period expires for the benefit of those who don't smell very well, and I apologize, gentlemen. But I am—and there are several of us who are quite provoked at the suggestion that we come back in when indeed we could vote on that nomination either Friday or Saturday. So obviously, I am not aware of what the final resolve is, but I did want to make it known to put that kind of additional burden, when obviously it can be disposed of, does strike the ire of some of us.

Senator METZENBAUM. I would like to say to my colleague and friend that I think the issue is being pressed by those of the leadership on your side, and I think that there is no question that there are a number of people who wish to be heard in connection with Judge Thomas. My own view is that it could very well be put off to the following Tuesday, when we come back normally—that is, 2 weeks from today. The world will not come to an end if Mr. Thomas were not confirmed for a few more days.

Senator MURKOWSKI. Well, my friend from Ohio has a point. But by the same token, some of us plan events, make certain commit-

ments in our home state, and then are presented with the requirement of suddenly returning to Washington. As I think my friend from Ohio knows, we could start on that nomination upon unanimous consent agreement today, but clearly we are unable to get that, so that 48-hour ripening period I referred to evidently has to go on. That is the right of the Senator from Ohio or any other Senator, but I think it is appropriate that those of us who are inconvenienced rather dramatically at least be heard on it, and I think I have been heard on it.

Chairman BOREN. The Chair has learned its lesson. The Chair should know better than to ask a question about the schedule of the Senate.

Ms. Glaudemans, if you would come on up, we are going to turn to you. I would suggest we do this. Ms. Glaudemans' testimony will run until some time about 5:15 p.m. or so. Since some Members did not want to go past 5:00 p.m. and some Members did not want to start quite as early as 9:30 a.m., we will conclude tonight with the testimony of Ms. Glaudemans.

We will commence in the morning at 9:45 a.m. with the testimony of Mr. MacEachin followed immediately thereafter by the panel all being present for questions by Members. I do want to indicate that it is still possible that we may go into the evening tomorrow in closed session.

If the Senate is not in session, we will reevaluate, but if we are going to be here anyway, we may well have what I am told will be a relatively brief closed session to receive the matter we had discussed earlier. That is the report on any particular mention of Members of Congress or staffs in any kind of intelligence collection, inadvertent or otherwise, that might have affected Members of Congress or Congressional staff.

Then we will discuss among ourselves whether or not there are any additional witnesses. It would be my plan that if the Senate continues over into Friday or Saturday, we will complete the hearings this week. If there are one or two other witnesses that we will want to hear, we will look at that. Then we will have Mr. Gates back in both closed and open session if as Members indicate to me there are classified questions they wish to ask him. If not, we will go immediately into open session and we will then conclude the hearings sometime this week with Mr. Gates being the final witness. So that is an update on how we will proceed.

Let me say also I have been asked by our six witnesses if there are any strictures on them talking with the media or anyone else at this point. As far as the Chair is concerned, there are not any strictures at this point in time. We simply had asked that we not have discussion of what was heard in closed session until we had an opportunity, being fair to all sides concerned, to commence our open testimony.

So as far as I am concerned, that period of time has passed. I had been asked by some of the witnesses, and some of the members of the media as well. I think since we are in open session and we have heard some of our witnesses already, certainly there should be no constraints left on any of them to discuss whatever they would like to discuss. It does not mean that they are obligated to take all the

questions and answer them, but they are certainly free to do so and be in good faith as far as the Chair is concerned.

Ms. Glaudemans, if you would, please come forward at this time.

Senator BRADLEY. Mr. Chairman.

Chairman BOREN. Senator Bradley.

Senator BRADLEY. You have gone, I think, to great lengths to make sure that all the presentations are balanced, one pro, one con.

Chairman BOREN. Yes.

Senator BRADLEY. I think that that is the fair way to do it. I am wondering if we conclude with Ms. Glaudemans tonight and then tomorrow we open with a pro as opposed to a con, since we were supposed to end at 5:00 p.m. anyway—

Chairman BOREN. Would you prefer to have Ms. Glaudemans come tomorrow, if she can?

Senator BRADLEY. I think it might be in balance.

Chairman BOREN. Ms. Glaudemans, you know the Chair does not show any preferential basis, but I would indicate that this witness does have Oklahoma roots, and beyond that, Cherokee roots as well, which cause the Chair to tilt slightly toward accommodating this witness' schedule. So let me ask you, Ms. Glaudemans, does it matter to you?

Ms. GLAUDEMANS. No, it does not.

Senator BOREN. Well, I think, then, that being the case, and since we have now discussed the schedule for almost as long as Ms. Glaudemans' testimony would have taken, we will stand in recess and begin with Ms. Glaudemans in the morning at 9:45 a.m. We will then have Mr. MacEachin's testimony, and we will then go into questions from the Committee for the remainder of at least the daylight hours tomorrow.

[Whereupon, at 4:55 p.m., the Committee was recessed, to reconvene at 9:45 a.m., Wednesday, October 2, 1991.]

NOMINATION OF ROBERT M. GATES TO BE DIRECTOR OF CENTRAL INTELLIGENCE

WEDNESDAY, OCTOBER 2, 1991

U.S. SENATE,
SELECT COMMITTEE ON INTELLIGENCE,
Washington, DC.

MORNING SESSION

The Select Committee met, pursuant to notice, at 9:55 o'clock a.m., in room SH-216, Hart Senate Office Building, the Honorable David L. Boren (Chairman of the Committee) presiding.

Present: Senators Boren, Nunn, Hollings, Bradley, Cranston, DeConcini, Metzenbaum, Murkowski, Warner, D'Amato, Danforth, Rudman, Gorton and Chafee.

Also Present: George Tenet, Staff Director; John Moseman, Minority Staff Director; Britt Snider, Chief Counsel; and Kathleen McGhee, Chief Clerk.

Chairman BOREN. The hearings will resume. I have a couple of announcements this morning, and a brief opening comment before we begin with our first witness. We appreciate the witnesses being so understanding in terms of changing their schedules to be with us. We had intended to finish all the opening statements yesterday but the schedule of votes on the Senate Floor conspired against us. I am happy to say that the schedule on the Senate Floor today should cooperate with us because the votes for today will be stacked beginning at 4:00 o'clock this afternoon.

It would be my plan to go this morning until approximately 12:45 and return at approximately 2:15. We will then go until the votes start at 4:00 o'clock when there will be four back to back votes. There are some other meetings going on between 5:00 and 6:00, so my plan would then be for us to return at 7:30 either in open or closed session depending upon whether or not we have finished the questioning of these witnesses in open session. If we have any additional questions on classified matters for the witnesses, we will then proceed to closed session. Then we will have our closed session on the question of intelligence that might have been collected about Members of Congress or their staff that had been mentioned. Comments have been mentioned in open hearing but we have to consider this issue because of its classified nature in closed session.

So that will be the schedule today. We will break from approximately 12:45 to 2:15, and then we will be forced to break again about 4:00 o'clock. We should not have other interruptions on the Floor today.

The schedule for the balance of the week will be uncertain. If we finish all of these witnesses today, finish our closed session tonight, and depending upon whether we call any additional witnesses before us on this subject, it is likely that sometime tomorrow we will begin with our questioning of Mr. Gates and hopefully complete the hearings sometime on Friday. I have been told by Members of the Committee that some of those who live in far-flung places need to leave by approximately noon to 1:00 o'clock on Friday, so it is my hope that we will be able to complete our work by that time.

Of course, the Committee would not take any vote on this matter this week. We want to have adequate opportunity for everyone to review the record. As I have said in the beginning, we will take as long as we need to take in an expeditious fashion. This nomination has been pending now for literally months and we've had a lot of time to go over the information available to us. So I do think we should be timely. We should not go on beyond what we need in terms of being thorough, but we will not press ourselves or put ourselves under an artificial deadline if we come across information that needs to be more thoroughly examined.

Senator DECONCINI. Mr. Chairman?

Chairman BOREN. Yes?

Senator DECONCINI. Regarding the schedule, when you have time would you yield for a question?

Chairman BOREN. Yes, sir, I would be happy to.

Senator DECONCINI. Mr. Chairman, I have no quarrel with trying to finish this before Friday or the recess, but I really question the need to have late night sessions.

Chairman BOREN. Well, we won't have late night sessions, I will assure you. We will not go past 9:30 or so at night.

Senator DECONCINI. That is late night for this early to bed person.

Chairman BOREN. If that gets to be too—

Senator DECONCINI. I mean, Mr. Chairman, this is an important issue, and you know, I don't mind putting in 10 or 12 hours here.

Chairman BOREN. Yes.

Senator DECONCINI. But to stay here like tonight, I have got other things to do. I will have to cancel, because it is a very important meeting. And you know, it seems to me like 7:00 or 7:30 is a reasonable time to cease operation of something that isn't of a national emergency that we have to do. That is just my opinion, Mr. Chairman.

Chairman BOREN. I thank the Senator. My problem is that as you recall, probably six weeks ago when I notified Members of the Committee of the schedule, I indicated that it might be necessary for Members to set aside or plan to be available in the evenings. We can start much earlier in the mornings, at 8:00 o'clock if people want to do that. But I think that we need to be timely in this matter and I certainly wouldn't push the Committee past 10 or 12 hours a day. I will try to accommodate any Senators in the order of questioning on schedules who have other engagements. We will try to work it that Senators can change their order of questioning with consent of others. If Friday comes and we have not finished and there are still questions, we will proceed ahead.

Senator DECONCINI. If the Chairman would yield, I appreciate that, I just have to register a strong complaint of staying here until 9:30 tonight when we have tomorrow and Friday and we're not going on recess now until what, Wednesday, so you know—

Chairman BOREN. Well, I am told by several Members of the Committee, I would say to my friend from Arizona, that they will not be here on Monday and Tuesday since we are not having votes until Tuesday night. I have been told by other Members of the Committee that they won't stay on Wednesday. My problem is just trying to get a quorum to do business.

Senator DECONCINI. If the Chairman would yield, let me just point out, it seems to me that working hours for most people are daylight hours, from 8:00 or 9:00 or whatever the Chairman wants to call until 7:00 o'clock or 8:00 o'clock. And then if people are going to take days off that are working days and the Senate is in session, why should we stay at night when the Senate is not even going to be in session, we don't think. It really is not—is not a good situation.

Chairman BOREN. If the Senator will help me get the pledge of others that they will be here on the following Monday and Tuesday during the daylight hours, I would be happy to do that.

Senator DECONCINI. I'll be here.

Chairman BOREN. I will consult with everyone privately. I simply have to try to operate the Committee the way we can to get the maximum number present. I had some that didn't want to begin until past 10:00 o'clock this morning. We had various people that wanted to quit last night at 5:00 o'clock. We have different conflicts. So that is my problem.

Senator WARNER. Mr. Chairman, would you yield? Mr. Chairman, I think that we all recognize that the Senate is a life of self-inflicted inconvenience. [General laughter.]

We witnessed this with this agreement last night to vote on Tuesday, which in my brief record of 13 years here has got to be the all time champion problem. So I think the Chair is doing the best we can, and we're just going to have to move along as expeditiously as we can. And I commend the Chair.

Senator RUDMAN. Mr. Chairman, I am sorry to prolong this. Mr. Chairman, I just want to raise one issue, I was going to suggest to my friend from Arizona that we could go on Arizona time, that would solve everybody's problem.

Senator DECONCINI. I would just say, we'd do a lot better on Arizona time, I'll tell you that.

Senator RUDMAN. I was going to suggest to the Chairman that there is one other issue, and I don't mean to complicate it. Mr. Chairman, I am very concerned about witnesses who have talked to some of us out in the corridor. They are people who care deeply about what they do. They have a deep concern about what the public is being told about the Papal assassination plot. Some agree, some disagree. And I think it well may be appropriate, because of all of the charges that have been made about that, that even if it was for a brief couple hours, to let each speak for five or ten minutes and hear what they have to say on both sides of this issue—and there are people on both sides—if we're going to expose everything here. I would disagree with Mr. Fuller, there wasn't just

blood on the floor when we left here yesterday, there were limbs on the floor. And I dare say that if these analysts who did the product want to be heard, then we ought to have a couple of hours for them.

Senator D'AMATO. Would the Senator yield for a moment.

Senator RUDMAN. That's the Chairman's decision, but I wanted to be heard on it.

Chairman BOREN. I am going to cut off the discussion at this point because—

Senator D'AMATO. Well, Mr. Chairman, I will—

Chairman BOREN. We'll have adequate—

Senator D'AMATO. You'll have a tough time cutting it off. Mr. Chairman, let me—I ask the Chair to yield—I don't think there is anybody who has asked fewer questions than I have. I have been reading this thoroughly and I would like an opportunity to make an observation.

Let me tell you, I think Senator Rudman is absolutely right. I have read the affidavit which was submitted, the statement which was written by Kay Oliver, who was the principal drafter of the 1985 intelligence assessment concerning the attempted assassination of the Pope. Now, I understand the Committee has indicated that it wants—it will not take unsworn testimony or permit us to ask questions from it. I think it is absolutely essential that the person who wrote that report, who is the principal drafter, be given an opportunity to make known not only to this Committee but to the American public her assessments of what took place. Mr. Goodman made some very strong statements with respect to that. Mrs. Oliver, Kay Oliver indicates very, very—

Senator METZENBAUM. Mr. Chairman, I object to this procedure.

Senator D'AMATO. Well, it's too bad if you object.

Senator METZENBAUM. I object to—

Senator D'AMATO. Listen, we listened to you for hours and I want to finish my statement—

Senator METZENBAUM. I am objecting to putting into the record unsworn testimony.

Senator D'AMATO [continuing]. And I am going to finish my statement no matter what you do.

Chairman BOREN. All right, all right.

Senator D'AMATO. Now, Mr. Chairman—

Chairman BOREN. Will both Senators please cease.

Senator D'AMATO. I would like to conclude my remarks, Mr. Chairman.

Chairman BOREN. I understand the Senator wants to conclude his remarks. Would you allow the Chairman to make a remark before you conclude your remarks?

Now, we have had enough rancor. We are here for a very serious purpose. The Chair has been fair to everyone here. The Chair has already announced that we will have consultations among the Members in terms of whether or not additional witnesses should be called. Ms. Oliver is one of those people that we should certainly consider whether or not to call as an additional witness.

Senator D'AMATO. Well, Mr.—

Chairman BOREN. We are going to have four votes on the Floor between 4:00 o'clock and 5:00 o'clock. It has been the plan of the

Chairman, in terms of the schedule and whether or not we call additional witnesses, that we will meet off the Floor in the President's Room among ourselves to discuss this and reach a decision as we have reached a decision on all of these other matters. I would point out to all Senators—and I am not directing this at you, Senator D'Amato or at Senator Metzenbaum—I just point out to all Senators that every decision we have made in this Committee on procedure thus far has been unanimous. No Member on either side of the aisle has sought to cut off the rights of the other or to keep a witness from being called that any significant number of Members of this Committee felt should be called. That will continue to be our practice. If it means working longer hours, if it means going longer, if it means getting pledges to come back on Monday and Tuesday, whatever it takes, we will work to accommodate all Senators. I think we'll have a very fair decision rendered and I think everyone will be able to hear the witnesses they want to hear.

But we have witnesses here this morning and I think it would be more appropriate for us to have these discussions between 4:00 and 5:00 o'clock, off the Floor while we're having these votes. We'll all be over there and we'll have plenty of opportunity to make these decisions. And I assure that there will be a fair results and one that will be based on consensus.

I realize this is an important issue, and we're dealing with very controversial matters here. We have very strongly felt opinions; the Members of this Committee are people of integrity and people who have deep feelings. I can assure the Senator from New York that all of these will be honored.

Senator D'AMATO. Well, Mr. Chairman, I thank the Chair and I'd just like to make this observation. I think it is important that those witnesses who do not have direct knowledge of the charges that have been made and who were involved should be given an opportunity to be heard. And I thank the Chair for indicating that we are going to review this matter.

Chairman BOREN. I assure you we will review that. I have talked to a couple of other Members of the Committee who have one or two other suggestions which will also be seriously considered.

Ms. Glaudemans, please come on up to the table. That should at least be a first step of indication to you that we are going to allow you to testify after the other discussions we have had. The Chair wants to make one or two very brief remarks because of comments that have been made to me. I want to apologize to the Committee, but I think this is important that we stop and think, especially in light of some of the comments that have just been made.

The American people in many ways are getting their first real glimpse into the Intelligence Community through these hearings. They are seeing perhaps in a more detailed way how the Intelligence Community really operates than they've ever seen before. They've learned about the fact that in many ways the CIA is not one agency, but two. There is a very distinct difference between the operations side of the Agency and the intelligence analysis side of the Agency.

They've learned that even within the analysis side of the Agency there are various bodies that come together to form the intelligence analysis that comes to the decisionmakers. I think it's very

healthy that the American people have this kind of insight into the Intelligence Community. One of our goals in these hearings has not only been to weigh carefully the qualifications of Mr. Gates to be the Director of Central Intelligence, but also to use these hearings as a forum to begin the debate about the future of intelligence in the United States. It gives the American people—since it is their taxpayers' money, by the billions of dollars over the last decade that have gone into funding this apparatus—a better understanding about what it's all about.

I think that since we're doing that, there are one or two things we ought to make clear. We have heard some very strongly differing views here. We have had highlighted some of the mistakes that the Agency and the Intelligence Community has made. That's the nature of a process like this. We have highlighted some of the distortions of process that have occurred, and by going back over the Iran-Contra matters, indeed some actions that have been illegal.

One of the things that I hope has also been made clear as we've heard the witness panel yesterday and today including former leaders of this Agency like Mr. McMahan and Mr. Inman and many others too numerous to mention is that we have an extraordinary caliber of individuals who work in the Intelligence Community. Many of these people care deeply about this country.

Those of us who have worked on this Committee are also aware of many others who have risked their very lives in the service of their country. They are not policymakers. They're people who are collectors of intelligence who serve their country based upon the policy that others make. They work long hours and take great risks.

There are definitely those areas that need to be improved. This Committee has worked hard on them. Let me say on the question of independence of analysis, this is not the first hearing we've ever had on this subject. We've had many, but it's the first open hearing we've had on this subject.

When we look to the future and talk about changing budgetary priorities, this also is not the first time this Committee has considered that. This Committee has been pushing and driving for changes in priorities as in more emphasis on human source intelligence collection in areas of the world where we have thin coverage for a long, long time.

The other thing I want to say about this Committee, and it's the thing that makes me most proud of being Chairman is that it is very unique in terms of the way that it operates. I heard and saw some reports in the media that Democrats were calling some witnesses, Republicans were calling some witnesses, and the witnesses we've had today and yesterday we decided to call in the last week or two.

This is really not correct. I want to make that clear. This is one Committee that does not have a partisan staff. We're the only Committee in the Senate that has a Vice Chairman. Senator Murkowski as Vice Chairman and I as Chairman—have operated, as Senator Cohen and I did, in a totally bipartisan fashion. The members of our staff are not hired on a political basis. Except for our two Staff Directors, I do not know the political affiliation of any other member of this staff. I've never asked and I don't think Senator

Murkowski has ever asked. We have a uniquely American staff. We have never had a party line vote in this Committee.

We have reached a consensus and I think as those who have watched and observed us for a long time now and observe us in this hearing can recognize that we have an adequate range of views in this Committee. I could count on the fingers of two hands when we've had divided votes at all, never on party lines. On the most sensitive areas of programs of this government we've been able to reach a consensus, usually unanimous, about how to proceed after a long discussion among ourselves treating each other with mutual respect.

These witnesses were all invited here not by Democrats or Republicans or one Member of this Committee or another. These witnesses were invited here by the Chairman of this Committee; both the witnesses who have had critical things to say about the nominee and the witnesses who have had supportive things to say about the nominee. My invitations have been extended not on the basis of my own personal judgment but on the work of fifteen Members sitting together as a planning committee to look at the accusations, supporting documents and arguments that have been given to this Committee to try to present a fair and balanced approach in these hearings.

That's the way we've operated and that's the way we're going to continue to operate. As we move into this questioning today of our witnesses, one of the things that has always disturbed me about the political climate in Washington, ever since I've been a Member of the Senate, is very often we forget that the people we're dealing with are not abstractions. We don't have before us an analyst, or a director, or a nominee. We have before us human beings who have their own feelings, their own concerns and their own professional careers. Whether they're witnesses or whether they're the nominee as in the case of Mr. Gates, they are human beings with careers, with children, spouses, family members and friends.

I hope that all Members of the Committee will consider, both as we question the witnesses and as we finally reach a judgment on this nominee and his fitness to serve as Director of Central Intelligence, that we are not talking about pawns in any political chess game or anyone's political agenda. Our job is to weigh the merits of an individual for a job.

We also have the obligation to carefully consider the individual testimony of those people who have come before us with respect and with due consideration. I thought this morning that some remarks that appeared in an editorial in the morning paper were very well stated. I will not say which one. It's not our purpose to advertise one newspaper over another. They really give, in essence, the very difficult nature of the task before this Committee. They're talking about the accusations, about the slanting of intelligence that we're now considering. And here's what this editorial said in part.

*** the second response must be that on the basis of the testimony so far, it's going to be hard to make a fair decision. Thoughtful people have different and—each in its way—plausible views on whether the nominee, as a high level CIA official in the Reagan years, slanted intelligence reports to support policy. This is an

act that Mr. Gates himself has described as transgressing the "single, deepest ethical and cultural principle of the CIA."

And all of our witnesses on both sides of this argument, I think, have had common agreement about that.

His accusers could cite chapter and verse of the censorship and self-censorship induced by what they felt was intelligence politicization. But defenders depicted a familiar liberal-vs.-conservative "adversary culture" that flourished between departments and levels of the CIA, just as it flourishes elsewhere.

We suspect that a measure of ambiguity is going to have to be accepted in pronouncing on Mr. Gates. The testimony challenging not only his analytical judgment, but also his professional integrity have certainly left some scars. Yet anyone who has ever worked in an organization of at least two people is bound to recognize the manner in which one person's ambitions and frustrations, biases, and agendas can intersect and clash with another's without either person being guilty of a mortal sin.

To imagine that unity and consensus are a bureaucratic norm or attainable is silly. Nor are these qualities even desirable, least of all in an intelligence agency or some other place where truth is the professed object. It is the essence of democracy theory that truth issues from the clash of independent minds. This is the vexing realm the Intelligence Committee must enter on its way to judging Robert Gates. It's like making an intelligence estimate.

We have a very difficult judgment to make. I know the Members of this Committee very well. They're not people who rush to judgment; we're not charged with making a partisan decision. This is not the Agriculture Committee or the Finance Committee where we're arguing ideological differences or philosophical differences or partisan differences. This is the Intelligence Committee. We're dealing with the qualifications of individuals. We're dealing with very credible and conflicting testimony from individuals for whom we have the greatest of respect. Let's keep that in perspective, and also the fact that we have seen, in public view, some very distinct, sharp differences—to some degree personal differences and personal rancor—between people that work in an organization. Let's bear in mind that that's true in all organizations and there are many people in the CIA who work together on a collegial basis every day who make a lot of sacrifices to serve there and are doing a good job. At the same time there are some changes that must be made, and this Committee has the responsibility of trying to find them.

So I just say that to set the stage for our continuing questions and testimony today, we have a very serious responsibility. We're going to exercise that responsibility, and as I said in the beginning, if I have anything to say about it, when it's all done, whatever judgment we render—and this Senator does not know which judgment he will render as an individual Member of this Committee—we're going to do our best to make sure that those who view these proceedings will say they were fair, they were thorough and they were non-partisan. Our responsibility is not a partisan responsibility—it's a responsibility of trust to the country and so we're going to proceed on that basis.

Ms. Glaudemans, I want to welcome you again. As I indicated—

Senator BRADLEY. Mr. Chairman.

Chairman BOREN. I'm unbiased toward all the witnesses, but I particularly welcome this witness because she has the right roots—both being an Oklahoman and a Cherokee. As a fellow member of my own tribe, I particularly welcome her here today. She has

worked as an analyst in the Soviet area and she will give us her perspective today from that point of view.

Ms. Glaudemans, would you stand please and be sworn at this time and raise your right hand.

Do you solemnly swear that the testimony that you're about to give is the truth, the whole truth and nothing but the truth, so help you God.

Ms. GLAUDEMANS. I do.

Chairman BOREN. Thank you very much. Ms. Glaudemans, we'd be happy to hear your testimony at this time.

Pull it up very close because it doesn't carry otherwise.

Ms. GLAUDEMANS. Good morning, Mr. Chairman and Members of this Committee.

Senator MURKOWSKI. Can't hear you. A little closer.

TESTIMONY OF JENNIFER L. GLAUDEMANS, FORMER ANALYST, OFFICE OF SOVIET ANALYSIS, CENTRAL INTELLIGENCE AGENCY

Ms. GLAUDEMANS. I will first begin with a description of my responsibilities when I was at the Central Intelligence Agency. In the summer of 1982, I worked as a Graduate Fellow in the Office of Soviet Analysis working on Soviet foreign policy in the Third World. Upon completion of my graduate degree, I returned to the Central Intelligence Agency in October of 1983 where I entered this career training program for a little over a year. In January of 1985 I returned to the Office of Soviet Analysis to the Third World division. In January of 1988 I transferred to the Strategic Forces Division where I worked on Soviet foreign policy toward the United States and East-West relations. I left the CIA in November 1989 and went on leave of absence without pay until my paperwork was completed at the State Department. In March of 1990 I went to work at the State Department's Bureau of Intelligence and Research working on Soviet arms control decision-making. I left in mid-June of this year, 1991, when I and my family relocated out of the Washington, D.C. area.

While it is indeed an honor to come before you today, it is not a pleasure to testify under these particular circumstances. I take no satisfaction in sharing with you the basis of my conviction that Mr. Gates politicized intelligence analysis and is responsible for an overall degradation of the analytical process. During the period when American policymakers deserved and demanded unbiased objective analysis about Soviet foreign policy in the Third World, I believe that they instead, at times, received distorted studies. Tragically, these slanted studies became the foundation upon which the Executive and Legislative branches of our government deliberated momentous foreign policy decisions. Unfortunately for the CIA, another result has been the continued exodus of many good Sovietologists and the loss of an esprit de corps that can only exist in an atmosphere and a culture devoted to the highest standards of excellence.

Let me be clear. I am here today at your request. As you may know, I walked away from this mess nearly two years ago. I find the re-examination of old scars and the publicity surrounding this hearing personally difficult. Until several weeks ago I had expected

that someone else would be testifying in this seat instead of myself, so I hope you understand that I am not motivated by some overwhelming desire to bad mouth the Central Intelligence Agency or anyone personally. When I left the Agency I did not write a book. I did not go to the media, nor did I solicit this Committee. I do not wish to bad mouth the Agency in general. There are still too many people working there whom I respect. In fact, I take great comfort in the offers of support I have received from a number of analysts—young and some not so young—still working in the CIA, who do not feel that they are at liberty to come before you to speak publicly, but do not welcome the prospect of Mr. Gates returning to the CIA.

I also believe that my perspective is somewhat different from the other witnesses you have heard—that from the lowest rung of the totem pole. As an analyst in the trenches, I have observed, experienced and witnessed the analytical process from its beginning to its end. While I am not always able to speak of direct contacts with Mr. Gates, I can speak to the times when his name was invoked and to the impact of his influence. I would not characterize those perceptions as stemming from either sour grapes of analysts who did not have their views accepted or from jealousy of those who resented Mr. Gates' rapid elevation to senior management. I think such accusations are unfounded and make it all too convenient to dismiss what I, and many still in the Agency, believe is a real credibility problem. Such perceptions stem from the belief that the analyst's credo, 'To Seek The Truth,' was violated. That rigorous and judicial weighing of raw intelligence was lax. That our integrity was compromised.

I believe in the oversight process, and it is with the sense of an obligation to you, to myself and to my former colleagues that I accepted your request to testify. I am convinced that whatever the outcomes of this hearing, if they serve to sensitize this Committee, senior Agency management and the Intelligence Community in general to the greater need for analytical rigor and intellectual honesty and to how easily these values can be lost in the daily compromises of Washington debate, then I think the hearings will have been a success.

Much of what I describe in my written testimony, which speaks primarily to the impact and the atmosphere surrounding this issue, resulted as much from careless, and perhaps deliberate, inattention to the maintenance of a culture devoted to truth as it did from a calculated effort to advance the views known to be consistent with a preconception of senior policymakers. When an unsubstantiated seventh floor rationale did not appear to be the result of policy bias, it appeared the result of a bureaucratic reflex discarding difficult analytical rigor and playing it safe by only worst-casing Soviet policy. One cannot be seen as any less troubling as the other. Together they continue to contribute to a culture of fear and cynicism among front line analysts. Solving one without the other solves nothing.

There was, and apparently still is, an atmosphere of intimidation within the Office of Soviet Analysis. Many, including myself, hold the view that Mr. Gates had certain people removed because of their consistent unwillingness to comply with his analytical line.

Even today, I am aware of a perception in SOVA that managers could risk their positions if they are not sufficiently pliant. There were times when insufficient evidence was irrelevant as long as the judgment was consistent with what Mr. Gates wanted, as in the case of the Iran Estimate. That this had tragic consequences regarding the arms sales to Iran, I cite Mr. Gates' testimony to the Senate Foreign Relations Committee on 21 January 1987 when Mr. Gates said, it is our understanding that this threat, referring to the Soviet threat toward Iran, was, in fact, one of the animating factors for the Administration's decision.

There were heavy-handed and under-handed efforts to reverse or impose analytical conclusions not reflected by the regional office's analysis, or, to misrepresent the Deputy Director of Intelligence views as the CIA's view or the regional office's view or the Intelligence Community's view. This is not what I would call editing. Nor was it suppression of dissent of a few disgruntled analysts. As I recall all of these issues that I personally witnessed, the dissent was located on the seventh floor, not below it—although it has not been portrayed this way.

Moreover, as analysts in the Office of Soviet Analysis, we could not have said that the Soviets sneezed without being able to prove it seven ways to Sunday. We never tried to make assertions that did not have a substantial evidentiary basis. That same standard did not apply, however, to what was being said about Soviet foreign policy in the Third World on the seventh floor or during Mr. Gates' tenure at the National Intelligence Council.

There was the bitter disappointment that no one in the CIA who was aware of or involved of the arms sales to Iran to so-called Iranian moderates ever consulted the Office of Near Eastern and South Asian analysis about who these so-called moderates were, how reliable they might be, what the likely prospects of their eventually emerging to power or whether or not they really even existed.

I don't understand how you can justify spending so much money during that period, expanding the Directorate of Intelligence budget for personnel, training and education, contracts and foreign travel if the appropriate DI office was not even going to be consulted in such critical matters as who these so-called Iranian moderates were.

I was a junior analyst at the time of the 1985 Iranian Estimate or the memorandum to holders, and I observed the opposition to the estimate's judgment that the Soviets saw Iran as an area of major opportunity. I do not believe that the assertion that was made in this estimate could have been or should have been made without citing supporting evidence. And it did not.

And I also knew that the evidence pointed in the other direction: that the Soviets viewed their prospects as slim, at least as long as Khomeini was alive or the Iran-Iraq War was ongoing.

First, the Iranian government itself had eradicated, killed or sent into exile most of the Tudeh or the Iranian Communist Party.

Second, the government had rolled up all of the KGB's assets. Iran's anti-Soviet rhetoric, particularly regarding Soviet involvement in Afghanistan and towards Soviet Muslims was extremely

high. And the Iranians were actively lending support to the Afghan Mujahedin.

Third, 18 Soviet diplomats had been expelled from Iran and the Iranians were not allowing their replacement or return.

Fourth, small arms sales, which were little to begin with, were dramatically down. Economic advisors had been withdrawn from a power plant project in Afaz in 1983. And in June of 1985, the rest of the economic advisors were withdrawn from Esfahan.

Fifth, the leading Soviet academician on the Third World, Rostaslov Ulinosky, wrote two long articles in the Communist Party Journal, *Kommunist*, which reassessed the earlier more optimistic assessments of the Iranian revolution. His late spring 1985 article was the most pessimistic about the implications of the Iranian government for Soviet interests.

Sixth, there were defector reports from Vladimir Kuzichkin which may now be read in his just published book called *Inside the KGB* that strongly confirmed that the Soviet opportunities were slim.

Seventh, Soviet efforts in the early 1980's to court the Iranians had not been successful and had only resulted in the souring of Moscow's relations with Baghdad.

Eighth, the Transcaucasus Military District which shares the contiguous border with Iran was regarded, at least by all the military analysts I knew, as the weakest, most unprepared and ill-equipped military district in the Soviet Union.

Now, at this time, the Iranians were trying to end some of their isolation. And Iranian Foreign Minister Vilayadi traveled to the U.S.S.R. and to France and China. It is clear that the Iranians wanted the Soviets to stop selling arms to Iraq. I think they also wanted to try to acquire major Soviet weapons systems, but the Soviets had imposed an embargo and had not shown any signs of lifting that embargo.

We in SOVA argued that the Soviets had put down strong conditions for an improvement in relations with Iran, in that they demanded that the Iranians alleviate some of these problems in the relationship that I have just described to you. And the Iranians were showing no inclination to do so.

The Soviets also wanted Iran to enter into some form of peace negotiations with Baghdad. And Iran was not willing to do that either at that time.

Thus, we said the door was never closed but the policy was tough and it was tough because the Soviets did not assess their prospects as very good.

We never said Iran was not important in a geostrategic sense to the U.S.S.R. We said that as long as the United States was locked out of Iran, the Soviets could afford to insist on getting something in return from Iran. And that they themselves were not optimistic.

The estimate you are all painfully aware of did not say that there was a potential for Soviet opportunities in Iran should the instability that was predicted in that estimate come about. The estimate said that the Soviets view Iran as an area of major opportunity in 1985. The estimate did not cite, and neither did Mr. Fuller's memos to the NSC that ran concurrently to that estimate, any evidence to support that assertion. That's where I have my gripe.

Moreover, approximately six months later, I was the SOVA representative to a follow-on to that May '85 Memo to Holders. The newer estimate stated up front that the May '85 judgment regarding the U.S.S.R. was wrong. That this was a case of politicization really did not become clear to me or to others in SOVA until we had learned that the NIO for NESAS, Graham Fuller, had written a memo to the National Security Council that made the same erroneous analytical judgment. Not only do I believe that it was a fundamental mistake of his memorandum to view Iran as a zero sum game to either be won or lost by the United States or Soviet Union, but I believe the assessment of Soviet prospects was grossly overstated and unsubstantiated in light of evidence. I believe the estimate process was abused in this case. And to the degree it became the basis of the Reagan Administration's policy justification for selling arms to Iran, I believe it was a tragic and embarrassing moment for the CIA.

After the Iran-Contra scandal became public, I was asked in January of 1987 to provide for Mr. Gates' testimony to the Senate Foreign Relations Committee an inventory of SOVA's finished intelligence on Soviet policy toward Iran. I repeated much of what I have just told you in the context of the Iranian estimate. Prior to that, in 1983, there were two intelligence assessments written. One, on U.S.S.R.-Iran, Moscow's policy and options, described the very limited options the Soviet Union had. The other was on Moscow's tilt toward Baghdad in the Iran-Iraq War.

In 1984, there was a National Intelligence Estimate that stated that the Soviet prospects in Iran were also slim. From January to May of 1985, there were four National Intelligence Daily Articles on Iranian overtures to the U.S.S.R. and Soviet conditions which were going unmet.

In February 1985, there was a typescript memorandum on the Soviet rejection of Iranian overtures. Then there was the May '85 Memo to Holders which stuck out like a sore thumb. In February '86, the subsequent Memorandum to Holders reversed the May '85 judgment.

In early 1987, there was a long research paper published on Soviet policy in the Middle East which was also pessimistic on Soviet-Iranian relations as long as Khomeini was alive and the Iran-Iraq War was continuing.

Also in the first half of 1987, there was an assessment on U.S.S.R.-Iran prospects for a troubled relationship which depicted Soviet options as quite limited for similar reasons.

I give you all of this again, although you have the documentation, because we were constantly re-examining our evidence and our analysis and were concerned about this question. We kept coming up, as you know, with a similar conclusion but we didn't start out with a biased answer. I know that because I was the author of some of this work. And we were constantly trying to re-assess and see if we were wrong.

This was the analytical legacy that Mr. Gates disregarded in his answer to the Senator Foreign Relations Committee on January 21, 1987. In his statement, he reiterated the judgment of the May '85 Memo To Holders and I believe left the Committee with the wrong understanding of CIA's analysis. Your Committee has all the docu-

mentation, including SOVA's Memorandum for the Record explaining our disagreement with Mr. Gates' testimony. I highlight it here because this is something I can speak to directly.

There was the unambiguous signal sent when Mr. Gates walked down into the Maghreb Branch of NESAs waving an analyst's paper which stated that economic sanctions against Libya would be unlikely to succeed. Mr. Gates criticized the paper as being inconsistent with the Administration's policy.

Moreover, the use of alternative scenarios often cited as an analytical innovation of Mr. Gates were believed by many in SOVA to be a perverted forum for unsubstantiated postulations rather than an honest quest to explain inconsistencies in evidence.

There was a change in the process of doing analysis that I witnessed from that which I received instruction about. In the analyst training courses, the CIA taught me that my responsibilities were to be independent. I was given the Myers-Briggs personality test so that I would understand my own subconscious biases and could deal with them in the process of my analytical work. I was taught that there is a tremendous responsibility in weighing evidence and that I had a duty to have a very good working relationship with my collector counterparts so that I could inform them of my intelligence gaps and seek to get what I needed. I also was taught that I had a duty to state when I didn't know certain things in my research. I was taught that alternative scenarios were meant to explain inconsistencies in evidence or uncertainties because of a lack of evidence.

We were first told in late May 1985, after Mr. Goodman was removed from his office, that the way we did analysis was going to have to change. That the way we packaged and presented our message had to change. We were also subsequently told in a formal memorandum to the Third World Division in May of 1986 that the way we presented our analysis had to change. I was specifically told, and it also came out in conversations and discussions, that we were supposed to just describe evidence; that we were not to come to a conclusion. That we were to leave our analysis open-ended so that readers could come to a conclusion themselves.

There was a paper done on whether or not there were Soviet support for a particular Asian Communist party that was known to be primarily backed by the People's Republic of China. This paper simply went down and described every piece of evidence on the subject matter. This was touted to me and to the Division as the way we were supposed to do analysis. Do not come to a conclusion. It may be too offensive to the seventh floor. You might be accused of sticking your finger in the eye of a policymaker. I was disturbed and upset by that example.

First, it treated all pieces of evidence as equally valuable and I think you are all sophisticated enough to know that that can never be the case.

Second, no one had ever told me before that my job was not to do analysis. Or to come to a conclusion.

I believe the atmosphere has worsened over the last couple of years. The nature of politicization has become more blatant and I think the analysts more cynical. As bad as things may have been in SOVA's Third World Division in the mid-1980's, I do not believe

I have ever heard such a bitter cry for greater integrity as has been recently stated by many in SOVA who hold the view that Mr. Gates and his influence has led to a prostitution of SOVA's analysis.

I am aware that the morale among those working in SOVA's internal leadership division is devastatingly low and that you now possess documentation on this.

That this was really such a problem came home to me when I went to work in the State Department at INR. I never once felt the pressure to provide analysis that was consistent with either Secretary Shultz's or Secretary Baker's or the President's foreign policy. I only felt that what was expected of me from everyone in the chain of command that I worked for was to do my best. And it was in the absence of this atmosphere of policy bias or even, in some cases, worse, the anxiety of presenting a message that may be unwelcome that I realized things were really that bad at the CIA.

And the absence of that atmosphere was so refreshing to me personally because it really did enable me to devote my energies to try to understand what Soviet arms control decisionmaking was all about.

I cannot emphasize enough that my experiences at the CIA were upsetting, particularly so because they ran counter to the principles taught by the Agency itself in my training courses. They were frightening experiences in that the fear of being labeled a Soviet apologist sharply inhibited analytical initiative and bureaucratic assertiveness.

I understand that you have heard from other witnesses who said that in the early 1980's the seventh floor believed SOVA had too benign a view of the U.S.S.R. I believe these statements themselves, that there was a benign view that needed correcting, confirms that the seventh floor was imposing its own biases on analysis. I heard terms such as "soft on the Soviets" and "Soviet apologist" thrown in certain people's direction. And in an environment such as the CIA where employees must pass a polygraph question about their loyalty to the United States, that can be an extremely inhibiting managerial tool.

I believe SOVA's foreign policy analysts represented a critical mass of some of the best and the most perceptive Sovietologists that no university could match. Though they often debated and disagreed over the interpretation of evidence and events, they were seeing cracks, tensions and weaknesses in Moscow's Third World policy.

I recall as an analyst myself on Soviet policy toward the Middle East being constantly amazed by evidence that indicated just how little influence the Soviets had left in the region given their high point in the early 1970's.

In 1985, a GS-15 senior analyst and a visiting scholar in residence were asked to do an appraisal of the U.S.S.R.'s performance in the Third World. When they presented their research of various indicators, much of which came from the Office of Global Issues, the paper was killed, and I have heard the accusation made that these analysts really didn't have evidence to substantiate what they were saying.

Moreover, in 1986, Mr. Gates, suspecting that Soviet assistance in the Third World was going up, asked the Office of Soviet Analysis to examine the issue over a weekend. When the figures were collected, they indicated that, at best, the Soviets were holding even and in some cases the figures were actually declining. I was told by a person involved in this project that when Mr. Gates received the paper, he threw it away. He said he didn't want to see it again.

The Soviets themselves were keenly aware that they could no longer sustain the burdens of their empire. They saw their own weaknesses and vulnerabilities. And that is why we got new thinking in the mid 1980's. As Glasnost has proved, the Soviets saw much of their foreign policy as a net loss. Not worth the benefits they were getting. The decisions to deploy SS-20's in Europe, to invade Afghanistan, and to subsidize other discredited regimes in the Third World were publicly criticized in the Soviet media and the Soviet parliament. I think it is a pathetic shame that analysts had this story to tell in 1985 and 1986 but could not get it out. Even more shameful because this was not just some academic debating society, it was the U.S. Government, and our audience were senior policymakers.

I believe that in the 1980's the CIA lacked a sense of where it was. While I suspect Mr. Gates genuinely held the views he publicly espoused about the Soviet Union, I also think that he was too busy looking backward, fighting the Agency's critics of the 1970's rather than looking and asking the pertinent questions of where is the Soviet Union today? Where is it going tomorrow?

While commentators have characterized much of the 1980's as a search for simple answers, I did not believe that you or policymakers of the Executive branch deserved simple analysis. You were entitled to a realistic appraisal of Soviet policy, one that exposed limitations as well as the threats.

I know of no one in SOVA or elsewhere in the Agency who refused or would refuse to examine any given intelligence question, provided they were allowed to do so without prejudice. But the atmosphere in SOVA, as I believe has been confirmed by other witnesses, was politically charged. We were all keenly aware of what Mr. Gates and the DCI were saying publicly about Soviet foreign policy in the Third World, most of which was at variance with intelligence.

Not only could we feel Mr. Gate's contempt, we could sense his party line. No one in SOVA was a Soviet apologist. But the atmosphere and just the existence of that label made SOVA an extremely difficult place to work.

Because he was so public in his views, I believe Mr. Gates had a special obligation to uphold and protect the independence of CIA's analysis. His objectivity never came through. Moreover, I believe he had an obligation to clearly distinguish what were his personal views from what were CIA or Intelligence Community views. His cover memo in the Papal assassination paper indicates one such failure.

The degree to which he neglected to maintain a clear and unswerving commitment to analytical independence and objectivity in the DI, and his failure to reconcile this view once it became known

to him—which I believe was at least through the Inspector General's report on SOVA—suggests a lack of wisdom not becoming of a DCI.

The means by which politicization occurred is not readily documented. There is little paper to evidence the continual and subtle pressures applied to analysts to make them comply. Because it is virtually impossible to collect a paper trail, evidence quickly becomes one person's word against another's.

But let me suggest to you that politicization is like fog. Though you cannot hold it in your hand or nail it to the wall, it is real. It does exist. And it does affect people's behavior.

I believe it is the pervasiveness of people's perception that analysis was and still is politicized as a result of Mr. Gate's influence, and the accumulation over time of incidents where it is charged to have occurred that lends tremendous credibility to your concerns here today.

No one is accusing Mr. Gates of politicizing every Soviet issue that came across his desk. But I do believe there are sufficient instances of politicization to raise serious doubts. I know many analysts out at Langley are pleading, and pleading largely to you, to set a higher standard of excellence and integrity.

Thus, the questions are, how many instances of politicization are acceptable? Is the detrimental impact that it has on the integrity and the health of an institution acceptable? And if it is not acceptable, do you want the problems solved by the person who is believed to have been responsible for creating it in the first place?

These too are the burdens of your decision. If the Chairman would be so gracious, I would like to say something very personal to this Committee that's not in any of my previous statements.

I understand how difficult it is to believe what I and other witnesses have told you. This matter is extremely subjective and the issues are so personalized. And I understand how easy it is to believe that analysts are too finicky, too egocentric, too whiney, or too academic. But I want to share with you some of my feelings about being an analyst. I had no less fun flying my computer terminal in search of an understanding of Soviet foreign policy than an F-18 pilot has flying his aircraft. And I got no less thrill out of finding the right words that would put me on the cutting edge of analysis than a test pilot had pushing the envelope. And that's really how I felt about my job. For me it was the greatest privilege to work for the U.S. Government and to serve my country in the capacity as an analyst.

In order to be so privileged, I consented to an extensive and intrusive background investigation. I submitted to psychological examinations and interviews, and twice I took and passed the polygraph examination. After these procedures were completed, and when the Agency hired me, I believed I entered into a type of social contract with the CIA. I became obligated to protect sources and methods, and I became obligated to do my best as an analyst. But I also believe that the CIA had an obligation to me. They were obligated to uphold and protect my mission as an analyst who was responsible for providing independent analysis. I waited for three and a half years for somebody in a position of authority to do just that.

Senior Agency management was aware of the pervasive perception of politicization a long time ago. There were Managerial Advisory Group reports on SOVA and the Third World Division back in the mid-1980's. I was interviewed by their staff. There was an Inspector General's investigation of SOVA, and I was also interviewed by them in the fall of 1987. I talked to one of Judge Webster's special assistants about this problem. I and a colleague told Mr. Kerr that the reason SOVA did not attempt to take a footnote in the Iran Estimate was because of prior experiences. The NIO for NESAs told us that Mr. Gates preferred the other judgment, and that in light of Mr. Goodman's removal, we did not believe we had the bureaucratic support to go ask an appeal from the DDI, who was also Mr. Gates, for a footnote. When I resigned I told my branch chief, my division chief, my group chief and the Deputy Office Director of SOVA why I was leaving.

The only answer I have heard to this perception problem was from Mr. Gates himself a few days ago to this Committee. He said that when he was a junior analyst, and his views were not accepted, that he too thought this was politicization. Senators, I think that answer is the most smug, condescending and callous answer to such a sensitive question I could possibly imagine, and I believe it offers an insight in Mr. Gates' managerial style. I shudder to think what he might do if he is confirmed as DCI and he gets his hands on those SOVA MAG reports that you now possess. I know that as a former employee of the CIA, who left at the GS-13 level, I am irrelevant to the CIA and to its future. But on behalf of those analysts whose views are reflected in the MAG reports you now have, and whose views are reflected in the Memorandums for the Record that your Committee staff has compiled, I ask you not to give them the back of your hand. Even if you conclude that the basis for their perceptions that analysis has been politicized are unfounded, please take care to see that this perception is alleviated in a manner that also sends a clear, loud and strong signal as to what the analyst's mission really is. I believe those people deserve a better answer than the one they have been given by Mr. Gates thus far.

Thank you very much.

Chairman BOREN. Thank you very much, Ms. Glaudemans, for your testimony. As I was trying to say in my remarks before you testified, however one might conclude about the point of view which you expressed, you have certainly expressed from your own point of view the dedication you felt to serving that agency, the pride you felt in terms of what you were trying to do and the contribution you were trying to make to your country. And what I was trying to say in my opening remarks is—and I'm sure you would agree with this—that—the vast majority of people who work in the Agency reflect that kind of dedication and who work with the same intensity and long hours that you did when you were there.

I appreciate your statement very much and appreciate your being with us.

Ms. GLAUDEMANS. Thank you very much.

Chairman BOREN. Our concluding witness on this panel this morning will be Mr. Douglas MacEachin, currently a chief of the DCI's Arms Control Intelligence Staff, and formerly Director of the Office of Soviet Analysis, which has been the subject of so much

discussion here by the various members of the panel who have preceded this witness. So, we welcome you, Mr. MacEachin and the testimony that you will give and the perspective that you can bring to us as you do testify.

I would ask that you raise your right hand and be sworn at this time.

Do you solemnly swear that the testimony that you are about to give is the truth, the whole truth, and nothing but the truth, so help you God.

Mr. MAC EACHIN. I do.

Chairman BOREN. Thank you very much. You may be seated.

Senator WARNER. Mr. Chairman, may I ask one procedural question. Those of us who are trying to be here as much as we can today are anxious to be here during the cross examination of certain witnesses. Has the Chair established the order in which the series of witnesses who have now presented direct statements will return for the purpose—

Chairman BOREN. All members will return as one panel. All six will be before us.

Senator WARNER. At one time?

Chairman BOREN. At one time. I've just sent a note down. I believe you were out of the room. I will recognize Members of the Committee in order for fifteen minute rounds of questions which can be directed to any witness, and if any Member of the Committee wishes to yield his fifteen minutes to another Member of the Committee in the opening round, they may do so. The Chair will also limit himself to fifteen minutes. I would appreciate it if when Members begin questioning, they would indicate to me if they plan to take fifteen minutes or if another Member has yielded additional time to them. We will then go on until probably close to 1:00 o'clock and come back at approximately 2:15 until the votes begin at 4:00. We will have a meeting of Members only between four and five off the Floor in the President's Room to discuss the schedule and witnesses.

I know some of these witnesses, by the way, have indicated to me that they wish to return home tonight to other parts of the country. They're very hopeful that we'll be able to have completed our questioning of them today so that they can return to their homes tonight. One wishes to go back to Connecticut and another to California. So we will certainly endeavor to do that.

Senator MURKOWSKI. Mr. Chairman, you anticipate going until what time?

Chairman BOREN. One o'clock.

Senator MURKOWSKI. Till one o'clock.

Chairman BOREN. Coming back at two fifteen.

Senator MURKOWSKI. At two fifteen. Thank you.

Chairman BOREN. Mr. MacEachin, we appreciate your being here. Your testimony is very important testimony for us to hear. I appreciate your patience in rearranging your schedule as we anticipated having you yesterday, and we welcome your statement at this time.

Mr. MAC EACHIN. First, am I close enough to the microphone?

Chairman BOREN. Pull it even a little closer.

Mr. MAC EACHIN. Closer?

TESTIMONY OF DOUGLAS MacEACHIN, FORMER DIRECTOR,
OFFICE OF SOVIET ANALYSIS, CENTRAL INTELLIGENCE AGENCY

Mr. MACEachin. Mr. Chairman, I'd like to start off by acknowledging something that I regret having done. We all have this thing happen to us in our lives. This is in connection with a memorandum that I wrote back in 1987 in January, the circumstances for that memorandums coming into being have been discussed and I can discuss it at the end. In that memorandum in trying to describe or characterize—

Senator DeCONCINI. I'm sorry. What memorandum?

Mr. MACEachin. January of 1987.

Senator DeCONCINI. Would you identify it a little bit more for me?

Mr. MACEachin. It had to do with the Memorandum to Holders of the NIE on Iran which was written in 1985.

Senator DeCONCINI. Thank you. Excuse me, Mr. Chairman.

Mr. MACEachin. Actually, this is just a side line, Senator, all I wanted to say was in that memorandum I used the term in describing the flow of analysis, swerve. I never knew that term would be immortalized in so much testimony. It was a descriptive term and was not a valued judgment. But I've heard it quoted now about the last five or six days.

Most of the speakers have given some personal background. I would like to only just hit a couple of points which may be relevant to my own testimony here today.

The first one, I graduated with a Bachelor's Degree from Miami University in Ohio. I say that only because as a consequence of these hearings, I've discovered a former DCI also graduated from there. I did not know that until these hearings took place.

The taxpayer actually paid for my education. I went on a Navy scholarship. And after that was commissioned in the United States Marine Corps as a regular commission. I returned—I resigned that commission, returned to graduate school also at Miami University. From there I got a Merchant Fellowship to Ohio State University, but I decided to not pursue an academic career. And so I decided I did not need a doctorate and besides I wanted to go to work for CIA right away.

The point I'd like to make, sir, is that I did not study Soviet affairs in college. I do not consider myself a Sovietologist. And after the discussions I've been hearing, I guess I'm glad I'm not.

I did my education in economics and literature. My role models were Captain Ahab, Cyrano DeBergerac and more recently, George Smiley. I haven't told that to too many people, but I don't think the Ahab part will come as any surprise to my colleagues.

I worked on the Soviet Union, using my economic education, my military background on Soviet military and economic affairs, defense industry and arms control. So I think 23 of my 26 years was CIA. For five of those years, I was the Director of Soviet Analysis and I had the wonderful opportunity to work with some brilliant and knowledgeable people and they filled in a great deal of my education about the internal workings of the Soviet system in the Soviet Union. But I did not study international affairs in college and I apparently still don't know much about international affairs.

And this has caused me from time to time to fail to see the absurdity in some of the alternative views that have bothered so many of my colleagues.

What I do believe I am is a professional intelligence officer. And I want to talk about professional intelligence officers. I do not ever want to be considered a Soviet expert, but a professional intelligence officer who works in the Soviet Field.

Now this is a very awkward appearance for me. I've tried to be a little light here to start off, but I have to tell you that this is without question, the worst day, the worst couple of days in a 26-year career. For reasons I'll describe. And it's also very awkward for me to be here today. I'm absolutely clearly at a no win position. If Mr. Gates is confirmed, he will be my direct supervisor. I'm not in semi-retirement as Mr. Ford has said. And, therefore, I risk the prospect that anything I say in his favor will be viewed by some as statements of a bureaucrat taking care of this career. And anything I might say which is not viewed as favorable will be seen by others as taking care of my career in yet another way.

All I'll have to hold on to, Mr. Chairman, and I hope at least to have some of it left, is after this hearing is the credibility I think I've demonstrated over some 26 years as being willing to challenge the conventional view and take whatever flack comes with it. I've made many mistakes in this process. Mistakes of substances, mistakes of process. And I've paid my share of the bureaucratic penalties for doing so.

For whatever sins my detractors might assign to me, I don't believe that any will say that or any will accuse me of ever backing down from a confrontation. Now that includes a confrontation at whatever senior level. I feel a bit like an egoist talking about myself this way but given the circumstances here, of conflicting allegations and assertions, the problem before this Committee is, as I read in the editorial that the Chairman just quoted, much like trying to develop an intelligence assessment. So, I felt forced to include what my business is called a source description for yet another piece of conflicting evidence.

And I sincerely hope, Mr. Chairman, that the Committee does probe into the specific evidence behind all of the assertions that have been made here. Because listening to these proceedings, I've been struck by how much they reflect the same approaches and contests and clashes of egos that I've listened to for now for more than 26 years.

The same characteristics are all there. And emphasis on pieces of evidence that support one case, I think rather careless sourcing, position advocacy rather than balanced assessments. It's going to be left to the Committee to sort this out and be the honest brokers. It does seem surprising to me that in one case someone can criticize misinformation or the use of hearsay in the preparation of intelligence estimates you'd come into something as important as these hearings and make use of hearsay evidence without appropriate qualifications and mis-state some of the reports as though they were facts, when, as I think, if you do probe them carefully, it will ultimately be seen that many are wide open to challenge and interpretation at best and a good number of them are simply factually wrong.

I'll try to point out some specific examples as we get into the specific cases that have been raised. I just would like to say that before I go a little further, that according to my records most of the documentation for the cases just cited have been made available to the Committee and I am not going to be the one to try to go through and show what I think was wrong with what was said about them. I think the Committee and its staff will do that. And I'll let the case stand for themselves. I might come back to one or two just to highlight them later.

One other very awkward aspect of this, Mr. Chairman, is that Mr. Goodman has been a friend and colleague of mine for my entire career, from our first meeting at a festive group attending the Washington Senators Detroit Tigers baseball game. So you know how far that goes back. And despite the fact that he remains an avid Oriole fan, we've maintained that friendship to this day. I have the highest regard for his intellect, for his personal integrity, and for his courage, none of which needs elaboration before this audience.

This also is not the first time that I've been on opposite sides on a very delicate and serious debate with him. And at times, I've developed the highest regard for his skills in articulation and in debating his views. Again, none of which I need to outline here.

And to use a vernacular, I've been blown away in more than one case. But we've always remained friends and I'm confident that it will be no different this time.

I should also record, Mr. Chairman, that in substantive debates with others in our building, my own views during the 1980's for sure, were more often in line with Mr. Goodman's than with those of Mr. Casey or Mr. Gates and various members of the National Intelligence Council. That is the group that prepares the national evidence.

The issue here, as far as I was concerned, was not that we were in substantive agreement. What I disagreed with was the way Mr. Goodman and several of his colleagues, colleagues under this supervision went about dealing with these other views. And I still disagree with the way they went about that.

I'll end up taking issue also with some of the statements made yesterday by Mr. Fuller. It was my office he was talking about in some of his remarks. I will also have to record, however, as regards his statement of perceptions of the emergence of a counter-culture mentality of SOVA, of seeming to lean over backwards to offset Mr. Casey's own outlook. I guess I'd have to say that while it may not have been true, and I'll always denounce it fiercely, we did do a very good job of conveying that impression from time to time.

Mr. Chairman, I think it's fair to say that these proceedings have unfolded, as they have unfolded, an issue emerged here which is I would say, with all due respect to Mr. Gates, larger than just Mr. Gates. And that is the issue of professional ethic or lack of it. In what some of us would like to think is a profession, as I said, I'd like to believe I am a professional intelligence officer.

We will tell you instantly if asked we do have a professional ethic. Tell it like it is. Too often what we really mean by that is tell it like I think it is and the emphasis is on I, not on think.

I must acknowledge with some thanks to certain inputs to these last minute changes in my statement. One is I did purloin the term professional ethics. Someone used it with me and it captured exactly what I had been trying to figure out how I was going to describe to this Committee what I thought was at issue here. And so I don't want to be accused of plagiarism.

The other one I think which is frankly assisted me in explaining my own views on an issue that is very difficult to grapple with to paint, in words, was the juxtaposition of Mr. Goodman's and Mr. Fuller's testimony. All of the things I was seeking to find ways to describe and to paint it in a verbal picture, I think were acted out here. I'll come back to the content of some of those presentations in a bit, Mr. Chairman.

What I'd like to do is address them, the question of professional ethic in the context of the allegations of politicization.

It's a simple fact that should not have to be recorded that for a large part of the major intelligence issues the information from which the judgments must be drawn does not permit unambiguous conclusion. Far more often than we'd like, the evidence is quite legitimately subject to different interpretations. Sometimes one alternative stands out clearly as most likely. And the others are treated more in the order of possibilities. Other times two or more interpretations seem to fit the evidence equally well. And this is especially so when we are trying to look ahead when we are often dealing with decisions that the foreign governments or actors have not yet made themselves.

A second fundamental point I'd like to emphasize and one that I think should be equally obvious but I find myself continually repeating it, including in testimony before this Committee earlier, is that the audience for the intelligence product is a very, very tough audience. It includes senior officials of the Executive department and Members of Congress and outside experts. And if an intelligence product offers a judgment contrary to a particular policy view, whether a policy which is currently in effect or a policy which is being advocated by someone, it will be challenged. And it will be challenged by people of consequence who have access to a wide spectrum of views and expertise. And they have access to and make use of public forums and the media in ways that we in the Intelligence Community, intelligence business cannot and frankly, in my view, should not.

This is the case across the board. In security and military issues, economic and trade issues, and the broad spectrum of foreign policy.

Mr. Chairman, I am going to digress and give you an example. Last Friday, at a meeting one of my staff was attending at a policy agency, an interagency meeting, a paper which had been published about a week earlier, a paper with which frankly I had problems, not because of the bottom line, I had problems with the paper because I thought it didn't offer anything new and didn't really get at the question that was asked. Nonetheless, this paper was pointed out to my colleague as being, quote, "unhelpful right now". It's unhelpful while we are trying to persuade so and so. I better not go any further than that.

And all we could think of that night is isn't anybody paying attention to what is going on? So I think, Mr. Chairman, if these public hearings have benefit, they might have benefit by being viewed by the consumer community.

And all of this has been increasingly true over the past fifteen years or so. To put it in sum, for those in the intelligence business, the consumer population has become more demanding and the market more competitive. And in no where is this more true than a case for intelligence judgments in the Soviet Union.

For me, and I think for most of us, one of the constants in my life from childhood to the present has been the centrality of the Soviet Union and our perceptions of threats to our security but also to our political and social values.

In sum, it has seemed impossible at times to put out an estimate on a major Soviet issue without running cross ways from somebody. And that somebody nearly always includes a person of consequence, a senior figure of some sort who has access to alternative views and analysis and the media.

I want to say that I'm not saying this as a complaint. There is one very easy way to avoid all of this. Just write a paper on a subject nobody cares about and on an issue which does not bear on anything critical in the way of policy and you don't have any problems. But that's an option which all conscientious intelligence analysts foreswear. We want to play. We are proud of our products. There hasn't been much said the last few days here about the good things that go on out there but I hope somebody will remember them.

And, in fact, we always strive to create products that have a demonstrable effect on policy. That's why we are here. That's the goal of all good intelligence analysts. But, if that's what we want to do, then we need to be professional enough to deal with the highly charged environment in which we have to do this.

And if we are to deal with this environment, and if we are to produce intelligence that has the credibility needed to affect policy views, I think we have to meet certain requirements. And by the way, I'm sure no one is going to disagree with me on these requirements. And we are all going to say we adhere to them religiously every time.

One requirement is to not just rigorously lay out the evidence but equally important, make explicit what is not known. Ms. Glau-demans talked about that. And it has been in my draft now for two weeks. That is what we have to do. And we must explicitly distinguish what is fact, what is inference, and what is analytical judgment.

Another requirement I believe is to seriously and rigorously lay out the competing interpretations of that evidence. I do not describe that as a pro forma exercise. Something you do after you've reached your conclusion and now I've got to address this stupid idea the other guy has just to get the paper through. As I said, sometimes, not being as expert on foreign policy, I haven't been able to see the stupidity in some of those other ideas.

We have to also examine the alternatives as a means of deriving the judgments. And if we are going to deal with views contrary to our own conclusions, we must demonstrate we have tested those

views against the evidence. You do not persuade someone who holds a different view, a strongly held view, by giving a back of a hand to that or some pro forma treatment.

Now, taking aside from it, I can remember several head to head confrontations with Mr. Casey personally, one or two I can specifically talk to, but I particularly remember, I'll give the example of the Soviet pipeline issue. But what persuaded him was a presentation which showed how his theory couldn't work with the evidence at hand. And this does not have to resolve in wishy papers. We can and we should come down on clear judgments whenever we can. And we should always be trying to push the envelope and we shouldn't shrink from this kind of effort.

I would note, however, Mr. Fuller said sometimes they want our best guess when there is no evidence. Well, I haven't had too many requests for that. I have to tell you in my 26 years. And when I have, it's usually been somebody who has said, all right we acknowledge there is no evidence, we would like you personally to give your personal best estimate. Your best guess.

But I have to tell you, Mr. Chairman, that I have had the opportunity in my career to serve some time with policy organizations. I've spent almost four years on an arms control delegation in Vienna. I've spent the last two years plus, two of the most—probably two of the most rewarding years of my career working on arms control. In the latter capacity, to give an example, the head of my little group that meets with the Soviets has met with his Soviet counterpart more times I know than SOVA division chiefs met with their counterparts within the office.

So, he doesn't want to her pontification about what the Soviets think. He thinks he knows. And if he hears pontification, he'll probably let the center know about it. And if you know the individual involved, you'll probably do it in a rather colorful language. And you won't need a telephone.

The policymaker is bombarded with opinions. He doesn't have to pay for them. He doesn't have to ask for them. He gets them. He pays a lot of money in resources and intelligence and he's got a right to ask for a little bit more from us.

As I've said, the basis for a sound judgment should include a comparison of how the alternatives fit the evidence. And it should not be regarded as a cavalier process, something you just need to do to placate a reader. It should be part of the means of reaching your own judgment. That's how you have to protect yourself. That's the professional ethic. You have to protect yourself against what you should know are your biases.

And, as I've said, if I had to confess to my own biases, they are a lot closer to Mel Goodman's than they are to Mr. Gates. Mr. Gates knows that. He put up with me all these years, nonetheless. Mr. Gershwin, I think, could testify to that. And he's here in the room.

And that's the test, sir, that I think that we most often fail. We don't use that alternative analysis as part of deciding what we finally conclude. I think too often we reach a conclusion and then explain why the other aren't right. Not universal. I'm just trying to think if there's anybody I haven't made mad at me now, but probably not.

I don't think it's controversial to say that at the time Mr. Gates took over as DDI, that's the Deputy Director for Intelligence, the Agency had been in criticism for some time as having a mindset. Of taking a benign view of the Soviet threat. Mr. Fuller did me the favor yesterday of putting that line out for me. Of dealing with potentially threatening situations with a rational actor paradigm rather than taking into account more ominous ideologically driven decisions on the part of the Soviets and other foreign governments.

I don't want to get on the issue of the validity of those criticisms. I personally believe many sprang from naivety and some are just flat wrong. But there was, unfortunately, a record that some critics could point to.

Now, in the closed session I cited a long list of what had been widely advertised at least as intelligence failures. I can just say there are two in which I am particularly familiar because I was personally involved, both in the lead up to the event and then in the task force that dealt with it afterward. One of those was the Soviet invasion of Czechoslovakia in 1968. And of Afghanistan in 1979. In both instances, we had seen definite signs of military preparations consistent with an invasion. If my Soviet colleagues are listening, I'm going to say 28 divisions, I hope one of them will tell me some day whether that was right.

In each case, we failed to give a judgment that a military attack was likely or even the most likely outcome. In each case the attack did occur. In each case the attack occurred when our analysis had persuaded us this would be a dumb thing for the Soviets to do and they probably wouldn't be doing dumb things.

I had an opportunity to read some very raw material, fresh from the source of a very highly placed KGB defector. He described the internal debates in the Soviet political circle prior to the invasion of Afghanistan. The Ministry of Foreign Affairs and the KGB opposed it. And all the reasons they gave for opposing it were exactly the reasons that our analysts said that they wouldn't do it.

But, as he said, the ideologues and the party central committee carried the day. And all I am saying, Mr. Chairman, is that when we do our analysis, we should have weighed all those factors.

We're all guilty of these things. I don't want to seem self-serving. I have to also put on the record, and if I don't, somebody's going to do it in about a very short time, that during the first year following the invasion, there was a major disagreement within the CIA, within the analysts, over whether in the face of their obvious miscalculations of the strength that the resistancy would counter, the Soviets would significantly increase their military forces there. And in that case, I was on the wrong side of the argument.

But what really made a lasting impression on me, again, certain things stand out in your career, and even in advanced age, I remember this one, I remember thinking about it long after it was over, and I remember saying to myself, I hope you learned a lesson from this. Because there was enough evidence to worry about it. We didn't manufacture it. We knew the Soviets themselves were talking about it. And the evidence was such, I can't go into it in detail, but it deserved to get out and the alternatives discussed. But that paper was never disseminated, Mr. Chairman, because we couldn't overcome our own internal arguments. We allowed our-

selves to slip into a win lose argument. And I am as guilty as the rest of them. We move off into saying probabilities and weighing possibilities to various sides, beefing up the arguments for their belief. And when that argument deadlocked, the paper died.

And I came away from that experience with what I thought was a lesson. That a problem was not in always being right or wrong but in our process. And I cite this example, Mr. Chairman, because I think it illustrates that we frequently fall into what I call the institutional view syndrome.

For a long time in my career, we did not in actual practice foster a tradition of careful treatment of alternatives. I would argue, and I frankly did go back and check the records in a secret store room I know of in this town, for the 1968 Soviet invasion of Czechoslovakia and the 1979 invasion of Afghanistan. And in both those cases, the record bore out my recollections. That part of our failure was our hang up in internal debates. Rather than trying to lay out the threatening situation to the reader, acknowledging both our uncertainties and the potentials, we routinely got bogged down in an internal contest as to whose views would win the institutional place. Who would be judged right, at least for the purposes of putting out the product?

I think—I've said this before and I'll say it again, on record in open session, that it is not an oversimplification to divide most of the Soviet analysis into two camps, at least during my career. One camp said we are smart, practical, enlightened, modern and not encumbered by all that ideology and we do our analysis carefully without bias. And we understand the Soviets are just people. And the other people are a bunch of ideological knuckledraggers. And the other people see themselves as hard-headed realists who understand Soviet ideology and the effect it can have and they view the first crowd I described as at best apologists and at worse, comsimps. And you can have knuckledraggers and comsimps yell out in the corridor in most buildings in this town where Soviet analysts are and you quickly form up two groups.

Now regardless of whether by perspective in this regard is correct, and there are many here I'm sure, and I know many in my building who disagree and I am going to hear about it later. Our performance did lead some critics to perceive an institutional mindset. And there were times when I know how everyone felt because I too felt under siege. By the way, someone has used the term shell-shocked here earlier. After listening to Mr. Goodman's approach and Mr. Fuller's approach in recognizing that I was trying to be between them, I could tell you who was shell-shocked. The way to deal with it, in my view, was not to adopt a defensive position. Not to see ourselves as some kind of a corrective to the perceived evils. But to demonstrate that we could learn from our past. That we were willing to re-examine our process. To make a demonstrable effort to show that we were willing to lay out clearly what was known and not known and demonstrate our willingness to treat competing interpretations and do that explicitly.

Now long before he became a Deputy Director for Intelligence, Mr. Gates had made no secret of his belief that CIA analysts fell short of these standards. And when he became Deputy Director for Intelligence, he made clear he intended to enforce them. He stated

clearly that he believed that there would be an avenue to improving the quality and the credibility of the product. I shared that belief then and I hold it now.

And I will state my view for the record. That I think there is no question, his efforts made our product corporately a far better one. And I told him that on one occasion to his face after we had just had a square off on another episode of where we were disagreeing with his view. And we got it settled. I may go through some of these.

And as regards the assertions that he has his own views and assessments on the Soviet Union, he himself has stated this to the Committee. And Mr. Casey certainly had views. But I can say that there were few views in which Admiral Turner did not develop—or a few issues in which he did not develop his own views. And so did most of the other people under whom I have worked in my career. And so do I and so does Mr. Gershwin and so does the other witnesses here.

That's a problem we all grapple with. All the time. If you are a manager, you are responsible for the product. You have to satisfy yourself that you can stand behind the judgments. If you have questions about it, you have a responsibility to resolve those questions. If you believe the evidence is not laid out or if you believe there's an alternative that hasn't been addressed, or if you know that there is another view out in the consumer community that is violently, vehemently opposed to what you are going to say, you have an obligation to say, look, we've got to show very carefully why this other view doesn't fit the evidence. We are not just going to ignore it or not just going to pass it off.

In that process, we all have to guard against mixing up legitimate questions with the influence of our own ideas. The free-for-all atmosphere that we work in CIA, I think, does a good job of this. Where we fall down is where we don't have that professional ethic that I was talking about.

I'm prepared to grant and have done it many times, I can walk into a closet and close the door, walk into my office and kick my desk or go someplace and have a beer and say all kinds of bad things about somebody's views, but I've got a professional responsibility to go back on the job and treat those views right and honestly and balanced.

I don't believe it is professional to try to hide behind some kind of attribution of base motives. Intelligence analysts and managers are no different than anyone else. The Chairman said this in his opening statement. We're a product of the same political and social system as the consumers. We all grew up with these different attitudes. We have outlooks formed by the same process. But we have a professional responsibility to make every effort to ensure that those views, no matter how strong, do not get in the way of the objectivity of the analysis or in the balance of the presentation. We do slip. Everyone of us does. Everyone of us has a time he can point to. But we have to be conscious of it.

Mr. Gates' criticisms of the analysis of the Agency and his views on many of the substantive matters and his views of the flaws in our analysis and his concerns about outlook, mindset, were echoed by many members of the Administration that was coming into

office in the early 1980's. And Mr. Gates' view on the Soviet Union were closer to many in that Administration than it were to many analysts who led so much of CIA's analysis in the Soviet Union.

So what? In the 1970's, there were different views and different analysts could see themselves in tune. And they didn't complain then. But insofar as the charges that Mr. Gates imposed those views in the intelligence product, let me say again, I think I had at least as many head-to-head confrontations on critical substantive issues with him and with other Agency managers and I'm going to have one with Mr. Fuller as anyone here or at CIA. They covered all the Soviet issues, including those Mr. Goodman had said were of no interest to Mr. Casey or were of less interest. And were protected. I have to remind him, there's no way to protect yourself in this town if you come out with an estimate on Soviet military forces which goes contrary to what someone wants to hear. There's no protection for that. The only protection is evidence, analysis, balanced careful presentation.

And as I've said, I had the confrontation on all of them. And that experience, personal experience, I can't speak to everything Mr. Goodman addressed, but that experience leaves me to support Mr. Gates' characterization of himself. I would describe it differently than he did. He said he is a person of strong views. I've described him as a very strong personality who holds views. And he can make a great impression on someone when he is disagreeing with them.

But in my experience, he was, as he has said, ready to be persuaded by evidence and analysis. I found him more ready to ensure treatment of competing hypotheses, honest treatment than many of the people criticizing him here for imposing his own outlook. And he was definitely ready to publish intelligence judgments that ran counter to the very strongly held views and vested interests of many consumers. And I found this to be true even when he himself was not persuaded that the judgment was necessarily right.

I'd like to point to some examples from my personal experience. In 1984, the Office of Soviet Analysis published a paper on Soviet chemical weapons. And I am going to read the key judgments, the final judgment from that paper. And, again, if my Soviet colleagues are listening and I hope they will some day tell me whether this was the right judgment or not.

Accordingly, we now believe that the Soviets are unlikely to initiate extensive use of chemical weapons during a war with NATO. Now, I don't have to tell this audience how welcome that was as it appeared in print at the very day that the House, at least, was debating the defense bill on appropriations for binary chemical weapons. That stands out as one of the two most I will say controversial papers I've ever been involved in. In terms of the number of people I had to talk to afterward.

I won't go into defense spending. Other people have talked about it. Constant problem. Mr. Gates supported us in our judgment that defense spending had the growth in defense spending had leveled off. It was approaching zero. And that was at a time when there was an effort—a strong effort being made to build up our own forces and our own defense budget.

I have here something I'd be happy to introduce it for the record. In 1986, I concluded on my own that the projections in the National Intelligence Estimate on Soviet strategic forces were in the aggregate all way over the mark. I wrote a memorandum, it started out to be for Mr. Gates, it ended up being for Mr. Kerr, I said welcome to your new job. Here's another fine mess I've gotten you into. But I argued that I didn't know and couldn't say which one was wrong. But that if they came true, it would require on the low side eleven percent per year average annual rate of growth for five years. And the high side, thirteen percent per year average annual rate of growth. And I said the Soviet economy can't do that and it won't do that.

Mr. Gershwin, who did not share my views on many things, and I actually worked out a proposed footnote. That paper went to the National Foreign Intelligence Board for debate. The footnote never appeared because it was, quite frankly, not Mr. Casey's fault, and I know that, but there were others in the Community who felt they could not put out an annex that showed projections with a note on the front of it that said these are all wrong. So, what they did do was instruct Mr. Gershwin and me to try to work out in the future to see to it that the economic implications were taken into account in future projections.

That was not a happy document I sent out. But it went to the NFIB and in this case I happen to know that one of the people who agreed with me most was Mr. Casey. He had a background in economics and he understood it, I think.

Another project, I will tell you this one I think it was published in the spring of 88. Actually started way back in my first year in the Office of Soviet Analysis when Mr. Gates called me and said he just been beaten up by some in the policy community because we were continually wrong on the low side. I said I think that's nonsense. And I believe I can prove it to you.

And I started a project. It's a very difficult project. We discussed it. I told them about the methodology I wanted to use. It had been used earlier in a Lawrence Friedman study. The analyst who started it then was transferred without completing it. It laid fallow for a while. It came back. It was a very difficult thing to do because frankly Friedman had the advantage of working in a non-arms control environment where he didn't have quantitative ceilings. We working under an arms control environment with quantitative ceilings so we had to develop a more—a different way of looking at it.

This project was eventually briefed to Mr. Gershwin. It was briefed for a year to almost every body of experts we could get to sit down and listen to it. And it definitely showed that we had consistently or a long time, not underestimated the rate of modernization of Soviet strategic forces, but overestimated it.

That was not a happy paper. But, Mr. Gershwin himself assisted me in seeing to it that analysis was presented to all of the people who had an interest in it.

Lest I sound too military and economic, in 19, I think, I'll say 88, but it might be wrong, someone correct me. It was the year the Soviets finally really did pull out from Afghanistan. For some reason, at that point, we were on the wrong side in SOVA of the estimate again. We were arguing that the Soviets would not pull out. Actu-

ally we had big fights within SOVA over that. And Mr. Gates supported that and argued against other people in the policy community to the point where I got a phone call from the Director of one of the intelligence agencies asking me to straighten out my silly views. The unfortunate part is I ended up in getting challenged to a bet and I lost two hundred dollars on that thing. And the people I lost it to included one traitor from my own organization.

The one thing I have a hard time—oh, one other thing, because it may come up later is the issue of the unilateral cuts in the Soviet military forces. By 1986, I had a personal theory that this was ahead. I had really no evidence. I had some doctrinal debates, some articles in the journals. I tried to do my own economic analysis. Talked to all of our own economists. There were some things in the Soviet military that led me to believe that. And I nurtured that idea along and nurtured the analysis along. By 1987, the middle of 1987, we were becoming increasingly convinced. But, I will tell you that even within my own office there was a clear division. Mr. Gershwin thought I was nuts. Mr. Gates thought I was nuts. We worked that thing very hard. And we went out and consulted with other experts. We published that paper in June of 1988. And I had a copy with me but it must be back in my briefcase. And that was six months before Gorbachev announced unilateral cuts.

And I got criticized later for watering down that paper because I treated the alternative view. The view that was held by Mr. Gershwin by others whose analysis and capabilities and expertise I respected. And I submit that's nonsense. Because we didn't have any evidence and I doubt when the Soviets themselves knew that they were going to really institute that cut. But we got the paper out. My job was not to go off and write a journal article somewhere. My job was not to cry because Mr. Gershwin was telling everybody I was crazy. He was right in a lot of things, I was crazy, but in that one.

The one thing I have a hard time figuring it remarkable that when you go to your boss with a judgment that contradicts the boss's view or which gets your boss cross ways with his boss, that you really have to have your act together. This doesn't surprise me. You have to have your evidence lined up and you have to have your analysis in sharp order. And sometimes different bosses express themselves in different language and sometimes it is easier and sometimes it is harder. But what else would we expect. Summary evidence and cursory analysis, should we not expect to have to show we've dealt with that alternative that we're running across? If policymakers are going to base decisions on intelligence, don't they have a need to know what they are working with? Is there not a proper balance between wishy-washyness and misleading the consumer as to how good the information really is?

One of the reasons this is a particular bitter subject for me, Mr. Chairman, is very recently I was accused of politicizing something. There is nothing I would enjoy better than to have that subject laid out in front of the Committee in the public in all of its gore. And I don't think there is anybody who disagrees now the justification for raising a question on an estimate in which the policy community had taken and had made a major decision and it widely publicized that decision. And initially all I said was I'm getting a little nerv-

ous, I keep asking for evidence and I'm getting three by five cards. Is there any evidence? What is the evidence? And then when I heard it I said, you know how that is going to sound when there's a confrontation sometime between the Administration and Congress? And how silly we are going to look? And I took that to the Director of Central Intelligence and to Mr. Kerr. And they both agreed at that point we had to go back and relook at this issue.

But, the charge of politicization, as I said, my original studies were in economics and literature, so if I resort to literary examples, excuse me. But it's right straight out of Franz Kafka. Because once you are accused, the Inspector General will never come back and say, you're absolved. You will never be definitively acquitted. They will never say, no, that is not the case. They will say, we found no evidence to substantiate it. Charged but not indicted. Ostensibly acquitted.

And there it is in black and white. And the next time somebody wants to consider it, and the next time somebody says it, somebody says, oh I remember there was something else in the folder once. I shouldn't be treading in legal grounds, I know, I am not a lawyer, but I am borrowing the terms.

This has been a very sad experience for me, Mr. Chairman, going through this. I don't know whether I'm allowed to give credit to various press but I will say I've taken this from the Washington Post also. I read this Monday, describing what is expected at these hearings. What is certain to emerge the picture of infighting and intimidation in a clique ridden system.

I started out my professional life in an organization that thought gung ho was a pretty good idea. And I've tried to carry that approach in my 26 years. In CIA and in the Intelligence Community. And I am proud of that service, in the organization and in the Community. We had not, as I've said, spent any time here talking about what's good. Somebody else will have to get around to that some day, I hope. And the good things that have been accomplished. And the courage that we have shown and the integrity that is shown and the products that were developed because of it.

Intelligence officers get used to the idea that no one ever makes a bad decision. They are only misled by bad intelligence. But now I have to ask myself, what have we done to ourselves? What have we allowed to happen to ourselves?

Have we created a situation in which each time a supervisor challenges someone's analysis, his conclusions or his treatment of evidence or his lack of treatment of competing judgments that he or she has to wonder whether a dossier is being a started that will some day be pulled out of a drawer? Have we created a readily available double theory that can be employed at will? Are we creating a situation in which the smart managers of their own accord steer clear of controversy? Where it is easier just to stay out of the way, let the papers go so you are being popular with the troops? You are not a boat rocker. And if something crashes, you can say that analyst was dumb. Who's responsible? I don't think either the analysts or the managers want that kind of a system.

On the other hand, Mr. Chairman, we can't have it both ways, and I don't believe management can just dismiss everything we've heard as a product of sour grapes. There's too much of it, and not

everyone I know who holds the perception is a malcontent. What I think, Mr. Chairman, is we've done it to ourselves. We've done it because we've lacked that professional ethic. And we've painted a great picture here today, and I have to say I was impressed at how well it clearly was perceived by the audience based on what I read in several different publications this morning, including the one the Chairman read.

As I've said, I can only speak to those things for which I have direct knowledge, but I do believe the integrity of the product was maintained whatever the strong views. And these, Mr. Gates and Mr. Casey, are not the only people I've worked under who have held strong views I will tell you—and who would intervene to express those views. I think we've made our product better precisely because we've had to deal with a tougher market. And I believe a large measure of credit has to go to Bob Gates.

But whatever its origins, the perception of politicization that we picked up along the way is like an infection. What it has brought us here today was driven home by the passage in the Washington Post I just read. A clique ridden society. What'd it say? Clique ridden system. There are lots of them all over the papers. Having come to that, Mr. Chairman, we badly damaged ourselves, and we can't fix it unless we recognize that we have something to be fixed. We can't fix it, I believe, without sacrificing intellectual toughness. We can't have a situation in which managers are intimidating analysts or which the manager himself, or herself, is intimidated by the analyst. We can't have a climate in which there is not the easiest thing to take care of, and that's direct overt so-called politicization. But we have to have a personnel policy.

I have heard the expression several times in the Intelligence Community—and, by the way, I work in a Community job now and have for the last two years, not a CIA job—I've heard the expression wrong-headedness, and I have not heard that from Mr. Gates, and I have not heard that from Mr. Casey. What kind of an impression does that convey? So, I think I'd rather deal with the specifics of the question, Mr. Chairman, unless you'd like me to run down through a couple of things. I might just tick off some of the things that I would comment on the others have said.

Chairman BOREN. I think you should feel free to go ahead and give any detail you want to before you complete, and then we'll go into the questioning of all the panel.

Mr. MACEACHIN. On the Papal paper, let me just at least recite what I believe are facts on the case as I remember them. This project was first raised to me—and I have now remembered the date, at a meeting which no one else seems to be able to remember, but I have checked and I have found the date of that meeting; and I'd like to think my memory hasn't totally disappeared—the meeting on February 25th, 1987—1985, excuse me. Later in that day, Mr. Gates and I had to see the DCI on another matter—another one of my favorite subjects, defense spending—Soviet defense spending. And after that I accompanied Mr. Gates back to his office. Mr. Gates was puzzled at what the evidence meant that we had. In my view he was trying to see how he sorted out his own thoughts. I was told then that the Office of Global Issues was going

to do, or was doing, a look at the evidence how good a case was there for the involvement. Not to—

Chairman BOREN. You're talking about the involvement of the Soviet Union in the Papal assassination attempt?

Mr. MACEACHIN. Yes, Sir. And it was characterized to me as, let's see what kind of a case is there. We had already gone on record as having said there wasn't any case. He asked me if we could do a paper ourselves on sort of the political background inside the Soviet Union in which such involvement could take place. Such questions as, would the political leadership have had to have known; what about the liaison tie-ups. Basically, what in the Soviet Union as a political, social, moral, structure background for such things. He asked me, because of the sensitivity and the involvement of some sourcing, and also because of the political sensitivity with the thing nearly coming to trail and the U.S. Government wanting to avoid any leakage which suggests we were having an impact or in any way touching on it, to keep it very close. That did not seem to me going in camera. Earlier we were told that secret studies were unheard of. I noticed that that was not said subsequently. Such things are heard of.

I went to the Chief or the Branch called the Security Issues Branch. I think that is the senior analyst who was referred to yesterday. Her name is Kay Oliver. She's sitting right over here. She's permitted me to use her name. And she undertook that. I'll let her tell you the rest of it if you want to, but apparently, the next day or so the two papers got merged, and, frankly, I lost track of it. It was off my scope then. It was being managed in another office, and I really did not know what was evolving. But I think it's a little bit of an example of the problems I've been talking about to have asserted, without any qualification or reservation, that Bob Gates rewrote the key judgments—that Bob Gates rewrote the summary—that Bob Gates dropped the scope note. To say the scope note said that the paper did not look at any of the evidence for alternatives. That the scope note did not say that. The scope note said it did not weigh the alternative scenarios. It weighed all the evidence. It didn't try to make the case for the alternatives.

I have not been able to see this note that says best balanced and most comprehensive. I have not found the word best balanced anywhere. My only point is you can't do intelligence this way either, and nobody would believe that was a dry run we were going into last Wednesday. Nobody thought that was a practice or rehearsal for today. That was a very important session. It's at least as important—maybe almost as important—as a NID or a National Intelligence Estimate. And I think facts should be checked, and when they are known, when the source is hearsay, it should be identified the first time out because the first time out was when it really had its impact.

Running down a few of these other things, I want to take issue with Mr. Fuller on one thing. In this memo I drafted in which I created—did I wake you up—

Chairman BOREN. There's no disturbance behind you. You may continue. We're allowing only intellectual interchange here.

Mr. MACEACHIN. In the memorandum in which I coined—unfortunately coined this word swerve, that problem did not come to my

attention until January 1987. I read about it in the press that there was this Memorandum to Holders and it had caused some problems. Then someone, I think in another branch of government, called me and reminded me or asked me a question about it, and I said I don't know what's going on, but I'm sure going to find out. I asked the analyst, who described for me pretty much exactly what you now have as one of the documents that has been released, and I wrote a cover note for that, and I sent it on to my boss, Mr. Kerr, because I couldn't do anything about the substance then, but my concern was the process. And I still object to that process.

Sure, NIOs have lots of authority, and they have authority to do some writings, and the NIOs disagree amongst themselves and with other managers about how much authority that should be. But if you take a contribution from someone and you change that contribution, yes, you have the right to do it, but I think that professional ethics says you have an obligation to show that person those changes before you show them to everybody else and before you call a meeting. So, I'm going to disagree with at least that much of Mr. Fuller's discussion.

Some of the other things that have been exhibited I think I'd be more than happy—I hope—I think the Committee has all of them, and if they haven't, please ask. There's a MiG 21 paper about Nicaragua in which Mr. Gates, as I recollect, said, well, we haven't added anything in the way of evidence. We've given arguments to and fro. We just went through that ad nauseam. And there we were on this one subject. I just want to point out there was a great lesson I had also learned earlier, and that is when I was doing current intelligence and someone had written a draft of a piece that said there's no evidence the Soviets are going to put MiG 21s in Nicaragua. And Mr. Casey pointed out to me—somewhat forcefully—that there was an airfield, wasn't there, and didn't that constitute some kind of evidence. And so I said all right, after that ladies and gentlemen, we were going to not use that term. We are going to say we do not see the fuel tanks, the support equipment, the ground control, communications that we would expect to see if there were MiG 21s going in there in the foreseeable future. By 1984 I think we had begun to see some of that, and we had reported it.

As far as the Mujahidin paper that's also here. I will leave the Committee to judge that.

But what I think the Committee will really get a picture of is look at what is being described and then access the description that you've heard. I think if you'd do that, a lot will be solved.

The new thinking paper, I don't have the foggiest idea what that's all about. Some people who think they remember what it's all about assure me that I was never shown it. If I was I don't know of it, but I am sure whoever—somebody must have it either here or in the audience, and I would say, why don't you get that and take a look at that and judge.

Ms. Glaudemans made a remark about an internal memo giving them certain instructions as to how they were going to be doing intelligence. A 1986, I think, memorandum. I think the Committee has that. I think I saw it come out of one of the dossiers that appeared, and I would hope you'd look at that. I'll have to tell you

I've read the version, and I will certainly sign up with the author and not with the person that wrote the marginal comments. If that makes me a politicizer, I am guilty.

The Afghan withdrawal sham. I don't know who the leadership is that supposedly said you can't do that because it'll prove the Soviets aren't good partners in arms control. As I recollect, I was one of the people, who frankly, was astounded and again, I ask my Soviet colleagues to forgive me on that. It is not easy for me, sir, to make these open hearings and then show up in Moscow 2 weeks from now with everyone knowing who I am and asking me questions about my testimony from the Soviet side, which they already did about some of my testimony at the CFE ratification hearings.

But I did not believe that they could be so stupid as to pull off a sham in which if you are going to fake the withdrawal of a unit, move on in to pull it out, you move one in that has the kind of equipment that's never been in the country, I just couldn't believe that they were that stupid. There are other people in SOVA I know who felt the same way. As I recollect we were engaged in an internal argument and as soon as we found out and could confirm that was what they were doing, I know that one of the people from Mr. Goodman's former division went down to State Department to participate in a briefing to the public on the matter.

So, it depends on where you stand. I want to repeat something I said at the outset, however, I share the Chairman's comments about the sincerity, integrity of the feeling of the people who have appeared. And that's why this is so hard for me. We all made the mistake of believing too much in our views and our own wisdom and we all suffered from the very human flaw of not being able to recognize maybe we could be wrong. I have already described one case when I know I was wrong, and I would have described the other one if I could remember what it was. But I don't right off hand.

And I would like to end this with the note that I started on, that what we need here is a professional ethic and I think that the people ask me what will Bob Gates do, in the very trying times we have ahead for ourselves, when major changes in a major new world, I would put that one right, very much at the top of the list and I think he will too.

Chairman BOREN. Thank you very much, Mr. MacEachin.

I would ask now if all the members of our panel would come back up. Hearing the last comment of Mr. MacEachin reminded me of a plaque I used to have that someone sent to me which said, "I've been wrong before, when it was the time I once thought I was wrong and later found out that I was right after all." I was reminded of that in the last comment you made.

Senator MURKOWSKI. Mr. Chairman, may I commend you on behalf of our side of the aisle. I won't make a prolonged statement, but I thought as the witnesses come up and adjust themselves, it might be appropriate to recognize that I think to a man, we commend you on your fairness and your efforts to provide each member with an opportunity to express himself fully. I don't think there will be an unspoken thought after the completion of this hearing process. You have made every effort to be fair, allowing everyone to be heard. I think your commitments to us that we'll

work out, in joint caucus, a concern we have over other witnesses. And I think it should not come as a surprise to any of us that we are getting just what we asked for—witnesses that we knew in advance would have different positions on the nominee. So it shouldn't be any great surprise to any of us. We are getting what we expected.

So before we get too carried away, we should be reminded that we are going to be hearing from the nominee and the nominee is also going to have an opportunity to respond, not only to our questions, but to the witnesses that we have heard from. So I think it is appropriate to commend you in the manner that you are attempting to conduct this hearing, and I think I can say without exception from our side, that we are most gratified and appreciative of your fairness and consideration that we have every assurance will continue.

Thank you, Mr. Chairman.

Chairman BOREN. I appreciate those comments very much. Not wanting to cut off such a worthy expression of opinion however, I do want to turn to the witnesses now.

Senator MURKOWSKI. I was hoping you would do that.

Chairman BOREN. Let me say I will begin with 15 minutes of questioning. It is my understanding that the Vice Chairman has yielded his 15 minutes and his questioning position to Senator Rudman, is that correct?

Senator MURKOWSKI. That is correct. However, if Senator Rudman does not use all of his time, I would appreciate a portion being yielded back to me in that order that I may ask a few.

Chairman BOREN. All right, so Senator Rudman has potentially 30 minutes. Then we will go to Senator Hollings for 15 minutes, and by that time the witnesses will be malnourished if we don't allow them to have a break for the lunch hour.

We will come back in the afternoon at 2:15 and begin with the following order: Senator Chafee, Senator DeConcini, Senator Warner, Senator D'Amato, Senator Metzenbaum, Senator Gorton, Senator Bradley, Senator Danforth, Senator Cranston, and Senator Nunn.

As I have indicated, we will have a meeting off the floor between 4:00 and 5:00 as these votes are taking place to discuss our schedule. While the Chair cannot be here at 5:00, I will arrange for us go ahead. If we have not completed all of the questions at that time, since I say at least two of the witnesses, with opposing points of view, have requested that we try to get through with them so that they can return home sometime this evening.

At 6:00 o'clock we will then know if we need to come back at 7:30. That is the schedule and we will begin our questioning at this time.

I would remind all of you who have testified that you are still under oath from your previously being sworn either yesterday or earlier today.

Senator MURKOWSKI. Mr. Chairman, I want to ask you if there is going to be a staff person responsible for keeping time?

Chairman BOREN. Yes.

Let me first turn to Mr. MacEachin. You have described in your testimony just a moment ago this view that there had been politici-

zation. Ms. Glaudemans in her testimony mentions that there was a legacy of politicization that lives on in SOVA even after the departure of Mr. Gates from the scene. I wonder if you think that there are these perception problems. As you reflect about it, what do you think can be done about it?

We will just have to share microphones here.

Mr. MACEACHIN. Well, Senator, I am not in that office anymore so what I am telling you—I mean my only knowledge is hearsay and what the people have said here—so I can't testify as to even who particularly down there holds those views the most. I only know that what I have heard from the witnesses here.

What can be done about them? As I said, this is the most troubling, most disturbing, most serious issue for me, and I think that it's a matter of doing something which I think goes by the expression bottoming out. We have to say however it got there, let's stop now trying to blame who put it there. Let's have the managers stop talking about the whining analysts, and the analysts talking about the bully managers. Let's get standard of conduct in which we go about our business and let's have that professional ethics specifically, explicitly eschew the concept of wrong headedness. Incompetence, stupidity, sloth—all those are legitimate sins that you can complain about. But wrong headedness as a term to talk about an ideological slant is just not to be there. And we have to have a personnel system where we look for the intellectual toughness and the professional ethic.

I have speculated to some who think I am nuts that we have got to do more than just check the academic credentials and the IQ and then put people through a polygraph test to check whatever it is, I am not sure—I hadn't made the office of security mad at me yet, Mr. Chairman, so I thought I would go ahead and fill out—but we have to make a judgment as to these people. We put them in a 3-year sort of trial employment period. One of the things we have to be evaluating is how they can manage to live with and conduct themselves according to that professionally. Because I just think that we have allowed this thing to fester too long now. The danger is, the perception is almost as bad as the real thing and the perception can cause the real thing.

Chairman BOREN. Listening to you and also listening to Mr. Fuller try to describe what the appropriate role of management is has been very interesting to me. I certainly think back to the time when I was a 33-year-old governor and I mainly tried to hire people based upon resumes. I later learned and I would say not that resumes are still important, but if there is any quality I look for now it's balance and judgment as opposed to just academic knowledge. That's based upon 17 years of experience, some of it through painful mistakes and learning from them.

I want to go back over this because I think it is something we need to think about. You both indicated that there is a danger that if we had a process that merely relied upon the judgment of analysts, particularly people who have dealt with fewer numbers of cases and issues than those, say, who have been in the agency 25 or 30 years such as you, Mr. Ford, Mr. Fuller, Mr. Goodman and others might have, that there is danger in that. Because there comes a time in which, as I think Mr. Fuller said, you learn from

standing on an embassy roof that's on fire in Kabul, there is a certain experience that comes from some of this.

Let's hope that those people in the upper echelons of the Agency with the best intuitions and the best judgment based upon their experience are in positions of supervisory authority over analysts or case officers in the operation side with less experience who may come forward with very strong and honest views. How do you assert that management without being so heavy handed in it, or conveying to people to stop coming forward with honest but differing views?

I am going to ask you that question, then I am also going to turn to Mr. Fuller and ask him that question.

Mr. MACEACHIN. I was just checking to find out what my record was on this, if I had been heavy handed, and I am sure I wasn't.

Well, I have actually been criticized sometimes by—I have to say, Mr. Chairman, my views are not shared widely in my organization, so you may want to bet other witnesses up here, more senior, to—I have been criticized for what is called the locker room approach. I still like it. I think that a branch chief is what I call a playing coach, a playing manager. I think the branch chiefs should have a very close hands-on mentor-type relationship with the analysts. I think that when senior management wades in, senior management should make sure that you don't attack an analyst, or go after an analyst, say I as an office director without the branch chief, or division chief are or both are there. Or if I am, I want it to be a pretty complimentary, not a—I think we live in a publish or perish world, Mr. Chairman, and I also disagree with that. Where the score card on the hard cover publications sometimes, I think, outweighs—I think we put the analyst in a terrible position. It's publish, or your career doesn't advance. And when an analyst gets a paper rejected, that's a serious blow. Not just to ego, but they start to think about careers. And it is not too hard to see how perceptions of base motives can start to appear. Managers can present themselves that way.

And I certainly don't want to point myself out as perfect. I have made my share of mistakes and hurt an awful lot of—I have had enough criticism that hopefully I've learned from my mistakes. But one thing, again, I say is that you have to find a way to instill confidence in them. You know, I don't see it wrong for a manager to say look you're not telling me this just because you know it suits me do you? I mean, I think managers should develop suspicion. Wait a minute, this squares exactly with my view, wait a minute, what's going on here? You know, I mean you have to—but only if we continue to be conscious of that.

So, I wish there was an easy answer sir. I think you have already given, it's judgment, it's character, it's experience, it's learning.

Chairman BOREN. I'll turn to Mr. Fuller in a minute as I have a couple of other questions for him, but in the closing end of your testimony, you made some comments about the study on the Papal assassination. Mr. Goodman had indicated in his testimony the study was prepared in camera, I think that is the word that was used, in camera.

Mr. GOODMAN. Yes, sir.

Chairman BOREN. And that Mr. Gates personally re-wrote sections of the summary and key judgments to strengthen the case for Soviet involvement. I believe you indicated at the end of your statements that you felt that that was not accurate. I would like to have you re-state again why you feel that was not accurate and also the basis for your own information as to why that was not accurate, if that indeed is your position?

Mr. MACEACHIN. I do not know, until it was described to me a few days ago, anything other than that the key judgments and summary had been a focus of some criticism in the so-called Cowey Report, which I understand is now fully released, and so I didn't know who had wrote them. My first criticism of, frankly of Mr. Goodman, was that he made those assertions and he, to do that, he must have been privy to some information none of the rest of us had at the time, because we couldn't have made those assertions. According to what I have now been told, and I'll use his name, Lance Haas, who was the branch chief—I have to explain again, most of that paper—the paper on the—the part of the paper that dealt with the assassination attempt itself and all the evidence was done by the Office of Global Issues and the Analyst's name was Elizabeth Seger, who is not here now, but I think is available. And Ms. Oliver drafted sort of the Soviet background section.

Chairman BOREN. The key section that's in controversy?

Mr. MACEACHIN. No, I think the controversial section is the other section. And we did do a draft scope note on our paper. And I did not know what happened to that scope note. What she tells me, and she can back this up, is that when they decided to blend the two papers together, she was at least satisfied that the part she had done had at least rased the questions enough. It hadn't just given all the evidence to one side, but had raised the concerns, the Soviet incentives, but then they had some disincentives. So when the decison was made to remove the scope note, that it didn't concern her, she was satisfied with that.

But I say, as I have been told—what I have been told by the people who claim to have written the summary and written the key judgments is that Mr. Gates did not do what he was alleged to have done. And also that it was not Mr. Gates that removed the scope note and all the participants have told me that.

Chairman BOREN. Let me turn to Mr. Fuller just for a couple of questions. I'll go into the factual questions here since my time is limited rather than going back over the question I just asked Mr. MacEachin.

In your prior interview with the staff of this Committee, you confirmed that prior to the coordination meeting on the 1985 Memo to Holders you drafted concerning potential Soviet in-roads into Iran that differed sharply from the language drafted by the SOVA analyst. Is that correct?

Mr. FULLER. Sir, I think the focus of my concern was what openings, potential possibilities and opportunities the Soviet Union would have in Iran in the event of a collapse of power there, which was a widely considered possibility. That was the major thrust of almost all of my analysis. I disagree with nothing that Mrs. Glaudemans has presented here today as to the evidence as to why the Soviets would find it difficult to take major action. My major con-

cern was in the event of collapse of Iran, would the Soviets shrink at that point from action. And that's—it is on that in which I rested my case.

Chairman BOREN. Right. Well, you indicated that there was a strong disagreement between yourself and the SOVA representative at least in one of the meetings where there was a discussion of this paper—

Mr. FULLER. Yes, yes.

Chairman BOREN [continuing]. And that you invoked, or may have invoked, Mr. Gates' name, stating he felt your position should be included in this memo. Is that correct?

Mr. FULLER. No sir. I was more blunt than that, I am afraid. First of all, let me say Mr. MacEachin criticized me for not having the courtesy to show my changes in advance to the analyst whose language I had changed. I fully accept Mr. MacEachin's criticism in that regard. I did not fulfill that professional courtesy and should have.

On the other hand, we did have considerable discussion at the meeting between saying, yes I understand all your concerns about why the Soviets are not in a good position in Iran today, but I am saying if the regime does move towards disintegration as so many are concerned with, would they then move to take advantage of it. And at that point I said I felt those points had not been made clearly. And I did say at some point, you're all welcome to take this up the line for further debate but we have to close the debate out here now after however much time we had spent on it, and I did say that Mr. Gates had seen and also the NIO for the Soviet Union, had seen my draft and had agreed with me.

That was a form of hard ball, and I apologize for it if it was meant to have a chilling influence, but in fact that was the case.

Chairman BOREN. Well, for our evaluation of Mr. Gates role in this, I think this is extremely important because we have heard Ms. Glaudemans indicate that Mr. Gates' name was invoked at certain times giving certain appearances.

Mr. FULLER. Yes.

Chairman BOREN. Did Mr. Gates ask you to invoke his name at this meeting?

Mr. FULLER. No, he did not.

Chairman BOREN. Was he aware of the fact that you invoked his name at this meeting?

Mr. FULLER. I don't know, sir, frankly, as to whether, I don't recall as to whether he would. But in any case he was—it was not his—he would not have normally intervened at that point unless his own people through the DI channels had come to him and said we feel that we didn't get a fair hearing from Fuller at the meeting. So that was why I went to Gates.

Not so much to get his permission—I didn't need his permission. It was to say, look I have taken this action, you may get some complaints from people on your side. This is to let you know that the problem may be coming up.

He did not tell me to say, tell them that is my view.

Chairman BOREN. You were bolstering your own case by citing people that agreed with you?

Mr. FULLER. At the end I was, sir. I recognized there was a certain hard ball element in quoting him at the end, but this was after we had had considerable discussion of the facts and virtues or the case.

Chairman BOREN. Again I go back to my own experience as Governor, having sometimes found that agency heads did something and later I would call and say why did you do that. They would say, well somebody on your staff indicated you wanted something done that maybe I didn't know about or if I wanted it done, I didn't want it done that way.

So I think it is very important because we are trying to isolate what Mr. Gates did. Now in terms of his conversation with you, when he said, you know I agree with the approach that you are taking, or I agree that this warning should be included, did he indicate to you that he wanted to go down to that meeting and make sure that it gets in that way?

Mr. FULLER. No sir, he did not. It would have been inappropriate for him to tell me what I should put into that meeting. I informed him simply as a courtesy in saying, look Bob, I have received something from SOVA analysts, I don't like it, I have re-written it, this is what it is, and I'm letting you know that you may be hearing from SOVA about their discontents on this. But here it is and I left.

He did not tell me, you know, go back down there, that's my position or express it.

Chairman BOREN. In retrospect, do you think that the manner in which you cited Mr. Gates' agreement with you could have been taken by others as an intimidating or hard-ball tactic?

Mr. FULLER. Yes sir, I do. I do. I think it perhaps would have been much wiser for me to have allowed them to pursue it through their own channels and found out however the chief of SOVA or Bob Gates himself would have then adjudicated it. Rather than telling them in advance. I think that was not wise on my part.

Chairman BOREN. Let me ask one last question, Mr. Ford, While I have questions for all of the witnesses, obviously we are trying to go through as quickly as we can.

Mr. Ford, in your testimony that you gave to us in both open and closed session, I gather that you said in terms of your personal interaction on the NIC with Mr. Gates, that you didn't feel that there had been anything improper in terms of his pressuring you personally or others in your presence?

Mr. FORD. That's correct.

Chairman BOREN. That your own personal experience was not a negative one with him which I think you said is what made your testimony more difficult.

Mr. FORD. That's correct; yes, sir.

Chairman BOREN. In your first interviews with the staff, there was no indication that you were in opposition to the nomination. I think, in fact, there was an indication that you leaned toward the nomination or at least were neutral on it. You've now reached the conclusion that Mr. Gates should not be confirmed, which you stated in a very eloquent way and certainly in keeping with your personal integrity and reputation, in a very careful way.

If it was not your personal experience with Mr. Gates—in other words, his ever having said to you cook the books in one way or another, or if you had not observed his saying this to someone else, bullying someone else or pressuring them, what was it that caused you to change your view? You mentioned Mr. Polgar's testimony and you mentioned at re-looking at the record yourself. I gather it's based upon your reading of the record and conversations with others that has changed your basic view.

Mr. FORD. Yes, Sir. When I met with the staff—now some weeks ago—I did not support his candidacy nor did I mean to; I think neutral is the better word. And as I recall what I said was that my personal experience, I had never been pressured by him to take this, that or the other view and to my—and as I repeated in my remarks here yesterday, in the short where he was my immediate supervisor in the NIC, finally when I was Acting Chairman of the NIC, nothing during those months would come under the heading of in any way improperly intervening or skewing intelligence.

Why did I change my mind? One, because I began to do some research looking at the record. My attention was called to the 1985 Iran Estimate. I re-read that. I read the subsequent ones. I also had said to the staff that although my personal experience had been as I have described, that nonetheless over the years all kinds of people, largely from the DDI whose ability and character I respect had given me all kinds of stories of very unprofessional conduct and of rather dreary consequences. I purposely pursued this latter kind of thing in the intervening time. Some of the documents that have been made available have had a big effect upon me. Tracing Mr. Gates and the 1985 Estimate—

Chairman BOREN. The Iran Estimate.

Mr. FORD. The Iran Estimate. And, as I said yesterday, when he testified to the Senate Foreign Relations Committee in January 1987 at a time when the Iran-Contra things had become a crisis publicly, his estimate to them as to what the situation was of the Soviet threat was similar to what the 1985 Estimate had been, which was, as I said yesterday, not an Estimate in the traditional sense, but a worst-case Estimate. The Soviets might do this. Also, in the intervening time, more of my colleagues have come to me—not at my initiative, but at their's—and it's a combination of these things that have led me with, as I've said, great pain to come down on the side that I feel that he should not be confirmed.

I was guilty of a great intelligence error myself speaking personally. I did not think he would be re-nominated. I was wrong on that. I think this state to which we have come today, and I share the views of others, that this is not a happy thing to be talking about all these things in public, and that it was not our intent when we met with the Committee last week. I'm sure we would have all preferred that it not be made public. But, I simply feel that in short, as you said a moment ago, not credentials or not resumes, but judgment.

Chairman BOREN. Judgment.

Mr. FORD. And it seems to me that Mr. Gates has been responsible for two things. One, for some of the difficult situations that have existed in the DDI and especially in the SOVA. And here I would make what I think is an important distinction, that with the

possible exception of the 1985 Iran Estimate, and maybe to some extent the earlier Estimate in 1981 on International Communism, I am not aware of any kind of instance during that time where in my view Mr. Gates improperly put pressure on the NIC. And anyone who has had experience there, I think would have a similar view. Those who have had more experience in the DDI, and especially in the SOVA, but not confined to the SOVA, would have quite a different story.

Another part of that is that I agree with my colleagues—Larry and others—that his conduct had always been perfectly proper on military and strategic matters—in fact, very helpful. But in these other areas of Soviet politics and Soviets in the Third World, I think it's been quite otherwise. Though there's one reason I think that brought me down on this side was I think that he had been responsible for much of the milieu that has been described by some of the witnesses.

The second reason is that as you've said, we need someone of good judgment. On his analytic judgment, this question since 1985 of whether the USSR, there has not been a more important question for the whole United States policy and in intelligence than that, and Bob seemed so struck with his earlier views, that it was very difficult for him to come off that, and I think that the American people did not—or the American government did not get sufficient warning. Therefore, if a lot of things need fixing at CIA—and I agree wholly with Doug that they do—I don't think that he's the man to fix them.

Chairman BOREN. Well, I appreciate the testimony of all three of you, and the other three of you I haven't had a chance to question. As I say, this is a task we take on. It is a measurement of judgment, a measurement of maturity and readiness for a post that will be the final yardstick by which we must try to reach a decision here on this Committee.

I turn now to Senator Rudman and then we will have Senator Hollings. We will go a little past 1:00, and I apologize to you for that. But I'd like to at least get these two rounds of questioning out of the way before we break.

Senator Rudman.

Senator RUDMAN. Mr. Chairman, thank you very much, and let me also thank the panel. I think although there has been some damage sustained, I think the Agency and the people within it are strong enough to sustain it and I think probably this has been a healthy experience—although I'm sure unpleasant and painful.

Mr. Ford, I have just one very brief follow up question to the line of questioning of the Chairman. My understanding from your testimony is that you had nothing but basically good experiences with Bob Gates from your own personal knowledge. You were with him in a place where I would suppose if there was any tendency for the kind of thing he's been accused of, you would have seen some evidence. You did not, by your own testimony, see any. And, then as a seasoned veteran of this Agency looking at documents and listening to testimony, you changed your mind and decided to oppose Mr. Gates. I guess that's your testimony.

Mr. FORD. Yes, Sir.

Senator RUDMAN. I have a fundamental question since you are an analyst of some standing. Did you talk to Mr. Gates in the last four weeks? Did you go to Bob Gates, who you've known for a long time and say, "Bob, I am very troubled by things, and I want to hear your side of these accusations?"

Mr. FORD. I didn't go to Mr. Gates. I didn't go to anyone, Sir, except my own conscience.

Senator RUDMAN. Well, with all due respect, Mr. Ford, we've just heard testimony from Mr. Fuller—testimony which you partially relied upon to form your opinion of Mr. Gates. Mr. Fuller totally has refuted Mr. Goodman's statement on that Iranian Estimate. You relied on Mr. Goodman's statement, and I can understand you relying on it. But it would seem that the basic element of fairness of an analyst hearing hearsay charges raised against Mr. Gates—and some may be true—would have been to go to this gentlemen and said, "Bob, I've known you a long time. You've been appointed to head this Agency. I now have serious problems because of a, b, c, and d, and would you give me your side of that story?" Is there some analytical reason you didn't want to do that?

Mr. FORD. I don't accept your premises, Senator.

Senator RUDMAN. That that's good analysis?

Mr. FORD. First, that it's not all hearsay. Secondly, you have made a theoretical case for what someone might have done in a certain situation. I did not go public with any of this. I went to the Committee in closed session, and your staff will tell you that even there I was hesitant to speak, and I considered asking the room to be thinned down. These—

Senator RUDMAN. That would have been a good idea.

Mr. FORD [continuing]. These come out of experience and these come out of listening to people—hearsay, okay—some of it. But these are people of great stature whom I've known and respected. That's my answer. I saw no need to go to Mr. Gates.

Senator RUDMAN. Fine. I accept it. I would just respond to you that I think in a similar situation when dealing with someone I had worked with for years and had a high regard for, if I were to take a contrary view against him—public or private—I would at least like to hear their side. I think that's elementally fair, but I accept your answer.

Mr. Fuller, I just want to make sure that I'm correct on one point. Mr. Goodman testified that the CIA provided Estimates that were—and I'm quoting from the record: "at variance with the views of the entire Intelligence Community, especially with regard to the existence of moderate factions in Iran wanting contacts with the United States." Reading those analyses, it is my impression that the CIA analysis at that time—including yours—stated that there were no Iranians who then desired better relations with the United States. You suggested that we ought to see if there could be some found, and Mr. Goodman's statement that you said there were such groups would be factually incorrect, based on that Estimate. Am I correct on that?

Mr. FULLER. That is correct, Sir. I don't think anyone in any of our estimative work said that there were groups that would talk to the United States. On the contrary, the Estimates explicitly said that the U.S. had no foothold and would not be able to gain foot-

hold. In terms of moderates, the Estimates all clearly stated that there was a spectrum of belief. In that very same Estimate they were talking about, there was a categorization of key leaders within Iran that divided them up into pragmatists, radicals, conservatives and ultra-conservatives.

Senator RUDMAN. That's right.

Mr. FULLER. It's not a pretty spectrum of a broad, liberal view, but it does suggest there were major divisions among them, as in any group, in any country, in any organization in the world.

Senator RUDMAN. Mr. Fuller, I want to make sure that I am correct on this: that to characterize your intelligence estimates as being a basis for believing there were moderates in Iran is totally incorrect.

Mr. FULLER. I think that is incorrect, Yes sir.

Senator RUDMAN. And one need only read it.

Mr. GOODMAN. May I make a comment?

Senator RUDMAN. In a moment Mr. Goodman, I have got 30 minutes and I just want to set forth some factual differences here.

Mr. GOODMAN. There is a factual problem with your description of my remarks and I would just like to make a correction for the record.

Senator RUDMAN. Fine. I will submit the record of the Committee because I have it in front of me.

Mr. GOODMAN. I never stated and I never intended to state that my problem with the '85 estimate was over the issue of moderates in Iran and their interest in contacts with the United States.

My problem with the 1985 estimate was over the Soviet position in Iran, the Soviet objective in Iran. My problem with whether or not there were moderates in Iran and whether there was a moderate faction in Iran was over the work being done by George Cave and Charlie Allen. And there I have made very strong assertions.

Senator RUDMAN. I am going to get there, Mr. Goodman.

Mr. GOODMAN. I just want to say to my good colleague, Mr. Fuller, that I don't think I ever introduced that into the record and I respect his intelligence on Iran.

Senator RUDMAN. Mr. Goodman, I will ask the Committee to refer to the closed session testimony, the interview notes with the staff that is the basis for your testimony, and your testimony yesterday, and the record will speak for itself.

Mr. Goodman, you had an interview with this Committee staff which was the foundation of the appearance of each of these witnesses. We have as the Chairman described, a very professional staff, I think you would agree on that.

Mr. GOODMAN. Yes sir.

Senator RUDMAN. And they take very careful notes. One of the charges that you made was very disturbing to many of us for obvious reasons. It was—and I will use quotations here around some of your words—that “Gates delayed the release of information on the Soviet destruction of the Korean Airliner KAL-007 in order to allow an inaccurate opinion to form concerning Soviet confusion of the aircraft's identity.”

You did not repeat that allegation last Thursday, or today, before the Committee. Can you tell me why?

Mr. GOODMAN. Yes. And let me make one point about the minutes for the record. The Committee contacted me, I did not contact the Committee. And when I was contacted by the Committee, the understanding was that I would come in informally, because they knew I had access to a lot of information about what was involved with politicization at the CIA. I came in without notes. I came in without any statement. I did not know there would be a memorandum for the record. I never saw a memorandum for the record. I never signed a memorandum for the record.

Senator RUDMAN. Did you make the charge?

Mr. GOODMAN. Pardon.

Senator RUDMAN. Did you make that charge?

Mr. GOODMAN. I am coming to that charge.

Senator RUDMAN. Thank you.

Mr. GOODMAN. In that conversation, I was told that they were looking into politicization and they wanted to know what I knew about these issues. And I went over a series of issues. As many as 13. Some of those charges were first hand. Some of those charges were second hand. The comments I made about KAL-007 were based on remarks that were made to me by Craig Chellis who was working on the problem at the time and telling me how difficult it was to get the message out with regard to our knowledge of what the Soviet target was and what the Soviets believed they were shooting at in the KAL-007 disaster. And I decided that given what was going to happen in this kind of discussion, I would stick to either first hand or second hand evidence where I have learned subsequently my remark's have been corroborated by analyst's statements and memos for the record that I had no knowledge of at the time I made my statements.

Senator RUDMAN. Well, in fact, Mr. Goodman, the statement that the staff prepared noted that you charged Gates with delay of the release of information; you were then told by the staff—in what I thought was a very generous mood—that they had absolutely contradictory evidence and told you about that evidence. You then did not repeat that charge.

Mr. GOODMAN. But I made it clear that that was hearsay—I tried to categorize my remarks in terms of first hand, second hand, hearsay. I don't intend to deal in hearsay. I know my vulnerability on hearsay.

Senator RUDMAN. I do not think, Mr. Goodman, with all due respect, having read the minutes and read the closed session, that you were very careful in characterizing for this Committee what was hearsay. I am going to get to one of those issues in just a moment. Some of this has been very damaging to how we feel about this nomination. We are concerned about some of these charges. We take all of you as serious people and listen carefully to what you say. I do say that considering your analytical background, I think you owe us some obligation for care in how you elicit evidence and to give us the status of that evidence. My understanding of analysis is that it's opinion based on evidence. And the kind of evidence of course is very important.

I am going to get to another item, which frankly was the most disturbing to me of anything that you said in that closed session. I did not know you, and I took you at face value. In fact I do know of

you of your excellent reputation at the National War College from several people. So I certainly had no adverse opinions.

But the thing that concerned me the most during that very momentous evening is your statement as follows. You were talking about William Webster, and this is quoting from the record, sworn testimony:

Senator METZENBAUM. Which momentous evening, Warren, are you talking about?

Senator RUDMAN. There is only one I can remember, and not the one in which you and I had a discussion, Howard. It was the one in the closed session.

Senator METZENBAUM. Okay, all right.

Senator RUDMAN. You said, "I consider Webster a man of great integrity and I can explain Webster's attitude toward what was going on in the CIA if I am asked. William Webster was quite aware, I believe, that the CIA was being politicized. He brought with him to the CIA, two young men from the FBI. One was a lawyer, Mark Matthews, the other one may have been a lawyer, too, I don't know. The important thing is that they were told—they were told—declarative statement, Mr. Goodman—they were told very quietly to go out through the CIA and they were told to make sure that Bob Gates didn't know this."

Mr. Goodman, when you said that the hackles and the goose bumps raised on me because if that was true, I had a problem with this nomination. You said that you believed that Judge Webster is a man of integrity.

Mr. GOODMAN. I believe that Judge Webster is a man of outstanding integrity.

Senator RUDMAN. How did you know what was said? Did you know it from first-hand knowledge? Did someone who was privy to that information firsthand tell you that—and I am not talking about Ms. Glaudemans meeting with that lawyer? I am talking about what was inside Bill Webster's head when he withheld things from Gates. How do you know that?

Mr. GOODMAN. In 1987, I received a phone call from Mark Matthews, who was a young lawyer who came over to the building with Judge Webster. He told me he was looking into issues of politicization and wanted to know if we could meet. And I said I would be perfectly free to do so.

He said that he was looking into issues of politicization at the behest of Judge Webster. I had already known at that time that at least one analyst had had a long conversation with Mark Matthews about politicization, particularly the National Intelligence Estimate dealing with international terrorism. At that meeting, I also knew that both the analysts and Mark Matthews were very concerned about whether or not Bob Gates, who had an adjoining office, on the 7th Floor with Judge Webster, would know about that meeting. And some caution was taken with regard to the analyst arriving and leaving after that session.

Senator RUDMAN. Were you told that Gates was being shut out of this by Matthews?

Mr. GOODMAN. I was told that he was being shut out of it and I was also told that by someone on the IG staff—

Senator RUDMAN. Who told you that? Mr. Matthews?

Mr. GOODMAN. It was told—I beg your pardon, in terms of the meeting?

Senator RUDMAN. Who told you that Gates was being shut out?

Mr. GOODMAN. I was—the impression I got that he was shut out was over what I was told about how the meeting was handled. Sort of—

Senator RUDMAN. But you weren't told that he was shut out? That is your impression?

Mr. GOODMAN. I got the strong impression that it shouldn't be seen that this analyst was talking to Mark Matthews about a sensitive issue.

I also know that a special IG study was being done of the reporting on Nicaragua. And that Judge Webster had gotten an oral briefing of that report. I was also told by someone on the IG staff that there were written reports on some of these charges and oral reports that only Judge Webster was to receive.

I was also told that Mark Matthews was confident that Judge Webster got the IG report in a face-to-face basis without Bob Gates in the room.

Senator RUDMAN. Who told you that?

Mr. GOODMAN. That was told to me by an analyst.

Senator RUDMAN. All right, Well, let me just respond then, because I don't want to go on about this.

Mr. GOODMAN. OK, I am sorry.

Senator RUDMAN. I ask each Member of this Committee to read with care Thursday nights transcript, because I have only quoted a small section from it. The manner in which it was delivered cannot be preserved, because we don't televise our proceedings. We all have a history of knowing how to present things, but let the record, cold black and white type speak for itself, particularly about the investigation. It was being kept from Gates; and I had a strong feeling that night; I went home very disturbed, very disturbed.

I called Bill Webster on his first day in private life. He said I really need this telephone call. I said, "Bill, I don't know what the facts are, but I am sending you down an unclassified statement made about something you did. I want your answer. I don't know what the answer is. And I want you to check with anybody on your staff to make sure that your recollection is correct. And Bill, it may be necessary for you to come before before the Senate Intelligence Committee and testify." And he said, "Well of course, if I am asked I will." And if anyone on this Committee would like to hear him testify, based on a long conversation I had with him after receiving his letter, I would be delighted. I don't think it is necessary; I don't think anybody will challenge the veracity of what William Webster writes in the letter.

I do not intend to introduce it into the record at this time.

Let me read you the letter, Mr. Goodman. It is dated September 27th. And my letter to him was straightforward. Enclosed is a transcript. Your comments, period.

This is in response to your inquiry concerning my recollection of certain allegations made by witnesses during testimony taken by the Senate Select Committee on Intelligence on September 25, 1991. A routine inspection of the Office of Soviet Analysis was conducted in 1988 and reached my office on June 26th 1988. It contained two recommendations designed to improve the quality and flow of intelli-

gence, both of which were improved. I did not commission any other study on the subject of SOVA intelligence production and analysis nor did I authorize anyone working for me to investigate the allegations of politicization of analysis outside the Inspector General process.

Moreover, everything that I saw was submitted contemporaneously to my Deputy, Robert Gates. No one was ever at any time instructed to keep any information or the fact of any activity from him. I have discussed this matter with the individual who was my special assistant from the time I became DCI in 1987 until shortly after the Inspector General's report was submitted.

He advises that he had listened to complaints from two junior analysts in the SOVA division, but had not reported this to me in view of the Inspector General's report which addressed the subject matter. That report concluded that the perception of politicization was a problem within the Division but the inspectors had found no convincing evidence that it was in fact occurring.

During the two years that he served as Deputy Director of Central Intelligence, Mr. Gates fully supported my policy of reflecting divergent or alternative views on significant subjects in ways in which those differences would be readily apparent to the readers of the finished intelligence.

Sincerely,

WILLIAM H. WEBSTER.

Senator METZENBAUM. Would my colleague from New Hampshire think it might be appropriate to ask Mr. Matthews, whose name has been used here?

Senator RUDMAN. Mr. Matthews has been talked to. There is a Committee report on it, and if my colleague wants it, I'm sure the staff will get it for him. I don't want to quote Matthews. I don't want to testify here; I want to ask questions. But it's available as to your question.

Senator METZENBAUM. Shouldn't he be brought in to testify here?

Senator RUDMAN. The Senator has the privilege to bring in anybody he wants to. I think when you look at the staff report you may not want to bring him in.

Now let me ask you, Mr. Goodman, we're all human. You made a very strong statement, this totally rebuts it. Are you now willing to say that we will correct the record on your allegation in closed session?

Mr. GOODMAN. I think I have to be fair to myself.

Senator RUDMAN. Please do.

Mr. GOODMAN. And I still have the strong feeling that Judge Webster was concerned about the issue of politicization and the conversation that Mark Matthew had with at least one senior analyst over the international terrorism estimate, suggested that Mark Matthews was gathering information for that purpose. And I think the—

Senator RUDMAN. You think that William Webster had a "strong feeling." I'm asking you, in light of that letter, would you like to correct the record as to your allegation that there was a secret inquiry, that it was directed at Bob Gates, that it was withheld from Bob Gates. And the whole thrust of your testimony in that closed session on Thursday evening convinced me that if you were right, Bob Gates shouldn't be confirmed. And I think it convinced some other people as well. Now you tell me, were you right or were you wrong based on that letter from the former Director of the CIA, the former Director of the FBI, a man who is held in incredible esteem in this community. You tell me, were you right or is he right?

Mr. GOODMAN. I continue to believe—I agree with your characterization of Judge Webster, but I still feel that I have my views about Webster's concerns. Now my views are certainly susceptible to challenge.

Senator RUDMAN. They're not susceptible to challenge, Mr. Goodman; they're susceptible to rebuttal as far as I'm concerned. Quite frankly, if that is the character of your analysis generally, I'm amazed. Because you have just been presented with incontrovertible evidence that a statement you made, under oath—believing it was true, I'll give you that—is false. And you will not now state to this Committee that you were wrong. And I'm disappointed frankly, but I'll go on to something else.

Mr. Goodman, you accused Mr. Gates of suppressing analysts with whom he disagreed on whether or not the Soviets would send MIG aircraft to Nicaragua. And you quoted that "lead with the chin" quote. I think it's important, if you haven't looked at it recently, that you see what he said to you. Because I don't read it in the same way you gave it to this Committee.

He said, "The truth of the matter is, we just don't know whether they will send the MIGs, and I think it is unhelpfully leading with our chin to make a prediction when we really don't have anything to go on. Finally, I just don't find the analysis very rigorous or persuasive. Don't get me wrong. The bottom line of the memo that the Soviets will not be sending the MIGs in the foreseeable future may well be true. In fact I may lean in that direction in my own mind. I simply do not find the paper to be a significant contribution beyond what is already been provided to the policymakers."

Isn't that a careful manager saying, "Before we send this down to the President of the United States, I don't think we ought to lead with our chin because we really don't know." That's not analysis, Mr. Goodman, that's a guess. You don't know what's in anybody's mind, and he didn't want to lead with his chin although he agreed with you. Don't you think you've mischaracterized what he did there?

Mr. GOODMAN. Well, in terms of the issue of MIGs to Nicaragua, I think you have to characterize the memo that we've prepared, one that looked at the evidence on both sides. We looked at all the theses. We looked at alternative judgments. We did make a conclusion. I think people were uncomfortable with the conclusion.

I think one of my basic arguments is there was a double standard in the Agency. If you made one kind of assertion with regard to something the Soviets might not do, whether they were going to be conciliatory, it was hard to get that out. Up to that time, there were several articles that appeared in the National Intelligence Daily that were not done in SOVA but done in the Office of Global Issues, that talked about MIGs going into Nicaragua. And there were always full page maps showing arcs of flight projections of those MIGs, showing pictures of the possible bases that could be located in Nicaragua.

They were building a case for a presumption of the fact that the Soviets had already made a decision. I thought it would be necessary to look at all the evidence. I had some access to compartmented information, State Department nodis cables, and I thought there was a reason to look into all of the evidence.

Senator RUDMAN. I understand that, Mr. Goodman, I understand that. My point is, I don't disagree with anything you've just said, but you used that memo about leading with your chin in the closed session. Again, I might point out that your testimony in closed session is at variance with your testimony in open session. And I suggest the Committee read both, because let me point out, we started Thursday's session never knowing there would be a public session. The whole case might have rested on that closed session were it not for the insistence of a number of Members, mainly the Chairman, that this be taken public.

But the fact is you cited that as an example of politicization. Don't you think that's stretching it a bit?

Mr. GOODMAN. No I don't. Because I think when analysts are told not to lead with their chin and the message comes down very strongly, it does have an inhibiting, if not an intimidating effect on the kind of analysis you do. I don't think what's appreciated here is the courage it takes to come up against the conventional wisdom on all of these issues.

Senator RUDMAN. Well, we do it around here all the time, Mr. Goodman. I think people in the Senate understand that fully well. I don't understand how you accuse a man of politicization based on a very reasonable letter in which he says, I agree with you Mr. Goodman, but I don't think there is enough evidence to lay this on the line. And you accuse him of politicization? I mean, I just don't find that persuasive.

Mr. GOODMAN. We were dealing with the evidence that we had at the time.

Senator RUDMAN. Well we disagree, incidentally.

Mr. GOODMAN. And you can never get complete evidence. And we made a judgment on the basis of our scenarios.

Senator RUDMAN. The hearing, by the way was Wednesday night; it just seems like it was several years ago, on a Thursday night. I thank the staff member for correcting my recollection. Just two more questions, Mr. Chairman: I can finish within my allotted time.

Last Wednesday—with respect to the Papal Plot—you testified before the committee, and I just want to go over it once more. This was your statement, under oath, believing, I am sure Mr. Goodman—I am not challenging your veracity or your integrity—believing what you said but not putting a disclaimer on it, you said and this is a quote from a transcript, "Bob Gates re-wrote the key judgments, Bob Gates re-wrote the summary, Bob Gates dropped a very interesting scope note." Are you now willing today to correct the record on that after hearing testimony from Mr. Fuller?

Mr. GOODMAN. No, but I'm willing to give my views with the Papal Plot assessment. And I am willing—

Senator RUDMAN. I don't want to get into that. I just want to ask you, you made a specific charge that Bob Gates re-wrote something, that he re-wrote the summary and that he dropped the note. We've had testimony under oath from Mr. Fuller, who is no longer employed by the United States government that just plain ain't so, as we say in New Hampshire. Are you willing to accept his recollection as the man who did it, on that item? That's all I'm asking?

Mr. GOODMAN. I'm not aware of Mr. Fuller's familiarity with that particular assessment.

Senator RUDMAN. It was Mr. MacEachin who said that. Did you hear that today?

Mr. GOODMAN. I heard that today.

Senator RUDMAN. Do you challenge Mr. MacEachin?

Mr. GOODMAN. Well, I'm afraid that I have to.

Senator RUDMAN. So, in other words what he is saying, his testimony about who changed the note is incorrect?

Mr. GOODMAN. Yes.

Senator RUDMAN. Fine.

Mr. GOODMAN. I would like to explore that because it's very important for me to believe to be able to state what I learned about the Papal Plot assessment. Very important for me to be able to explain when I learned about it. Important to explain that it was done in camera. And I know there are sensitive works that are done that way, but we weren't dealing with a sensitive piece of paper. We were dealing with knowledge that was not compartmented. I had the sources that memo was based on, I had the same clearances. What I didn't know was that a paper was being done on the Papal Plot.

I found out about it rather serendipitously rather late in the game. I took my complaints to one of the authors and I took my complaints to the head of the office.

Senator RUDMAN. Well, Mr. Goodman, I would only say this, that I don't doubt any of that either. But you are entitled to your opinions but you are not entitled to your own facts. We have testimony that is absolutely rebutting you point for point, first by Judge Webster and then by Mr. MacEachin. I've got many more here.

You don't want to look this Committee in the eye and say, look, maybe I was wrong in one of those facts. Maybe some of this hearsay secondhand evidence was incorrect. At least you ought to respond that maybe some of your facts are wrong. Is that unreasonable?

Mr. GOODMAN. Not at all, sir. And I'm certainly prepared to do that. But in this case I think it's important to look at the two in-house studies that were done by John Hibbits and Ross Cowey that looked at some of these issues that I wasn't aware of at the time that do tend to corroborate some of the evidence I was picking up at the time in just conducting my own investigation in the building and calling around to see who knew about the paper, why it was being done and who wanted it. I think these details are also important.

Senator RUDMAN. Well, Mr. Goodman, I hope that some of my colleagues get into that because that needs explanation.

Finally, Mr. Chairman I will finish up within the time limits. Yesterday, Mr. Goodman, you testified that the intelligence process was perverted because DO officials were providing information to the White House while the DI analysts were cut out of the loop. That happens to be true.

You said George Cave was allowed or encouraged to send memos to the White House on Iran after the Tehran trip and misleading DO analysis was in part responsible for the Iran arms sales policy.

That also may be true. That's not news. That's in the Iran/Contra report.

You went on to state, however, that Bob Gates was responsible because he made no effort to protect the system. Now let me tell you something Mr. Goodman. This is a subject that I have some familiarity with, more than I ever wanted. And I'm going to tell you that you're plain wrong, and so is Ms. Glaudemans. I'm going to tell you why and it's all in the sworn testimony of the Iran/Contra committee which is public.

First, the arms-for-hostages policy was approved by the President of the United States and the order to strictly limit information and resources came directly from the White House. That's sworn testimony.

Two, outside of Casey, no CIA officials were consulted about the initiation of the policy.

Three, when the United States was deciding to take direct control over the operation in 1986, the DDCI and the DO vigorously opposed it. Which I'm sure you're aware of. DO officials had no motive to, and in fact did not skew intelligence to support the operation. They were against it. There is nothing nefarious about the fact that George Cave was dealing directly with the NSC. This was, as we now all know, tragically, an NSC operation.

The CIA was only involved in a support role and George Cave was detailed by the Agency to the NSC to assist them. Finally, and I think this is the most telling point of your testimony in closed session and today; you know, Mr. Goodman, DI analysts were not alone in not receiving all relevant information on the operation.

Charles Allen testified that information was withheld from Bob Gates for a time. Information was also denied to Secretary of State George Shultz. He was cut out of it. And there was an effort to withhold it from Secretary of Defense Cap Weinberger, who learned it through his own sources.

You know, I might say to the discontented DI analysts that they ought to stand in line behind George Shultz, Cap Weinberger, Bob Gates, the Senate Intelligence Committee. But to accuse Bob Gates of somehow being guilty of something in that, is to absolutely exaggerate and to deny the existence of the facts. Would you agree with that?

Mr. GOODMAN. No, I'm sorry sir.

Senator RUDMAN. I didn't think you would. Thank you Mr. Chairman. I'm done.

Mr. GOODMAN. Could I just make two points in response.

Chairman BOREN. Surely.

Mr. GOODMAN. You state that the DO itself was opposed to Iran-Contra. Iran-Contra happened despite DO opposition.

Senator RUDMAN. That's right.

Mr. GOODMAN. The DO was also opposed, and I called members of the DO, to the writing of the Papal Plot assessment. They thought the analysts were manipulated, they thought there was a poor use of sources, they told me they wouldn't have issued that source because of the flimsy nature of it, four years after the fact to introduce evidence from an event from 1981. But the Papal Plot memo was written. And they never got a complete look at it.

Now on the question of what Cave's message was and what he was taking downtown, again I didn't say he was taking down information on arms to Iran. What I said in the case of George Cave is that he was taking a message downtown that there was a moderate faction in Iran that wanted US contacts with the United States. What I am now saying, and what I said yesterday, and what I said Wednesday night is that no agency, no intelligence bureau, no intelligence agency, no DI analyst believed that assessment.

Now I believe—now this is just the opinion of an intelligence—
 Senator RUDMAN. We don't quarrel with that, Mr. Goodman. We're not arguing that point. All we're saying is that your quarrel is with Ronald Reagan not with Bob Gates. The President wrote the policy.

Mr. GOODMAN. I don't believe we have all the facts on Iran/Contra. I'm not from Missouri. I'm from Baltimore, but I'm from Missouri on that one. And I think it's very important when you carry a sensitive message to the President of the United States, it should not go through one man, one channel. And I think it's particularly important that if it should be one man, one channel in a case, that it not be a DO officer because of the DO culture. And I have very strong beliefs on that and why the DO should be separate from the DI.

Senator RUDMAN. Mr. Goodman you're right, but you can't connect that with Bob Gates. You can connect that with the National Security Council.

Mr. GOODMAN. I don't know what I connect it to. All I know is that when Bob Gates was informed of this separate channel by a very brave analyst—I said that Wednesday and I will say that again, he was a brave analyst. That's not an easy thing to do, to confront Bob Gates, because I don't think there's an appreciation of the feeling of intimidation that existed in that building—what I'm saying is Bob Gates had no reaction. He said nothing to this analyst. He didn't say, what do you know about this. Let me look into this.

Senator RUDMAN. Mr. Goodman, you seem to absolutely ignore the fact that this operation was run by the President's National Security Council staff with a purpose to exclude everyone, up to and including the Secretary of State.

Chairman BOREN. The Chair is going to have to allow Senator Hollings to begin questions.

Senator RUDMAN. Mr. Chairman, I'll stand on the record on this. And Mr. Goodman will be examined on it further later on—today, tonight, tomorrow or someday.

Chairman BOREN. Senator Hollings.

Senator HOLLINGS. I don't think in all fairness to my distinguished colleague from New Hampshire, it was operated to exclude everybody. We know of seven Assistant Secretaries of State, two Under Secretaries of State and the Sultan of Brunei. Everybody in the State Department except the Secretary knew about it. There were twelve shipments of over 5,000 tons and everybody in the Pentagon knew about it but the Secretary of Defense.

That's the trouble here really with Gates as I see it, and everybody is talking about the torture and the awkwardness and the distastefulness.

I indicated when Bob Gates got appointed that I intended to support him. I knew we had a professional, I knew he was awfully capable and a man of high integrity and my opinion on those matters has not changed.

Let me mention Col. North and I'll elaborate. Ollie did too good a job. If it had never been exposed, he might have gone up just like old McFarlane to be the Director, but nobody would suggest to put Ollie in as Director this afternoon. And in a similar fashion, Gates under Casey did too good a job. And now we've got not only the politicization, the block out of it, the wrong reports.

Where I indicated I would support him, I'm leaning now—and I don't want to be unfair to him, Senator from New Hampshire, by not telling him, I'll tell him on national TV—that unless he changes my mind after hearing him, I wouldn't vote for him. Because I don't think it's in the best interests of the Central Intelligence Agency.

You can tell from all this, this isn't a murder case, where you just get it just right. Here the distinguished Chairman has given me a letter from Matthews. I didn't read the entire letter, and it's dated September 30 to Honorable David Boren and Honorable Frank Murkowski from Mark Matthews and in it Matthews says that during that meeting the other analysts expressed concern about the DDCI learning of the meeting and he assured her that he would keep their names to himself.

Perhaps this is the genesis of Mr. Goodman's testimony about something being kept from the DDCI. There you go.

Senator HOLLINGS. So I'm more interested in the morale out there and specifically the job at hand. And Mr. Ford, elaborate a little more because what you've testified means a lot to me. We in the law say you can believe one witness as against ten, or the ten against the one. I've got a lot of confidence in what each of the witnesses have said. I don't have to cross-examine, as if the press were trying to write that we don't know how to cross-examine. If we had time we could cross-examine. But I want the honest relation as to the Agency out there and the politicization and why Mr. Ford, you came with a very meek statement. You just said it deserved the consideration of the Committee. An then you threw that prepared statement away and came back in and said now here let me tell it like it is. Why that again, and what about, let's say, Sherman Kent, who you and I both knew back thirty-five years ago in the Agency. What would he do if he were given the job? What would you do if you were given Gates' job to correct all this situation? It is correctable by Mr. Gates?

Mr. FORD. Yes, it is correctable. But I don't think it is correctable, sir, by Mr. Gates, who, as I said earlier, I think is part of the problem and not part of the solution.

There wouldn't have been all of these investigations carried on by the CIA itself and there have been several, if there weren't some smoke in the room. The detailed facts are another thing.

But I think it is quite correctable and what is needed in my personal view is a Director of national stature, and there are many such people in American life. I wish the President had nominated such a person, backed up by Dick Kerr whom I think everyone respects and bringing fresh light, bringing it back explicitly to the

reason it was founded. And that was that growing out Pearl Harbor when information was stuck around here and there was no means or no will to bring it all together, that still existed years later in 1950 with the invasion of South Korea, and prevented American intelligence from alerting the government. Even then they had formed the CIA with the explicit purpose of being a place where all information would be shared. In 1950 they established this Office of National Estimates, of which NIC is the successor. The explicit reason was, not only to share all information but absolutely to play it straight.

And in their documents and things sent downtown by telling it like it was, it was the collective view: this is the evidence, this is who agrees and why, this is who disagrees and why. I think it's correctable if that kind of playing it straight philosophy can be instilled in all members of the CIA everywhere, not only in the DDI, but everywhere. I've written and talked at great length, which I haven't got here, to say these things, just along these lines.

Do dissenting opinions have to be respected? They have to be listened to. And what has happened, I think, under Mr. Casey, whom I admired on many scores—we had a good relationship and he even changed his mind on occasion when I wouldn't shut up and on other occasions he wouldn't and I did shut up. But under Mr. Casey and Mr. Gates I think there has been a retreat from this thing of listening to everyone and faithfully recording their views, recording what is fact, and what is not. Recording what is hard evidence and what might be. And I think we've had too much in recent years of a very few people making big decision. Especially in the DDI. So everyone's views were not listened to. Now the details and whom struck whom, I'm not familiar at the present tense but the fact that such a malaise exists, I think there is no question about it.

For those of you who are not familiar with Mr. Sherman Kent, he was the Director of the Office of National Estimates for a number of years and was one of the first people to write in the field. His writing is not only good but it's full of great humor and great wisdom. And he was greatly respected. A man who brought great ethical means to bear about telling it like it is, even though he religiously was an agnostic. But somewhere along the line he'd paid attention to the motto that's carved on the wall down at CIA. "Ye know the truth and it shall make you free," from the New Testament.

Senator HOLLINGS. Mr. Ford, how do you elaborate on the malaise or the malheur as it has been described or the bad morale? I know you don't, like Martha Mitchell, want to name names, but how is the Committee to get a grasp of just the conclusions that you make?

Mr. FORD. Well, first I would put this caveat in, that my part time employment and although I go back to Headquarters on occasion and see and talk with a lot of people, I'm really not in a position to make any kind of overall judgment of what the state of quote morale unquote is in all of the CIA.

My impression, past and present, is that it varies greatly from office to office. And in offices that are run where there is respect and integrity and purpose, the morale is high. In offices where that

doesn't exist, it's low. I think it's probably been the poorest or the greatest problem within SOVA, but also within certain other offices of the DDI.

My knowledge of the NIC is that it's gone up and down depending on their fortunes, depending on how carefully the Director pays attention to them, and the particular chemistry of their make-up. But I would not want to leave the impression the the whole place is in a malaise, or that there is terrible morale everywhere. It exists here and there, and it's not just my opinion but it has been the subject of a number of internal studies there.

Senator HOLLINGS. Ms. Glaudemans, you said you had extensive support for the position that you've taken publicly. Can you elaborate on that please?

Ms. GLAUDEMANS. First of all I received a number of phone calls from people still in the Agency.

Senator METZENBAUM. I'm having trouble hearing you.

Ms. GLAUDEMANS. I have received phone calls from a number of people in the Agency. There are some in the audience—I believe they haven't left yet—who have personally offered their support and thanked me for doing this. Beyond that, after I talked with the Committee in an informal discussion that you cited from in Mr. Goodman's testimony, again because I have left the Agency and I was speaking at that time only from my personal recollections and memories, I subsequently wanted to go back and talk to other analysts and other colleagues who also shared similar experiences or who worked on some of these issues with me to corroborate my memory.

In the course of that, trying to confirm everything I had stated, particularly where I may not have had first hand knowledge but impressions, the people I talked to who still work in the Agency, who worked on the issues you have seen in my written report, in the course of going over those things they stated their appreciation for my willingness to go public. Well, at that time we didn't know it was going to be public, but for my willingness to talk to this Committee about these issues.

Once it became known that I was going to testify publicly I conscientiously tried to avoid contacting any of my other colleagues in the Agency because I didn't want to harm—it would look bad and I didn't want to look like I was trying to fish for evidence for which I no longer had access to.

So after that, it has only been by the telephone calls I've received from people still working there who've chosen to contact me.

Senator HOLLINGS. Do any of the other witnesses—very briefly, because you're holding yourself up from lunch, this will be my last one, and I'll pass—do any of the other witnesses want to comment very briefly on the morale or the malaise or anything else further to what has been attested to? You do Mr. Goodman?

Mr. GOODMAN. Yes, Senator, I feel compelled to do so. Since my name appeared in the newspaper and it became apparent that I was talking to the Committee and I would be testifying, I have received numerous phone calls, some dealing with sensitive information, particularly on the Contra operation, the use of the DO and the DI, that I did not make as part of my statement.

Frankly, I was concerned about when I was going to get into hearsay and I knew that Senator Rudman would consider that hearsay. But I do have a strong recommendation to make and it has nothing to do with the Gates nomination.

I think there is definite need for a blue ribbon commission consisting of three former DCI's, Turner, Schlesinger and Colby, to conduct an investigation of DI reporting and CIA analysis on the Soviet Union, Nicaragua, Iran and Afghanistan from 1984 to 1986.

Now, I've always felt that this was necessary but on the basis of the calls I've gotten, particularly from people who have left the Agency and have never said anything to anybody but felt validated by my remarks, just as I have to admit, I feel validated by Jennifer's remarks, something I've never said to her—maybe it's her youth—but I want to say that when Senator Rudman said to me can't you say you're wrong—I think one of the reasons that bothers me is that you have no understanding, Senator—and I say that respectfully—of how difficult this is and how much self-questioning and how much self-doubt I've gone through over these charges. And I know they are serious charges.

What I find so compelling about the charges is based on the evidence I have, I've seen so much documentation supporting what started out as an instinct, and an intuition and built into an assumption and a view and then became an empirical case. Now, the empirical cases that I know I will deal with later and I'm sure you're going to raise them. But I think the important matter deals with the Blue Ribbon Commission, it deals with the need to discuss should we separate the DI from the DO? I believe that separation needs to be done.

And I know I'm carrying on too long. Let me make one final point. When I arrived at the Agency in 1966 we had three separate institutions that dealt with analysis. We had an Office of National Estimates, under Sherman Kent, one of the most outstanding people I've ever met. We had a group called the Senior Research staff that did nothing but long term research—something the CIA does very little of any more and it's a great loss to the United States government. And we had the Office of Current Intelligence. We had professional intelligence officers looking at current intelligence. They were three separate entities. They all looked at problems from three separate viewpoints. They had three separate hierarchies. They argued, they debated. I was in OCI. That was a very junior operation, part of our job was to just churn up data for the wise men who worked at ONE and we accepted that role. And I think there needs to be some re-examination of the way we used to do business in the CIA and the way it was done under Bob Gates when he was allowed to head all political analysis.

No political analysis could get out of the CIA from 1982 until 1986 without going through one filter. Now whoever that man is, I don't know how wise he can be, how busy he can be, how courageous he can be, but it's too much. We need three institutions, three hierarchies, three leaders and we need multiple levels of advocacy. Thank you Senator.

Chairman BOREN. Any comments from other Members? Any other members of the Panel wish to comment?

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

Chairman BOREN. Well I thank all the witnesses. We've gone a bit later. Let's resume at 2:25.

Let me say since it may not be clear, the testimony of the witnesses, all of which was requested by the Committee, was to have been given first in closed session. And so when they volunteered to testify, they thought they were testifying to us in closed session. After we heard the beginnings of this testimony and realize that most of it would not be classified, it was the unanimous feeling of the Members of the Committee that this important debate should go in public session. But I do want to say to the witnesses, this was certainly not for the purpose of putting them on the spot, because there was the unanimous feeling of all Members that this is the kind of debate that should appropriately occur in public, so everyone can hear it for themselves rather than having someone else filter or describe what someone else said in closed session.

So that is the reason we have had to do that I appreciate the cooperation of the witnesses, and while this has been painful, I am not sure that it has not also been wholesome to have this kind of discussion. I can't think of any other country in the world where this kind of open discussion could take place. That is one of the reasons we are very proud of our system of government and one of the reasons why these Oversight Committees occupy an important place. It is also why some of those countries in eastern Europe are coming to visit us now to see how we operate both within the Intelligence Community and the oversight process.

So while I know this has been painful to those that have testified, and while I know that they may have preferred to present this testimony in private, I don't think the result has been a completely negative one. I think there is much wholesomeness that will come from it and all of us share a common commitment to want to make this process work better. So I do want to say that and express appreciation to all six members of the panel.

We will stand in recess until approximately—

Senator WARNER. I would wish to associate myself with your views. I think it has been a very constructive session.

Chairman BOREN. Thank you very much.

We will stand in recess until let's say 2:30 p.m..

[Thereupon, at 1:30 o'clock p.m., the Committee stood in recess, to reconvene at 2:30 o'clock p.m. the same day.]

AFTERNOON SESSION

Chairman BOREN. May I ask our witnesses to come back up to the witness table again and, if they would, to take their places.

We will proceed until shortly after 4:00, when the votes begin on the Floor then we will have this meeting of Members between 4:00 and 5:00, off the Floor, in the President's Room. We will come back at 5:00. I have to be away for an hour, but Senator Murkowski will chair from 5:00 until 6:00. And then, if we have not yet completed, we will come back at 7:30 and complete the questioning tonight with this panel.

If we have finished with this panel by 6:00, we may come back anyway at 7:30 for other purposes, perhaps in closed session on the

question of intelligence collected about Members of Congress and staff that I mentioned.

Senator METZENBAUM. How late would the Chair expect to go tonight?

Chairman BOREN. Not past 9:30, at the latest. And we will keep that open as to whether we do that or not.

I do want to complete the questioning of these witnesses today, because as you know, some of these witnesses have indicated to me—at least two, and there may be more—that they really need to complete today. They need to return to other places and their other responsibilities.

So out of courtesy to this panel—we have kept them for so long—I do want to try to complete with them today, and hope we can do so, hopefully by 6:00. And if not, very quickly after we return at 7:30, but I hope that will not be necessary.

Senator Chafee will begin the questioning, followed by Senator DeConcini, if he has returned by that time; and then Senator Warner; and then Senator D'Amato; and then Senator Metz-enbaum, in that order.

So I would again remind our panel that you are still under oath from your previous testimony. And I will turn now to my colleague from Rhode Island, Senator Chafee.

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

Mr. Chairman, we have 15 minutes. I would appreciate it if whoever is tending the clock would let me know when 10 has expired, or that I have 5 left.

Chairman BOREN. We will give you a 10, 5, and a 1-minute warn-ing.

Senator CHAFEE. Thank you.

These questions, this line of questions will be directed to you, Mr. Ford. And I would appreciate it, in view of the fact that I have very little time, if the answers could be fairly precise, as precise as perhaps you could make them.

On page 4 of your testimony, written testimony, you say the following—you are referring to the 8 months that you worked very closely with Bob Gates: During those 8 months of 1986, I recall no instance where he, Bob Gates, tried to skew the NIC's intelligence analysis in any way.

That is your flat statement about your working with Bob.

Mr. FORD. During that period, yes, sir.

Senator CHAFEE. Then you say, regarding pre-1986 months, in the NIC, "however, I have learned that Bob Gates did lean heavily on Iran-Iraq estimates." Further on, you say "it's my understanding that he brought considerably more pressure to bear on intelligence analysis than the Director of Intelligence."

My question to you is, you have testified as to your personal knowledge, and your personal knowledge of Mr. Gates, you never saw him—as best as I understand it—skew intelligence. Is that correct? Am I correct in that?

Mr. FORD. In the NIC, not skewing intelligence estimates.

Senator CHAFEE. I went through your testimony and I could not find anywhere where you said you, personally, had any direct knowledge of Mr. Gates skewing intelligence estimates or skewing it.

Mr. FORD. Let me speak to that. When I first met with the staff, I clearly differentiated between my personal knowledge within the NIC and what had been the testimony of friends over the years concerning Mr. Gates' conduct within the DDI, and especially within SOVA.

As someone else, I think, has said, this is not a court of law. And the questions of hearsay and the evidence are a little different. I am an intelligence officer, and for years people have been coming to me with complaints from the DDI; people whom I respect. I consider those, in my calculus, evidence—even though I personally did not experience such.

For example, when someone leaves some very fine officer—and there are many who have left the DDI and gone to jobs elsewhere in town, and they tell me why they have left, because they were so dissatisfied with the way—that, to me, is evidence, and a fact.

When people are moved around from position to position, moved into jobs out of the line within the DDI, and they have told me so, and I have learned of it, because their views did not accord, to me that is evidence. When people have come to me and told me and shown me papers and drafts that they have written within the DDI that were killed, that to me is evidence.

Then, more recently—and as I said in my statement—since these hearings began, and since a number of these documents have been made available to me, to me, Bob Gates' testimony to the Senate Intelligence Committee, in January 1987, if there were no other document, or no other way to fault him, it seems to me that would be a major one in itself. And there are others, as well. So it is not just listening to rumors, sir.

Senator CHAFEE. Well, I am not suggesting it is rumors. I am just trying to get down the difference between what you personally know of and what you heard of from other, respected individuals, which you have now testified.

Mr. FORD. What my personal experience was, in the NIC, and I have differentiated between that and why it was difficult to change anything there.

Senator CHAFEE. Okay, now if I can continue—with regard to Mr. Gates and the allegations of politicization, you acknowledge that some of this pressures were justified, and some of these allegations have arisen from analysts whose pride was damaged—this is from your testimony you have on September 25.

Some have arisen from analysts whose pride was damaged by his revisions. You go on to say that based chiefly on the confidences of CIA officers whose ability and character you respect—I respect, namely, you are speaking—that other Bob Gates pressures have clearly gone beyond professional bounds, and do constitute a skewing of intelligence. This is what you have just testified to.

Mr. FORD. That was an—

Senator CHAFEE. Not in the fields of military and strategic issues, but concerning Soviet political questions and developments concerning the Soviets in the Third World. That is the direct quote from you.

Now, I notice that in looking over the testimony of others whom we respect—and I assume you do—do you respect Mr. McMahan, for example, John McMahan?

Mr. FORD. Um-hum.

Senator CHAFEE. And he says, "I've known Bob Gates to be an individual of extraordinary competence and the utmost integrity."

And then we have the testimony similar thereto from Admiral Inman, where he goes on to say—give high marks to the integrity.

Do you balance those factors off in your appraisal of a—I am curious who these individuals are that you would give such weight to, other than—in other words, going beyond that of Admiral Inman.

Mr. FORD. I appreciated when I came to the Committee in closed session that I was up against tough competition. These are senior, respected people who have testified on behalf of the Director—on behalf of Mr. Gates.

I will say it's much easier for someone to testify in favor of someone, because they don't have to make their case. They can make a general statement, and everyone leaves them alone. If you've got criticisms, then you have to be put in the penalty box. And I think that that's the way we're being treated today, sir.

But to return to your question—

Senator CHAFEE. Well, let me just say, if I could say on that, I do not think anybody is putting you in the penalty box. But there have been some tough charges made here, and I believe that—

Mr. FORD. I appreciate that.

Senator CHAFEE [continuing]. We should look for substantiation and not just repeating what somebody else has told you. We are interested in what you, directly know.

Mr. FORD. All right, Senator, I will try it once again.

That testimony that you read was from an earlier statement. That was not verbatim my testimony yesterday, which said, based on documents, on depositions, and on the confidences of the—and the reason for that is that I have become more critical as these documents have been made available to all of us here. So it's not just—sir, it's not just on the confidences of other people.

And as I've said, it isn't just people telling me things. It's my observation as an intelligence officer, as an intelligent human being. When someone leaves the building for another job and tells you that they've been kicked out, or that they can't stand it there, to me that's evidence, and that's not just hearsay.

Or, when people get moved around—

Senator CHAFEE. Could you give us the name of individuals who have told you that?

Mr. FORD. I could give the Committee, I'd rather not give them in—

Senator CHAFEE. Let me, on page 7 of your testimony, you indicate that one of your problems with Mr. Gates is, as you say, he's been dead wrong—in your written testimony it was he's wrong. But now you say he's dead wrong. And the central analytic target of the past few years, the Soviet, U.S.S.R.

I do not really mean to be facetious, but do you know anybody who was right on the U.S.S.R. over the past several years, who called the shots; who said the Berlin Wall would go down; Eastern Europe would tumble?

Mr. FORD. No, I don't think there's anyone who called that the wall would tumble, or that the U.S.S.R. would be in the tumble in which it is now. But there are many other people in and out of gov-

ernment who are much closer to a better estimate than he. And after all, the position that he held, and with all the knowledge and the facilities of the U.S. Government at his beck and call, he still didn't budge. It seems to me that again, you speak of evidence. There are all kinds of evidence in the past few years that things were changing, were about to change dramatically. But he wouldn't budge.

And it's the same thing, sir, on Iran. And as I mentioned, the events between the estimate of 1985 and his testimony to the Senate Foreign Relations Committee in 1987.

Senator CHAFEE. What do you say about Admiral Inman, who dealt with this very same question? I think if we were, in fact, just to look at the track record, Gates was—was Gates correct in everything? And the answer would be absolutely no. Was he correct a high majority of the time? I think you will find the answer is yes.

Even for the best in this business, that is going to be an average. It is going to be—that is going to be the average that is going to come out. In other words, no one bats 100 percent. I do not think we are asking for that.

Admiral Inman thinks he batted pretty well.

Mr. FORD. Well, I would drop some footnotes—I respect Admiral Inman in his—but as far as a batting average, maybe Bob got a coup right in Bulgaria, or Zambia, but he missed the biggest question of all, the U.S.S.R. You have to put values on these things. And I think his batting average was poor.

Senator CHAFEE. Mr. Ford, my time is so short, and I am not trying to cut you off. But we do have to proceed here.

On page 7 of your testimony, you gave a series of reasons why you were not in support of Mr. Gates. Lastly, I have some hesitancy concerning Bob Gates' determination to be a fiercely independent voice of intelligence.

Now, that is a tough charge.

Mr. FORD. Yes, sir.

Senator CHAFEE. And previously you had quoted the assessment dealing with Nicaragua.

But I would call your attention to that very assessment. And this—I think first we have to know the time, December 1984 when Casey was all out for one of his favorite programs, which the Contras in Nicaragua—I think we will all agree with that. If anybody was fostering the Contras, it was Bill Casey, and the Administration, the President.

This is what Bob Gates has to say in that very paper he submitted: Based on all the assessments we've done, the Contras, even with American support, cannot overthrow the Sandinista regime. Whatever small chance they had to do this has been further diminished by the new weaponry having been provided by the Soviets and the Cubans.

Now that is hardly serving up what the boss likes to hear, is it? And I would go on a little further: Even new funding for the Contras—particularly in the light of the new Soviet weaponry—is an inadequate answer to the problems. The Contras will be able to sustain an insurgency for a time, but the costs and pain will come very high, and the resistance eventually will wither.

Now, is that dishing up a nice softball—or a nice pudding platter for the boss?

Mr. FORD. What he went on to say—and also in that same memo—is that if we don't displace, if we don't do something radically different, all these terrible things are going to happen.

Now, I think he says something about it will be another Cuba, only on the—in North America, and so on, and so on.

Senator CHAFEE. You can argue with his conclusions, but is this—I am trying to get to your point about—is he a fiercely, independent voice of intelligence. Is this independence or is it not?

Mr. FORD. I think that is nit-picking, sir. It's where he comes out. He was dead wrong in his estimate that if we didn't do something drastic; if we didn't bomb we'd have a terrible thing.

We didn't bomb, and we don't have a terrible thing in Nicaragua. That's what I'm talking about, is his estimative judgment. His estimative judgment was wrong. Also, as a citizen, we've had so much success in bombing around the world, that what good would bombing have done us anyway, there?

Senator CHAFEE. Well, I think if you have read this memo as I have, and the idea of him bombing, I think is an over-statement. He, in here he talks about—

Mr. FORD. Air strikes, surgical air strikes.

Senator CHAFEE. If you bomb military equipment, and not a carpet bombing of—politically, the most difficult, the use of air strikes to destroy a considerable portion of Nicaragua's military build-up—and then he goes on to say, but this is not politically acceptable. So I think he has made himself pretty clear on that.

Now, one final question—one of the statements you make in here—he was overly certain that Soviets ran international terrorism.

Have you seen the more recent articles indicating that the East Germans have been deeply involved in the anti-U.S. terrorist activities?

Mr. FORD. I know that I was part of the 1981 national estimate, and I know the whole story. And we said at the time that many of the East European governments were involved, including the East Germans. There was never any doubt about that.

Also, we said in the estimate that the Soviets were training all kinds of radicals who went off in the world and did various things, and that we assumed—our judgment was that indirectly they were also aiding and abetting. Bob Gates stuck with the Director's original—and I stress original—view, or initial view, that the U.S.S.R. was running the whole thing.

I think it's a tribute to Mr. Casey that some months after the NIE—which did not come out the way he had wanted it, he would have had it with much more of a flavor of someone sitting in the basement of the KGB building, running a giant Wurlitzer. It did not come out that way at all. It came out the way I said.

Senator CHAFEE. Okay, thank you.

Mr. FORD. Anyway, a few months later, the Director backed-off from his original position. And in a public statement to U.S. News and World Report—I've got it in my bag—said it's always been a bad question as to why—it's always been a bad question or bad as-

sersion that the Soviets ran international communism. They don't. Now, Bob Gates—

Senator CHAFEE. Now Mr. Ford, I just can not—you are working on my time. Later on you will have an opportunity.

Mr. FORD. Thank you very much.

Senator CHAFEE. I hope we can quote stronger sources than the U.S. News and World Report if we are dealing with intelligence matters here.

Mr. FORD. He didn't deny that they had mis-quoted him, sir. It was an interview with him.

Senator CHAFEE. Yes, Mr. Goodman, one of the points—and this gets right back to the point I am trying to make with Mr. Ford, is what we are interested in is what you personally know about—not what somebody told you—and it is my understanding that you had no direct, personal involvement, whatsoever, in the preparation of the so-called Papal Assessment, the assassination assessment. Am I correct in that?

Mr. GOODMAN. That's correct, Senator, in the preparation, none.

Senator CHAFEE. So you did not, yes, or no.

Mr. GOODMAN. In the preparation, no involvement whatsoever.

Senator CHAFEE. Okay, but then you go on and you make these assertions which we have touched on before, and I cannot seem to get an answer from you, or if it is, I have not understood it.

Mr. Gates, you say, ordered the study to be prepared in camera. And then you go on to say that Mr. Gates personally re-wrote the key judgments and summary, removing all references to inconsistencies and anomalies.

Now, that has been disputed this morning by the testimony here, that frankly, Mr. MacEachin said your assertions were just dead wrong. Is Mr. MacEachin wrong?

Mr. GOODMAN. Yes. I think when Mr. MacEachin said I was dead wrong, he was talking about the issue of the cover note.

Senator CHAFEE. No, Mr. MacEachin went way beyond that. He went in your person who was writing this.

Mr. GOODMAN. Can I speak to the question? The cover note is very important.

That memo went out with a very important cover note, that carried a very important message that was signed by Robert Gates. Various cover notes carried various messages. One cover note that MacEachin denies he has any evidence or knowledge of discusses whether or not Gates, on a cover note, said this is the most comprehensive and best balanced memo we have ever done on this subject.

Senator CHAFEE. Now that is—have you got a copy of that?

Mr. GOODMAN. That note—yes, that was the cover note that went on Anne Armstrong's copy. And I can provide the names of the people who have read it, and read that statement to me. And I find that—

Senator CHAFEE. Because we have the cover note, and it does not say that at all.

Mr. GOODMAN. No, they are different. The point I'm trying to make is not every copy that went out of the building had the same cover note. There were different messages to different people. And I think it was very valuable when, apparently a member of the

staff found one cover note. But I wouldn't assume that in finding one cover note, you found every cover note.

Now, let me say a few other things about the Papal Assassination memo, because it's very important.

Senator CHAFEE. But you are on my time. And I want you to answer my questions here.

Chairman BOREN. I would say, Senator Chafee, as a point of information, that the cover note we have is the cover note which was on the transmittal from Mr. Gates to then-Vice President Bush. We did not know there were other cover notes. We have never had copies of other cover notes.

So as far as we know, the text of the only cover note we know about is the one in our record. And it is the one from the agency to the then-Vice President.

Senator CHAFEE. Okay, Mr. Goodman, in answer to one of the agency's in-house studies on the papal assassination, you stated under oath last week, "It concluded the analysts were manipulated by Bob Gates." You said that is what the study showed.

Mr. GOODMAN. It showed that there was a perception that the analysts were manipulated—

Senator CHAFEE. Wait, let me finish my question.

Our staff has been unable to find any such statement in these documents. Could you tell us the source of your—

Mr. GOODMAN. Oh, I would be very glad to help you with that one, Senator.

You want to go the—remember, there were two in-house studies, Cowey and Hibbits. If you go to the Cowey in-house study, and go toward the back of that study, you will see reflected in there the perception in the building that the analysts were manipulated by the seventh floor.

Now when I read a message like that—

Senator CHAFEE. Now the seventh floor, we have to remember, is not all Mr. Gates.

Mr. GOODMAN. When a DI analyst talks about the seventh floor—believe me, Senator, I worked in that building for 24 years—when a DI analyst talks about the seventh floor, he is talking about the DDI. No in-house study is ever going to name the DDI. No IG study is going to reveal very sensitive messages about upper management. I think there is a perception here that if you have an IG report, you have everything that has been given to the IG and its staff.

There are, in a sense, two IG reports: There is a written one, and one that's delivered verbally. And there are very different messages in the two of them. And I know that from personal experience from my own conversations with the IG when some of my statements were not placed in the report, but I was assured, don't worry. This message has been passed on.

Senator CHAFEE. Okay, Mr. Chairman, I would just like to read from the Cowey report. On page 19, the Cowey report, you have cited with favorability.

And by the way, on the seventh floor, it is not just the deputy, it is not just the DDI, it is the DCI also that is on the seventh floor. I think we recognize that.

This is a quote from the Cowey report, page 19: "So despite the DDI's best efforts, there was a preception among analysts of upper level direction, which became more pronounced after the new evidence of Soviet complicity was acquired. In the event, however, our interviews suggested that it was not so much DCI or DDI—Gates—direction, as it was on the effort of the part of some DI managers on the next one or two levels down to be responsive to perceived DCI or DDI desires."

Now that is what the Cowey report, which you cite with such favorability—

Mr. GOODMAN. Elsewhere in—

Senator CHAFEE [continuing]. Has to say about Mr. Gates.

Mr. GOODMAN. Elsewhere in the Cowey report, in referring to the scope note, and the deletion of the scope note, it also says that the deletion of the scope note was "inspired, if not directed" by the seventh floor.

Now I'm at some disadvantage here. I understand that the Cowey report has been declassified, and I don't have a copy of it. It's never been made available to me. If I could get a copy of that?

I'd also like to add one other point.

Senator CHAFEE. Now, is he still on my time, Mr. Chairman?

Mr. GOODMAN. Now, can I have a minute?

Senator METZENBAUM. Let him answer the question.

Mr. GOODMAN. I'd just like to put one other fact on the table, because it's very important.

In 1983 when Gates testified to this committee, he went on record as saying there was no evidence of Soviet involvement in the papal assassination. And that there had been incredible bungling in the handling of the operation, and that it was his view that it was probably Turkish rightists who were involved in the planning of the assassination.

Now, from 1983 to 1985 you get in new evidence. And I, for one, believe you should always reassess with new evidence. But most of that evidence was from the trial in Italy, and the key report, which was from a good source—and I will not reveal the source, of course, in this session—was acquired second and third-hand. And the key thing to the DO officers I talked to—because when I got the report I called them immediately—is that the report stated that the order from the Soviets came from the GRU to Bulgarian military intelligence. And to a lot of people who know Soviet intelligence agencies, it was both counter-intuitive, and counter-factual that an operation, as sensitive as that one, would be handled through military intelligence. There is no evidence that I know of, of the GRU having any capability or any component that deals with assassinations in peace time. So it was not a very good report.

Now the DO officer I talked to when I asked why did you issue a report that you did not believe was a good report, said, we would not have done it except for the high level interest.

Senator CHAFEE. Well, let me just, if I might, Mr. Chairman, quote from an interview with one of the key participants of that study, who was interviewed by the staff of this Committee.

And this is what—it was Mr. Haus, who you, undoubtedly know. Now this is what Mr. Haus said: "I cannot emphasize enough Bob said"—referring to Bob Gates—"I've got to be agnostic on this

case. He must have made that point a dozen-and-a-half times. Gates remarks were to moderate the strength of the text. Bob kept saying, this source could be wrong."

So I think we have to get the full disclosure out here.

Mr. GOODMAN. Can I ask a question then, if that source was wrong, why did the CIA, 4 years after the event, rush out a report that was prepared, in camera, without sensitive intelligence, and gave management less than 24 hours to review it; and then for Bob Gates to sign a cover note to say that it was balanced and comprehensive, when the results of the Cowey study and the results of the Hibbits study say the basic flaw in the paper is that it wasn't balanced, it wasn't comprehensive, and it didn't deal with very good evidence.

Now In 1983 when you had a report, there was very important evidence dealing with the fact that the Soviets had made secret contacts with the Pope in the early 1980's because they were going to use him, hopefully, as an intermediary in dealing with the problem that was brewing in Poland. So it seems, again, counter-intuitive.

Then you have a paper that says that the Soviets—this comes out of the Papal Assassination memo, but it's not classified. It's key to the scenario and very important: "The Soviets were reluctant to invade Poland. So they decided to kill the Pope to demoralize opposition, to allow the regime to shore-up its opposition."

Senator CHAFEE. Mr. MacEachin, I wonder if you have any comments on all of this?

Chairman BOREN. This will have to be your last question.

Senator CHAFEE. Okay, this is my last question.

Mr. MAC EACHIN. We are trying to get our hands on—I know where I believe the Anne Armstrong note is. And we can get it here and we can settle that question, at least without assertion and counter-assertion.

Senator CHAFEE. But further, on the comments that were being made here, or further comments in what you testified to earlier?

Mr. MAC EACHIN. What I testified to earlier in response to the question was as far as the key judgments, and the summary, the person—a person has told me that he drafted them, and that Bob Gates did not draft them. That person's name is Lance Haus. And he was the Manager of the branch at which the analyst was Haus who did the principal study on the assassination. That's what he has told me.

He—I think both he and Ms. Oliver told me—Ms. Oliver is here, and she—that it was at a meeting at which they all attended. Mr. Gates was not present. It was—I don't know who else was there—but the two of them were there when the scope note was dropped. Mr. Gates did not drop that.

All I testified to, sir, is that when someone comes in—the main issue is there was no equivocation in the statement as it went on the record. Bob Gates wrote the key judgments, not I've been told, I've heard, a source.

Senator CHAFEE. You are referring to Mr. Goodman's testimony?

Mr. MAC EACHIN. Yes, sir.

Bob Gates wrote the key judgments. Bob Gates wrote the summary—not I've heard, I've heard reports from. Or not even the ana-

lyst wrote them the way he thought Bob Gates wanted them. That isn't even the way the statement was made.

And so all I'm saying is that when we talk about skewing intelligence, when we complain about people selectively using intelligence, or when we say we are willing to listen to alternative evidence, this event Wednesday night, as I said, was at least as important as a NID or a national estimate.

And so that is sort of my complaint on the issue. That's all I have to say.

Mr. GOODMAN. Could I read one sentence from the Cowey report? And I—of course, I haven't read the whole report. And I quote: "Equally, if not more important in our view is the fact that we found no one at the working level, in either the DI or the DO, other than the two primary authors of the paper who agreed with the thrust of the IA."

I think it's very dangerous to deliver intelligence that reflects the views of a very few people. It's not a question of Gates' batting average, or question—

Senator CHAFEE. But Mr. Goodman, what we're trying to do is get to the basis of your charges here.

Mr. GOODMAN. My charges—I never said that Gates wrote the key judgments and wrote the summary.

Senator CHAFEE. Yes, you did.

Mr. GOODMAN. No, I said he rewrote. And when I went to Doug MacEachin, after I found out about this assessment, which I found out about gratuitously—I wasn't supposed to find out, believe me—Doug MacEachin told me that it was out of our control. That we couldn't control the document, that Gates had taken it over, and that Gates' hand had changed the thrust of the key judgments and the summary in terms of dropping certain points about anomalies and inconsistencies that were in the text of the paper, but they were buried in the end of the paper.

Now if you send a high level policymaker a 25 or 30-page paper—and I've worked at the State Department, and I've worked closely with policymakers—he is not going to read that 30-page paper. But he will read the key judgments, and he will read the summary.

And to remove the references to inconsistencies and anomalies, is to send a message—and then to place a cover note that says it's the most balanced and the most comprehensive—sends a message that I think is totally misleading.

Now here I don't expect that the Director of Central Intelligence should have a high batting average. I don't think the DCI needs to have a high batting average. He needs to protect a system to allow the DI to have as high a batting average. We must be allowed to go to spring training, and train our people. We've got to enter the season and play every game. And we've got to go with our best, and send him to the Allstar Game and the World Series. And that's what Bob Gates didn't do. He arrogated to himself, judgments about the Papal Assassination. That's dangerous.

I'm sorry.

Senator MURKOWSKI. I wonder if Mr. MacEachin should have a chance to respond to the statement by Mr. Goodman.

Chairman BOREN. Let the Chair indicate I will read from Mr. Goodman's testimony from the closed session, page 25, line 4. And

then we will ask Mr. MacEachin if his earlier remarks based upon the gentleman that he quoted referred to this.

Let me quote exactly what Mr. Goodman said in closed testimony: "So what did Bob Gates do? Bob Gates rewrote the key judgments; Bob Gates rewrote the summary; Bob Gates dropped a very interesting scope note that said in trying to explain the methodology, that we only looked at the case for involvement. We didn't look at the evidence."

Now, that's what was said. Mr. MacEachin, what, in your statement, in terms of your recollection of what the gentleman—is it Mr. Hawes?

Mr. MAC EACHIN. Mr. Hawes.

Chairman BOREN. Or Ms. Oliver or any others that you were quoting earlier—let's be clear about what you said in regard to the assertion that Mr. Goodman made that Mr. Gates rewrote this matter.

Mr. MAC EACHIN. First, I stand corrected. He did say "rewrote". I'm not sure what that difference is.

Let's see, as your first question, what Mr. Hawes has said, is that he drafted the key judgments and the summary that he; that Mr. Gates did not redraft them; that—I might have to check the exact conversation.

Chairman BOREN. I am sorry, we cannot have people in the audience speaking out. We will have discussion with them later, if they wish to present evidence. We will usually invite audience participation, but not at this moment.

Mr. MAC EACHIN. Mr. Gates did not draft the key judgments. I did, with help from Beth Seeger and Kay Oliver. Mr. Gates did not draft the transmittal notes,—although he certainly reviewed them—I did. So this person drafted the transmittal notes. And insofar as the scope note goes, that I am very familiar with because I was the only one who remembered it at one time, so it seems.

The scope note said—in fact, you have it—the scope note said that this paper examined the case for, and therefore did not develop the evidence against. That scope note was on the SOVA draft which I reviewed and by that time, the decision had been made—it had been made quite a bit earlier, a week or so earlier, to make the papers a single draft.

We handed over ours. And I will have to tell you that I don't remember ever talking about that paper again until Ross Cowey interviewed me. If this conversation took place, it was in a fog. When Ross Cowey came to see me and told me—well, excuse me, there was an earlier time I talked about this paper. There was one, on a date which I can now fix within 48 hours, that is either the 18th or the 19th—or thereabouts—of May. Let's see 18, 19—the 17th was probably Friday—within that weekend Mr. Gates called me and said—this was in May—that the DCI, Casey, wanted to deliver this paper to someone. And we talked about—well, you know, Bob, it only argues the one case. And so that's when the so-called Hibbits study was created.

Now you can define studies any way you want. Mr. Hibbits was asked—I think that very Friday—to come in over the weekend and draft a rebuttal, as though he were not a person privy to all the detailed evidence, but a knowledgeable person in the field. I said

test the case and argue against it. Just do that right now. Do it over the weekend.

And he gave—actually, I came in and read what he was doing on the computer. Because we didn't even have time to trade papers. He sent it to me on the computer screen. And I didn't fuss with his language. I said fine.

And on the 20th, as I recollect—I could check notes and nail these dates—on the 20th, he—what we also did is I had Ms. Oliver and Ms. Seeger draft a rebuttal to his critique, so we could send to Mr. Gates, in effect, what it looked like. Here is what a rebuttal, here is what a critique would look like. Here is what a rebuttal, the critique would look like. That was the last time I ever heard of the Papal Assassination plot paper until Ross Cowey came into my office and told me about it.

I think that he will tell you that I was—when he told me that, you know, about the paper having been disseminated and not being a scope note. I was surprised. Because I did not know that at the time.

Mr. GOODMAN. Could I read a few sentences from the Hibbits report?

Chairman BOREN. I'm going to have to allow the other Members to resume their questioning and go on. I think we've had enough back and forth on this. We have to allow the other Members of the Committee the opportunity to ask their questions.

Senator DeConcini.

Senator DECONCINI. Thank you, Mr. Chairman.

Mr. Goodman, would you please go ahead and read a few comments there?

Mr. GOODMAN. Yes, the Hibbits report is very important. Because when John Hibbits was asked to do that in-house study, five or six important copies of that paper had been delivered to the President, to the Secretary of State, to the Secretary of Defense, to the National Security Advisor. I'd be very curious to know who Casey wanted to send a copy to; who would be more sensitive; more prominent; more important than the President and the Secretary of State, the Secretary of Defense, and the National Security Advisor.

Senator DECONCINI. Your point is that it had already been disseminated?

Mr. GOODMAN. It had already been disseminated.

Senator DECONCINI. From the standpoint of those who needed to know?

Mr. GOODMAN. That's right. In terms of the key consumers of the CIA, I think they were delivered.

Senator DECONCINI. I understand, and that is a point well taken.

Mr. GOODMAN. Well, let me just make a final statement. When John Hibbits did his report—and I know about that report. That I have read, and I can't wait to read the Cowey report—he concluded that the operation itself and Soviet involvement made no sense whatsoever from either an operational or a substantive point of view, that neither the Soviets nor the Bulgarians would expose case officers in this fashion, and that he also concluded that for the Soviets to be involved in an operation of that type would be totally unprecedented in terms of targeting a western political figure.

Now, the assassination memo was very coy about this. They said the Soviets in their own mind weren't targeting a western political figure, they were targeting an East European dissident—the Pope, mind you, an East European dissident—and that they had done that before, going back to the period before 1960. We know from 1960 on the Soviets didn't get into what they call "wet affairs."

Senator DECONCINI. Thank you, Mr. Goodman. Let me—as long as you have the microphone there, I want to clarify something regarding the papal assessment, or report, or whatever it is actually termed; I think assessment.

You indicated, as I recall, that it was done in—I believe the term was, in camera, and what do you mean by in camera?

Mr. GOODMAN. Well, I want to be very emphatic about that. By that, I was told that no one was supposed to find out about the preparation of that paper except the three authors who worked on it. I've spoken to all three authors. One of them did not even know the entire paper and did not see the entire paper. She was given a very small contract, and she feels—

Senator DECONCINI. Is that Mary Desjeans?

Mr. GOODMAN. Yes. She feels—and this is her own words—that she was manipulated, that she was duped by the exercise.

Senator DECONCINI. Now, Mr. MacEachin, you contradict that, is that correct? You say that it was not in camera in the narrow frame that Mr. Goodman has just delineated? You say that that is incorrect?

Mr. MAC EACHIN. It was certainly tightly held. I do know, however, of at least one other officer in SOVA besides the three who were tasked—two other officers in SOVA who got copies to read. One of them definitely remembers reading it, the other one remembers having it for some time. These were—so—but I certainly don't contradict the statement that that paper was kept very closely.

Mr. GOODMAN. I would like to make one point of clarification in terms of showing that paper around. Indeed, it had not been shown around. At that time, I was Doug MacEachin's senior analyst in his role as chief of the office of SOVA. He put me in that job to look at all intelligence on the Soviet Union.

Senator DECONCINI. You never saw this?

Mr. GOODMAN. And he certainly never showed me the paper. He never told me it was being done.

Mr. MAC EACHIN. Right.

Mr. GOODMAN. And when he found out I knew about it he was angry and wanted to know how in the hell I found out.

Mr. MAC EACHIN. Right.

Senator DECONCINI. Just so the Committee knows, when the Committee did interview Mary Desjeans, one of the authors of the 1985 report, she said she "was told not to talk about it with anybody or tell anybody what I was working on," so Mr. MacEachin, is that normal by any means?

Mr. MAC EACHIN. Oh, no, sir.

Senator DECONCINI. Do you know who might have issued that order not to talk to anybody and tell anybody what she was working on? Did you issue that order?

Mr. MAC EACHIN. I certainly did, because that was the order that was given to me.

Senator DECONCINI. Who gave you that order?

Mr. MACEACHIN. That was by Mr. Gates.

Senator DECONCINI. Mr. Gates gave you that order? Thank you.

Mr. MACEACHIN. Senator, that is not unusual for a sensitive subject.

Mr. GOODMAN. That is not true. I was in the building for 24 years, and it was very unusual.

Chairman BOREN. I am going to have to ask the witnesses to at least show courtesy to the others, to allow the witness to whom the question is directed an opportunity to answer it, please.

Senator DECONCINI. Mr. MacEachin, as long as you want to answer that, you say it is not unusual—

Mr. MACEACHIN. No, it's not.

Senator DECONCINI. Wait a minute, let me pose the question to you. Are you telling this Committee that it's usual for one or two or three people to be tasked to do an assessment and told don't talk to anybody, don't tell anybody, and for the supervisor of the SOVA not to take it up with the head analyst? Is that what you're telling this committee, that that is what is normal?

Mr. MACEACHIN. What I will tell the committee is as follows, exactly step by step, and then I will say that while it is not usual, it is done from time to time when the people who commission the work believe there is a reason for sensitivity.

This all started at a briefing in which Beth Seeger briefed a room full of about 20 or 25 people on the new evidence. That was on the 25th February.

Senator DECONCINI. That's after—

Mr. MACEACHIN. Oh, no, sir. That's before. That's before.

Senator DECONCINI. Before Mr. Gates tasked you to do this?

Mr. MACEACHIN. Yes, sir.

Senator DECONCINI. Well, my question really deals with this: if Mr. Gates or anybody else, the DCI or anybody else, comes in and says look, Mr. MacEachin, I want you to do this and I don't want a lot of people to know about it, it's about the Soviet Union, and he tells you why, or maybe he doesn't tell you why, is it unusual that you wouldn't take it up with your top analyst in that subject matter?

Mr. MACEACHIN. Well, I took it up with my top analyst.

Senator DECONCINI. Well, wasn't Mr. Goodman your top analyst?

Mr. MACEACHIN. My top analyst on that subject matter—

Senator DECONCINI. Was not Mr. Goodman?

Mr. MACEACHIN. No.

Senator DECONCINI. Who was your top analyst on Soviet affairs at that time?

Mr. MACEACHIN. Well, the whole office was doing Soviet affairs.

Senator DECONCINI. No, no. Who was Number 1 for you? Who was the next in line or whatever?

Mr. MACEACHIN. Sir, I had a deputy named Douglas Diamond who was the Number 2 in the office. He was principally an economist. He didn't work on these things.

Senator DECONCINI. Well, let's focus it then on the expertise of the Soviet Union. Who would have been the Number 1, the senior—

Mr. MACEachin. Well, you will get about 150 claimants to that, sir, to take up—

Senator DECONCINI. Well, that's very evasive.

Mr. MACEachin. No, it's not evasive, sir.

Senator DECONCINI. You know very well somebody was the expert in the field.

Mr. MACEachin. The person who was the expert in the field for which the paper was requested, the paper asked for, was a paper dealing with internal Soviet security issues.

Senator DECONCINI. Who was that?

Mr. MACEachin. That was Kay Oliver, and that is who I went with.

Senator DECONCINI. That's who you went with?

Mr. MACEachin. Yes, sir.

Senator DECONCINI. Now, Mr. Goodman, you indicate that you think that's unusual.

Mr. GOODMAN. Yes, I do.

Senator DECONCINI. What was your position under Mr. MacEachin? Tell me that, first.

Mr. GOODMAN. I'm sorry?

Senator DECONCINI. What was your position under Mr. MacEachin?

Mr. GOODMAN. At that time I had been removed by Bob Gates as the chief of Soviet Third World Division, and to be fair to Doug, Doug said that Gates wanted me out of the DI.

Senator DECONCINI. So there was good reason for him not to tell you, then.

Mr. GOODMAN. No. He made me the senior analyst in the office, and that's important.

Senator DECONCINI. Let me get this right. At the time that Mr. Gates went to Mr. MacEachin and said, do this secretly or limit it or whatever you want, in March 1985, at that time, March 1985, were you his chief analyst or had you been removed?

Mr. GOODMAN. I was the chief of the Soviet Third World Division until March 15, 1985.

Mr. MACEachin. Right.

Senator DECONCINI. You were not his chief analyst?

Mr. GOODMAN. On that date, I became his chief analyst, and I think if I were the chief of that office, I would have wanted my chief analyst, who he respected—and he's already on record, and I thank him for that—to show it to him, because I do think that Doug respects my judgement, just as I respect Doug's.

Let me answer to your original question, sir, because it's important. It's very important to understand the CIA culture in terms of sensitivity and compartmentation.

Senator DECONCINI. Boy, is it.

Mr. GOODMAN. I was in that building for 24 years, and I never worked on a analytical project that was compartmented, but I did work on sources that were compartmented, and I can think of two very sensitive ones. One was blown, and that was when we were reading the Soviet—

Senator DECONCINI. You don't have to explain that.

Mr. GOODMAN. But the point is, we do have compartmentation dealing with sources and methods.

Senator DECONCINI. I understand.

Mr. GOODMAN. It is very unusual to have compartmentation when you're doing a paper. The only time it's ever been done—and I can think of one other example, and this had a domestic political sensitivity. It was always over a sensitive issue in which, if the fact that that paper was being worked on were to be discovered, then the political consequences would be severe. It had nothing to do with protecting the analysis or the intelligence, and that's true for the papal paper.

Senator DECONCINI. Well, you don't know. Someone else might make that judgement that if this were discovered, that there would be, you know, political embarrassment.

My last question to you, Mr. MacEachin, is, if he was one of your senior analysts—was he one of your senior analysts? He says he was your senior analyst for Soviet Third World countries. Was he, or was he not?

Mr. MAC EACHIN. He was the chief of the division that did Soviet policy in the Third World. It was called Third World—

Senator DECONCINI. Okay, so he was one of these chiefs?

Mr. MAC EACHIN. Excuse me, sir, if he was one of those chiefs of a division which did not have the account—that paper was commissioned on the 26th February, not March. By March 15, if it were actually published in hard cover by the first week in April, it must have been very close to final. That's very important to his claim that he was in a position where he should have seen it.

Senator DECONCINI. Well, my real question is, why did you not take him in and show him, Was it because Gates prior to that had told you to remove him?

Mr. MAC EACHIN. No, absolutely not.

Senator DECONCINI. Why was it?

Mr. MAC EACHIN. It was because when we are told to keep a project compartmented, one of the reasons I was suppose to keep it limited was the analysts supposedly were going to have access to sensitive material to conduct their research. Mr. Goodman disputes whether it was sensitive or not—

Senator DECONCINI. That's a judgment call for you?

Mr. MAC EACHIN. Pardon?

Senator DECONCINI. That's a judgment call for you as the head of the SOVA?

Mr. MAC EACHIN. Well, it wasn't even a judgment call for me. It was a judgment call that said, we're going to involve some sensitive material. Second, if the word gets around, it was right in the middle of the trial, and you know, the concern as was explained to me was, if it gets around that we're doing this thing, it will look like the U.S. Government's trying to have some impact on it.

So it's not common, but there are compartmented projects, frankly—as it was commissioned to me, I gave it to the person I thought was the best qualified who had the Security Issues Branch, and that was Ms. Oliver.

Senator DECONCINI. And that story you just told us in the last 45 seconds is not unusual, in your judgment?

Mr. MAC EACHIN. It's not common. It's not common. Let me say there are occasions in all of our careers, and we've all done it, not for reasons—

Senator DECONCINI. I'm not asking if you've all done it.

Mr. MAC EACHIN. It's not common.

Senator DECONCINI. Okay. That's what I want to know. So that's unusual. Thank you very much. That only took about 9 minutes.

Now, Ms. Glaudemans, let me ask you a question just for some clarification, because in his statement for the Committee—and maybe here today, I had to leave to go to the floor for a moment—Mr. MacEachin, when referring to an analyst being challenged and the tough environment that exists, said—and I want to quote from last week's testimony.

He said, "the way to deal with it is not to adopt a defensive posture and say, I'm being coerced. The way to deal with it is to get your evidence together, get your analysts together, and if you don't think you can stand up to a competing viewpoint, then maybe you don't have it."

Do you agree with that assessment?

Ms. GLAUDEMANS. I certainly do. That is the way I was taught in the New Analysts Course and in the Career Training Program, that marshalling the evidence was my duty, my mission.

Senator DECONCINI. Now, it appears to me that for Mr. MacEachin's plan to work, the individual must have the opportunity to present that competing viewpoint, and was that always the case at the agency when you were working there?

Ms. GLAUDEMANS. In the process itself, as things went through—it's a very multi-layered organization—there were instances where a marshalling of the evidence did not get a hearing. I really can't think off-hand that an analyst who marshalled the evidence did not get a hearing within SOVA. My perception is that the hearing didn't occur at higher levels.

Senator DECONCINI. So you, on your level, would get a hearing, and that it was your belief that it did not get a hearing further up?

Ms. GLAUDEMANS. Yes.

Senator DECONCINI. Is that the case?

Ms. GLAUDEMANS. Yes.

Senator DECONCINI. And that's the trouble that you had with Mr. Gates as the Deputy Director?

Ms. GLAUDEMANS. There are two aspects of that: First, in the estimate process I experienced a number of occasions where assertions were made in estimates that either did not cite supporting evidence or failed to inform the reader about the probability or the likelihood that such a situation or such an assertion might occur, and in those situations I really was not opposed to considering other possible explanations that didn't point to the evidence.

I thought we had a duty to say there was no evidence, or to say what we thought the likelihood of that was.

Senator DECONCINI. And of course, is it fair to say you thought at least the other side of the story would be presented on up the line?

Ms. GLAUDEMANS. Yes.

Senator DECONCINI. And you have since found out that it was not?

Ms. GLAUDEMANS. Yes.

Senator DECONCINI. And certainly, when it was disseminated like Mr. Goodman says, out to the Secretaries and to the White

House and you find that it wasn't in there, that's what bothers you professionally?

Ms. GLAUDEMANS. In the case of the Iran estimate, that's what troubled me, yes.

Senator DECONCINI. In the case of the Iran estimate, that's what bothered you?

Ms. GLAUDEMANS. Yes, There was another estimate referred to in my written statement that you have that is very complicated, but it was a personal experience I had.

Senator DECONCINI. I recall that.

Ms. GLAUDEMANS. On the Arab-Israeli peace process, I was bothered that the estimate did not cite evidence, nor did it identify who held opposing views. And my problem was that within the Directorate of Intelligence itself, simultaneously, I and a colleague were writing a paper on this question.

It was overwhelmed with evidence. Mr. MacEachin approved it. I do recall he did ask questions in SOVA's review process and he sent it forward. The paper was killed by Mr. Gates at that time, and it is my understanding—I don't have his cover note anymore; it was in my old files which I no longer have access to—but that he didn't want to send out a paper that might undermine a judgment that was in an estimate, although that judgment had no supporting evidence.

Senator DECONCINI. That's Mr. Gates?

Ms. GLAUDEMANS. Well, it said RG at the end of the memo.

Senator DECONCINI. How did you find out that he "killed it"?

Ms. GLAUDEMANS. Because it was his message.

Senator DECONCINI. Because it was his message, and it said RG, and you are satisfied that it was Robert Gates?

Ms. GLAUDEMANS. RG, and I believe it was on a memo pad stapled to the paper review sheet. I think the memo was actually addressed to Doug MacEachin. It had Deputy Director of Intelligence on it.

Senator DECONCINI. So you had first-hand knowledge?

Ms. GLAUDEMANS. This paper came back to me.

Senator DECONCINI. So you had first-hand knowledge that Mr. Gates had actually killed something, is that correct?

Ms. GLAUDEMANS. Yes. He also said it was a very good paper and it represented thorough research, or something to that effect.

Senator DECONCINI. So to answer my question, you had first-hand knowledge, at least believing that this memorandum paper, with Mr. Gates' name on it, was really from Mr. Gates and that he's the one that made the decision not to include it?

Ms. GLAUDEMANS. Yes.

Senator DECONCINI. Thank you. Mr Ford—

Senator MURKOWSKI [presiding]. The Senator's time is up.

Senator DECONCINI. Well, Mr. Chairman, I just noticed Mr. Chafee had 25 minutes. I have had exactly 15½ minutes, and I would just like to ask Mr. Ford a line of questioning.

Senator MURKOWSKI. Well, I have just been advised by the time-keeper that you have been allotted a couple more minutes, but I will defer to whatever you think is reasonable.

Senator DECONCINI. I will be glad to yield and wait until my next time, Mr. Chairman.

Senator MURKOWSKI. I thank the Senator from Arizona. Senator Warner?

Senator WARNER. Mr. Chairman, thank you. Let me have a note 5 minutes before the expiration of my 15 minutes and I will stay within the allocated time.

Some of us on this panel were prosecutors. I had 3 or 4 years in that role, but I want to assure you now that I will not proceed with my questioning in an adversarial manner.

Rather, I would like to make a bargain with you. I will do it in a dispassionate way, allowing you adequate time to answer, but provide your answers in the form of factual knowledge, personal knowledge.

If this were a court of law, three-quarters of this would be thrown out as hearsay, and the result is it's quite confusing to those witnessing this from a distance, and makes it more complicated for us.

To those that are critics, I don't view you as a panel with the long knives—to the contrary. I think you're conscientious careerists who are coming up to provide this Committee with firsthand knowledge and personal knowledge, and let us keep it that way.

And I would like to lead off with you, Mr. Ford—no feeling of being in the penalty box, I assure you, from this Senator. To the extent I have had a career, I owe a great deal of it to having worked side by side with the professional core of careerists in the Federal Government, who constitute that body which carries on year after year, as the politicians come and go.

But I must say that your testimony has left the most profound impact on me. And I hope that I can try and clarify. Again, your personal knowledge—you were the Deputy to Bob Gates, for a period of time in the NIC. Am I not correct?

Mr. FORD. A short period, yes, sir, a short period, yes, right.

Senator WARNER. And prior to that you served with him in the NIC, and that was a total of about 3 years, was it not?

Mr. FORD. Yes, sir, I had 3 years.

Senator WARNER. So you got to know him quite well.

Mr. FORD. Yes.

Senator WARNER. Now, when you took on the assignment of Deputy did it concern you that here is a man with whom I will serve in a very close proximity, intellectually and otherwise—did you have any concerns about him then that correspond with these very striking observations, negative ones, that you have now?

Mr. FORD. As I have testified, Bob Gates' deportment, management, brain-power, and so on that he had brought to national estimates in the NIC was very positive. And it was only kind of after the fact that I learned of the 1985 Iran estimate—I wasn't in the loop, particularly at the time.

Senator WARNER. But let us go back—

Mr. FORD. Excuse me.

Senator WARNER. But I want to talk about your personal knowledge.

Mr. FORD. Yes, that's what I'm getting to, sir.

With that one exception, which I didn't know at the time, our relationship in the NIC had been good. It seemed to me that, as

I've testified, that Bob was bringing useful direction to the NIC in getting the estimates shorter and sharper. That is correct.

Senator WARNER. So that—

Mr. FORD. But—

Senator WARNER. All right.

Mr. FORD. But that the problems here, again, as I have earlier testified, and as I have learned more, especially in the last few days—I'm not within the NIC where I was and where I was heavily engaged, but within the DDI.

Senator WARNER. All right, but then you're balancing your own, personal observations, which were positive.

Mr. FORD. Yes.

Senator WARNER. Am I not correct?

Mr. FORD. Yes.

Senator WARNER. Against other observations given you by third persons. And my concern is, as a man of strength and character and conviction, it would seem to me that you would rely more on your personal knowledge than what third parties tell you.

Mr. FORD. This is not, sir, just third parties, or not just hearsay, as I have testified this afternoon. The facts of people being moved around; the facts of years of high class people moving positions; of turmoil; of people being in charge; a few people leaving—to me this is more than just listening to other people.

Senator WARNER. Well, it appears to me—

Mr. FORD. Also, I would add that the documents that have been released of late have—I have learned things that I didn't know earlier.

Senator WARNER. Let us face it. You have gone through a transformation. Am I not correct—because I examined very carefully—

Mr. FORD. Yes, that's correct.

Senator WARNER. I examined very carefully the records of the Committee—prepared by the staff of this Committee, when you were asked to come in—I believe in June—I have gone through and I have looked at it very carefully. And let me see if I can recap what happened.

To the credit of our Chairman and Vice Chairman and the staff, they recognized early-on that there could be an issue of politicization. So they went out and they found you, a man of respected knowledge in this field. As a matter of fact, they refer to you as a disciple of Sherman Kent, who apparently was the oracle on this subject. Am I not correct on that?

Mr. FORD. Correct, if he's oracle. And I was a close friend.

Senator WARNER. All right, I said he was the oracle.

Mr. FORD. Yes, he was the oracle.

Senator WARNER. You were the disciple.

And we brought you in. And here is a recitation of our staff summary of what occurred. And I cannot find in here, even the foundation to give rise to the severe set of criticisms that developed in this 6 weeks or 8 weeks from June, until you prepared a statement. And that bothers me.

Mr. FORD. I have testified previously. I will repeat it. And I hope I can make myself clearer, Senator.

Senator WARNER. I have listened to your testimony twice, now, once in closed and once in open.

Mr. FORD. I testified at that time about what my personal experience had been. And I also mentioned that by hearsay—and I said I think hearsay—and learning from friends over the years, that there had been real problems in the DDI or elsewhere.

Since that time, in this last 6 weeks, or whatever it is, I have learned an awful lot. And what I've learned has disturbed me. It was not an easy call for me to—

Senator WARNER. We understand that.

Mr. FORD [continuing]. Make this decision. And I profoundly wish it could have been confined to closed session.

Senator WARNER. Well, now there were really two parts to the meeting. You came first and met with, say, six staff individuals; a free-flow of facts and information, carefully recorded here. And then John McMahan, your old friend and trusted peer in this profession came in and joined. Am I not correct?

Mr. FORD. That's correct.

Senator WARNER. So then it was the two of you. And I have gone back over John McMahan's representations. I do not find in here that you tried to challenge him at all during this, perhaps, an hour or more in which two of you were providing the staff with the foundation on which this very panel was constituted.

Mr. FORD. I didn't feel it was my position to. It was his testimony. I asked could I stay as a guest. And he said fine. So I sat there as a guest. I don't recall that I said anything.

Senator WARNER. No one inhibited you, did they?

Mr. FORD. No, but I could have my own thoughts.

Senator WARNER. And you kept them to yourself?

Mr. FORD. I did.

Senator WARNER. Well, this was an effort by the staff to, in a constructive way, try and learn the subject. And it seems to me that a dialogue between you and John would have been very helpful at that time, given that you had presumably different views.

Mr. FORD. I have not seen—I didn't know there was a MemCon. I haven't seen it. I haven't signed it. But I have no trouble with the way you have described it.

I think what is more important is what I have said here in testimony under oath, than what transpired in an informal meeting 6 weeks ago.

Senator WARNER. No, I'm not suggesting—

Mr. FORD. Well, I was not at bat. Mr. McMahan was at bat.

Senator WARNER. Well, you asked to stay, and you were there. And it seems to me, here, two careerists of many years, two, on a peer together, trying to help a Committee get a grasp of the subject called politicization—or better known as cookin' the books.

Mr. FORD. They had heard me. They wanted to hear Mr. McMahan, I assumed.

Senator WARNER. Well, I guess you have made your point there.

Well, now it is the responsibility of this panel of Senators, Committee, to weigh the testimony of this panel against that of another group of careerists, some who are here today, but most particularly Admiral Inman, McMahan, and Kerr.

How would you characterize your approach to those three individuals? Because we have to weigh that testimony——

Mr. FORD. I understand.

Senator WARNER [continuing]. Against yours.

Mr. FORD. Oh, one of respect. Those are fine officers who I have generally respected over the years. I have had some differences with Admiral Inman's testimony; less so with Mr. McMahon.

But again, they confined their remarks pretty much to general statements. And we're here—if we have complaints about a nominee, we have to get into specifics. I'm sure, if you pinned any of them down, they might say well, yes here, and yes there.

I—as I had mentioned before—I appreciate that I am up against very heavy batters, and that I'm a relative unknown. I couldn't live with myself, however, after things I had learned, if I didn't bring these considerations——

Senator WARNER. We're not suggesting that you haven't come here with a clear conscience. I'm just trying to, as we say, weigh the testimony. You wouldn't ascribe any more weight to the panel that have joined you here, of critics, today, would you—than that of the other three careerists?

Mr. FORD. They are senior and respected people. It's been my experience in all these years in Washington that people in their positions generally, unless they have some major ax to grind, will say nice things about their colleagues, which they did.

Senator WARNER. Well, I have to say that I think they have been very forthright in their testimony, factual, and specific. So on that point we disagree.

To Mr. MacEachin—and I ask it in a very concise, and pointed way: Did Bob Gates ever, to you, slant intelligence?

Mr. MACEACHIN. No, sir.

Senator WARNER. Did he ever, in any way, try and suppress facts that were essential to an intelligence report?

Mr. MACEACHIN. Suppress facts, no sir—he, as has been discussed, sometimes killed a paper from publication. But that was the opinion or the judgment. And Mr. Kerr's done the same, and so has Mr. Helgeson. All the DEIs do that.

Senator WARNER. You were the boss of the group called SOVA. Why did those folks working for you, under you, in SOVA apparently get the impression—which is contrary to yours—that Bob Gates did slant intelligence?

Mr. MACEACHIN. As I said before, he had a very strong personality. He held positions very strongly. He challenged positions very heavily. And his views of the Soviet threat were roughly coincided with the views of most of the people who are in senior——

Senator WARNER. Did any of those subordinates come and complain to you as the boss——

Mr. MACEACHIN. Senator, yes. And we all complained from time to time about the struggle of trying to get a paper out that was going to be bad news for the consumer. And we all—there were—my point is, the pressure was as much from trying to worry about how that consumer was going to call up or call in the seventh floor when they got our paper, and so we worked very hard on it.

I disagreed with him on a number of points, and we argued them back and forth. But——

Senator WARNER. That was done in the free spirit of the professionalism of which you've devoted much of your life.

Mr. MACEACHIN. Yes, sir.

Senator WARNER. Am I not correct?

Mr. MACEACHIN. Yes, sir.

Senator WARNER. Thank you.

Mr. Chairman, let us go back to the 15-minute rule. I am on 15 minutes right here.

Senator MURKOWSKI. Thank you very much, Senator Warner. Senator D'Amato is next, at 5 minutes to 4.

Senator D'AMATO. Thank you, Mr. Chairman.

Mr. Chairman, I would like to ask Mr. MacEachin if he would address himself to the reports of 1983 and 1985 dealing with the attempted assassination of the Pope.

And let me make an observation. I find that there were two reviews, apparently, that were ordered, or that were made. And from my own personal experience, having spoken to a number of the Italian investigators—going back to 1982 and 1983—having spoken to the Italian magistrate who was in charge of the matter, the Agca case, having spoken to both civilian and the military intelligence operatives in Italy, their remarks to me—which I submitted to Mr. Clark and Mr. Casey back in 1983, prior to the 1983 report—were basically that they were at a loss to understand how it was that the United States and the United States intelligence services were, to quote them, “beclouding the issue”. There seemed to have been a very real effort to detract from anything that would lead one to conclude that Agca was acting in concert with others.

Thereafter, in meetings that I had with Director Casey, he indicated to me and confirmed what I had brought up to him and what he had challenged initially, that indeed, Agca, with specificity could, and did, identify places and people—Bulgarians in particular. That certainly was not a figment of his imagination.

Now let me ask you, how did the reviews of the 1983 and 1985 intelligence assessments take place? And in your opinion, what about that report of 1983 which I found to be incredible, and absolutely lacking in reality as to what really took place?

Mr. MACEACHIN. Now Senator, I did not come to the office of Soviet analysis until 1984. From 1981 until the spring of 1984 I was heading up the current production. Analytic support basically did the current intelligence obligations, the operations center, the graphics shop—the only 3 years, I think, in my whole career that I wasn't in SOVA.

Senator MURKOWSKI. Would you speak a little louder

Mr. MACEACHIN. Yes, sir.

So my point is I have no knowledge of the report, the 1983 report other than because of the job I had, I did have an opportunity to read it. And it was finished. I mean I used to try to read a little bit of everything because of the briefing.

My acquaintance—and when I got to SOVA—the terrorism account was in the Office of Global Issues. And so I still really wasn't working the papal assassination plot. We have analysts who were interested in it who were trying to follow the evidence. Our first involvement was when Mr. Gates asked me if I would write—or have written—what was a companion piece to what was being

drafted in the Office of Global Issues. This was about the 25th of February. And if it wasn't the same day, the 25th of February, I would be very surprised.

And that paper dealt with the internal setting under which an assassination—the political system which would support an assassination organization.

Senator D'AMATO. Did you have occasion to review the 1983 report?

Mr. MACEACHIN. I read it back in 1983. But I was not director of SOVA, then.

Senator D'AMATO. I understand that. But have you had occasion?

Mr. MACEACHIN. Lately?

Senator D'AMATO. To read that 1983 report, either lately or when you first, at some point in time, came in contact with the issue of the attempted assassination.

Mr. MACEACHIN. When I first read it—when I first read it in 1983, I do remember what my reaction was.

Senator D'AMATO. What was your reaction? What was your reaction then, and what is it now as it relates to that 1983 report?

Mr. MACEACHIN. Well, the only reaction I have is the one I had then. Because I haven't read it since, Senator. And that reaction is that I believe the analysis. Because I believe the people who wrote it knew what they were talking about.

However, my view was that this paper is not going to convince anybody who doesn't believe it, because of the way the evidence is put together. It looked to me like a paper that was drafted by someone who had reached a conclusion and was not—with the limited evidence they had—and was writing a paper to say this is my judgment, and not to look at—I just thought it wasn't going to be very persuasive.

My belief in it was more a case of my sense that the people who had worked on it knew more about the subject than I did. So I accepted them.

Senator D'AMATO. So you accepted it. But you didn't believe that they had used the evidence, or could compile the evidence in a way that would sustain believability? Is that what you're saying?

Mr. MACEACHIN. It was the way the report was laid-out, Senator. And that's what I tried to talk about earlier. Whichever side of this question one is on—and it's obvious there are still many sides to it—the way that presentation went, I just came away with the impression there are a lot of people who believed the Soviets were involved. And for those, the way this thing is presented, they're not going to be convinced.

It remained an issue that was debated around the building for a long time. It did not come up until this new evidence came in in 1985 that I am aware of.

Senator D'AMATO. Mr. Goodman, what was your involvement, if any, with respect to the 1983 report?

Mr. GOODMAN. The 1983 report, I helped the drafter in that we would meet from time to time, and I think he respected my position in the Soviet field. And he talked to me from time to time about the paper. I didn't form his judgments at all. This fellow, Dick Kaufman, was a senior analyst but he didn't have a Soviet background. My only role was to tell him about what affairs I

knew about, and the history from the '20's to 1959, the role of the KGB, the fact that if you get evidence from the GRU you'd better be very careful because the GRU doesn't have a peacetime role in assassinations.

And Dick Kaufman did not show me that paper. I didn't coordinate the paper. And I have a much different view of that paper even though I haven't seen it for 8 years now. But it did develop three points that I think are very important, and he worked with the DO on this, that on the basis of tradecraft of how the Soviets and Bulgarians went about their business—and we know about the Bulgarians and how damn good the Bulgarians were. It's not just that the Soviets are good. The Bulgarians are very good at this kind of thing. I mean, they have killed people in England and we still don't have a clue.

So on the basis of trade craft, and I could develop that at length, it didn't seem plausible.

Now we also had a lot of sensitive information that I can't go into here dealing with the Soviet dialogue with the Vatican because they were using the Pope as an intermediary in Poland. And that was a very important issue.

I also have a lot of information that I can't go into here with regard to sources in regard to our very good penetration of the Bulgarian service. So the author was extremely confident that if the Bulgarians were involved, we would have had a clue.

Now, the other thing that was bothersome to those of us who worked on that problem—and Doug is wrong; I worked on that problem because of my specialization in Soviet foreign policy—it was counter-intuitive that the Bulgarians would allow one of their agents to remain in Rome after the assassination, without diplomatic immunity, to be arrested months after the assassination attempt.

It was also counter-intuitive that Agca would actually go to the apartment as he claimed and meet with his handler even though he was given a false name, but have an opportunity to read the true name of the Bulgarian agent on the mailbox. It was also counter-intuitive that Agca would be given a hand gun in a place as densely populated as the square at the Vatican and try to shoot a moving target.

It was also counter-intuitive, if the Soviets were involved in this situation, that they would pick up on someone as uncontrollable as Agca. So on the basis of personality and the fact that Agca had already written widely in Turkey—he wrote a letter to the editor about the importance of knocking off the Pope; he had already established a reputation as a liar, and a dissembler. And knowing the Soviet concern for control in operations, and I think we ought to discuss this in the context of international terrorism as well—knowing the Soviet obsession with control in secret operations and given the DO judgments, and I certainly respect DO judgments on trade craft; they are outstanding officers—I think the author on his own came to the conclusion without evidence that, yes, maybe Agca wasn't acting alone, but if he was, he could have been handled by Turkish rightists.

Now the author's point, and it's a more subtle one, and I believe—but remember, it's been 8 years—I think the last sentence

was maybe too literary for an intelligence product, and maybe too rhetorical. But it was something to the effect that when looking at the assassination attempt, maybe in this case we were dealing with a case of personality and not politics.

And what the author was suggesting was that maybe Agca's personality and Agca's obsessions and Agca's illusions about who he was and who he wanted to be—and we did know a lot about his personality—had a lot more to do with it than the fact that he was controlled.

Now let me make one final point. There is a mentality in the DO—and as a DI officer, we are very aware of that—that there's a conspiracy behind everything. I'm a diplomatic historian, and my reading of the documents suggests that over the long run as you look at history there's a certain serendipity to what happens in history, and you can't explain everything by one thesis and you can't explain everything by a conspiratorial theory.

Senator D'AMATO. Mr. Goodman, let me suggest to you, since you have had an opportunity to review both the 1983 and 1985 reports—and I am not going to talk about the cover sheet on the 1985 report—that I hope you have had an opportunity to follow the proceedings that took place in Italy. Although they could not find the Bulgarian guilty, they did not exonerate him. It was just that they did not have the level of proof to convict him. Do you really believe that the Bulgarians were not acting with Agca despite the facts that have been developed?

Mr. GOODMAN. My information on the Italian proceedings come from the excellent coverage in The Washington Post and The New York Times. And it's clear from that coverage and from sources that we had that the Bulgarians knew who Agca was. Everyone knew who Agca was.

Senator D'AMATO. Is it not true that Agca escaped from the Turkish prison, was one of the most wanted criminals in Europe, came to Bulgaria, stayed in a hotel, crossed the border a number of times, spent at least \$50,000, with definiteness, identifies a number of Bulgarians, turns up in the Square, and shoots the Pope? You think the Bulgarians really were not involved with him? You just simply discard all of those relevant facts, some that you cannot touch on today for other reasons, and simply cling to a theory that he acted without the participation and help of the Bulgarians? Can you really claim that? I suggest that that is incredible.

Mr. GOODMAN. I don't cling to any theory on Agca.

Senator D'AMATO. We are talking about the Bulgarians—

Mr. GOODMAN. The evidence suggests that he was helped possibly by others.

Senator D'AMATO. By Bulgarians?

Mr. GOODMAN. No. The clandestine evidence in the CIA was very strong and very good on the fact that there was no Bulgarian links. In both the Hibbits and Cowey reports, in those reports, they emphasized the importance of reviewing DO reporting on Bulgaria. The '85 paper really didn't—one of my problems with the '85 paper is that it didn't. The '83 paper looked at the very good Bulgarian sources and relied very heavily on DO judgments.

Now, I know the station chief, and I believe you also had a conversation with the station chief—

Senator D'AMATO. I met with the station chief, and let me suggest—

Mr. GOODMAN [continuing]. In Rome. And he did not believe there were contacts.

Senator D'AMATO. Not only did he not believe, but he dismissed the fact that the agency should have anything to do with investigating that matter. If you look at—I think it is the Hibbits report—it indicates that we were so involved in staying away from an area that we could be charged with politicizing, the Italian investigation, that indeed relevant facts and information were not pursued.

It was not until the Italian investigation had gone much further and Claire Sterling's articles and other things had begun to come forth that the Agency then for the first time said, let us take another look at this.

I would suggest to you that the Agency for some reasons that may have even proved somewhat embarrassing to it decided not to become involved in that matter. I suggest that the 1983 report indeed was weaker and was more controlled and had less in the way of facts than any report representing any real effort should have had. It was, I think, a disgrace. It deliberately misled the public and the world. Now, world events are such that hopefully we will have an opportunity to review both the Bulgarian records and others and come away with a better idea of the truth.

But my point is that I think that, if anything, the 1983 report was terribly flawed and the 1985 report was an attempt to set the record straight.

Mr. GOODMAN. The '83 report was for whatever view you have of it and attempt to look at both sides of the case, both the evidence for and the evidence against. The 1985 report was only an attempt to look at the case for. It is titled "The Case For Involvement." The instructions to the drafter were to look at the case for involvement. There was no attempt to look at the evidence against.

Senator D'AMATO. Let me just touch on that. My time is up, but let me just suggest this. It would be absolutely appropriate to say let us just look at the case for because the 1983 report was written in such a way as to discredit any attempt at finding a link between Agca and the security forces of the Bulgarians. I would suggest to you that would be a perfectly reasonable manner by which to review the 1983 report and to come up with a new report. It would be in that context that one would suggest trying to build a case for, to assemble what facts there would be for it.

I thank the Chairman.

Chairman BOREN [presiding]. The next person on my list is Senator Metzenbaum. Do you know if Senator Metzenbaum is on his way? I then have Senator Gorton and Senator Bradley.

The vote is beginning in 4 minutes, I am told. Would you rather wait?

Senator GORTON. I would rather wait.

Chairman BOREN. Let me lay out what we will do. We have three votes, which means the third vote will begin a little before 5:00. It will be 5:00 probably when we get back here.

Senator Murkowski will chair from 5:00 to 6:00 while I am in another meeting. We will then recess until 7:30. We will come back

and definitely finish with this panel of witnesses so that they will not be held hostage forever tonight.

I have in the slot between 5:00 and 6:00, Senator Metzenbaum, Senator Gorton, Senator Bradley, and Senator Danforth. That would leave beginning at 7:30 Senator Cranston and Senator Nunn and any others who might want to have a second 15-minute round of questioning. I would think that would mean we should be able to finish in an hour or so when we come back at 7:30.

Senator Nunn may not be here, and we may have some additional questions.

Senator CHAFEE. Mr. Chairman?

Chairman BOREN. Yes, sir.

Senator CHAFEE. I am not trying to upset the carefully crafted schedule but just ask a quick question. You say we are coming back from 5:00 to 6:00?

Chairman BOREN. Yes.

Senator CHAFEE. And then skip from 6:00 to 7:30.

Chairman BOREN. Yes.

Senator CHAFEE. Is there a strong reason why we just could not go from 5:00 on and we might finish at 7:00?

Chairman BOREN. That is possible. I cannot be back here again until 7:30. Let me do this. We will discuss this in the President's Room. We are going to go over there now and have this discussion on the whole schedule. We will have a better idea if there will be other witnesses.

I am getting advice pro and con about whether people want additional witnesses or whether they might be willing to have sworn statements of additional witnesses. We will discuss that in our meeting.

We do have this matter on the report on surveillance of Members of Congress and staff which needs to be done in closed session. That can still be done tonight.

Perhaps Senator Cranston who has a question still to go could chair for me if I am not able to be here. Senator Nunn I do not believe can be here either.

Senator NUNN. Maybe I can take 4 or 5 minutes now after the vote starts and just ask a couple of questions because I may not be able to be here.

Chairman BOREN. Would that be agreeable? Why do we not do that? Let Senator Nunn go ahead and ask his questions because I know he has a meeting, as I do, from 5:00 to 7:00. We will do that until time to go before the vote. Please inform the Members who are not present to please come to the President's Room after the first vote for us to have this discussion about the remainder of our schedule.

We will reconvene here at 5:00, and decide then whether to go straight on through with this panel and try to finish by 7:00 or whether we will have to come back at 7:30 to finish. I would not think it would take more than an hour.

Senator Nunn?

Senator NUNN. Thank you, Mr. Chairman. I would just like to ask Mr. Ford a couple of questions and maybe a couple more depending on time.

Mr. Ford, you mentioned one of the things that had been a major factor in terms of arriving at your position were a number of your colleagues that you had talked to. You described them as being senior people who were well respected. I am not asking you to give the names or anything of that nature but I think it would be helpful, to me at least, to know a little bit about the nature of their reasons for agreeing with you. If there are any revelations that they gave you that we have not gotten, it would be helpful if we had the substance of some of that.

Mr. FORD. It would be. I think in just about every occasion these have been short conversations saying, you've got it right, we admire your courage, we're with you, you're not alone. I don't think I've had any discussions where somebody said, well, on such and such a date or pin him on this or this was right, so I really can't help you on that, sir.

Senator NUNN. Were these people speaking from their own knowledge or were they just speaking of the general reputation of Mr. Gates? In other words, they were saying they were not in favor of Mr. Gates. Were they saying that they knew particular things about him or were they just saying this is the reputation within the agency, or just their own opinion? How broad a net did they cast?

Mr. FORD. These were very short conversations. What was back of their remarks, I don't—except, we're with you, you've got it right; go ahead. And these include both people still with CIA. It would be especially difficult for them; plus some alumni. And people who are both analysts and others who are operations officers.

Senator NUNN. Approximately how many people have you talked to in that vein?

Mr. FORD. Oh, 16, 18—something like that.

Senator NUNN. And they have all called you?

Mr. FORD. They have. I have not sought out anyone. I've also had two very sharp growls.

Senator NUNN. 16 or 18 who say they agree with you and 2 people who—

Mr. FORD. Yes, sir.

Senator NUNN. Were these people spread throughout the agency or were they concentrated in one particular division?

Mr. FORD. That's what was so interesting to me. They were spread throughout the agency. Some who had worked with Mr. Gates years ago, sometimes others more recently and so on.

Senator NUNN. In other words, this is not concentrated in the Soviet division?

Mr. FORD. No, sir.

Senator NUNN. And you are talking about people mainly in the intelligence end or are you talking about people in operations? Or both?

Mr. FORD. There were both; probably slightly more in analysis than in operations.

Senator NUNN. Were these people at the mid-level to upper-level?

Mr. FORD. Some of them had been fairly senior officers. Others were mid-level, yes, sir.

Senator NUNN. Let me just ask this. If Mr. Gates is confirmed as head of the CIA, based on just your 16 or 18 conversations, what kind of problem is that going to pose for him in managing the agency? And also, what kind of morale are you going to have?

Mr. FORD. Well, again, as I said earlier, it seems to me that morale largely stems from who the boss is of a particular unit and how that's run and whether people are promoted there on their merit or whether they are punished if they don't agree with the director, more so than who the director happens to be.

I think that—I wouldn't feel it impossible that Mr. Gates could run the place but I think he would have to immediately send the word down and demonstrate it in various ways that he wanted to create a whole new environment, a healthy environment, and show by ways and means of handling people, handling issues that all points of view are respected and so on.

Senator NUNN. In other words, if he is confirmed, he is going to have quite a task ahead of him to gain the confidence of the kind of people you are talking about?

Mr. FORD. Yes, sir.

Senator NUNN. Did those people convey to you that this is widespread throughout the agency? Did they say that they were speaking for others or were they all speaking individually?

Mr. FORD. They were all speaking individually, yes. I can't make any kind of measure of quote, throughout the agency. And I would imagine that it's more concentrated in certain offices than in others.

Senator NUNN. You have been in the intelligence business a long time with a distinguished career. Is this an unusual situation for this kind of charge to be made against someone who had been in top positions, or is this the same old thing that we have had for a long time and now we are just having public revelations of it? You have been there a long time; have you seen anything of this nature in your 30 or so years?

Mr. FORD. I really don't recall any such thing at all, and my answer would be that I think it is unique. There have been times when the professionals, including myself, would say, well, who's this new director? I remember this happened in the case of Mr. McCone. He's coming out of business life. He doesn't know any thing about intelligence. Within a few months, we were all singing quite a different tune—that this was one of the finest directors we've had.

I think the case here is unique and that there must have been some smoke in some rooms, even though there are no smoking guns, that has led to as many indications of displeasure and of internal CIA examinations of the question. I think it is unique in that this is a nominee who was nominated once before and didn't make it. Had this been someone coming in for the first time, say, out of public life with, as far as we know, an impeccable record, there wouldn't be anything of this kind.

Excuse me, let me be a little more explicit. Your parallel would be to cases where someone was a career CIA officer who had been nominated; that's a closer—and there, Colby and Helms in particular come to mind. I do not recall any kinds of, you know, gee, this guy shouldn't be director or, I want to go talk to someone, at all.

There were differences of opinion and all that, but this is a good nomination and this guy we like and respect and would make a good director. So I think it is unique.

Senator NUNN. One of your reasons for the recommendation you made and for the Committee not to confirm Bob Gates was you felt, you characterized his testimony as "clever" and I believe you mentioned in the assessment his forgetfulness. Are there any other things that come to mind that allowed you or pushed you towards the conclusion that he was "clever"? And what do you mean by clever, the way you are using it? I take it you are not trying to be complimentary?

Mr. FORD. That's correct. Bob is a very gifted—articulate. He has always been very good at winning people to his cause, especially people on first or short notice. I think he knows how to develop his credentials and ingratiate himself. I don't know the record on the Iran-Iraq business. I had no knowledge of it and only citizen's knowledge since.

It seems to me that when one forgets as often as he does, it is a good way to evade being asked more penetrating questions or get in a position where they feel they might perjure themselves. And with Bob's fine mind and so on, I just can't imagine that he forgot as much as he says he did.

Senator NUNN. One final question. I know we have to go vote. Mr. Gates and Mr. Casey have been out of there for two years now. Do you believe the morale problem is still there?

Mr. FORD. I wouldn't say the morale problem, because it varies from place to place. And I would say that I'm not that well acquainted. I work in a little office off to the side, and I'm in no position to know what the—all cases. I know there are complaints against this or that but not of a serious nature. I think, by and large, as I said, there is respect for Dick Kerr.

Senator NUNN. How about for Director Webster? Was there a general respect for Webster:

Mr. FORD. I think there's respect that he's a man of integrity who plays it straight. I think there were people who would wish that he had interested himself more in the analytical end of things.

Senator NUNN. Okay. Thank you very much.

Chairman BOREN. Thank you, Senator Nunn.

I have several items—just a note that we will read into the record.

These are items that happened previously and the packets released to the public. They relate to several items related to the papal assassination attempt, the Iran estimates, the Nicaragua shipment, Soviets and SDI's, Soviet/Mid-East policy, Libyan economic sanctions, international terrorism, Soviet/Third World studies, and Soviets in Afghanistan. All of these items which have been in the packets that have been released publicly will, without objection, be entered into the official hearing record.

[The documents referred to follow:]

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10/02/91

pg 21A inserts

Kay Oliver

Mary Desjeans

This paper was written for the purpose of setting forth the basis for believing the Soviets may have been involved in the papal assassination attempt. It consequently makes the case for the plausibility of Soviet complicity but does not elaborate fully the counter argument that the Soviets may not have been involved. This draft is not intended to stand alone but to constitute the SOVA contribution to a joint SOVA-OGI paper. The SOVA contribution provides the historical and contextual setting; the OGI contribution will examine the particular question of reporting and evidence relating to the papal assassination attempt itself.

The evidence of Soviet involvement in the papal assassination attempt should be assessed in the context of what we know about Soviet views of the Polish crisis, and in light of

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past Soviet behavior and attitudes regarding political assassination. As in any inquiry concerning culpability for a criminal act, we must consider whether the Soviets had a strong motive for attempting the assassination, whether they had the capability to mount an operation against the Pope that they could reasonably expect to succeed without implicating them, and whether the history of Soviet covert activities indicates that the Soviets are prepared to resort to extreme measures to eliminate foreign enemies on a selective basis.

An examination of the historical record suggests that:

- The Soviets had a strong incentive to move against the Pope, although there were also disincentives for doing so;
- The Soviet attitude toward political assassination is essentially opportunistic, pragmatic, and not constrained by moral considerations;
- The Soviets have demonstrated a willingness to assassinate political opponents when they judge the circumstances propitious, although their inclination to do so has been greater in some periods than others and they have rarely attempted assassinations in recent years;
- Even in periods when the Soviets have not resorted to assassination they have maintained a capability to do so and have continued to regard assassination as one option

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to be considered in dealing with adverse developments outside their borders.

History of Soviet Assassinations

The USSR has a long history of involvement in assassinations of political enemies outside its borders. Several general conclusions can be drawn about the pattern and character of Soviet assassination attempts.

First, historically the Soviets have employed assassination much more freely against Soviet and East European defectors and emigres than against foreign political leaders. It is possible that in the eyes of Soviet leaders John Paul is an East European who objectively has played the same sort of anti-Soviet role and poses the same sort of danger to the Soviets as earlier exiled Russians and East Europeans who attempted to appeal to the peoples of Eastern Europe over the heads of the Communist regimes there.

Second, Soviet willingness to use assassination has varied over time. From 1926 to 1960 there were over forty documented cases of Soviet political assassinations or kidnappings in the West. (This figure does not include instances when planned assassinations either failed or were not carried out for some reason.) In the early 1960s, however, the Soviets evidently decided to deemphasize assassination as a means of dealing with enemies abroad. The last known example of a Soviet-sponsored

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23 April 1985

MEMORANDUM FOR: DCI

WV Casey

Attached is the printed copy of the paper on the Pagan assassination attempt. With your approval, the PCB briefers will deliver numbered copies to the President, Vice President, Secretaries of State and Defense, and the National Security Adviser on Wednesday morning. Seven days later, the remaining fifteen copies for external release will be delivered.

Dick
Richard Kerr

Orig w/Atch to DCI fm ES/23 Apr 85

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Central Intelligence Agency

85-1771



Washington, D.C. 20505

*Bill
read with interest
4-2-85
~~2025~~
Nobody else
saw it
Thanks*

MEMORANDUM FOR: The Vice President

SUBJECT: Attempted Assassination of Pope John Paul II

Mr. Vice President -

Attached is CIA's first comprehensive examination of who was behind the attempted assassination of Pope John Paul II in May 1981. This analysis is based upon our examination of evidence gathered by the Italian magistrate's office, the many leads surfaced by various journalists and scholars, independently acquired intelligence information, and related historical and operational background information.

While questions remain -- and probably always will, we have worked this problem intensively and now feel able to present our findings with some confidence.

The paper begins with a very short review of the principal conclusions. This is followed by a several page overview of the findings and evidence, which is keyed to the major sections of the paper.

Bob Gates

Robert M. Gates
Deputy Director for Intelligence

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Directorate of
Intelligence

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Agca's Attempt To Kill the Pope: The Case for Soviet Involvement



An Intelligence Assessment

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20 May 1985

MEMORANDUM FOR THE RECORD

SUBJECT: Agca's Attempt to Kill the Pope: The Case Against Soviet Involvement

1. The recent DDI Intelligence Assessment (IA) entitled "Agca's Attempt to Kill the Pope: The Case for Soviet Involvement" sets forth primarily arguments which are intended to lead to a conclusion of Soviet collusion in the assassination attempt. Evidence and analysis that contradicts this judgment are relegated to the tail end of the main text and are absent from the Key Judgments and Summary. Moreover, there is no explanatory note to highlight the conjectural nature of this analysis.

2. The purpose of this memorandum is to identify reasonable points which would tend to challenge the analysis in the IA. The judgment of Soviet involvement--either as motivator or spectator--is based, according to the IA, on [REDACTED] Italian Magistrate Martella's investigation, and our knowledge of the Soviet role in past assassinations. The IA does note at one point that the case in favor of Soviet involvement is far from airtight. It mentions the circumstantial nature of much of the evidence and [REDACTED] and it raises a number of questions about the alleged Soviet and Bulgarian complicity. Little of this concern, however, is reflected earlier in the paper and these points are basically discounted in the implications section which forecasts increased Soviet willingness to employ political violence against Western leaders.

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obtained this information second- and third-hand several years after the fact. The IA, however, places great store in this reporting even though the information on a Soviet role has not been corroborated by any of the many other sources that have been asked to report on this subject.

5. The "Bulgarian-Soviet connection" theory of the attempted assassination of the Pope has not made complete sense from either an operational or a substantive point of view. If in the unlikely event that the KGB instructed the DS to kill the Pope, there would have been greater attention paid to operation tradecraft, the Bulgarians would never have been permitted to commit blunders

If the Soviets were behind the assassination, the best and brightest of the KGB and the DS would have been assigned to the case and the two DS officers would not have accompanied Agca to St. Peter's Square. Moreover, if the Soviets were ready to commission the assassination of the Pope, they would have not shrunk from finishing Agca off on the spot as the Filipinos did in the Aquino assassination. They probably would not have allowed a 23-year-old man to sit in jail and eventually tell all as Agca is supposed to be doing. In any event, once Agca was known to have survived the events in St. Peter's Square, the Bulgarian intelligence operatives would have been hustled out of Rome and out of reach of everyone. All these blunders are attributed to poor Bulgarian tradecraft.

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7. Italian Investigation. Italian Magistrate Martella's investigation does provide evidence of a link between Agca, the Turkish mafia and the Bulgarian intelligence services, but it fails to prove that the purpose of the link was related to a conspiracy against the Pope, and it stops short of implicating the Soviets.

8. Past Soviet Assassination Attempts. Soviet involvement in past political assassinations is cited as one of the factors which strengthens the case that Moscow probably was involved directly in a plot to kill the Pope. But if past activities are to be entered as evidence, it also should be pointed out that this assassination attempt on the Pope would be unprecedented for the Soviets in its form, location and prominence of the target. We have no direct evidence that the Soviets have attempted similar assassinations of top Western political figures. And if the Soviets did turn to assassination of key political figures we could expect them to take at least as much care in tradecraft as they did with lesser figures.

9. Most of the approximately 40 attempts at assassination listed in the IA have involved attacks on defectors, emigres, journalists or activists deeply involved in anti-communist activities in the 1940s and 1950s. [REDACTED]

[REDACTED] Moreover, Agca's assassination attempt on the Pope was entirely different in character from the known Soviet approach to such operations. It involved the use of a handgun at a moving target in a public place crowded with witnesses and the chance of success was low.

10. Soviet Motivation. The Soviets probably viewed Pope John Paul II's activities as one of the causal factors for the crisis in Poland in 1980-81. They could have had incentives, as noted in the IA, to remove the Pope in a final desperate act to demoralize opposition elements in Poland and avoid resorting to massive repression. Soviet disincentives for moving against the Pope, however, are relegated in the IA mainly to parenthetical comments and a footnote, even though these disincentives could have outweighed the incentives. The Soviets knew that John Paul was not the sole cause for Polish unrest and they could not have been certain that his assassination would not have led to even

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greater opposition at the time. They tried to work through him as a leader experienced in the ways of communists to keep Solidarity in line. Although he made it clear that he would not be intimidated, there is no evidence (despite efforts to check it) that he said, as stated in the IA, that in the event of Soviet military intervention, he would travel to Warsaw to ally himself with the national resistance.

11. [REDACTED]

[REDACTED] By the time of the assassination attempt on 11 May, the center of Soviet concern shifted to instability in the Polish Communist Party--which would be less likely to be offset by the Pope's removal.

12. Other Conspiracy Theories. The IA also quickly rejects the possibility that Agca on his own or with some of the Turkish mafia may have planned this attack independently from the Bulgarians or the Soviets. Agca and his friends could have used the Bulgarian intelligence connection for drug trafficking, espionage, gun running or other purposes which could have been of some value to the Bulgarians, while at the same time planning the assassination. [REDACTED]

[REDACTED] The inconsistencies in Agca's accounts and the shortcomings of the evidence do not lend conclusive support to a Bulgarian-Soviet conspiracy theory.

13. Although the evidence does not point clearly to a Soviet-Bulgarian conspiracy, the amount of money and the operational support Agca received, not to mention a putative accomplice, do indicate that some sort of conspiracy was involved. [REDACTED]

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their life styles, their apartments, etc. They also have assets to support a "Bulgarian connection" propaganda campaign which would divert attention from their involvement.

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John G. Hibbits
Chief, Foreign Activities Branch
Regional Issues Group
Third World Activities Division

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12 July 1985

NOTE TO: Deputy Director for Intelligence
 FROM: Papal Task Force
 SUBJECT: Review of DI Production on the Attempted
 Assassination of Pope John Paul II

Attached is our Review of DI Production on the Attempted Assassination of Pope John Paul II. Given our deadline, we were unable to have relevant analysts and managers review the text. We also were not able to meet with all analysts and managers who worked on the case because some were away from Headquarters during this three-week period.

With regard to the PFIAB Study, we have addressed approximately the same points mentioned in Anne Armstrong's letter but have not explicitly referred to the PFIAB effort.

Karl Ruyle read the DI product, participated in several interviews, and offered suggestions on the final draft of our paper. (U)


 Ross Cowey


 John McLaughlin


 Christine Williams

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BY SIGNERS

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KEY FINDINGS

- Our review of the product record on the Papal assassination attempt reveals some serious shortcomings and indicates that there is scope for further significant work.
- Alternative explanations were not adequately examined in the DI's written product.
- The current intelligence product is spotty, descriptive, and cautious in tone. Some of the informal products and briefings were notably more informative and balanced. The two longer assessments produced by the Directorate are impressive efforts to sort out the case, but they suffered from inadequate coordination, poor sourcing, and lack of balance.
- In the absence of evidence, production was hamstrung, mindsets replaced evidence, and the issue became increasingly polarized.
- The widespread perception that upper management had strong and in some cases conflicting views on the issue had a pervasive effect on the analytic and production process.
- The inadequacy of inter-office and inter-Directorate teamwork seriously degraded the quality of the DI product.
- Senior management may want to take some steps to dispel the perception in some quarters that the issue has become politicized, along with some measures designed to redress the organizational problems that we have identified in the following review.

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Scope Note and Methodology

This review of the Intelligence Directorate's (DI) coverage of the attempted assassination of Pope John Paul II focuses on the issue of Soviet complicity in the incident. It does not attempt to judge or validate the conclusions arrived at in the DI reporting. Indeed, this review inevitably differs from the approach taken in the typical post-mortem, which tries to determine whether the Agency accurately foresaw some critical event and, if not, why not. In this case, we have no such standard against which to judge the product because the extent and nature of Bloc complicity in the Papal assassination attempt is essentially still an open question. Our evaluation, therefore, focuses on the objectivity and thoroughness of DI reporting and examines related issues such as the use of evidence and the extent to which systemic problems, institutional bias, or political pressures may have influenced the product.

The review was conducted over a three-week period by a team of three senior DI officers under the auspices of the DI's Product Evaluation Staff. It involved a review of the full scope of DI reporting on the subject -- formal ad hoc assessments, current intelligence reporting, informal internal memoranda and briefing notes -- from the date of the assassination attempt in May 1981 to the present. DI reporting on Soviet-Polish relations prior to the attempt was also reviewed for relevance to the incident. In addition, the team interviewed some two dozen people in the DI, DO and the NIC -- about equally divided between the working level and managers -- who were involved in the collection, analysis or production of intelligence on this issue. The team did not interview consumers of the product.

The report which follows provides relevant background on the problem; reviews the product, especially the two most authoritative (as well as controversial) hard-cover papers written on the subject; summarizes the views of analysts and managers working on the problem; identifies the strengths and weaknesses of the product and the process; and offers some closing observations.

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I. NATURE OF THE CASE AND THE ANALYTIC ENVIRONMENT

We discovered from our interviews that the unusual aspects of the Papal assassination case -- when combined with some characteristics of the analytic environment within CIA -- help explain the attitudes and mindsets of analysts and managers, their propensity to see the case in a polarized way, their reluctance to investigate alternative scenarios, and the thin DI production record.

The event itself was almost unprecedented, entirely unanticipated, and immediately subject to the Italian legal system. In the early aftermath, scanty information and the lack of contrary evidence from intelligence sources resulted in analysts concluding that it was an isolated terrorist incident. Even after Agca implicated the Bulgarians and during the Italian investigation, the attitude of many analysts was that it was essentially a legal case and that they were ill-equipped either to be lawyers or investigative reporters. The fact that an Allied government was in the process of either investigating or prosecuting the case added to the reluctance of analysts and collectors alike to get heavily involved. Several analysts interviewed felt that it was difficult to isolate and focus on intelligence problems since these were so enmeshed in the legal case. They also believed that senior managers did not want to give any impression of CIA involvement in influencing the court case.

The environment within CIA -- particularly the reorganization of the DI in late 1981, the mindsets prevailing in various offices, and the "hot potato climate" associated with the case -- also influenced the amount and quality of DI production. The inevitable disruptions, the shifting of responsibilities for coverage of certain accounts, and other changes associated with the DI reorganization have been cited by several analysts as creating problems in adequately handling this case.

Responsibility for the case initially went to the Terrorism Branch of the International Issues Division of the Office of Political Analysis (OPA) and, later in 1981, to the Terrorism Branch in a new component -- the Office of Global Issues (OGI). The new Terrorism Branch was staffed mainly by a small group of junior analysts with little or no country expertise. Their primary task was to provide warning of terrorist operations. Several of their managers described them as pressured to analyze an increasing number of terrorist operations in Western Europe and the Middle East, reactive rather than reflective, and unable to produce hard-cover papers. Moreover, no analyst worked on the case full time until much later. In the first year or so, having judged the assassination attempt to be the work of a lone gunman,

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the case was covered as a "hip pocket" account and was no one's priority -- either in OGI or in any other DI office.

As time went on and the Italian judicial investigation increasingly pointed to Bulgarian involvement, the case became the responsibility of one analyst in OGI. This analyst was eventually designated by the DDI as the key person responsible for the case within the DI; the analyst was also given access by the DDCI to all sensitive DO reporting on the subject. This decision to focus responsibility in one office and on one analyst soon became well known by DI managers and analysts alike and led analysts with country expertise ~~_____~~ some of whom had been quite involved in following the case -- to back off. In some cases, they were also motivated by orders from their managers to leave the case to OGI, as well as by their lack of access to all the reporting. As a result, incentives for interoffice cooperation began to evaporate.

At least one SOVA analyst cited the reorganization's splitting of the USSR and Eastern Europe into two separate offices as creating problems. The split reduced contact between analysts, which in turn was exacerbated by the physical relocation of SOVA to ~~_____~~ Building. Continuity was also a problem because, from 1981 to the present, some six different analysts worked on Soviet-East European relations in SOVA. With such turnover, it was hard for analysts to get up to speed, even on the major issues, and even more difficult to understand the intricacies of Agca-Bulgarian-Soviet connections. The wheel had to be reinvented each time a new analyst took over, and the complexity of the case, combined with the press of other work, contributed to the tendency of SOVA analysts to put it on the back burner.

Problems with personnel continuity, the press of other business and the tendency to be reactive to new developments in the case kept analysts from taking an in-depth look at the issue. According to one analyst, new information was reacted to and not adequately assessed against the background of previous reporting. This "knee-jerk" approach was, in our view, at least partly responsible for the spotty and descriptive quality of current intelligence coverage of this subject.

Problems inhibiting analysis of the issue in SOVA ranged from organizational obstacles to the mindset of analysts and managers. Until recently, for example, SOVA was not organized to look at the instruments of Soviet policy per se; the focus was rather on foreign policy vis-a-vis various regions of the world. In addition, since the assassination attempt, the KGB and active measures account have largely been the responsibility of junior analysts. Even more important appears to be the view expressed by some analysts interviewed that most SOVA analysts and managers preferred, at least in the early years, not to

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consider the "seamy" side of Soviet policy -- wet operations and the like. Analysts tended to prefer a traditionally more academic and macro approach to domestic and foreign policy. This encouraged a tendency to dismiss scenarios about possible Soviet complicity and -- when combined with the monopoly over the case given to OGI -- to hang back from working on it. Finally, one manager alluded to a kind of malaise in SOVA, in part a legacy of problems associated with the 1981 SNIE on Terrorism, which reportedly caused some analysts to be apprehensive about whether their views would be well-received up the line and to adopt a wait-and-see attitude on the complex question of Soviet complicity. This malaise was well characterized by one former SOVA manager's statement that "no one ever asked us" about Soviet complicity.

Compounding the problem of mindsets was the "hot potato" climate associated with the case. This resulted at least partly from the fact that there was an investigation underway by an Allied government and that any CIA assessment -- but particularly one that supported Soviet complicity -- might be suspect and, in any case, could have serious repercussions on US-Soviet relations. Perhaps the most important factor contributing to this climate was the perception by analysts and managers that the seventh floor had strong views on the case. Most thought that the DCI had a strong gut feeling that the Soviets were involved; most also were convinced that the DDCI for a long time was persuaded that the tradecraft exhibited did not bear the marks of a Soviet operation. The risky climate associated with the case was intensified by mixed signals from managers about whether or not to write on the case.

Finally, there were problems with scarce resources and pressing competing demands. Analysts in OGI and the DO initially assumed the case had been settled with Agca's conviction and were increasingly preoccupied with terrorist operations in Western Europe and the Middle East. The Dozier kidnapping in December 1981, for example, put the Agca case further on the back burner. With regard to EURA and SOVA, analysts were in the midst of tracking the Polish crisis at the time of the assassination attempt and for many months thereafter. They participated in three task forces between December 1980 and December 1981 and were involved in monitoring Polish Government repression and growing Soviet concern over the deterioration of the Polish party -- the prelude to the declaration of martial law. SOVA analysts had still other things to occupy their attention -- the Mid-East/Syria crisis and the aforementioned SNIE on Terrorism. Several analysts and managers also expressed the view that, even if many more CIA resources had been devoted to collection and analysis of information on the assassination attempt, the net result might not have been much different given the complexity of the case, its sensitivity, and the lack of evidence.

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II. SETTING THE STAGE: MOSCOW AND THE POLISH POPE

In 1978, analysts were quick to foresee the problems that a Polish Pope might cause for Moscow and that might serve as motives for his removal. By the time of the assassination attempt, however, the prevailing view was that the Pope had instead become a force for moderation in the Polish crisis. The failure to look beyond his role in the Polish situation and to reflect on the long run and on the broader ramifications of his tenure for the Soviets contributed to analysts' reluctance to take up the issue of Soviet complicity until much later.

In October 1978, OPA produced an analysis of the short- and long-term impact of the election of a Polish Pope that was published in the NID and in OPA's Soviet and East European Review. This assessment was forward looking and speculative; it emphasized the widespread damage that a Polish Pope and a revitalized Catholic Church in Eastern Europe could do to Soviet hegemony in the region, with the possibility of spillover into the USSR.

From 1978 to 1981, DI products reflected Soviet concern over the Polish Pope, particularly with regard to his visit to Poland in 1979, which Moscow probably believed had served as a catalyst to unrest. But after the assassination attempt, analysts tended to conclude that John Paul's role as an aggravating force in the Polish crisis was outweighed by his moderating role and that Moscow had little to gain from removing him, particularly given the risks of detection. During our interviews, analysts working on Poland also expressed their belief that the Polish strikes and workers' movement would have occurred without the inspiration of a Polish Pope. They also maintained that killing the Pope would not have solved Moscow's Polish problem but could instead have exacerbated it by causing further unrest.

Critical in accounting for the shift in analysts' views were at least a dozen reports issued in 1980 and 1981. These reports were assessed in several DI current intelligence products.

By early 1981, however, several DI products warned that Moscow might be growing "disillusioned with the utility of its connection" because it had not led to greater calm in Poland and since the Soviets were unhappy with Walesa's highly publicized meetings with the Pope. In retrospect, we would have expected that this latter reporting would have set the stage for analysts at least to consider Soviet motives for getting rid of the Pope. In fact, they continued to see the Pope as a moderating force or as not having enough influence in Poland to motivate Moscow to try to remove him.

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It was not until April 1985 that a contrary view of possible Soviet attitudes toward the Pope was explored in a DI Intelligence Assessment.

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III. THE PRODUCTION RECORD

Given the absence of a final outcome against which to measure the DI's performance, our standards in judging the Directorate's record on this case will be:

- Was all the available evidence considered in making assessments?
- Was the DI's approach to the question conditioned by preconceived notions or "mindsets"?
- In the absence of firm evidence, were alternative scenarios considered in the search for explanations of the assassination attempt?

We examined all the DI's written work on the subject between the shooting of the Pope on 13 May 1981 and the present.* Our search turned up 12 NID pieces (all but one were notes), and 20 PDB items (13 briefs and seven articles). Coverage in other serial publications was even more limited: nine chronology or highlight items and two articles in OGI's Terrorism Review. Since the shooting, the DI has produced three hard cover assessments on the issue; two of these (one in 1983 and one in 1985) sought to look comprehensively at the case; the other (in 1984) confined itself to discussing the effect of the controversy on Bulgarian domestic and foreign policy. In addition to these formal publications, there was a considerable amount of informal ad hoc production on the question, ranging from short typescripts on specific questions to book reviews and commentary on open-source literature.

A. Current Intelligence

Nothing illustrates the DI's cautious approach to the Papal case so clearly as the current intelligence record. Although there have been 32 NID [redacted] articles since 1981, two-thirds of them were [redacted] briefs or short NID notes; all but two were produced after November 1982, when Agca began openly linking the Bulgarians to the attempt. Throughout this period, not a single feature length article appeared in the NID; the one such article [redacted] (7 April 1984) focused narrowly on the legal case against Antonov, the Bulgarian airline official implicated by the convicted gunman Agca.

*In developing Chapter II, we also surveyed DI production in the period between John Paul's election in 1978 and the shooting in 1981, but we did not review that work in the following evaluation.

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The current publications did not take note of the incident until five days after Agca shot the Pope, when the [redacted] published a brief saying:

-- "Turk who tried to assassinate the Pope has told Italian police very little...no information from him or other sources on his organizational ties...press allegations of links with far-right Turkish groups still unconfirmed."

The next even marginally related item is a [redacted] article five months later (28 November) that discussed the large role played by Bulgaria -- especially the state enterprise, Kintex -- in drug and weapons smuggling. The article was based on a typescript memorandum by EURA. There is no mention in the article of Agca or the Papal case, even though the press was then speculating about possible connections between Agca and Bulgarian-Turkish smuggling operations.

The near silence in the current publications in the months after the shooting squares with what analysts told us about their initial reactions to the attempt. Judging from our interviews, no one working on European or Soviet issues at the time gave more than passing consideration to explanations other than that Agca was a "Turkish nut," probably acting on his own. Most of these analysts, moreover, were caught up in the day-to-day demands of the Polish crisis and were focused on other, higher-priority questions, such as the likelihood of Soviet military intervention. One analyst did recall thinking that this was a rather convenient development for the Soviets, but then observed that, in the absence of any evidence, "it wasn't the sort of thing you'd put in the NID the next day."

Other than the two items cited above, nothing on the issue appeared in the current publications until 7 December 1982, two weeks after Antonov was arrested in Rome and charged with complicity in the attempt. Most of the articles appearing between then and now report various twists and turns in the Italian legal proceedings or deal with secondary issues, such as the effect of the publicity on Bulgarian foreign policy [redacted]. None of the articles -- with one possible exception -- wrestles directly with or comments on the question of Bulgarian complicity.

When the articles do come close to addressing that issue, they tend to cast doubt on a Bulgarian role -- which, until recently, was the tenor of most of the raw reporting. The [redacted] article on 7 December 1982, for example, noted that our sources say the Italian case against Antonov is weak and based solely on Agca's word. The NID on 21 April 1984 reported that Italian Government officials questioned the investigating magistrate's objectivity and that Italy's ambassador to Bulgaria thought the

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evidence was too weak to convict Antonov. And on 5 June 1984, a [redacted] brief reported without comment that Bulgarian intelligence officials claimed Antonov had nothing substantial to reveal. The only item that leans clearly in the other direction is the most recent [redacted] article (28 March 1985), which reports that Antonov now says he met with Agca, [redacted] and comments that Antonov's reversal will cast doubt on his professions of innocence and strengthen Agca's credibility.

B. Serial Publications

The product record in the serial publications is even more reportorial in nature than the current intelligence production. Eight of the nine one-paragraph items published in OGI's Terrorism Review between October 1983 and November 1984 are straight reporting of developments in the Italian legal case; the remaining item noted Bulgaria's concern about the impact of the trial on its relations with key Western trading partners.

The effect of the two longer Terrorism Review articles is again to cast doubt on Bulgarian complicity.

[-- The article published on 22 December 1983 -- about a year after the Italians arrested Antonov

quotes Agca's twisted explanation for killing Ipekci -- by killing a popular and respected figure, he hoped to jolt Turkish officials into action against violence -- and suggests that the same motive could apply to Agca's attack on the Pope. The article judges that Agca's stated need to act alone "rings true." It says the possibility of Agca being manipulated cannot be ruled out but concludes that the impression conveyed by the report is of a "bristlingly independent individual who resents any attempt to be controlled...".

-- The earlier article (9 December 1982) discusses reporting [redacted] on strains between Italian judicial and intelligence officials. It interprets these reports as suggesting that "caution be used in connecting Antonov with would-be Papal assassin Agca."

C. Informal Products

If one point emerges from a review of the DI's informal ad hoc production on the issue it is that the Agency has talked more to itself about the Papal case than to outsiders. Of the 33 memos we surfaced in this category, 21 were internal Agency documents, mostly inter-office memos and responses to DCI

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questions. A second category -- nine of the memos -- consists of responses to specific questions posed by various consumers, such as Vice President Bush's request in October 1983 for comments on an article in an academic journal alleging that the Soviets had a strong motive for wanting the Pope killed. Three of these memos were broad enough in scope and distribution to be considered official statements to a significant external audience of the Agency's position on the case.

Looking first at the internal Agency documents and responses to specific external questions (30 documents covering September 1982 to June 1985), several patterns emerge:

- As in the current and serial publications, the tendency is to cast doubt on Bulgarian complicity.
- The major recurrent reasons for this position are the Agency's inability to obtain specific evidence of a Bulgarian/Soviet link, the supposedly "sloppy" tradecraft in the operation.
- The nearly complete absence of consideration of alternative scenarios to explain the Papal shooting.

The earliest internal Agency memos on the subject show a focus on the evidentiary question and suggest a reluctance to speculate on the basis of background or history. For example, a 3 September 1982 memo to the DCI from the Chief of the DO's [REDACTED] says there is a consensus among DO and DI officers that CIA has been "unable to substantiate in a convincing fashion" Claire Sterling's claim in Readers' Digest that Agca was in collusion with the Bulgarians. A memo from the DDI to the DCI on 8 October 1982 placed great stress on the [REDACTED] and concluded that it "calls into question Soviet motives in ordering a Papal assassination...and shows that the Pope was of value to Moscow as an intermediary...". Another memo from the same period (author and addressees unidentified) draws attention to "shoddy" tradecraft, which is judged "antithetical to the sound practices expected of a professional-intelligence organization."

Noteworthy by its uniqueness in mentioning alternative scenarios is a memo on 17 September 1982 from the DDI to the DCI titled Status of the Investigation of the Attempted Assassination of Pope John Paul II. After discussing in considerable detail what the Agency knew about the case, the memo concluded that "hard information...supports several scenarios not all of which are mutually exclusive:

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- That Agca's plans...were known beforehand, perhaps to one or more of several parties including the Bulgarian service and rightist Turkish terrorists.
- That Agca attempted to assassinate the Pope without sponsorship and for his own reasons...
- That Agca was a hired assassin."

But the memo then went on to judge that if Agca was a hired assassin, Turkish terrorists were probably his paymasters, because the Soviets would have regarded him as having "too high" a profile and being "too risky an instrument."

Despite the unidimensional thrust of much of the ad hoc production, the DI, in our judgment, took a balanced, objective -- and agnostic -- view of the case in the three instances in which it addressed a wide or important external audience.

- In an 18 February 1983 statement to the Senate Select Committee on the Papal assassination attempt, the DDI laid out the history of the case, the results of the two Italian investigations, and the CIA investigation. The statement summed up the arguments for and against Bloc complicity and concluded that "the case is still open as far as we are concerned. We have not ruled out Soviet involvement nor are we convinced they masterminded the entire scheme. We intend to continue searching for additional evidence."
- On 28 March 1984, OGI disseminated a typescript memo on the status of the case against Antonov that went to at least 17 high level consumers in various policy and intelligence agencies. The memo stands out in this production category as a straight-forward assessment of whether the evidence is strong enough to convict the Bulgarian of collusion with Agca. After concluding that the case for conviction is not very good, the memo prudently goes on to note that "absence of a conviction, however, need not mean non-complicity in the attack on John Paul II; it may simply mean that actual involvement cannot be proven in a court of law."
- In June and July 1984, OGI sent several similar versions of a memo ~~to a series of high-level customers, including NSC Chief McFarlane, Assistant Secretary of State Burt, and the HPSI.~~ The memo summarizes the key elements of the report and tries to distinguish between fact, conjecture, and hypothesis. In our view, it is a helpful and unbiased guide through a complex subject.

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D. Hard Cover Publications

Of the three formal Intelligence Assessments (IAs) the DI has produced since the assassination attempt, two address the question of Bloc complicity.* These are The Papal Assassination Attempt: A Review of the Record (May 1983) and Agca's Attempt to Kill the Pope: The Case for Soviet Involvement (April 1985). Both papers are impressive efforts to bring some order out of the fragmentary and often contradictory data on the case. Judging from our own review of the two papers and from our interviews with key participants, however, both assessments were troubled by problems in coordination and sourcing, and they share a key shortcoming: failure to consider alternative scenarios to explain the data the authors amassed.

The 1983 paper, which is labeled as a collaborative effort between the DI and DO, concludes that the "assassination attempt was probably not at the direct behest or with the foreknowledge of either the Soviets or Bulgarians." The Key Judgments base the conclusion primarily on two arguments:

- ~~_____~~ the Pope "helpful in reducing tensions in Poland" and;
- "the tradecraft employed...was far below the standards of Soviet bloc security services."

The paper sees as the most probable theory that "Agca acted without sponsorship or foreknowledge by any state at a time while he was performing unrelated work for various Turkish terrorists, criminals or groups."

While the paper does discuss the possibility of Bloc complicity, it does not -- as the 1985 paper does -- look in any detail at questions that might have opened up thinking on the subject: Did the Soviets have a capability for and history of engaging in political assassination? Did the Soviets have a motive for killing the Pope, even though they saw something to be gained from negotiating with him?

*Everyone involved in producing the third paper, Bulgaria: Coping with the Papal Assassination Scandal (December 1984), recalls that the explicit marching orders from the Office and DI level were to remain strictly neutral on the question of whether or not the Soviets and Bulgarians were involved. The paper does this scrupulously, dealing only with how the controversy is likely to affect Sofia's relations with the West and Moscow.

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These shortcomings probably stem from three points that emerged in our interviews. First, the OGI analysts working the problem then had close contacts with the DO and high confidence in that Directorate's ability to judge whether or not the tradecraft had "Soviet fingerprints." Second, as noted earlier, no one in SOVA was following the problem closely at this point, a situation that apparently reflected organizational factors, the lack of any direct evidence of Soviet involvement, and competing priorities. Third, the "mindset" in the Agency in the spring of 1983 had been strongly influenced by [redacted] observations that Bulgarian Government and party officials appeared to know nothing about a plot to kill the Pope -- a report that figures prominently in the 1983 IA.

Our interviews revealed considerable controversy about that IA, particularly the sourcing:

-- According to the principal DI author, the DO drafted the portions of the IA dealing with the [redacted] claim that Sofia was not involved in the plot. He says the DO did not show him all of the raw reporting on the matter, and he therefore had no basis on which to form an independent judgment of it.

-- For their part, the DO participants say that the DI was imprecise in its use of sourcing elsewhere in the paper and did not accept DO coordination changes on those points. A DO officer coordinated the paper within the DO and, after presenting the coordination suggestions to the DI author, discovered that he had already sent the final draft to the DDI.

In any case, our examination of the paper and some of the key sources suggests that some liberties were taken with source descriptions and with the substance of what some of the sources were saying. . . .

-- In the key section on "Soviet and Bulgarian Complicity," for example, the authors say [redacted] the Bulgarian intelligence services did not conceive, fund, or carry out the operation against the Pope." Looking at the actual reports, we find that the source did not have direct access and was only "believed to be reporting reliably what he has heard, [redacted] As for the substance, the source only passed on his second-hand impressions: "According to everything he has been told or has heard about the Antonov affair ... the Bulgarian intelligence services did not conceive, fund, or carry out the attempt on the Pope's life."

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-- The paper also says that [redacted] although the Bulgarian services were aware of the Turk's presence in Sofia, Agca used false documentation, and they did not know his true identity." This is the same source and report discussed above, and it is therefore misleading to skip over the question of access and to describe him simply as "reliable."

The 1985 IA, a joint effort by OGI and SOVA, is the Agency's most comprehensive look at the case to date. By any standard, it is an impressive compilation of the facts and marshalling of the evidence and reasoning for Soviet involvement. The principal spur for the paper was a series of reports in late 1984 [redacted]

[redacted] claim the Bulgarian Military Intelligence Service arranged the assassination attempt at the behest of the Soviet military. Taking off from these reports, the paper makes the case for a Soviet motive and establishes that the Soviets have a capability for conducting -- and history of using -- political assassinations. It concludes that, "assuming East Bloc complicity in the Papal assassination attempt," the most likely scenario would appear to be that "the Soviets initiated the plan... and enlisted (Bulgarian leader) Zhivkov's aid."

The IA breaks new ground by taking the Agency's first comprehensive look at the possibility of Soviet complicity. But many of the people we interviewed thought the paper had an unusual thrust for an intelligence assessment. They thought that calling the paper "The Case for Soviet Involvement" and marshalling evidence only for that side "stacked the deck" in favor of that argument and ran the risk of appearing biased. This impression was further reinforced, they thought, by the "unbalanced" treatment of counter-arguments in the text. A frequently cited example was the relegation to a short footnote of the widely held view that the Soviets considered John Paul to be a moderating influence on Solidarity -- a view whose proponents claim is based on more reliable and extensive reporting than that provided by the recent [redacted] source.

Despite its careful crafting, the paper suffers from some of the same flaws as the 1983 paper and has been even more controversial within the Agency. The misgiving mentioned most frequently in our interviews is the inconsistency between the Key Judgments and the text, particularly in the treatment of sourcing and counter-arguments:

-- A large part of the paper's logic hinges on the [redacted] reporting on the Soviet role.

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The text also contains a section on "Anomalies and Unanswered Questions" which discusses gaps in the case and possible holes in the Soviet-complicity thesis.

-- The Key Judgments, however, only hint at these qualifiers, merely noting near the beginning that

that there are still inconsistencies in our information, which remains "open to alternative interpretations." Everything else in the Key Judgments strengthens the case for Soviet complicity.

-- Many participants in the process thought that without the qualifiers, particularly on source reliability, the Key Judgments give readers the impression that the Agency is saying -- more definitively than the paper intends or the evidence warrants -- that the Soviets were responsible. At the very least, the sourcing in the Key Judgments is inconsistent with the DDI guidance in 1982 to "focus on the weakest element in the collection chain in terms of reliability" when referring to DO sources in DI publications.

The sourcing issue was at the heart of complaints about coordination from officers in DO/SE and DO/EUR. SE officers said their reservations about the sourcing chain on the original raw reports were serious enough that they might not have disseminated the reports had it not been for the high interest in the subject. In their view, the paper was deliberately skewed to make the case for Soviet complicity look more solid than it is; they thought the author(s) had been "manipulated."

Analysts coordinating in the DI would also have preferred more qualifiers in the Key Judgments, along with more time to digest the 97-page draft; most had less than a working day to review it and wondered why a paper dealing with such a sensitive and complex subject had to be rushed through. Equally if not more important, in our view, is the fact that we found no one at the working level in either the DI or the DO -- other than the two primary authors of the paper -- who agreed with the thrust of the IA. As it turns out, the coordination process was essentially circumvented -- in both the DI and the DO -- by either the press of time or by actual circumvention of the chain of command. (In the case of the DO, the paper ended up being coordinated with the DDO, and the SOVA analysts who reviewed the draft saw only the SOVA input.)

The concerns about "balance" and about readers misinterpreting the paper might have been eased by the inclusion

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of a Scope Note saying that the paper deliberately does not try to make the counter-argument against Soviet complicity.* Absent such a Scope Note, this paper, like its 1983 counterpart, would have been strengthened and made more balanced by consideration of alternative scenarios. It could be argued that, taken together, the two papers do explore the two principal theories in the case. But the papers were written with different bodies of evidence. For example, the 1983 paper was completed before, and the 1985 paper after, the Italian magistrate's exhaustive investigation. ~~_____~~ was available. Thus, at no one point in time has the Agency presented a written discussion of alternative scenarios drawing on the same body of data.**

It would be interesting to see how the data now available could be marshalled to support not only Soviet complicity but also other views, such as the theory that Agca was involved with Turkish and Bulgarian smugglers in narcotics and low-level espionage operations and that he may have thought shooting the Pope would please his Turkish/Bulgarian paymasters. (That was the scenario cited when we asked the OGI author of the 1985 paper to spell out the best argument against Soviet complicity.) Ideally, the Agency should be able to say which theory it found more plausible, and -- in the absence of firm evidence -- the credibility of such a judgment would be stronger for having explored the several most likely scenarios.

But we would not exclude the possibility that the Agency might not, in the final analysis, be able to choose any single theory as the most plausible; in this case, we would serve our readers well by emphasizing the complexity of the case, the contradictory nature of the evidence, and the difficulty of arriving at any firm conclusion. As the DI record stands now, our readers are left to guess what the Agency position is on this issue, or, indeed, whether we have a position. The definitive piece is yet to be written.

*Such a Scope Note was, at one point, included in the draft text but was dropped prior to final publication.

**Consideration was given to providing equal treatment to other scenarios in the 1985 IA, but the idea was dropped after OGI front office review of the concept paper. The concern was that the reader would be left to choose what to believe.

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IV. PROBLEMS IN THE ANALYTIC PROCESS

This chapter provides a closer look at some of the key problems in the analytic process in the DI that we identified in our review, including mindsets, external influences, the roles played by evidence, mindsets, the DO and senior management.

A. The Role of Evidence and Mindsets

As indicated earlier in this report, one thing that became increasingly clear to us the more we looked into the case was the central role that evidence played in the analytic process. The absence of convincing evidence from intelligence sources was repeatedly cited in our interviews with analysts and managers alike as one of the main reasons why more finished intelligence was not produced on this issue. Another result of the paucity of intelligence information was that mindsets replaced evidence early on in the analytic process. This, in turn, led to dubious evidence and speculation being used to strengthen differing interpretations of the case -- in some instances, pushing conclusions beyond what could reasonably be supported by the evidence that was available.

With mindsets playing such a strong if not determining role in people's approach to this problem, we found that few minds changed significantly as new evidence was obtained. Our interviews indicate that those analysts who were closest to the case are still able to view the evidence as pointing in either direction on the question of Soviet complicity. Those more distant from the case who were inclined to believe the worst about the Soviets, however, believed from the start that they were involved -- and believe it more strongly now; those who saw the Soviets losing more than they would gain from such an assassination believed from the start that they were not involved -- and believe it still, though perhaps less strongly than before. As these divergent but strongly held views interacted, the issue became increasingly polarized (was it Soviet-inspired or not?), which resulted in scant attention being given to equally if not more plausible scenarios (for example, the possibility that the Soviets might have turned a blind-eye on a Bulgarian initiative). There was, in other words, a disinclination on the part of DI analysts and managers alike to examine alternative explanations very rigorously, at least in the written product.

Within the DO, the prevailing mindset was that the Soviets as well as the Bulgarians were professionals and, as such, would not have gone about this operation in such an unprofessional way. DI analysts, in turn, viewed their counterparts in the DO as professionals, and most placed high value in the DO's judgment on this score. This DI mindset was reinforced by the fact that the traditionally anti-Soviet DO, in this case, shared the

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original DI opinion and likewise took a similarly benign view of the Soviet role. Thus, the sloppy tradecraft exhibited in the case became one of the chief analytic underpinnings of the argument that the Soviets were not involved.

Although we found no evidence in the DI of a conscious effort to excuse the Soviets or let them "off the hook" in this case, some of those we interviewed perceived a reluctance to look at the "seamy underbelly of the (Soviet) beast." Although there may be some truth in this, proof of such a claim would have to rest on a much broader review of DI production than this one, and we would not in any case advocate such a unidimensional analytic approach to analysis of the Soviet body politic.

Finally, although few people took exception to the previously cited judgment that the Pope played a moderating role in the Polish crisis, we found significant differences in interpretation. Those who judged that the Soviets were not involved in the assassination attempt used this assessment as evidence that a live Pope was more useful to the Soviets than a dead one; those who judged that the Soviets were involved said that, although Moscow may see short-term or tactical advantages in keeping the Pope alive, in the long term or strategic sense, the Soviets would be better off without [REDACTED] *him.*

B. Role of the DO

In addition to influencing the DI's analytic mindset, the DO played a critical role in the collection of intelligence information on this subject. We heard different opinions as to how well or diligently the DO performed in this regard. Those who appeared to be in the best position to know (by virtue of their access to DO files) were of the opinion that the DO performed about as well as could be expected under the difficult circumstances created by the unusual nature of this case. We found that those who were further removed from the details of the case often were of the opinion that the DO did not pursue leads diligently enough or task sources as broadly or intensely as it should have, sometimes using the unusual nature of the case as an excuse.

We have no basis for arriving at an independent judgment on this issue but note that the DO did a creditable job in tracing the handgun &ca used and in corroborating some of his travels.

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C. External Influences and the Role of Senior Management

For the first year or so after the shooting, press reporting was virtually the sole source of information bearing directly on the case. Opinions varied greatly among our interviewees on the extent to which DI reporting was influenced by the press in general and by Claire Sterling in particular. Some said that Ms. Sterling's book and other reporting served as a catalyst and shook people's mindsets. Others claimed not to be influenced by, and seemed to take pride in their independence from, the press. We find it hard to believe, however, that analysts could function in this case without being influenced by the press and suspect that those who claim not to have been actually hardened their opinions and mindsets in their determination to resist being influenced. Other observers commented on what they saw as jealousy of, if not animosity toward, Ms. Sterling, her access to sources, and her free-wheeling style.

Another external influence was the "perception in the trenches that there was a mindset at the highest levels" in the US Government and the Agency that the Soviets were behind the attempt on the Pope's life. In one manager's opinion, the effect of this perception on analysts was either to intimidate them or (in our view, more often) to push them into a defensive posture. We believe the cautious, spotty and descriptive nature of some of the early DI reporting on the case flowed partly from this perception. We also found a perception that -- by and large -- the further up the line one went in the Agency, the firmer was the belief in Soviet complicity. And the more evidence that was obtained over time to support that belief, the more upper management was seen to be shaping the DI product, either directly or indirectly.

In the early phases of the case, however, there appears to have been a conscious effort on the part of upper management -- the DDI, at least -- to keep hands off the DI product in order to avoid the appearance of manipulating the analytic process. This in turn stemmed from what we concluded was a recognition at the highest levels of the Agency that the Papal assassination attempt was a highly charged issue, analysis of which would easily be susceptible to charges of politicization, regardless of the judgments arrived at.

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Largely because of the sensitivity of the issue, however, we found that most ad hoc production was initiated from on-high or in response to outside request rather than from below. So, despite the DDI's best efforts, there was a perception among analysts of upper-level direction, which became more pronounced after the new evidence of Soviet complicity was acquired. In the event, however, our interviews suggested that it was not so much DCI or DDI direction as it was an effort on the part of some DI managers at the next one or two layers down to be responsive to perceived DCI and DDI desires. This is reflected in the rather unique thrust of the Intelligence Assessment of April 1985. But the perception of upper-level intervention was compounded by the pressure from on high to produce that paper quickly and from the resulting shortcuts in, if not circumvention of, the usual review and coordination process for such papers. We found no compelling reasons to rush this paper to completion without benefit of all expert views. Our interviews have not unearthed any reason except management's desires to finish it quickly. Moreover, nearly everyone we talked to who was involved in the review and coordination process views the shape and tone of the Key Judgments, and the deletion of the explanatory Scope Note, as having been inspired, if not directed, by the seventh floor.

D. Lack of a Team/Multidisciplinary Approach

The complex nature of the case and the large number of countries potentially involved argued for convening a team of analysts knowledgeable about the various countries, as well as about the tools of Soviet foreign policy, covert action and terrorism. Analysts were needed, for example, with expertise on Soviet policy towards Eastern Europe, Soviet wet operations and the KGB, [REDACTED] the Turkish Mafia and its ties with Bulgarian intelligence, links between the Soviet and Bulgarian intelligence services, [REDACTED]

Instead, the case was conceived almost from the beginning as a terrorist issue and, therefore, as the responsibility of OGI. This had the short-lived advantage of bringing a fresh approach to the case, particularly one not burdened by the mindsets apparently prevailing in SOVA. In the longer run, however, this could not outweigh OGI's lack of expertise on country-specific issues. In addition, the monopoly accorded to OGI later led to an erosion of cooperation and team effort among knowledgeable analysts. This was exacerbated by some office managers' orders to leave the case to OGI.

This is not to say that cooperation was totally lacking among offices and between the DI and DO on this issue over the last four years. From 1981 to late 1983, for example, OGI, EURA, and DO analysts brainstormed about the case, wrote requirements, and coordinated current intelligence. SOVA, however, participated infrequently, resulting in a lack of expertise in these sessions on questions relating to the Soviets' possible

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role and motives. Moreover, these discussions were mostly one-on-one and never led to any significant competitive analysis in the publications. These early efforts were aided in 1984 by the new NIO/USSR, who acted as a catalyst to bring together knowledgeable analysts to discuss the case.

Despite these efforts, the two major intelligence assessments published during this period did not benefit from inputs from all the analysts following the case. The two papers were largely the product of isolated efforts of OGI analysts under the specific direction of their managers, although SOVA made a major contribution to the 1985 IA. What was also lacking, even in these two IAs, was a broader perspective on the case that included specific identification of the larger intelligence issues and weighing new evidence against the background of older reports and assessments -- a process that would have flowed more naturally from a multidisciplinary/team approach to the case.

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V. CONCLUSIONS

In retrospect, there are a number of ways in which the DI could have improved its performance on the Papal assassination case, some of which have relevance for future coverage of this as well as other issues.

- Nearly everyone we talked to emphasized the complexity of the case and said it would have been helpful to have had an inter-Directorate working group that met periodically to thrash out the issue, isolate gaps, and map out a work program. Those who have worked on the case underlined the need to tie together the Italian, Bulgarian, Soviet, and Turkish dimensions of the problem and to involve the DO closely in both a substantive and collection role. The give-and-take in such a group might also have helped erode some of the mindsets that have so heavily conditioned coverage of the issue.
- Throughout the case, greater emphasis should have been placed on analysis of alternative scenarios rather than the single-solution approach that usually prevailed.
- More thorough inter-office and inter-Directorate coordination of finished intelligence, particularly during the Agency's two major analytical efforts in 1983 and 1985, might have led to more balanced papers and more extensive consideration of alternative scenarios in the product.
- A more aggressive and systematic collection effort, particularly if focused on gaps identified by an inter-Directorate working group, might have given us a better understanding of the case than we have today.
- Finally, senior management could have provided clearer and more explicit guidance -- to all of the relevant players -- on how it viewed this problem, what priority it should have, and what it expected of the various offices that could have contributed to analysis of the case.

The last point may hold the key to where the Agency goes from here in dealing with the case. While it is relatively clear, with hindsight, that certain specific things should have been handled differently, it is equally clear that how the issue is dealt with in the future depends on senior management's approach to certain key questions. As things stand now, there is

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a deeply rooted perception at the working level that senior management:

- Regards this as a politically sensitive case that requires special handling.
- Leans toward the view that the Soviets were involved.
- Takes a special interest in the content and timing of what is published on this issue.
- Has "anointed" one office, and indeed one analyst, with principal responsibility for the problem and has therefore discouraged others from taking initiative on the issue.

Thus, the current situation calls for some senior-level decisions. If Agency leadership is satisfied with the way the case is being covered, then nothing needs to be done. If it is not satisfied -- if it wants the issue to be handled more as a traditional intelligence problem -- then it needs to do two things: first, dispel some of the aforementioned perceptions and provide specific guidance to replace them, and second, overcome some of the organizational problems that have led to fragmentation of work of this issue. In particular, management needs to:

- Identify a focal point and give it the responsibility to bring to bear all relevant Agency resources and expertise on this problem.
- Direct such a group to determine the key intelligence questions, identify the gaps in our knowledge, and establish a work program.
- Direct the regional offices to participate in this group and help develop finished intelligence on the case.

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Date

ROUTING AND TRANSMITTAL SLIP

To: (Name, office symbol, room number, building, Agency/Post)

1. DD: Resis:rv	Initials	Date
2. DDI	<i>S</i>	12 Apr 1988
3. D/SOVA	<i>S</i>	
4.		
5. PAD		

Action	File	Rate and Return
Approved	For Clearance	For Conversion
As Requested	For Conversion	Prepare Reply
Complete	For Your Information	See file
Comment	Initiation	Signature
Coordination	Justify	

REMARKS

I am forwarding SOVA's response to DIA's intelligence appraisal USSR: Active Measures in Iran as well as our own reporting record on this subject. Please note that DIA's conclusions are similar to SOVA's view that Iran is a "major target of Soviet espionage and covert political activity," which was recorded in an CIM for the DCI in September. In any event, we have hardly been "silent" on the subject.

Shankar
Rg.

DO NOT use this form as a RECORD of approval, endorsement, dissent, disapproval, and similar actions.

FROM: (Name, org. symbol, Agency/Post)

Room No.—Bldg.

Director of Soviet Analysis

Phone No.

5010-108

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Central Intelligence Agency
Office of the Deputy Director for Intelligence

8/6

Rae -

Why haven't we done something like this? The silence of SOVA analysts on what the Soviets are doing or may be doing in Iran is deafening. I hear from several sources that they have a hard time getting your folks to speak up/out on this subject.

Rg.



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2 December 1986

MEMORANDUM FOR: Deputy Director for Intelligence

FROM: Thomas M. Barksdale, NESA/PG/I

SUBJECT: The Iranian Imbrogio: Implications for the Intelligence Process

1. I want to express to you my concern over the circumvention and misuse of the intelligence process in connection with the contacts between US and Iranian officials and the transfer of US arms to Iran. It is my perception that normal intelligence procedures have been ignored throughout this affair. Iranian analysts in the DDI were never consulted or asked to provide an intelligence input to the covert actions and secret contacts that have occurred. In my judgment, this exclusion of expert opinion contributed significantly to the current foreign policy disaster. [REDACTED]

2. My concern is not only the exclusion of DDI analysts from playing an intelligence role in the recent events. I do not believe this is an isolated case that is already past history. I believe the Iranian affair has revealed serious problems about the intelligence process and this Agency's role in it. I am concerned over the manner in which the entire process becomes skewed when a small coterie of people claiming access to exclusive raw intelligence and acting without coordination with relevant offices are allowed to provide intelligence and advice to US policy makers. In my view, this development in connection with the Iranian arms affair has embarrassed this Agency and the Intelligence Community in the eyes of those officials we are supposed to be serving. But such more importantly, it has squandered the resources of this Agency and prevented it from performing its central mission: the provision of timely and informed assessments to policy makers to guide them in making their decisions. [REDACTED]

3. The immediate problem. I have become aware since the Iranian arms deal became public that there has existed within the Central Intelligence Agency a unique channel for providing intelligence to the NSC on Iran. This channel apparently includes a person under contract to the DDO and the NIO/CT. We have had only sporadic glimpses of the activities of this channel. I have on about two occasions over the past year been allowed to read "exclusive disseased" TDs dealing with US-Iranian relations. [REDACTED]

4. Subsequent to the public revelations of US contacts with Iran, a draft NID/PDB brief on growing popular unrest in Iran was held over

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for 24 hours because DDO was sending an exclusive report to the White House on Iranian political developments. Neither I nor, so far as I know, any other DDI analyst was allowed then or has been allowed

since to have access to this report. On my return on 24 November from a TDY, a fellow political analyst informed me that during my absence a jointly drafted PDB item on Iranian political factions written prior to my departure had been published. He was subsequently told that an exclusive DDO report had been delivered along with the PDB. At least one reader had noted that our assessment and the DDO report were contradictory. My colleague was then allowed to read the TD on which the DDO exclusive assessment was based. My colleague was asked to incorporate his assessment of this report into a package of briefing material prepared for the DCI. I do not know whether this assessment received any further dissemination. [REDACTED]

5. On 26 November 1986 I became aware of yet two more instances in which intelligence on Iranian domestic politics was provided to senior levels of the US Government without coordination with NESAs/PG/I. I received a copy of a Memorandum for the DCI drafted by CTC entitled "Iranian Support for International Terrorism." This memorandum contains a section on Iranian political factions. The factions are defined in ways that none of the three political analysts in NESAs nor, so far as I know, anywhere in the Intelligence Community have ever used before. Some of the information is factually wrong. Flat assertions are made about the attitude of a so-called "middle-of-the-road" faction toward relations with the United States that are at odds with the judgments of NESAs and, I am confident, with the judgments of other components of the Intelligence Community. These assertions are also at odds with the overwhelming bulk of intelligence reporting both from US sources and foreign intelligence services. [REDACTED]

6. Also on 26 November, I became aware that the NIO/CT had briefed officials of the NSC and National Strategy Planning Group on, among other issues, Iranian leaders' attitudes toward the United States. He also discussed the leaders' contacts with US officials. NESAs Iranian analysts were not informed that this briefing was to take place, nor were they asked to provide an assessment of the attitudes purportedly held by Iranian leaders. I believe the issue of Iran's relations with the US is such a more complex and nuanced than that presented by the NIO/CT. [REDACTED]

7. All of this, of course, takes place against the background of press reports that for a considerable period of time US officials have

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been involved in secret contacts with Iranian leaders involving arms deals and our hostages in Lebanon--contacts that took place without anyone involved drawing on the professional expertise available in the DDI to provide an understanding of the broader issues and pitfalls involved in such dealings. [REDACTED]

8. The above incidents represent to me a perversion of the intelligence process staggering in its proportions. It violates the professional standards of conduct that have governed me and most of my colleagues throughout the Intelligence Community during my 18 years as an intelligence officer. Apparently it is now possible for a small number of people claiming access to an exclusive and almost personal data base to run their own intelligence operation with disdain bordering on contempt for their colleagues who have every right to be consulted and included in the process. I believe that the system as it has worked in regard to Iran over about the past 18 months has resulted in distorted, uninformed, and in some instances inaccurate information being presented to officials of this government who presumably believed they were receiving the collective judgment of this Agency. I am appalled that in the midst of a grave foreign policy crisis this helter-skelter, ad hoc, uncoordinated way of doing business has continued. I worry that we risk repeating or perpetuating the mistakes that contributed to the onset of the crisis. [REDACTED]

8. Over the past five years, this Agency and the DDI have enjoyed a recovery of public prestige and infusion of resources. We have hired new analysts in sizeable numbers; on instructions from our managers, we have expanded our contacts with the academic world and other experts through personal meetings, attendance at professional conferences, and the sponsorship of seminars; new collection systems have been brought on line; tasking functions have been given new priority; funds have been made available to allow analysts to travel extensively in their areas of responsibility; new slots have been created for overseas assignments; a research program has been implemented to focus us more on mid- and long-term problems and away from fighting fires; and funds provided to hire outside contractors to expand our knowledge and data even more. [REDACTED]

set back for us too!

9. In the end, all of this activity and commitment of resources did not amount to a pitcher of warm spit as far as providing the US Government with judgments about one of the most significant foreign policy initiatives ever undertaken. As an intelligence officer concerned about the reputation of this Agency and the integrity of what I call an intelligence process; and as an American citizen with some regard for the use of the taxpayers' money, I am hard pressed to justify resources committed against gains achieved. [REDACTED]

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10. As for specific grievances: Any of my superiors in this Agency or this Government are privileged to disregard my analytical judgments at any time. I claim no inherent right to have them exalted above any others. What I do claim--and what I was denied in this instance--is the right to have my judgments heard and taken into account when this Government makes policy on the country on which I am the senior political analyst. If such a right does not exist, or if it can be arbitrarily suspended by any of my superiors at any time, then this Agency is operating in a condition of anarchy bereft of the standards of conduct that I had assumed motivated all of its employees. Any organization in which regard for proper procedures--particularly those that go to the heart of its existence--has become a trivial concern is living on borrowed time as far as its ability to perform its functions effectively or to continue to attract the caliber of employee it would like. [REDACTED]

11. I must also protest the way in which advocacy of a certain line of analysis by people claiming access to closely held information inevitably pushes the intelligence process toward divisions into cliques pleading their particular cases. When, for example, certain components assert exclusive raw intelligence data indicates Iranian leaders are abandoning terrorism, analysts who are not privy to this information and analysing more ambiguous information tend to lean harder on the conclusion that Iran is strong supporter of terrorism. It is a natural human tendency. This undermines the process in which everyone with knowledge of the same data is required to defend their conclusions under rigorous intellectual debate--a process that never works perfectly under any circumstances but at least provides some hope of producing the best finished intelligence possible for policy makers. Instead, we have a process in which the debate becomes personalized as those relying on one set of data cling more forcefully to their principal line of analysis, lest they be accused of themselves adjusting their conclusions to conform to those based on the exclusive data. [REDACTED]

12. I am concerned over the potential for abuse when components are allowed to advocate a line of analysis based on exclusive information. It seems to me to undermine the ability of the CIA to provide objective analysis when the same limited number of people apparently have the authority to cultivate sources, determine the reliability of those sources, provide advice to policy makers based on the information derived from those sources, and determine the relative credibility to be given those sources when weighed against other, and even contradictory, information. I am concerned that there does not seem to be a self-correcting mechanism to subject those sources and the information they provide to rigorous cross-examination, even when the conclusions have, according to available empirical evidence, proved to be faulty. [REDACTED]

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13. I do have one particular grievance.

During the course of [redacted] briefings, the question of Israeli arms transfers--and in one instance, even the question of a US role in such transfers--inevitably came up. I gave what I believed to be the objective facts: Israeli arms transfers were a small and relatively insignificant part of the Iranian inventory, and the US opposed Israeli arms deals with Iran. As we now know, this assessment was wrong. I told a lie to say [redacted] hosts who had every right to believe they were getting an impartial briefing. This, to me, constitutes a violation of the trust that I have a right to demand from this organization. There are no circumstances that justify having an intelligence analyst deliver a briefing in ignorance of contravening facts available to other components of the CIA. The potential for abuse if DDI analysts become shells for covert action is, I hope, all too apparent. Once the lies are revealed, it certainly will do nothing for our relations with foreign governments [redacted]

14. I am being denied access to the reports stemming from contacts between US and Iranian officials. It will be difficult if not impossible for me to analyze Iran's internal politics and its attitudes toward the US and terrorism until I know what Iranians were approached, what they said, and what deals were made. [redacted]

15. The more general problem. As a DDI analyst, I increasingly find I am being denied timely access to the full range of data I need to do my job as I think it should be done. I become aware data I have not seen is in exclusive or restricted channels. I may not see it at all, or see it after it has been disseminated to policy makers, and then I may be allowed only a cursory FYI glance. I am not supposed to analyze this information or incorporate it into a data base. The reports I am referring to are mainly "exclusive disseminated" DDO TDs; some of it is SI. [redacted]

16. With the expansion of the Agency's manpower and creation of new components, there seems to have been an increase in the number of people who are guaranteed a hearing at high levels of the Agency or the government without the necessity of coordinating their opinions with other components. [redacted]

17. I obviously have not conducted a poll of my colleagues, but I believe a sampling of opinion would reveal widespread malaise on the part of most employees connected with Iran, the hostages, and Iranian terrorism over the manner in which the issue of contacts with Iran

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has been handled by the Agency. Morale has been dealt a serious blow with the realization that much of their work has been only a sideshow, a spinning of wheels isolated from the main show. This is one other factor to be weighed against the justifications that will undoubtedly be offered for limiting knowledge of the Iranian contacts. [REDACTED]

18. It is difficult to make recommendations about correcting these perceived shortcomings. The problems I have cited involve basic questions of how this Agency does its business. I cannot tick off a few easily implemented solutions. In general, what I am asking is:

- A review of all the intelligence production provided the NSC over the past 18 months related to Iranian internal politics and Iranian relations with the US that was passed without coordination with NESAs. The right to make known to the recipients of this production any NESAs differences with the judgments provided.
- If this is not feasible, an explanation of the circumstances under which finished intelligence on Iran can be provided to policy-making levels of the US Government without coordination with NESAs.
- An explanation in writing of the relative responsibilities and relationships between NESAs/PG/I on the one hand and CTC and NIO/CT on the other, particularly regarding their respective obligations to coordinate with each other in the production of intelligence. An explanation of why the memorandum entitled "Iranian Support for International Terrorism" dated 22 November 1986 was sent forward without NESAs coordination.
- The right to be consulted when any CIA component is writing an assessment or making recommendations to policy makers or senior Agency officials regarding my areas of expertise.
- An end to any practice of sending raw intelligence to policy makers without its being reviewed by relevant DDI offices. A mechanism for resolving the issue if DDI and DDO disagree on whether the information should be sent.
- A review of the practice of keeping some information in exclusive or restrictive channels, to determine whether this is necessary, and, if so, to improve the procedures whereby DDI analysts can be given timely access to such information.
- Assurances that never again will I or any DDI analyst be allowed to present information to any recipient that any other component of the CIA or US Government knows to be inaccurate. [REDACTED]

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19. I have so far given you what I believe are legitimate concerns about our activities. What follows is more presumptuous. I appeal here to the fact that I have spent my entire adult life in the employment of this Government, either here or in the US Army, including a tour of duty in the infantry in Vietnam. I have worked here under five Presidents, all of whom have done things that I disapproved of, but nothing so grievous as to cause me to have doubts about continuing as a part of this Government. Even before this Iranian business broke, this perception had begun to change. To simplify for the sake of discussion, there appear to be two strains of thought underlying the conduct of US foreign policy. One views the world as a complex place, requiring US leaders to have a sophisticated knowledge of foreign countries. According to this view, the US can perform its role only if it has an informed awareness of the forces that motivate other countries and deals with these forces with a thoughtful blend of its moral, military, and economic resources. [REDACTED]

20. The other strain has a more simple view. It believes what the US wants sets the standard by which other countries are to be judged. They are right or wrong, according to the degree to which they support or oppose US policies. From this standpoint, it follows that any country can be dealt with by any method the US believes proper. US leaders are not required to conduct foreign policy openly and with the support of the American public. They can place such reliance on force. They can turn to a small clique of individuals unaccountable to any institution and only tenuously if at all accountable to the rule of law. These individuals in turn feel free to choose methods more suited to the Mafia than to a government presuming some moral superiority. Hence the US ends up conducting its foreign policy by arming various brigands, mining international waters (putting us in the same boat with Qadhafi), attempting to reestablish relations with a previously hostile country through furtive contacts with men of questionable motives, and engaging in under-the-counter arms deals contrary to our own stated policies. [REDACTED]

21. I have within the past four years had a front row seat on two occasions to witness the disasters that result when this latter strain is allowed to govern foreign policy. I was the Palestinian analyst and served on the Lebanese task force when Israel invaded Lebanon. There, too, great diplomatic vistas were to open up if Israel invaded Lebanon and ended the "Palestinian problem" through military might; if US Marines were used not just temporarily to separate warring factions but to provide the US with a basis to intervene in Lebanese internal politics; if the battleship New Jersey blasted hostile Lebanese factions; if carrier bombers made a show of force against the Syrians. All of these uses of military force were to cut through the complexity

[REDACTED]

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of the Middle East peace process, Lebanon's factional politics, and Syria's role in regional affairs and allow the US to impose its own solutions. They not only failed to do that; they left the region more destabilized and peace further away than ever, and they left in their wake immense human suffering that continues to grow. [REDACTED]

22. These policies in Lebanon failed because they were inherently flawed. What's more, there were people in this organization saying at each step of the way that they were flawed, would not work, and would probably be counterproductive to any objective this country wanted to achieve. The killing of our and State Department employees; the deaths of over 200 Marines; the radicalization of Lebanese Shias; the transformation of an already conflict-ridden Lebanon into a charnel house; these events did not just happen, much less did they happen because evil terrorists persist in their terrorism. They happened in large measure because those in charge of US policy remained ignorant of the forces at work as they single-mindedly pursued militarily imposed solutions. [REDACTED]

23. How incredible that four years later the same ignorance in even more virulent form has produced yet another disaster for the United States and its prestige. How incredible that 25 years after the Bay of Pigs, action-oriented adventurers are let loose to do their thing without any necessity to seek the advice, much less the consent, of experts who might have warned them they were on a fool's errand. How incredible that three weeks after the judgments about Iran put forward by certain CIA components are revealed to be seriously flawed, those same components are free to continue pushing the same line unfettered by any need to consult with other components with different viewpoints. [REDACTED]

24. Adventurers who achieve results by cutting through the details can justifiably find tiresome those who constantly insist that the details of a complex world should be given due regard before the US seeks new worlds to conquer. The adventurers become intolerable when all they can point to is a string of failures that have left US prestige further tarnished and more innocent human bodies lying in their wake. [REDACTED]

25. I would hope that events of the past few weeks have laid to rest the notion that US foreign policy can be conducted on the basis of a small handful of people engaging in covert action, clandestine contacts, and other too-cute-by-far tactics uninformed by consultations with the chief foreign policy instruments of this government. I would hope DDI analysts through proper channels will always have a central role in providing the assessments on which policy makers base their decisions. [REDACTED]

[REDACTED] 8 [REDACTED]
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26. As for me personally, I can only express to you my profound disquiet about being part of a government that conducts its foreign relations without regard for the norms and proper procedures of a democratic system based on the rule of law. If any other employee of this Agency finds these concerns trivial, I would welcome consulting with them in a forum of their choosing. I would like to hear their opinions of how the same person at the age of 25 could fight a war in which he did not believe out of concern that at that particular time his obligations to society outweighed his personal feelings, but now deserves only condescending dismissal if he asserts that his own morality seems to be at odds with his professional duties. I hope I do not hear that if a person's role in great affairs is minor, that individual is excluded from the necessity to reach moral judgments about what is happening. If that is the rejoinder, I would like to hear a discussion of the differences between the obligations of a government employee in the United States today and one in Germany in, say, 1942. [REDACTED]

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APPENDIX

I would like for the record to repeat what I said to you about the substance of US policy in our meeting on 25 November. DDI Iranian political analysts have consistently pointed out the factionalism within Iran's leadership. We have said that anti-US attitudes stem from deeply held perceptions that will not be easily abandoned, especially while Khoemini is alive; we do not believe that Iranian leaders yet have a sincere desire to improve relations with the US and would at best engage in probing to see what practical benefits Iran might derive in return for open ended promises to seek improved relations; any Iranian leader claiming to want better ties probably would represent only a faction or clique and would be unlikely to have the authority to commit Iran to a rapprochement; he would in fact, be seeking ways to further his own political fortunes. The power struggle, we said, would have to work itself out more before the US could deal confidently with Iran. [REDACTED]

We also pointed out that while our policy makers must decide whether to deal with Iran while officials who held our diplomats hostage in Tehran and were linked to the murder of US Marines in Lebanon and the bombing of our Embassy there continued to hold high-level positions in the Iranian hierarchy, it seemed to us that a test of Iran's willingness to seek a rapprochement would be whether these officials had their wings clipped. We further assessed that it might send exactly the wrong signal to Iranian leaders if the US were perceived as the supplicant, begging for better relations while Iran remained uncompromising and unapologetic about its past transgressions. In sum, had our assessments been heeded, the US would not be in the mess it is in today. [REDACTED]

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#91-3831(w/91-288)

15 January 1987

SOVA Draft Testimony for DDCI, Robert Gates

(Drafted by Jennifer L. Glaudemans)

Senate Foreign Relations Committee - Week of January 19, 1987

MR. CHAIRMAN, I'D NOW LIKE TO TURN YOUR ATTENTION TO THE INTELLIGENCE COMMUNITY'S AND CIA'S OWN DIRECTORATE OF INTELLIGENCE'S ASSESSMENTS OF SOVIET-IRANIAN RELATIONS. IN AUGUST AND SEPTEMBER 1983 CIA PRODUCED TWO INTELLIGENCE ASSESSMENTS ENTITLED "SOVIET-IRANIAN RELATIONS: MOSCOW'S POLICY AND OPTIONS" AND "MOSCOW'S TILT TOWARD BAGHDAD: THE USSR AND THE WAR BETWEEN IRAN AND IRAQ," IN WHICH WE PRESENTED EVIDENCE THAT SOVIET EFFORTS TO COURT THE NEW ISLAMIC REPUBLIC NOT ONLY FAILED BUT ALSO SOURED SOVIET TIES TO IRAQ. THE SOVIET UNION SHIFTED ITS SUPPORT BACK TOWARD IRAQ BETWEEN 1982 AND 1983 AND BEGAN TO PURSUE A TOUGH POLICY TOWARD IRAN. WHILE THE SOVIETS HAD GREATLY BENEFITED FROM THE US LOSS OF IRAN, THEY HAD BEEN UNABLE TO ELICIT PRO-SOVIET MOVEMENT FROM TEHRAN.

IN FEBRUARY 1985, THE CIA'S OFFICE OF SOVIET ANALYSIS WROTE, IN A MEMORANDUM SENT TO THE WHITE HOUSE, NSC, STATE AND DEFENSE DEPARTMENTS, THAT THE SOVIETS WERE REJECTING IRANIAN OVERTURES FOR IMPROVED RELATIONS AND CONTINUING TO PURSUE THEIR TOUGH POLICY IN THE HOPE OF FORCING IRAN TO MODIFY ITS ANTI-SOVIET POSTURE. AT THIS TIME, IRAN WAS SEEKING TO END ITS ISOLATION AND MADE SIMILAR OVERTURES TO CHINA, FRANCE, AND OTHER WESTERN COUNTRIES. MOSCOW'S TOUGH POLICY APPEARED TO BE BASED ON A PRESUMPTION

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THAT IRAN WANTED MOSCOW TO CEASE ITS ARMS DELIVERIES TO IRAQ BUT WAS UNWILLING TO OFFER THE SOVIETS ANYTHING IN RETURN. THE NATIONAL INTELLIGENCE DAILY RAN FOUR ARTICLES IN THE FIRST FIVE MONTHS OF 1985 THAT INDICATED BOTH SIDES WERE PROBING FOR BETTER TIES, BUT THAT MOSCOW WAS INSISTING THAT IRAN SIGNIFICANTLY REDUCE ITS ANTI-SOVIET RHETORIC AND SUPPORT FOR THE AFGHANISTAN RESISTANCE, ALLOW THE RETURN OF 18 SOVIET DIPLOMATS EXPELLED IN 1983, AND EASE OPPRESSION OF THE TUDEH COMMUNIST PARTY.

THE MAY 1985 INTELLIGENCE COMMUNITY'S ESTIMATE ON PROSPECTS FOR IRAN'S NEAR-TERM INSTABILITY NOTED THAT THE SOVIET UNION WAS IN A BETTER POSITION THAN THE US TO INFLUENCE IRAN, BUT ERRONEOUSLY PROJECTED THE SOVIETS WOULD SHOW SOME FLEXIBILITY ON SELLING ARMS TO IRAN.*

THIS SMIE WAS REVISED, HOWEVER, IN FEBRUARY 1986, AND SUGGESTED THAT MOSCOW WOULD NOT TAKE UNILATERAL STEPS TO IMPROVE RELATIONS WITH IRAN AS LONG AS KHOMEINI REMAINED IN POWER AND/OR THE US REMAINED LOCKED OUT OF TEHRAN. THE INTELLIGENCE COMMUNITY ALSO

* MR. GATES, THERE WAS CONSIDERABLE DISAGREEMENT BETWEEN THE NIO/NESA AND CIA/SOVA OVER THE SOVIET JUDGMENTS IN THIS SMIE. CIA/SOVA BELIEVED THE ESTIMATE, AS REVISED BY NIO/NESA, OVERSTATED PROSPECTS FOR INCREASED SOVIET INFLUENCE IN IRAN. ALTHOUGH SOVA WAS ABLE TO TONE DOWN THE JUDGMENTS, IT REMAINED DISSATISFIED WITH THE FINAL PRODUCT, WHICH DIFFERS MARKEDLY FROM OTHER CIA AND COMMUNITY FINISHED INTELLIGENCE ON IRAN.

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NOTED THAT THE POTENTIAL LEVERS THE SOVIETS HAVE BOTH IN AND OUTSIDE IRAN--THE TUDEH PARTY, OTHER LEFTISTS, AND DISGRUNTLED IRANIAN MINORITIES--ARE ALL TOO WEAK TO OFFER THE SOVIETS A VIABLE ALTERNATIVE UNLESS THESE GROUPS ALLY WITH OTHER IRANIAN FACTIONS.

IN JUNE 1985 MOSCOW WITHDREW ITS REMAINING SOVIET ECONOMIC ADVISERS IN IRAN (BETWEEN 1000 AND 1500) BECAUSE THEIR SAFETY COULD NOT BE GUARANTEED. THESE SOVIETS WERE PRIMARILY INVOLVED IN BUILDING A POWER PLANT AND STEEL FACTORY IN ESFAHAN (SOVIETS WORKING ON A POWER PLANT IN AVHAZ HAD BEEN WITHDRAWN IN 1983) AND MOSCOW APPEARS TO HAVE CONDITIONED THEIR RETURN ON IRAN'S AGREEING TO ENTER NEGOTIATIONS WITH IRAQ ON ENDING THE GULF WAR.

MORE RECENTLY, THE CIA'S OFFICE OF SOVIET ANALYSIS HAS PRODUCED A RESEARCH PAPER ENTITLED "SOVIET POLICY TOWARD THE MIDDLE EAST" AND, WITH THE OFFICE OF NEAR EAST AND SOUTH ASIA ANALYSIS, AN INTELLIGENCE ASSESSMENT ENTITLED "USSR-IRAN: PROSPECTS FOR A TROUBLED RELATIONSHIP." BOTH PAPERS ASSERT THAT MOSCOW'S TOUGH POLICY OF RECIPROCITY CONTINUE TODAY BUT NOTE THAT PROSPECTS FOR IMPROVED RELATIONS ARE BEST IN THE ECONOMIC SPHERE. LAST MONTH (DECEMBER) IN TEHRAN, THE TWO COUNTRIES HELD THEIR FIRST JOINT ECONOMIC COMMISSION IN TEN YEARS WHERE THEY DISCUSSED JOINT ECONOMIC PROJECTS, TRADE, AND THE POSSIBILITY OF JOINT EXPLORATION OF OIL IN THE CASPIAN SEA. THE OTHER OBSTACLES, MENTIONED EARLIER CONTINUE TO STALL ADDITIONAL PROGRESS.

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NONETHELESS, MOSCOW'S POSITION COULD CHANGE AFTER KHOMEINI DIES OR AFTER THE IRAN-IRAQ WAR ENDS. OBVIOUSLY THE OUTCOMES OF THE SUCCESSION AND THE WAR ARE IMPOSSIBLE TO PREDICT, BUT AN IRANIAN VICTORY OVER IRAQ OR A CONTINUATION OF THE AYATOLLAH'S POLICY WOULD NOT BODE AS WELL FOR THE SOVIETS AS WOULD THE EMERGENCE OF A MORE PRAGMATIC REGIME IN TEHRAN OR AN END TO THE GULF WAR IN WHICH NEITHER PARTY EMERGED VICTORIOUS. ALTHOUGH US EFFORTS TO REESTABLISH A MEASURE OF WORKING RELATIONS WITH IRAN HAVE YET TO SUCCEED, ANY SIGN OF A MODUS VIVENDI PROBABLY ALSO WOULD CAUSE THE SOVIETS TO REASSESS THEIR TOUGH STANCE TOWARD IRAN. SINCE NEWS OF THE US ARMS SALES TO IRAN REACHED THE PUBLIC, SOVIET MEDIA HAVE BLASTED IRAN'S SUPPORT FOR THE AFGHAN RESISTANCE AND AN OFFICIAL SOVIET GOVERNMENT STATEMENT ON THE IRAN-IRAQ WAR SUPPORTED IRAQ'S POSITION OF ENDING THE WAR THROUGH NEGOTIATIONS, SUGGESTING MOSCOW REMAINS CONFIDENT THAT ITS TOUGH POLICY OFFERS THE BEST PROSPECT FOR MAINTAINING GOOD TIES TO IRAQ AND FOR CHANGING ANTI-SOVIET ASPECTS OF IRANIAN POLICY.

BOTH CIA'S PAPERS ALSO ASSESS THE CHANCES OF A SOVIET INVASION OF IRAN AS QUITE REMOTE UNLESS:

- o THE SOVIETS PERCEIVED THAT THE US ITSELF WAS PREPARING TO INTERVENE MILITARILY IN IRAN.
- o CENTRAL POWER IN IRAN BROKE DOWN AND THE COUNTRY BEGAN TO FRAGMENT.
- o A LEFTIST FACTION SEIZED POWER AND APPEALED TO THE USSR FOR HELP.

IRAN: THE STRATEGIC PRIZE

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IN ALL OUR PUBLICATIONS WE'VE STATED THAT IRAN PROBABLY POSSESSES GREATER GEOSTRATEGIC SIGNIFICANCE FOR THE USSR THAN ANY OTHER STATE IN THE PERSIAN GULF REGION. ITS CONTIGUOUS BORDERS WITH THE USSR IN SENSITIVE SOVIET ETHNIC REGIONS; ITS BORDERS WITH AFGHANISTAN AND SUPPORT FOR THE INSURGENCY THERE, ITS OIL WEALTH, POPULATION, AND DOMINANT POSITION IN THE GULF ALL MAKE IT EXCEPTIONALLY IMPORTANT. MOSCOW HAS LONG SOUGHT TO UNDERMINE US INFLUENCE AND PRESENCE IN IRAN, AND, WITH THE FALL OF THE SHAH, THIS OBJECTIVE WAS ACHIEVED. AS LONG AS THE IRANIAN GOVERNMENT MAINTAINS A HOSTILE POSTURE TOWARD THE SOVIET UNION, KEEPING THE UNITED STATES OUT WILL REMAIN THE SOVIETS PRIMARY GOAL--SOMETHING AT WHICH THE SOVIETS DO NOT HAVE TO WORK VERY HARD.

WITH THE UNITED STATES ON THE SIDELINES, MOSCOW HAS FELT FREE TO TAKE A HARD LINE TOWARD IRAN'S ANTI-SOVIET ACTIONS. IT WAS OUR ASSESSMENT IN THE 1986 SNIE THAT IRAN WOULD WANT TO CONTINUE ITS DIALOGUE WITH THE USSR, BUT THAT "TEHRAN HAS NO INTENTION OF GIVING UP SOME OF ITS MORE IMPORTANT TRUMP CARDS, SUCH AS ITS POLICY TOWARD AFGHANISTAN...IRAN'S POLITICAL AND HISTORICAL INSTINCTS SHOULD LIMIT ITS DESIRE TO BECOME TOO CLOSELY ALLIED OR DEPENDENT ON THE SOVIETS. THIS FACT IS ONE OF THE STRONGEST LEVERS THAT THE UNITED STATES POSSESSES IN THE LONG-TERM STRUGGLE FOR INFLUENCE IN THAT COUNTRY."

"HISTORICAL EXPERIENCE SHOWS, HOWEVER, THAT IRANIAN POLITICAL LEADERS CAN OVERCOME THEIR HEALTHY FEAR OF THEIR NORTHERN NEIGHBOR IF THEY PERCEIVE

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ANOTHER HOSTILE FORCE IS THREATENING THEIR POLITICAL EXISTENCE. AN IRANIAN BELIEF THAT THE UNITED STATES WAS ACTIVELY ENGAGED IN AN EFFORT TO OVERTURN THE REVOLUTION WOULD BE THE KIND OF DEVELOPMENT THAT COULD LEAD TO A SIGNIFICANT MODIFICATION OF IRANIAN POLICY TOWARD THE SOVIETS."

THE MAY 1985 ESTIMATE:

THE 1985 ESTIMATE, AN ANOMALY COMPARED TO THE COMMUNITY'S OTHER ASSESSMENTS, ERRONEOUSLY STATED THAT "THE USSR ALREADY HAS MUCH LEVERAGE OVER TEHRAN--IN STARK CONTRAST TO THE UNITED STATES. [AND] WE BELIEVE MOSCOW WILL VIEW IRAN AS A KEY AREA OF OPPORTUNITY IN THE COMING YEAR." IT ALSO SAID, "WE BELIEVE MOSCOW WILL SHOW SOME FLEXIBILITY ON THE QUESTION OF ARMS TO IRAN." EVEN BY 1987 THE SOVIETS HAVE NOT BEEN ABLE TO ALTER IRAN'S ANTI-SOVIET POSTURE NOR HAVE THEY LAUNCHED A MAJOR EFFORT TO COURT THE REGIME IN TEHRAN.

THE USSR CONTINUES TO BE A MAJOR ARMS SUPPLIER TO IRAQ, AS NOTED BY THE RECENT DELIVERY OF MIG-29 SOVIET FIGHTER AIRCRAFT. THIS ESTIMATE DID POINT OUT, HOWEVER, THAT THE SOVIETS WERE STILL INSISTING ON CONCRETE IRANIAN GESTURES BEFORE THE USSR WOULD AGREE TO A SIGNIFICANT IMPROVEMENT IN RELATIONS.

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SENATE FOREIGN RELATIONS COMMITTEE
21 JANUARY 1987

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1. Adjustments
2. [unclear]
3. [unclear]

MR. CHAIRMAN, TODAY I WANT TO PROVIDE YOU WITH THE INTELLIGENCE COMMUNITY'S ANALYSIS OF THE INTERNAL SITUATION IN IRAN, INCLUDING IRANIAN VIEWS OF THE US AND THE IMPACT OF THE US INITIATIVE; OUR VIEW OF THE IRAN-IRAQ WAR, INCLUDING THE PASSAGE OF US INTELLIGENCE; AND THE IMPACT OF THE US INITIATIVE ON THE REGION, INCLUDING THE USSR. - IN THIS RESPECT, I WILL REVIEW MOSCOW'S PERSPECTIVE ON THESE DEVELOPMENTS AND EXAMINE THE POSSIBILITY OF AN ENHANCED SOVIET POSITION ARISING AS A RESULT OF INSTABILITY IN IRAN OR THE IRAN-IRAQ WAR.

LET ME BEGIN BY SPEAKING FIRST TO OUR INTELLIGENCE CAPABILITIES ON INTERNAL IRANIAN AFFAIRS AND WHAT WE HAVE DONE TO IMPROVE THEM SINCE 1979. IN THE IMMEDIATE PERIOD FOLLOWING THE OVERTHROW OF THE SHAH, WE WERE CRITICIZED -- JUSTIFIABLY -- FOR NOT DEVOTING ENOUGH RESOURCES AND ATTENTION TO THE SOCIAL, POLITICAL AND ECONOMIC FORCES AT WORK IN IRAN. SINCE THEN, WE HAVE MADE A MAJOR EFFORT TO CORRECT OUR DEFICIENCIES. I BELIEVE THE TESTIMONY I WILL GIVE TO YOU TODAY WILL MAKE CLEAR THAT OUR EFFORTS HAVE BORNE FRUIT.

I'D LIKE TO GIVE YOU A FEW PARTICULARS OF OUR STEPS TO IMPROVE BOTH OUR COLLECTION AGAINST AND ANALYSIS OF IRAN. CIA

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HAS INCREASED THE NUMBER OF ANALYTICAL POSITIONS DEDICATED TO IRAN FROM [REDACTED] IN 1979 TO [REDACTED] IN 1987. IN ADDITION, SINCE 1979, WE HAVE MADE A CONCERTED EFFORT TO REACH OUT TO IRANIAN EXPERTS THROUGHOUT THE WEST TO TAP THEIR KNOWLEDGE AND TEST OUR OWN ANALYSIS. TO THIS END, WE HAVE BEEN SPENDING ABOUT \$ [REDACTED] ANNUALLY ON CONFERENCES AND EXTERNAL ANALYSIS CONTRACTS. OVER THE LAST TWO YEARS, -- THE PERIOD MOST RELEVANT TO MY TESTIMONY TODAY -- CIA HAS PRODUCED 32 MAJOR ASSESSMENTS AND OVER 100 DAILY CURRENT INTELLIGENCE ITEMS. DURING THIS SAME PERIOD, THERE HAVE BEEN 3 NATIONAL ESTIMATES ON THE INTERNAL IRANIAN SITUATION.

THIS FINISHED INTELLIGENCE WAS BASED IN LARGE MEASURE ON A SIGNIFICANT IMPROVEMENT IN OUR HUMAN INTELLIGENCE CAPABILITY,

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

MR. CHAIRMAN, THE ANALYTICAL COMPONENTS OF THE INTELLIGENCE COMMUNITY WERE NOT MADE AWARE OF THE NSC'S IRANIAN INITIATIVE AND, AS A RESULT, DID NOT PROVIDE DIRECT INTELLIGENCE SUPPORT

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TO IT. THE ONLY TIME WE WERE SPECIFICALLY TASKED BY THE NSC TO ADDRESS A NUMBER OF QUESTIONS ON IRAN WAS IN MAY 1985. WE WERE ASKED TO ADDRESS A NUMBER OF QUESTIONS, INCLUDING:

- THE CHANCES FOR POLITICAL INSTABILITY IN IRAN WITH PARTICULAR ATTENTION TO FACTIONAL POLITICS.
- THE SUCCESSION TO KHOMEINI.
- THE EFFECTS OF THE WAR WITH IRAQ ON POLITICAL AND SOCIAL TENSIONS.

(I MIGHT ADD THAT THIS KIND OF TASKING -- WITHOUT TELLING US WHAT INITIATIVES WERE CONTEMPLATED OR UNDERWAY -- IS NOT THAT UNUSUAL. IT WAS, FOR EXAMPLE, THE WAY HENRY KISSINGER ACQUIRED A GREAT DEAL OF INFORMATION FROM US ON CHINA IN 1970-71 WITHOUT REVEALING HIS PURPOSE.)

WE WERE NOT ASKED AT ANY POINT IN 1985 TO ASSESS THE BASIC PREMISES ON WHICH THE NSC OPERATION RESTED OR TO TEST ASSESSMENTS OF THE IRANIAN SCENE BEING ADVANCED BY THE ISRAELIS. HOWEVER, ALL OF THE PUBLISHED ASSESSMENTS ON IRANIAN POLITICS AND POLICY TO WHICH I HAVE REFERRED WERE READILY AVAILABLE TO THE NATIONAL SECURITY COUNCIL STAFF. AS IS OFTEN THE CASE IN THE REAL WORLD OF INTELLIGENCE AND POLICY FORMULATION, SOME OF OUR CONCLUSIONS SUPPORTED THE PREMISES OF THE NSC'S INITIATIVE AND SOME OF THEM DID NOT. THE DEGREE TO WHICH OUR VIEWS WERE TAKEN INTO ACCOUNT IS SOMETHING OVER WHICH WE HAD NO CONTROL AND LITTLE KNOWLEDGE. BUT, OUR PUBLISHED VIEWS AND ANALYSIS WERE READILY AVAILABLE, AND MAY WELL HAVE BEEN USED.

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UNCLASSIFIED**I. THE IRANIAN POLITICAL SCENE**

MR. CHAIRMAN, THE INTELLIGENCE COMMUNITY CONSISTENTLY HAS CHARACTERIZED THE IRANIAN REGIME AS HIGHLY FACTIONALIZED AND DEPICTED DISARRAY WITHIN THE CLERICAL LEADERSHIP AS THE REGIME'S PRIMARY WEAKNESS. WE NOTED IN 1984 THAT, "NEARLY SIX YEARS AFTER THE REVOLUTION, THE CLERICS HAVE YET TO AGREE ON KEY PHILOSOPHICAL AND THEOLOGICAL GUIDELINES FOR THE ISLAMIC REPUBLIC OF IRAN. EVEN THE ISSUE OF CLERICAL CONTROL HAS NOT BEEN RESOLVED." THAT JUDGMENT REMAINS VALID TODAY. NO GROUP OR LEADER HAS MANAGED TO GAIN DOMINANCE.

I'D LIKE TO BEGIN BY ADDRESSING THE CONTROVERSIAL ISSUE OF IDENTIFYING AND CHARACTERIZING IRANIAN FACTIONS. THERE HAS BEEN A LOT OF PUBLIC CRITICISM REGARDING THE ADMINISTRATION'S PREMISE THAT A DIALOGUE COULD BE DEVELOPED WITH ONE OR ANOTHER FACTION OF IRANIAN LEADERS. I BELIEVE THAT ONCE ONE UNDERSTANDS THE FACTION-RIDDEN AND UNDISCIPLINED NATURE OF IRANIAN POLITICS, THE REASONING BEHIND THE IDEA OF BUILDING LINES OF COMMUNICATION WITH SEPARATE INDIVIDUALS OR GROUPS WITHIN THE IRANIAN ESTABLISHMENT BECOMES MORE UNDERSTANDABLE.

THE INTELLIGENCE COMMUNITY AGREES THAT, IN THE SWIRL OF IRANIAN POLITICS, THREE PATTERNS OF POLITICAL COALITION AMONG THE LEADERSHIP HAVE EMERGED. FOR WANT OF BETTER TERMS AND BECAUSE WE MUST CALL THEM SOMETHING, WE HAVE DEPICTED THESE THREE GROUPS AS RADICALS, CONSERVATIVES, AND PRAGMATISTS. I

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RECOGNIZE THE NEED FOR LABELS OF SOME SORT. BUT LET ME CAUTION YOU THAT THESE THREE LABELS DO NOT FIT POLITICS IN IRAN NEARLY AS NEATLY AS THEY WOULD IN MOST OTHER COUNTRIES. I'LL TRY TO GIVE YOU SOME BACKGROUND ON WHY THIS IS SO.

EVEN THOUGH MEMBERS OF THE DIFFERENT FACTIONS SHARE A CORE SET OF ASSUMPTIONS AND BELIEFS, FACTIONAL DIFFERENCES ARE OVERLAID BY INSTITUTIONAL AND FAMILY RIVALRIES. RADICALS -- LED BY PRIME MINISTER MUSAVI -- SUPPORT AGGRESSIVE EXPORT OF THE REVOLUTION, CONTINUATION OF THE WAR, AND ARE VEHEMENTLY OPPOSED TO THE UNITED STATES. A MODERATE/CONSERVATIVE COALITION -- TYPIFIED BY DEPUTY ASSEMBLY SPEAKER YAZDI -- GENERALLY OPPOSES VIOLENT EXPORT OF THE REVOLUTION, PRIVATELY. FAVORS A NEGOTIATED END TO THE WAR AND SEEKS TO LIMIT THE GOVERNMENT'S ROLE IN THE ECONOMY. BUT THIS FACTION IS ALSO SUSPICIOUS OF THE US; INDEED, WHEN IT COMES TO THE UNITED STATES, THERE ARE NO IRANIAN MODERATES. THE GROUP WE CALL PRAGMATISTS -- LED BY ASSEMBLY SPEAKER RAFSANJANI -- MANEUVERS OPPORTUNISTICALLY BETWEEN THE OTHER TWO FACTIONS, FOR THE MOST PART CHOOSING POLICIES THEY BELIEVE FURTHER IRAN'S NATIONAL INTERESTS AND THEIR OWN POLITICAL CAREERS.

THESE GROUPS SOMETIMES HAVE OVERLAPPING INTERESTS AND SOME LEADERS ARE, FOR EXAMPLE, RADICALS ON SOME ISSUES AND PRAGMATISTS ON OTHERS. THESE FACTORS HELP EXPLAIN WHY IRANIAN LEADERS SOMETIMES SOUND THEMES THAT SEEM REASONABLE WHILE COMING BACK A FEW MINUTES LATER WITH STATEMENTS THAT SOUND

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HOSTILE OR EVEN IRRATIONAL. ALL THIS GOES TO SHOW WHY IT REMAINS DIFFICULT TO CHARACTERIZE IRANIAN LEADERSHIP POLITICS IN TERMS WE IN THE WEST UNDERSTAND.

THE ECONOMY, THE WAR, AND KHOMEINI'S INCAPACITATION ALL HAVE CONTRIBUTED TO INTENSIFIED POLITICAL INFIGHTING AMONG THE LEADERSHIP FACTIONS. THE COMMUNITY BELIEVES THAT NO INDIVIDUAL OR GROUP HAS GAINED DOMINANCE, BUT RAFSANJANI, HAS CLEARLY STRENGTHENED HIS POSITION OVER THE LAST YEAR. HE HAS GAINED PREEMINENCE BECAUSE HE HAS KHOMEINI'S CONFIDENCE AND SUPPORT; IS APPARENTLY UNRIVALLED IN HIS SKILL AT BRIDGING DIFFERENCES BETWEEN RIVAL FACTIONS; AND HAS THE SUPPORT OF SEVERAL KEY FIGURES -- INCLUDING KHOMEINI'S SON AHMAD, THE MINISTER OF INTELLIGENCE, WHO IS RESPONSIBLE FOR INTERNAL SECURITY, AND SENIOR OFFICERS IN THE REVOLUTIONARY GUARD. THE GUARD PROBABLY WILL BE CRITICAL IN DETERMINING THE OUTCOME OF THE POWER STRUGGLE. RAFSANJANI ALSO HAS INCREASINGLY ASSUMED RESPONSIBILITY -- AND CREDIT -- FOR THE OVERALL DIRECTION OF THE WAR IN THE LAST YEAR. WHILE RAFSANJANI'S RIVALS CAN BE EXPECTED TO TRY TO USE THIS AGAINST HIM IF IRAN SUFFERS A MAJOR SETBACK ON THE BATTLEFIELD, HIS STATURE WILL BE ENHANCED CONSIDERABLY IF THE WAR GOES WELL FOR IRAN.

WHAT REMAINS IN QUESTION IS THE DEPTH OF RAFSANJANI'S SUPPORT ONCE KHOMEINI IS GONE.

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-- HIS MOVES TO CONSOLIDATE POWER HAVE ANGERED OTHER LEADERS WHO MORE OFTEN FIT OUR RADICAL AND CONSERVATIVE LABELS -- THESE PEOPLE WILL LOOK FOR OPPORTUNITIES TO UNDERMINE HIM.

-- THE REVOLUTIONARY GUARD REMAINS HIGHLY FACTIONALIZED WITH SOME UNITS OWING THEIR LOYALTY MORE TO LOCAL CLERICS AND POLITICAL FIGURES THAN TO SENIOR COMMANDERS OR RAFSANJANI.

WE BELIEVE THAT INFIGHTING IS LIKELY TO INTENSIFY AS KHOMEINI'S HEALTH CONTINUES TO WEAKEN. AT THIS POINT, I MIGHT ADD THAT THE RIVALRIES FOR SUCCESSION ARE ALMOST EXCLUSIVELY BASED ON PERSONALITIES, RATHER THAN IDEOLOGIES.

NOW, LET ME TURN TO THE QUESTION OF HOW THE US INITIATIVE HAS AFFECTED THE INTERNAL SITUATION IN IRAN. AT THIS POINT, RAFSANJANI -- THE MOST SENIOR LEADER LINKED TO THE INITIATIVE IN PRESS REPORTS -- APPEARS TO HAVE BOLSTERED HIS POSITION BY ADEPTLY MANAGING THE AFFAIR. A KEY FACTOR HAS BEEN HIS ABILITY TO PORTRAY IRAN'S ROLE IN THE INITIATIVE AS ANOTHER VICTORY OVER THE US -- ONE UNDERLINED BY THE WESTERN MEDIA'S PORTRAYAL OF WASHINGTON IN "DISARRAY" OVER THE US ROLE. SECONDLY, HE BENEFITTED FROM KHOMEINI'S PUBLIC ENDORSEMENT OF THE CONTACTS WITH THE US AND THE AYATOLLAH'S WILLINGNESS TO STOP AN INVESTIGATION INTO THE AFFAIR BY SEVERAL MEMBERS OF IRAN'S

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PARLIAMENT. NEVERTHELESS, THE FACT THAT RAFSANJANI FEELS SOMEWHAT VULNERABLE ON THIS ISSUE IS REFLECTED IN HIS PUBLIC STATEMENTS, WHICH STRESS THE INDIRECT NATURE OF CONTACTS WITH THE US AND DENY CHARGES OF MORE THAN ONE SHIPMENT OF ARMS TO IRAN. AT THE SAME TIME, WE SHOULD BE SOMEWHAT CAUTIOUS IN LIGHT OF THE CERTAINTY THAT THERE IS MORE GOING ON IN TEHRAN THAN WE HAVE BEEN ABLE TO FIND OUT AND THE FULL IMPACT OF THE EPISODE ON IRANIAN POLITICS ALMOST CERTAINLY HAS NOT YET PLAYED OUT.

IRANIAN ATTITUDES TOWARD THE US -

TURNING TO THE QUESTION OF THE INTELLIGENCE COMMUNITY'S VIEW OF THE PROSPECTS FOR US-IRANIAN RELATIONS DURING THE PERIOD 1984 TO THE PRESENT, THE COMMUNITY HAS HELD TO THE VIEW THAT THE PROSPECTS FOR A WIDE-RANGING IMPROVEMENT WOULD NOT BE GOOD EVEN AFTER KHOMEINI'S DEATH, ARGUING THAT, "THE IMAGE OF THE US AS 'GREAT SATAN' WOULD BE AN IMPORTANT SYMBOL OF CONTINUITY" IN POST-KHOMEINI IRAN. THE COMMUNITY HAS ACKNOWLEDGED SINCE 1984 THAT THERE ARE GROUPS IN IRAN -- INCLUDING SOME IN THE CONSERVATIVE CLERGY, BAZAAR MERCHANTS, ELEMENTS IN THE REGULAR MILITARY AND IN THE MIDDLE AND UPPER CLASSES -- WHO WOULD BE WILLING TO LESSEN IRAN'S HOSTILITY TOWARD THE UNITED STATES, BUT WE DO NOT BELIEVE THAT THESE GROUPS ARE IN A POSITION TO INFLUENCE POLICY TOWARD THE US AS LONG AS KHOMEINI IS ALIVE.

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IN 1985, CIA ANALYSTS (SEE DI ASSESSMENT, IRANIAN FOREIGN POLICY: THE STRUGGLE FOR CONTROL) BEGAN POINTING TO WHAT WE CALLED AN "INCREASING PRAGMATISM" IN IRANIAN FOREIGN POLICY, BUT WERE CAREFUL TO NOTE THAT PRAGMATISM WAS NOT SYNONYMOUS WITH MODERATION. AGENCY ANALYSTS CONTENDED THAT IRANIANS MOST OFTEN NOTED IN THE PRAGMATIST CAMP, LED BY ASSEMBLY SPEAKER RAFSANJANI, WERE EXERCISING INCREASING INFLUENCE OVER FOREIGN POLICY. THE PAPER NOTED, HOWEVER, THAT THE PRAGMATISTS STILL APPEARED WILLING TO USE TERRORISM -- A WEAPON MOST OFTEN ASSOCIATED WITH THE RADICALS -- ALTHOUGH THE PRAGMATISTS SEEMED INCLINED TO USE IT MORE SELECTIVELY AND TO PROMOTE IRANIAN NATIONAL INTERESTS RATHER THAN ADVANCE REVOLUTIONARY IDEOLOGY. CIA'S ANALYSIS ALSO NOTED THAT THE TREND TOWARD GREATER PRAGMATISM WAS AN UNFINISHED PROCESS; THAT THE PRAGMATISTS DID NOT DECIDE EVERY ISSUE; AND THAT A SHIFT IN THE POWER BALANCE COULD RESULT IN A RETURN TO A MORE HARDLINE STANCE.

A NATIONAL ESTIMATE IN MAY 1985 CONCLUDED THAT DESPITE THE GROWING INFLUENCE OF PRAGMATISTS, "ANY IMPROVEMENT IN TIES WITH THE UNITED STATES IS NOT CURRENTLY AN OPTION." IT ALSO STATED THAT "MODERATE AND CONSERVATIVE ELEMENTS OF THE CLERGY MAY ... SHARE THE RADICALS' BELIEF THAT THE US IS HOSTILE TO THE ISLAMIC GOVERNMENT AND HENCE BELIEVE THAT ACCOMMODATION WITH THE US IS NOT POSSIBLE."

A FEBRUARY 1986 SNIE, IRAN: PROSPECTS FOR NEAR-TERM STABILITY, OBSERVED THAT IRAN WAS ATTEMPTING TO REDUCE ITS

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INTERNATIONAL ISOLATION AND ESTABLISH BETTER RELATIONS WITH THE PERSIAN GULF STATES. THE INTELLIGENCE COMMUNITY DID NOT BELIEVE IRAN'S ACTIONS BESPOKE A SUDDEN MODERATION, BUT RATHER WERE MOTIVATED BY IRAN'S NEED FOR ARMS AND IMPROVED TRADE TIES TO BOLSTER ITS AILING ECONOMY.

IN THAT FEBRUARY 1986 ESTIMATE, OUR ANALYSTS SUGGESTED AVENUES THAT MIGHT BE EXPLORED IN A US EFFORT TO IMPROVE IRANIAN ATTITUDES TOWARD THE US, INCLUDING:

- CONTINUE TO ENCOURAGE ALLIES SUCH AS PAKISTAN, TURKEY, CHINA, JAPAN, AND THE WEST EUROPEANS TO MAINTAIN THEIR RESPECTIVE DIALOGUES WITH THE IRANIANS.

- EXPLORE THE POSSIBILITY OF OPENING A QUIET CHANNEL OF COMMUNICATION TO THE REGIME.

- SEIZE OPPORTUNITIES FOR QUIET CONTACT WITH CONSERVATIVES, PARTICULARLY RELIGIOUS LEADERS.

- BE RECEPTIVE TO TEHRAN'S INTEREST IN ESTABLISHING COMMERCIAL TIES WITH US FIRMS IN A NUMBER OF KEY AREAS, INCLUDING STRATEGIC PIPELINE CONSTRUCTION.

IN SUM, MR. CHAIRMAN, THE INTELLIGENCE COMMUNITY BELIEVES THAT THE IMPACT OF KHOMEINI'S FAILING HEALTH, THE WORSENING ECONOMIC SITUATION, AND THE SUBSEQUENT INFIGHTING THAT HAS

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EMERGED AMONG KEY LEADERS HAS LED TO MOVEMENT WITHIN THE IRANIAN POLITICAL STRUCTURE CREATING LIMITED OPPORTUNITIES FOR THE WEST AND EVEN THE US. WE ALSO BELIEVE, HOWEVER, THAT THERE IS LITTLE PROSPECT FOR A SIGNIFICANT IMPROVEMENT IN IRANIAN-US RELATIONS WHILE KHOMEINI IS ALIVE. AND EVEN AFTER HIS DEATH, THE COMMUNITY BELIEVES THAT A SIGNIFICANT IMPROVEMENT IN RELATIONS PROBABLY WILL HAVE TO AWAIT RESOLUTION OF THE POWER STRUGGLE IN TEHRAN.

III. THE IRAN-IRAQ WAR

A KEY FACTOR IN HOW THE POLITICAL SITUATION TURNS IN TEHRAN -- BOTH WHILE KHOMEINI LIVES AND AFTER HE DIES -- REMAINS THE WAR. AND IT'S TO THAT I'D LIKE TO TURN NOW. AS THIS CONFLICT CONTINUES INTO ITS SEVENTH YEAR, THE STAKES GROW HIGHER FOR BOTH SIDES. THE STRUGGLE HAS TAKEN ON ALL THE ATTRIBUTES OF TOTAL, MODERN WARFARE, INCLUDING:

- STRATEGIC BOMBING OF ECONOMIC TARGETS;
- USE OF CHEMICAL WEAPONS;
- BOMBINGS OF CITIES;
- AND, OF COURSE, PITCHED BATTLES RESULTING IN MASSIVE CASUALTIES ON BOTH SIDES.

IRAQ HAS A PRONOUNCED EDGE IN WEAPONRY AND FIREPOWER AND HAS RECENTLY DEMONSTRATED THE CAPABILITY TO USE ITS AIR FORCE TO STRIKE ACCURATELY AND AT GREAT RANGES. THE IRANIANS HAVE ADAPTED WELL TO THEIR DISADVANTAGE IN HEAVY EQUIPMENT AND

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AIRCRAFT, DEVELOPING TACTICS TO FIGHT A LABOR-INTENSIVE WAR THAT CAPITALIZES ON ABUNDANT MANPOWER AND A WILLINGNESS TO TAKE CASUALTIES.

I KNOW YOU'RE FAMILIAR WITH THE GENERAL HISTORY OF THIS COSTLY CONFLICT. I'D LIKE TO PICK UP WITH THE IRANIAN SEIZURE OF IRAQ'S AL-FAW PENINSULA LAST FEBRUARY -- AN IMPORTANT VICTORY THAT PUSHED THE WAR INTO ITS CURRENT -- AND FOR BAGHDAD -- CRITICAL PHASE. FOR TEHRAN, AL FAW WAS A POLITICAL BOOST AFTER YEARS OF FAILED OFFENSIVES. THE IRANIAN PEOPLE WERE ENCOURAGED TO FIGHT ON AND THE CLERICAL REGIME'S RESOLVE TO CONTINUE THE WAR WAS HARDENED. MORE IMPORTANTLY, FOR IRAQ, THE LOSS WAS DAMAGING TO THE MORALE OF AN ALREADY WAR-WEARY POPULATION AND CALLED INTO QUESTION IRAQI STAYING POWER. AFTER AL FAW, THE INTELLIGENCE COMMUNITY CONCLUDED THAT IF BAGHDAD CONTINUED TO FAIL TO EXPLOIT ITS MANY MILITARY ADVANTAGES, IT WOULD LIKELY SUFFER FURTHER SETBACKS AND EVENTUALLY LOSE THE WAR.

IN RESPONSE TO DOMESTIC AND INTERNATIONAL POLITICAL PRESSURES, IRAQ TRIED TO RETAKE THE INITIATIVE ON THE GROUND, AND IN THE SPRING OF 1986 ANNOUNCED A NEW "ACTIVE DEFENSE" POLICY INVOLVING LIMITED ATTACKS AGAINST POORLY DEFENDED SECTORS OF THE BORDER. HOWEVER, BAGHDAD AGAIN FAILED TO FOLLOW THROUGH AND BY MID-SUMMER, TEHRAN BEGAN CALCULATING THAT IRAQ'S MILITARY, POLITICAL, AND ECONOMIC SITUATION HAD DETERIORATED SUFFICIENTLY THAT A MAJOR OFFENSIVE WOULD LEAD SADDAM HUSSEIN'S REGIME TO COLLAPSE.

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TEHRAN CONTINUED TO PREPARE FOR AND THREATEN A LARGE OFFENSIVE INTO THE EARLY FALL. BY THAT TIME, HOWEVER, IRAQ HAD BEGUN A SEVERAL WEEKS LONG AIR CAMPAIGN AGAINST THE IRANIAN ECONOMY. THE ATTACKS HURT ENOUGH THAT THE LEADERSHIP IN TEHRAN APPARENTLY HAD TO ADJUST ITS PLANS FOR A LARGE OFFENSIVE AND BACK AWAY FROM ITS HYPERBOLIC CLAIMS OF ENDING THE WAR BY MARCH 1987.

TO DEMONSTRATE THEIR RESOLVE TO CONTINUE THE WAR, HOWEVER, THE IRANIANS BEGAN THE MOST RECENT SERIES OF LIMITED ATTACKS, THE FIRST OF WHICH WAS LAUNCHED ON THIS PAST CHRISTMAS EVE. IN THE CURRENT ATTACK EAST OF THE KEY IRAQI CITY OF AL BASRAH, THE IRANIANS HAVE SUCCEEDED IN GAINING A FOOTHOLD AND CONTINUE TO TRY TO ACHIEVE A BREAKTHROUGH.

IRAN'S THREATENED MAJOR OFFENSIVE MAY BE TAKING SHAPE IN THESE ATTACKS. THIS STRATEGY OF LIMITED ATTACKS ALLOWS TEHRAN TO MINIMIZE THE RISKS OF A MAJOR FAILURE AND TO EXPLOIT ANY MILITARY SUCCESSES, AS WELL AS TO MAXIMIZE THE POLITICAL BENEFITS, OF ANY SUCCESS. THESE ATTACKS ALSO SERVE BOTH TO RELIEVE PRESSURE ON THE IRANIAN ECONOMY BY DRAWING THE IRAQI AIR FORCE BACK TO TARGETS AT THE FRONT AND TO WEAR DOWN IRAQI RESERVE UNITS THAT MIGHT BE CRITICAL IN SUBSEQUENT ATTACKS. SO FAR, IRAQ APPEARS TO HAVE CONTAINED THIS ATTACK, BUT FIGHTING CONTINUES IN THE AL BASRA AREA AND IN THE CENTRAL BORDER REGION.

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DOUBTLESS YOU'VE NOTED THE RECENT PRESS REPORTS IN WHICH A SENIOR IRAQI OFFICIAL ACCUSED THE US OF DELIBERATELY PROVIDING BAGHDAD FALSE INTELLIGENCE TO HELP IRAH ACHIEVE THIER VICTORY AT AL FAW LAST YEAR.

LET ME CATEGORICALLY DENY THESE ALLEGATIONS.

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IV. IMPACT OF THE US INITIATIVE ON THE REGION INCLUDING THE
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NOW, MR. CHAIRMAN, LET ME TURN TO THE BROADER IMPACT OF THE ADMINISTRATION'S IRAN INITIATIVE. ON BALANCE, I BELIEVE THE BEST WAY TO CHARACTERIZE THE REACTION OF THE MODERATE GULF STATES IS DISAPPOINTMENT TEMPERED BY UNDERSTANDING.

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THEY ARE DISAPPOINTED THAT OUR EFFORT INCLUDED THE SHIPMENT OF WEAPONS TO IRAN, SINCE THE MODERATE GULF ARABS, AS WELL AS JORDAN AND EGYPT, ARE STRONG SUPPORTERS OF IRAQ IN ITS WAR WITH IRAN. THEY ALSO BELIEVE THE DISCLOSURE OF OUR INITIATIVE UNDERCUT

OUR EFFORTS TO PURSUE A FIRM COUNTERTERRORISM POLICY.

AS FAR AS WE KNOW, THE SAUDIS HAD NO ADVANCE KNOWLEDGE OF THE INITIATIVE, THOUGH IT SEEMS TO ME THAT THERE IS A REASONABLE POSSIBILITY THAT KHASHOGGI PROVIDED AN INKLING OF WHAT WAS TRANSPIRING TO SOME OF HIS SAUDI GOVERNMENT CONTACTS; HE ACTED, HOWEVER, AS A PRIVATE BUSINESSMAN AND NOT IN ANY WAY AS A REPRESENTATIVE OF THE SAUDI GOVERNMENT. THERE IS NO QUESTION BUT THAT KING HUSSEIN INITIALLY WAS FURIOUS OVER THE NSC'S INITIATIVE BUT HE HAS CONTINUED TO ACKNOWLEDGE THE CONTRIBUTION OF US INTELLIGENCE TO IRAQ'S DEFENSE AND HIS FORTHCOMING VISIT TO WASHINGTON SUGGESTS THAT HE WANTS TO PUT THE MATTER BEHIND US. EGYPT AND THE SMALLER GULF STATES -- WHILE CLEARLY ARE NOT HAPPY ABOUT THE TRANSFER OF US ARMS AND THE ISRAELI ROLE -- HAVE ADOPTED A RELATIVELY LOW-KEY POSTURE ON THE SUBJECT.

LET ME NOW TURN TO IRAQ'S REACTION. WHILE THE IRAQIS ARE CERTAINLY UNHAPPY ABOUT US ARMS REACHING IRAN, ALL THINGS CONSIDERED, WE WOULD CHARACTERIZE BAGHDAD'S REACTION AS FAIRLY

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RESTRAINED. IN SPITE OF BAGHDAD'S PUBLIC CRITICISM, OUR REPORTING SUGGESTS THE IRAQIS UNDERSTAND THAT OUR ARMS TRANSFER HAD NO SIGNIFICANT EFFECT ON THE MILITARY BALANCE WITH IRAN. THEY ALSO RECOGNIZE THAT THE FUROR OVER THE ADMINISTRATION'S IRANIAN INITIATIVE HAS FOCUSED WORLD ATTENTION ON THE WAR AND ON IRAN'S CONTINUING ASSOCIATION WITH ISRAEL -- BOTH LONGSTANDING IRAQI OBJECTIVES.

IN ANY CASE, THE IRAQIS APPEAR EAGER TO MAINTAIN GOOD WORKING RELATIONS WITH THE US, LARGELY BECAUSE THEY VALUE CONTINUED US SUPPORT FOR THE ARMS EMBARGO ON IRAN

IN SUM, THE DISAPPOINTMENTS IN THE REGION SHOULD BE KEPT IN PERSPECTIVE. ALTHOUGH THE NSC INITIATIVE INTRODUCED A NEW ANKWARD FACTOR INTO OUR DEALINGS WITH THE SAUDIS AND KING FAHD PERSONALLY, OVER THE PAST YEAR THE SAUDIS THEMSELVES HAVE TAKEN TENTATIVE STEPS TO TRY TO IMPROVE RELATIONS WITH IRAN, THIS PROBABLY REFLECTS A GROWING SAUDI ACCEPTANCE OF IRAN'S CLERICAL REGIME AS A LONG-TERM, AND POWERFUL, FIXTURE IN THE GULF. IN FACT, SAUDI STRATEGIC IMPERATIVES DICTATE MUCH MORE STRONGLY THAN OUR OWN THAT IRAN CANNOT BE IGNORED. IRAN IS THE ONLY BUFFER BETWEEN THE GULF AND THE SOVIET UNION, IS A POWERFUL

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PLAYER IN THE OIL MARKET, AND IS A KEY MEMBER OF THE MUSLIM COMMUNITY. SIMPLY PUT, IRAN'S SHEER SIZE, RESOURCES, POPULATION, AND LOCATION MEAN IT ALWAYS HAS THE POTENTIAL OF BECOMING THE DOMINANT FORCE IN THE REGION.

ALL THE GULF STATES, EVEN THE IRAQIS, ARE UNDERSTANDING OF THE IDEA OF US-IRAN CONTACTS, THAT A DIALOGUE COULD, OVER TIME, SERVE TO MODERATE IRANIAN FOREIGN POLICY, LESSEN TEHRAN'S SUPPORT FOR TERRORISM, AND PERHAPS WEAKEN THE SYRIA-IRAN ALLIANCE. IT IS NOTEWORTHY THAT THE SYRIANS AND LIBYANS REACTED ANGRILY TOWARD IRAN FOR ENGAGING IN THE ENTERPRISE-AND NOT INFORMING THEM OF IT.

MOSCOW HAS REACTED IN A SIMILAR VEIN. SINCE NEWS OF THE US DIALOGUE WITH ELEMENTS OF THE IRANIAN ESTABLISHMENT BECAME PUBLIC, SOVIET MEDIA HAS BEEN BLASTING IRAN'S SUPPORT FOR THE AFGHAN RESISTANCE AND MOSCOW HAS ISSUED AN OFFICIAL GOVERNMENT STATEMENT SUPPORTING IRAQ'S POSITION OF ENDING THE WAR THROUGH NEGOTIATIONS. IN ESSENCE, THE INITIAL SOVIET REACTION SEEMS TO HAVE BEEN CONCERN-THAT THE US MAY HAVE STOLEN A MARCH ON THEM AT A TIME WHEN MOSCOW HAD BEEN ASSUMING THAT WASHINGTON WOULD BE FROZEN OUT OF IRAN FOR THE INDEFINITE FUTURE.

MR. CHAIRMAN, WHILE WE ARE PUTTING THINGS INTO PERSPECTIVE, LET ME SAY A LITTLE MORE ABOUT THE TRANSFER OF US ARMS TO TEHRAN. THE \$12.2 MILLION OF US ARMS INVOLVED IS DWARFED BY THE \$500 MILLION WORTH OF ARMS WE BELIEVE HAVE MOVED FROM

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ISRAEL TO IRAN SINCE THE BEGINNING OF THE IRAN-IRAQ WAR. IT REPRESENTS AN UTTERLY MINISCULE FRACTION OF THE SOME \$41 BILLION WORTH OF ARMS THAT HAVE FLOWED SINCE THE BEGINNING OF THE WAR TO IRAN AND IRAQ FROM ALL SOURCES, MOST NOTABLY THE SOVIET UNION, EASTERN EUROPE, FRANCE, CHINA, AND NORTH KOREA.

IT'S ALSO WORTH NOTING THAT THE SUPPLY OF 2008 US TOW MISSILES DID NOT INTRODUCE A NEW MILITARY FACTOR TO THE EQUATION. ~~AT~~ AT THE BEGINNING OF THE WAR, THE IRANIANS ALREADY HAD IN THEIR POSSESSION APPROXIMATELY 1100 GROUND LAUNCHERS, MORE THAN 20,000 TOW MISSILES, AND 65 TOW-FIRING AH-1 COBRA HELICOPTERS. ~~3~~ MOREOVER, MUCH OF THE MAJOR FIGHTING HAS OCCURRED IN AREAS WHERE USE OF ARMOR IS DIFFICULT. GIVEN THE SUPERIORITY OF IRAQI ARMORED FORCES, THE TOW IS AN IMPORTANT WEAPON FOR THE IRANIANS BUT WE WOULD NOT CHARACTERIZE IT AS BEING CRITICAL OR DECISIVE.

MR. CHAIRMAN, I POINT ALL THIS OUT NOT TO JUSTIFY TRANSFERRING ARMS TO IRAN BUT SIMPLY TO PROVIDE A LITTLE PERSPECTIVE ON A SUBJECT THAT HAS GENERATED FAR MORE FUROR IN THIS COUNTRY THAN IT HAS IN THE REGION.

SO, MR. CHAIRMAN, WHILE THE JURY IS STILL OUT ON THE FULL IMPACT OF OUR IRANIAN INITIATIVE, FROM AN INTELLIGENCE PERSPECTIVE, I'D SAY THAT THE TENTATIVE VERDICT IS "NO PERMANENT DAMAGE." HOWEVER DISAPPOINTED THE PERSIAN GULF STATES MAY HAVE BEEN WITH THE SUBSTANCE OR IMPLEMENTATION OF

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THE IRAN INITIATIVE, IT HAS SERVED AS A REMINDER TO THEM THAT THE UNITED STATES INTENDS TO REMAIN ACTIVE IN THE REGION. AND THIS IS NOT UNWELCOME NEWS. ANY US ROLE AS BROKER IN THE REGION WILL CONTINUE TO PLAY TO MOSCOW'S DISADVANTAGE. AND THE ARAB GULF STATES WILL CONTINUE TO SEE THE DEVELOPMENT OF US LEVERAGE IN TEHRAN AS USEFUL.

SOVIET-IRANIAN RELATIONS

MR. CHAIRMAN, LET ME CONCLUDE MY REMARKS BY TURNING TO A CRITICAL ELEMENT OF OUR INTELLIGENCE INTEREST IN IRAN -- MOSCOW'S LONGSTANDING INTEREST IN DISPLACING THE WEST AND ESTABLISHING SOVIET SWAY THERE. THERE IS NO DOUBT THAT MOSCOW SEES IRAN AS THE PREMIER STRATEGIC PRIZE IN THE REGION. WE HAVE ALREADY SEEN THE SOVIETS INTERVENE MILITARILY IN IRAN, NOT ONCE, BUT TWICE -- IN 1920 AND IN 1941, WHEN IT ESTABLISHED PEOPLE'S REPUBLICS IN TWO NORTHERN PROVINCES THAT COLLAPSED AFTER INTERNATIONAL PRESSURE FORCED A SOVIET WITHDRAWAL IN 1946.

THE USSR ALWAYS HAS BEEN THE KEY EXTERNAL FACTOR IN OUR ASSESSMENTS OF THE FUTURE OF IRAN AND THE ENTIRE SOUTHWEST ASIAN REGION. FROM THE START, THE INTELLIGENCE COMMUNITY HAS BEEN CONCERNED THAT MOSCOW WOULD SEIZE UPON THE OPPORTUNITY FOR ACTION PRESENTED BY THE UPHEAVAL OF THE IRAN-IRAQ WAR.

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IN DECEMBER 1980, ASSESSING SOVIET POLICY AND GOALS REGARDING THE IRAN-IRAQ WAR, THE COMMUNITY OUTLINED THE BASIS FOR ENDURING SOVIET INTEREST IN IRAN. WE WROTE THAT THE SOVIETS SEE IRAN AS A GREATER GEOPOLITICAL PRIZE THAN IRAQ, THAT MOSCOW HAD GREAT INTEREST IN KEEPING IN TRAIN THE ANTI-WESTERN CHANGES THAT HAD TAKEN PLACE IN IRAN, AND THAT MOSCOW SAW IRAN AS A CANDIDATE FOR EVENTUAL PRO-SOVIET TRANSFORMATION. THAT ACCOMPLISHED, THE OPPORTUNITIES FOR FURTHER STRATEGIC GAINS WOULD BE BROAD:

- A POTENTIAL BASE FOR EXERTING PRESSURE ON PAKISTAN AND TURKEY AS WELL AS SAUDI ARABIA AND OTHER OIL-PRODUCING STATES IN THE GULF;
- POSSIBLE OIL ACQUISITION;
- NAVAL AND AIR FACILITIES THAT WOULD ENHANCE THE SOVIETS' CAPABILITY TO THREATEN AN OIL CUTOFF AND LEND CREDIBILITY TO THE USSR'S DEMANDS TO PARTICIPATE AS A GUARANTOR OF ACCESS TO GULF OIL.

ALTHOUGH THE COMMUNITY WAS DIVIDED ON MOSCOW'S IMMEDIATE INTENTIONS, IN A SHIE PUBLISHED SUBSEQUENTLY, THE COMMUNITY CONCLUDED THAT A SOVIET DECISION TO SEIZE NORTHWESTERN IRAN PROBABLY COULD BE IMPLEMENTED WITH THREE TO FIVE DIVISIONS

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WITHIN TWO WEEKS. SINCE THAT TIME, OUR ASSESSMENTS OF THE SOVIET ABILITY TO INTERVENE IN IRAN AND INFLUENCE US POLICY DECISION CONSISTENTLY HAVE NOTED THE SUBSTANTIAL SOVIET MILITARY FORCES ON IRAN'S NORTHERN BORDER.

UP TO NOW, MOSCOW HAS BEEN FRUSTRATED BY THE FACT THAT THE IRANIAN REVOLUTION, WITH ALL ITS ANTI-US OVERTONES, HAS NOT PAVED THE WAY TO ANY BREAKTHROUGH IN SOVIET-IRANIAN RELATIONS OR ANY NEW LEVERAGE WITH TEHRAN. OUR CONCERNS REGARDING SOVIET-IRANIAN RELATIONS HAVE WAXED AND WANED OVER THE LAST SIX YEARS AS WE HAVE WITNESSED MOSCOW OSCILLATING BETWEEN UNSUCCESSFUL EFFORTS TO CURRY FAVOR WITH IRAN AND A TOUGH LINE TOWARD TEHRAN FEATURING FULL BACKING OF IRAQ. (WE'VE ALSO SEEN SIMILAR SHIFTS IN IRANIAN DIPLOMATIC TACTICS TOWARD MOSCOW.) BUT THROUGHOUT THIS PERIOD, OUR CONCERN OVER THE LONG-TERM SOVIET THREAT AND OUR ASSESSMENT THAT MOSCOW WAS EVER-VIGILANT FOR OPPORTUNITIES HAS BEEN CONSTANT.

IN AN OCTOBER 1984 SNIE, WHEN WE TOOK OUR FIRST HARD LOOK AT PROSPECTS FOR A POST-KHOMEINI GOVERNMENT IN TEHRAN, WE CONCLUDED THAT A PROLONGED UPHEAVAL IN IRAN WOULD GIVE THE SOVIETS EXPANDED OPPORTUNITIES TO EXPLOIT THE SITUATION.

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PARTICULARLY AMONG MINORITIES NEAR THE LENGTHY BORDER WITH THE USSR. WE ALSO NOTED THAT THE USSR AT ANY TIME COULD RETALIATE FOR IRAN'S SUPPORT OF THE AFGHAN RESISTANCE BY INCREASING PRESSURE THROUGH AFGHANISTAN -- IN THE FORM OF CROSS-BORDER RAIDS, AIR AND ARTILLERY STRIKES, AND SUPPORT FOR BALUCH DISSIDENTS IN SOUTHEAST IRAN.

BY 1985, OUR CONCERN ABOUT THE SOVIET THREAT HAD AGAIN RISEN. BY MAY, WE BELIEVED THE EVIDENCE WE HAD OF POPULAR IRANIAN DISILLUSIONMENT WITH A SEEMINGLY UNENDING WAR, THE CONTINUED HARSH IMPOSITION OF ISLAMIC SOCIAL POLICIES, AND A FALTERING ECONOMY BROUGHT ON BY DECLINING OIL REVENUES SHARPLY RAISED THE PROSPECTS FOR SIGNIFICANT INSTABILITY BEFORE KHOMEINI'S DEATH THAT COULD PLAY INTO MOSCOW'S HANDS.

IN SHORT, WE BELIEVE THE SOVIETS REMAIN POISED TO TAKE ADVANTAGE OF THE INEVITABLE INSTABILITY AND OPPORTUNITIES THAT WILL PRESENT THEMSELVES IN A POST-KHOMEINI ERA THAT IS NOW JUST AROUND THE CORNER. THE SOVIETS, THROUGH THE PROXIMITY OF THEIR MILITARY MIGHT, AND THE COVERT POLITICAL AND MILITARY INFRASTRUCTURE WE BELIEVE THEY HAVE BEEN TRYING TO BUILD UP INSIDE IRAN, WILL HAVE SOME IMPORTANT ADVANTAGES. WE IN THE INTELLIGENCE COMMUNITY MUST TAKE THE THREAT OF SOVIET POLITICAL AND MILITARY INTERVENTION SERIOUSLY. IT IS OUR UNDERSTANDING THAT THIS THREAT WAS, IN FACT, ONE OF THE ANIMATING FACTORS FOR THE ADMINISTRATION'S INITIATIVE.

MR. CHAIRMAN, THAT CONCLUDES MY TESTIMONY.

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 The Director of Central Intelligence
 Washington, D.C. 20505

National Intelligence Council

NIC 00876-87
27 February 1987

MEMORANDUM FOR: Acting Director of Central Intelligence

FROM: Graham E. Fuller
Vice Chairman, National Intelligence CouncilVIA: Brig Gen Frank B. Horton III, USAF
Chairman, National Intelligence Council *DFW*SUBJECT: Tower Commission Recommendation Page V-6:
The Role of the CIA

1. On page V-6 of the Tower Commission report, para 5 The Role of the CIA, the text states: "The NSC staff was actively involved in the preparation of the May 20, 1985 (sic) update to the SNIE on Iran (actually 30 May). It is a matter for concern if this involvement and the strong views of the NSC members were allowed to influence the intelligence judgments contained in the update. It is also of concern that the update contained a hint that the US should change its existing policy and encourage its allies to provide arms to Iran. It is critical that the line between intelligence and advocacy of a particular policy be preserved if intelligence is to retain its integrity and perform its proper function. In this instance the CIA came close enough to the line to warrant concern."

-- This analysis by the Tower Commission in our opinion erroneously blurs the distinction between intelligence and policy mechanisms. While the Commission--perhaps understandably--may have reached this conclusion through limited knowledge of the mechanics of this relationship--these important distinctions need to be addressed in this memo.

2. "The NSC staff was actively involved in the preparation of the SNIE." In fact, the NSC had no participation whatsoever in writing, coordinating or in reaching the conclusions of the 30 May 1985 SNIE on Iran.

-- The NSC was correctly and properly involved in using existing mechanisms to task the Intelligence Community, through the NIC, on issues of policy concern to them. The NSC regularly tasks the

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 [redacted] in its entirety

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Intelligence Community for Estimates and provides the rationale and bureaucratic purpose for which these Estimates are intended to be used. The NSC usually sets forth the key areas of concern it wishes to be addressed. This tasking procedure is the norm and not the exception.

- The Intelligence Community considers that any questions of an intelligence nature coming from the NSC, or any other policy body, is entirely valid and must be answered. However,
- The NIC has never allowed policy bodies to fully dictate even the total framework of questions to the community. While we are, of course, responsive to specific questions asked, we have never hesitated to raise and answer other questions we feel are appropriate to shedding full light on the policy question--and to avoid being boxed into a narrow, leading, and possibly misleading framework of questions.
- The Community is fiercely jealous in guarding the integrity of the estimative process. Representatives of the policy Community are never part of the drafting process nor are they permitted to be present in the room when the coordination process is under way. Every NIO is well aware of his responsibility to maintain a stance independent of the policy community and indeed the Community representatives are highly sensitive to the merest suggestion that they might be under manipulation by policymakers; they are properly vociferous in their objections to any suggestion of Community accommodation to policy wishes. Indeed, the NIO in question, Graham Fuller, who chaired a three year series of Iran Estimates, also chaired another series of three Estimates on Lebanon in 1983-84 which were highly uncongenial to policymakers.
- Although distinctions between the intelligence and policy process--as the Tower Commission notes--must be and is carefully preserved, there is a clear interrelationship between the two bodies. The NIO, to be effective, must enjoy broad access to the policy Community and to be aware of their activities and intelligence needs. Intelligence that is not pertinent or illuminating to current problems is nearly worthless.
- There is a regular cycle of interchange between the intelligence and policy communities. Policymakers read intelligence, hopefully include intelligence in their decision, and in turn take actions generating new intelligence questions and analytic problems. The dialogue is essential. Yet each side must understand its role clearly and preserve its independence. Gray areas inevitably exist where policy meets intelligence--particularly at the NIO level. Only a clear understanding by the NIO and the Intelligence Community of its independent stature will permit these gray areas

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to be safely traversed. We believe these distinctions are well understood, appreciated, and jealously guarded.

3. Virtually every Estimate written includes a section called Policy Implications for the US. This section attempts to draw for the policymaker the Intelligence Community's best sense of how our analysis impacts upon decisionmaking. It tends to suggest a range of de facto constraints--based on the realities of a foreign situation--within which policymakers must operate. It should avoid being policy prescriptive, but must be policy relevant.

4. The NSC tasker of 1 May 1985. Against the general background above, a few specific points must be drawn about the May 1 tasker calling for an updated SNIE on Iran.

- The tasker specifically cites previous intelligence (an earlier SNIE dated 18 October 1984, and a 28 March 1985 independent DDI publication--Iran: Prospects for Near-Term Instability) as basis for its concerns about possible deterioration of stability in Iran.
- The tasker specifically makes clear to the Intelligence Community its request for an Estimate prior to a planned review of US policy options and states that an NSDD will be developed for future NSPG consideration and approval on Iran policy. There was no doubt in anyone's mind why the NSC sought this information and the purpose for which it would be used.
- The tasker proceeds to pose questions about Iran--questions which would be highly relevant to any intelligence review of Iran. Even by benefit of hindsight the tasker gives no indication or hint of any independent activity that would then or now excite the suspicions of the Intelligence Community as to an alternate agenda. The Community itself had no inkling of other NSC operations under way. Needless to say, the Community would not in any case limit its response exclusively to those questions posed by the NSC.
- The tasker states that "particular attention should be given to possible opportunities for, as well as threats to, US interests" in the situation. The NSC clearly sought Community consideration of the policymakers' range of options. In the event, the SNIE suggested that US options were highly limited and that US influence could be exerted primarily only through third parties.
- The NSC tasker explicitly requested the Community to highlight areas in which intelligence information was weak or uncertain--hardly suggestive of a desire for a ringing affirmation of NSC's own agenda.

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-- Neither Graham Fuller as NIO nor the NIC had any role whatsoever in writing or even conceiving the tasker. Fuller was, however, obviously aware of NSC policy concerns--some of which he clearly shared--and was aware that a tasker would be coming.

-- It should be noted that the 1 May NSC tasker preceeded Fuller's 17 May 85 memo to the DCI which set forth his own independent concerns for the geopolitical situation in Iran--the subject of other memos by him for some time.

5. A review of correspondence and material related to preparation of the Estimate indicates that the established intelligence/policy process was implemented, and the objectivity and independence of intelligence analysis was preserved. No skirting of established procedures occurred in the preparation of this, or earlier, or subsequent Estimates on Iran.

6. It is worth pointing out that Fuller has been actively involved in producing a continuum of personal analysis and "think pieces" for the DCI's benefit all the while supervising Community analysis on ongoing Intelligence Estimates. These personal views have regularly been shared with appropriate DDI analytic offices, and were regularly articulated at Community monthly Warning Meetings. The NIO's personal views have been well known--as are the views of other key analysts. Nearly every NIO handles his job in the same way--offering advice and counsel to the DCI freely, informing the Community of his own analytical concerns and thoughts--often in formative stages--testing hypotheses, and bestirring the Community to constant consideration of alternative analytic views.

-- As such Fuller presided over a long series of Estimates starting in April 1983 until May 1986 on the Middle East. He chaired the production of the 1984 SNIE, the May 30 1985 SNIE and the February 1986 SNIE--all on Iran. Every SNIE should, and usually does, include some sense of critique of previous views. While participating closely in the 30 May SNIE on Iran, by September of that same year Fuller already drew the DCI's attention in a memo to the fact that events in Iran were gradually moving away from the chaos he and the Community had described and foreseen for the period ahead. He also chaired the February 86 Estimate in which the Community specifically acknowledged areas of shortcoming in the previous Estimate. Indeed, later Estimates will surely include a critique of shortcomings in the last.

7. Fuller's 17 May memo was written exclusively at his own initiative and is part of a series of memos presenting evolving views of his concerns for the geostrategic relationship of Iran and possibilities for US influence there.

-- Fuller's May 17 memo was sent to then DDI/Chairman/NIC Gates for his information, although the memo was addressed directly to the DCI. Fuller distributed the memo to a handful of key policy people

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as well as to appropriate analytical elements within the DI. He had general license to do so from DCI Casey, and Casey may have passed the memo on to others--as he very frequently did to encourage broad interchange. Bob Gates took no hand in distributing to policymakers this or any other memo that Fuller wrote to the Community. That responsibility was carried out by Fuller and/or the DCI.

- Fuller never saw or heard of the memo written by Adnan Khashoggi until it was publicized in the press. To this day Fuller has not yet seen a copy of it and indeed it only reached the CIA Headquarters in December 1986.

8. We wish to draw attention to SSCI's 15 August 1986 memo to the DCI providing a study and critique of Intelligence Community production--drawn up following a long review of Community production by SSCI staffers. That study among other things, establishes a set of desirable criteria for intelligence production including statements that:

- "the product should be written with a thematic approach"
- "the product should offer interpretation"
- "the product should offer retrospective analysis"
- "the product should highlight both opportunities and risks for policy"
- "the product should explore the effects of alternative policy options."

9. Among the major final recommendations of the 1986 SSCI study is the recommendation: "once the production of intelligence reporting has begun, the National Intelligence Officer or other appropriate official should consult regularly with the principal consumer to ensure that the concept paper, terms of reference, or other guidance address the appropriate question. This is particularly important with respect to unscheduled product."

10. While we fully concurred with each of the above SSCI suggestions and recommendations, we also noted in our response to the committee that: "While we can and do honor the policymakers' questions in full, the NIO must also insure that the questions are broadly framed and address any important questions not asked by the policymaker that have a direct impact on the understanding of the problem."

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11. We believe SSCI's recommendation above were an integral part of the intelligence/policy process which took place between the NIC and the NSC in the preparation of the 30 May 1985 SNIE on Iran.



Graham E. Fuller

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~~UNCLASSIFIED~~NIC 00876-87
27 February 1987

MEMORANDUM FOR: Acting Director of Central Intelligence
SUBJECT: Tower Commission Recommendation Page V-6:
The Role of the CIA

DCI/NIC/VC/NIC: GEFuller:jcn 27 Feb. 87 X26152

Distribution:

- 1 - ADCI
- 1 - D/Exec Staff
- 1 - ER
- 2 - NIO/NESA (one for Jim Pittman)
- 1 - IG
- 1 - C/NIC
- 1 - VC/NIC
- 1 - D/NESA
- 1 - OCA

10 copies provided to Office of OCA for SSCI

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28 January 1987

MEMORANDUM FOR THE RECORD

SUBJECT: SOVA Analysis of Soviet Intentions Toward Iran

1. In view of the various press stories recently about the role CIA analytical publications played in the Administration's decision to approach Iranian "moderates," this memorandum summarizes SOVA's analysis of Soviet intentions toward Iran expressed in various products during the 1980s. [REDACTED]

2. Throughout this period, analysis produced by both the DI and the Intelligence Community emphasized that the Soviets saw Iran as a major geopolitical prize and that their ultimate goal was the establishment of a pro-Soviet regime there. [REDACTED]

3. DI and Community publications focused considerable attention on the Soviet military threat to Iran, particularly following Moscow's invasion of neighboring Afghanistan, the 1980 Soviet military exercises depicting a Soviet move into Iran, and the outbreak of the Iran-Iraq War. The circumstances under which the USSR might invade Iran were examined and reexamined in yearly Estimates and almost yearly IAs and RPs. The most recent examples of the latter are a December 1986 joint NESA/SOVA IA entitled "Prospects for Iranian Resistance to a Soviet Invasion," a December 1986 SOVA RP entitled "Soviet Policy Toward the Middle East," and a January 1987 joint NESA/SOVA IA entitled "USSR-Iran: Prospects for a Troubled Relationship." [REDACTED]

4. While highlighting the potential military threat, the DI and Community also concluded that a Soviet invasion of Iran was not imminent. We believed that the disincentives to such a move for the time being outweighed the incentives. Those disincentives included:

- o The risk of sparking a major military confrontation with the US.
- o The severe military and logistic obstacles to occupying the country and pacifying the population.

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- o The strain an invasion would certainly create on the USSR's relations with Third World countries, particularly Islamic ones.

Accordingly, we concluded that the USSR was unlikely to consider intervening militarily unless it came to believe that the US was itself about to intervene, unless central power in Iran had broken down, or unless a leftist faction had seized power and appealed to the Soviet Union for help. ~~XXXXXXXXXX~~

5. A basic premise of DI and Community analysis all along has been that, barring a dramatic opening for Soviet gains in Iran, Moscow's day-to-day behavior in the region would be determined less by its long-term abstract wishes than by a calculation of the net impact of its current actions on both Iraq and Iran. A September 1983 SOVA IA stated that the USSR's primary aim since 1979 has been "to capitalize on the windfall it received from the elimination of US influence in Iran without jeopardizing its shaky, though important relationship with Iraq." In fact, in 1982 Soviet policy did tilt toward Iraq. Since then, DI and Community publications have argued that:

- o Soviet attempts to gain influence in Iran have so far failed.
- o Soviet-Iranian relations are severely strained.
- o The Kremlin has persistently set conditions for improvement in relations--an end to the Khomeini regime's: crackdown on the Tudeh Party; support for the Afghan rebels; public criticism of Soviet policies, and war with Iraq--that have precluded significant rapprochement.
- o Moscow probably does not expect to win significant influence in Tehran as long as Khomeini remains in power, and, in fact, the Soviets have just not demonstrated much interest in wooing Tehran since their 1979-81 efforts to do so failed. ~~XXXXXXXXXX~~

6. Iran's attempts, beginning in the spring of 1984, to improve relations with the USSR and convince Moscow to curtail arms shipments to Iraq prompted us to reexamine the premises of our analysis about the prospects for continued hostility between the Soviets and the Khomeini regime. A June 1984 SOVA typescript memorandum, which was disseminated widely downtown, predicted that the USSR's "strategic

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interests in Iran probably will prompt it to seek to improve ties with the Iranians where possible," but the memo concluded that the Soviets still appeared skeptical that Tehran was truly interested in improved ties and they were "unlikely to alter significantly" their policy toward Iran over the next year. ~~██████████~~

7. These Iranian overtures to Moscow, coupled with NESAs's judgment that the prospects for instability in Iran before Khomeini died had greatly increased, prompted the NIO for Near East/South Asia to call for a Memorandum to Holders of SKIE 34-84. It was published on 30 May 1985 and entitled "Iran: Prospects for Near-term Instability." The Memo portrayed Soviet prospects in Iran much more favorably than did previous and subsequent Community and DI/SOVA publications, because SOVA's views were overruled and those of the NIO/NESA, who chaired the coordination meetings, prevailed. ~~██████████~~

8. As in the past, SOVA drafted the Soviet section of the May 1985 Memo. Previously, if the NIO/NESA or his predecessors wanted changes in SOVA drafts, they would run them by our office before sending the draft out to the Community. In this case, NIO/NESA made significant changes without informing SOVA, and his revised text became the working copy for the coordination meeting. This text:

- o Added two paragraphs at the start of SOVA's draft that portrayed the Soviets as being well positioned to increase their influence in Iran.
- o Predicted that Gorbachev would see Iran as the key area of opportunity for Soviet foreign policy in the next year.
- o Predicted that the Soviets would show some flexibility on arms sales to Iran. (The SOVA draft had said Moscow would probably only expand arms sales significantly once the Iran-Iraq war ended and Soviet-Iranian friction over Afghanistan subsided.)
- o Dropped two important judgments from the SOVA draft that "Moscow remains skeptical about significant Iranian concessions on contentious bilateral issues" and that "In any case, the Soviets are extremely unlikely to sacrifice good ties with Baghdad for uncertain gains in Tehran while an Islamic regime mistrustful of the USSR and Communism rules Iran." ~~██████████~~

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EDI- 672

4 October 1984

MEMORANDUM FOR: Associate Deputy Director for Intelligence

FROM: John L. Helgerson
Director of African and Latin American Analysis

SUBJECT: Conclusions of the CIA Working Group Meeting on
the Possible Delivery of MIGs to Nicaragua

1. The CIA Working Group, chaired by the Deputy Division Chief for Central America, ALA, and comprised of representatives from ALA, OIA, OGI, CPES, SOA, EURA, the NIC, and the Directorate of Operations (see attached) met on 25 September to review recent ~~information~~ *information* on the likelihood of MIG deliveries to Nicaragua.

2. Opinions differed as to the likelihood and timing of MIG deliveries, but consensus was reached that the Nicaraguans have been preparing for the delivery of jet aircraft—including MIGs—and that Moscow would make the final decision as to whether and when they would be deployed. The Soviets appear to be moving cautiously on this issue, and some analysts speculated that Moscow may have been postponing a decision perhaps until Gromyko concluded his meetings last week with senior US officials. Most analysts also believe that if a decision is made to send MIGs they most likely would arrive before, rather than after, the US presidential election.

3. Analysts cited the following as indications the Sandinistas want and have been preparing to receive jet aircraft such as MIGs as part of their overall effort to upgrade military capabilities:

- FSI/N public and private declarations, including explicit Sandinista requests for aircraft;
- Several reports of MIG pilot and maintenance training;
- Construction activity at Punta Huete airport;
- The reported presence as early as 1982 of MIGs in Cuba earmarked for Nicaragua; and
- The recent introduction of ground control intercept and other radar that would support jet fighter operations.

4. Some analysts argued, however, that MIGs are not likely to be introduced before the end of this year—if at all—because:

- The Soviets are wary of how the Reagan administration would react.
- Despite their desire for MIGs, the Nicaraguans may be afraid such action would precipitate a hostile US response or even an invasion.

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- Moscow has refused to commit itself to defending the Nicaraguan revolution.
 - The L-39 jet trainer aircraft have been sitting in port in Bulgaria for about two months, suggesting that the Soviets may be rethinking that delivery assuming it was intended for Nicaragua in the first place.
5. Others believed the Soviets may deploy MIGs in Nicaragua before the US election is held because:
- Moscow believes relations with the Reagan administration are unlikely to improve and the Soviets would have little to lose from such a confrontation.
 - The Soviets might calculate that the presence of the MIGs would provoke President Reagan to order military strikes—an action which in turn could hurt his reelection prospects.
 - Recent public statements suggest the Sandinistas are trying to pave the way for MIG deliveries.
 - Nicaraguan, Cuban, and Soviet desires to deploy MIGs before the Contadora Treaty would go into effect.
6. Analysts suggested that recent Sandinista statements about acquiring jet aircraft may have been made in order to:
- Press the Soviets to provide MIGs;
 - Establish a negotiating position, whereby they can offer not to receive MIGs if the other Contadora participants indicate their acceptance of the current revised draft of the Contadora Treaty;
 - Heighten international concern over the danger of war, which could lead to increased pressure on the United States to alter its policies;
 - Preempt US objections to their acquisition of less advanced jets such as the Czech-built L-39.
7. Despite some ^{information} to the contrary, the group believes that no MIGs presently are in Nicaragua. According to OIA, they could be detected easily in overhead photography unless they were in hangars at Sandino Airport. Recent Defense Attache reporting leads us to believe that no MIGs are in the hangars.

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John L. Helgeson
John L. Helgeson

This memorandum is classified
Secret NoFORN in its entirety.

Attachment:
As stated

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Central Intelligence Agency
Office of the Deputy Director for Intelligence

5 October 1984

NOTE TO: Ed Sherman
DD/OLL

One thing that is worth stressing to Tom Latimer is that this is an internal working group report. The group was called together to review the evidence and make sure that there was internal coordination among the requirements people and analysts. The NIO was involved but it has not been coordinated in the Community.


Richard J. Kerr
Acting Deputy Director
for Intelligence

Attachment

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TOP UNCLASSIFIED-84- 3677
12/3/84MEMORANDUM

TO: THE RECORD
FROM: GARY CHASE, CHIEF COUNSEL
DATE: NOVEMBER 7, 1984
SUBJECT: POSSIBLE DELIVERY OF MIG-21s TO NICARAGUA

1. The following information was received from CIA this morning. There is nothing in the NID today on this subject because of the sensitivity of the sources involved. The circumstantial case for an imminent delivery of MIG-21s is strong, but it is not certain that MIGs are aboard the Soviet ship that is about to dock in Corinto.

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6. Although the circumstantial case is strong, there are some uncertainties:

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- 3 -

- The Soviets have not previously used their own carriers for major arms deliveries to Nicaragua.

7. There are additional possibly related developments involving Sándinista violations of Honduran airspace and territory.

- One incident took place last night

south of Tegucigalpa. Three to five MI-8

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- 4 -

helicopters are thought to have approached within [redacted] and ^{this was} ~~the~~ explosions.

A C-130 sent to investigate believes that it was fired on by an SA-7 near the area. The C-130 also believes it spotted three suspicious armored vehicles [redacted]. The Sandinistas are said to be familiar with [redacted] having used it in the late 1970s.

-- In a separate incident, there appears to have been another penetration of Honduran airspace by Nicaraguan helicopters about sixty miles east of Tegucigalpa. This could have been related to a raid against a Contra base.

There is a feeling that with respect to the [redacted] incident the Sandinistas may have been practicing for a possible retaliation raid against [redacted]. If the U.S. were to take any action regarding the MIGs.

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7 December 1984

NOTE FOR: Director, SOVA
 FROM: DDI
 SUBJECT: Soviet Intentions Concerning Delivery of Combat Aircraft to Nicaragua

1. As you can see from my comments, I have a number of problems with this paper. Fundamentally, however, I don't think it contributes very much. We have had a month to think about what the Soviets were up to with Rakursiani and my view is that there are no considerations in this memo that ~~we~~ have not already thought of or that we have not already presented to them in one form or another.

2. On substance, I am particularly struck by the complete absence of the main analytic point that you made to me at one point last week; that the timing suggested that the Soviets wanted, for both internal and external purposes, to send a message that moves toward the US and possible resumption of arms control talks would not be accompanied by any slackening of Soviet commitments in the Third World. Moreover, I do not find the argument that the disincentives outweigh the incentives to be persuasive. The truth of the matter is we just don't know whether they will send the MIGs and I think it is unhelpfully leading with our chin to make a prediction when we really don't have anything to go on. Finally, I just don't find the analysis very rigorous or persuasive. Don't get me wrong. The bottom line of the memo--that the Soviets will not be sending the MIGs in the foreseeable future--may well be true. In fact, I may lean in that direction in my own mind. I simply do not find the paper to be a significant contribution beyond what has already been provided to the policymakers. I also find it very loose, both analytically and editorially.

RG
 Robert M. Gates

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SEP 13 '91 11:02

ADMINISTRATIVE USE ONLY
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7 March 1985

MEMORANDUM FOR: Deputy Director for Intelligence
Associate Deputy Director for Intelligence

FROM: Gordon C. Oehler
Director of Scientific and Weapons Research

SUBJECT: Soviet SDI White Paper

1. We have been asked on a number of occasions for an unclassified "white paper" on Soviet SDI-related activities. Such a paper could go a long way toward helping the Administration in dealing with less knowledgeable critics around the world who think only the US has such research efforts.

2. Attached is a rough draft by Carlos Avery. I would like your view as to if and how we should proceed from here. We could handle this like we did with the tech transfer unclassified--that is, publish it without attribution (although not deny it is ours) and distribute to other Government agencies as they desire. We could give it to another agency, such as the SDIO, for them to publish it. We could get Stata to publish it, as with the yellow rain paper. Or one of several other options.

3. I think you will see as you read Carlos' draft that there is a lot we can say at the unclassified level--it's not thin in substance. I guess I think it would be a good idea to get it out in some way.

4. This has not yet been coordinated. If you agree to print it, we will clean it up, get it coordinated, and submit it to you for another review.



Gordon C. Oehler

Attachment:
As stated

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SEP 19 1981 11:21

Central Intelligence Agency



Washington, D.C. 20505

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DPT-0-1258/1/85

91-4356

11 March 1983

MEMORANDUM FOR: The Honorable Kenneth W. Dan
Deputy Secretary of State

VADM John M. Poindexter, USN
Deputy Assistant to the President for
National Security Affairs

The Honorable Fred C. Ikle
Under Secretary of Defense for Policy

SUBJECT : White Paper on SDI

As the debate on SDI proceeds, one subject notably absent from the discussion has been Soviet work on new kinds of weapons -- including SDI-type technologies -- for strategic defense. Accordingly, we have prepared the attached unclassified background paper describing Soviet work on directed energy weapons and their role in strategic defense.

We have provided the paper to the Defense Intelligence Agency with a suggestion that DIA or DoD consider publication of an unclassified White Paper. In any event, I hope you will find this material useful for subsequent public discussion, regardless of whether the White Paper is published. Needless to say, if we can be of further help, let me know.

Robert M. Gates
Deputy Director for Intelligence

Attachment:
As Stated

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66-1910

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558

John McCauley: Estimate

5 May 1986

NOTE TO: Fritz Ermarth
NIO/USSR

FROM: Deputy Director of Central Intelligence

Walt Luter

SUBJECT: NIE 11/30-86: Gorbachev's Policy Toward the Middle East

1. I have some problems with this draft. (U)
2. It pays far too much attention to such elusive and relatively unimportant Soviet objectives as promoting Arab unity and reunifying the PLO and not nearly enough to the hard choices -- both problems and opportunities -- that the Soviets are going to face in the Middle East in the near to middle term. Most significant of all, the estimate never even mentions the most serious potential development in the Middle East that is now on the minds of almost everyone -- the prospect of a new Syrian-Israeli war as a result of the Soviet military buildup of Syria and Assad's determination to get back at least a piece of the Golan Heights. Assad has made no secret of his intentions, the Israelis are as nervous as hell about it, and even we have begun to focus on the issue. However, not a word in this estimate about it. Where do the Soviets come from on this issue? Do they know what he's doing? If not, why not? And if so, are they prepared for the consequences. [REDACTED]
3. On the Iran-Iraq war, are the Soviets as concerned as we are about the likelihood of a long-term Iranian victory, given their support for Iraq? What are the implications of this for them? There is more going on than meets the eye between the Soviets and the Iranians. What about the story of two senior Soviet officials going to Tehran to warn the Iranians about pushing their advantage too far. What about the possibility of expanding Soviet-Iranian economic ties and opportunities presented to the Soviets by any regime change in Tehran, not just the arrival of a pro Soviet regime. [REDACTED]
4. The equation in North Africa has changed with the US attack on Libya. Beyond the potential of getting more military presence in Libya, what are the Soviets concerns? They clearly disassociated themselves from Qadhafi in terms of support against the US in any meaningful way other than the supply of more arms. What has that done to their image in the rest of the Arab world? [REDACTED]

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5. What about the campaign to win over some of the moderate Arabs? Did not the events in Aden set this back considerably? What do the Soviets have to offer these people? [REDACTED]

6. I found the description of Soviet objectives and advantages and so on listed at several points in the estimate to be lists that could have been written fifteen years ago. They are general and unhelpful. [REDACTED]

7. Overall, while the estimate in one place or another touches on a number of important issues, it is so long and unfocused that the policymaker simply would not get anything out of it. I think these hard issues and opportunities that Gorbachev is going to come up against in the next couple of years need to be addressed in crisp, straightforward terms that point out the dangers and opportunities. An estimate half as long as this could do that job. [REDACTED]


Robert A. Gates

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12 July 1983

NOTE TO: Director, NESA
 FROM: Deputy Director for Intelligence
 SUBJECT: Libya: Impact of Economic Sanctions

Bob --

1. This seems to me too narrow a cut at this subject and presumes an important lack of sophistication on the part of Veliotis and other policymakers. I think it is fairly well documented that few, if any, expected the sanctions to have a significant economic impact or to cause Qadhafi to change his stripes.

2. It seems to me that they went ahead as a political gesture to dramatize Qadhafi's behavior, rivet attention on his activities, and try to ostracize him. It was done in part to encourage internal opposition to him and, finally, to get him to back away from threats to US officials and foreign adventurism. Some of these goals were met, some were not. (The oil embargo and withdrawal of oil companies and US citizens, for example, was done for their own safety and because the Administration thought it inconsistent for the US to be pumping billions into Qadhafi's coffers which he was then using against us and our friends).

3. I have three additional problems with the paper:

- Most importantly, the paper conveys (unintentionally or not) a strong bias on the part of the author against economic sanctions. The analysis simply does not sound objective.
- Second, I believe the paper is too generalized for those interested in the topic.
- Finally, the paper has the underlying but unproven assumption that Libya has been pushed further into the Soviet camp by our sanctions. No attempt is made to prove this through an examination of trade data or asset reporting on substitutes for embargoed US goods. These references add to an aura of slanted analysis.

4. In sum, the paper reads like the author had reached his conclusions at the beginning and then researched and wrote the paper to substantiate the conclusions.

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5. The things I have said represent a fairly hard judgment on the analyst. I want you to know privately that before I read this paper it was read by [redacted] and [redacted] who came to the same conclusion. I then, without indicating any of the comments or criticisms made in the front office, asked [redacted] to review it for me -- she too reached the same conclusion. I am fairly confident that Mike did not intend that his paper convey this message and I am fairly confident that he did not consciously set out to prove a particular point. But four very different readers came away with the same impression -- two of the three having read the paper before I did and the third being unaware of my views. The paper is disapproved. Should you and Mike want to discuss it further I would be happy to do so.



Robert M. Gates

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Return DC/HI

21 July 1983

Talking Points
LIBYA: Impact of Sanctions

We agree to cancel the paper from the research program, but would like to respond to several of your comments.

We disagree that few, if any, policymakers expected the sanctions to have a significant economic impact or to cause Qadhafi to change his stripes. While some policymakers saw the sanctions as a symbolic gesture, a larger number believed sanctions would have a significant impact. This is evidenced by:

- The production of a SNIE in December 1981 on the impact of economic sanctions; at the NFIB meeting that approved the SNIE, [redacted] held up a copy of the SNIE and stated that he hoped that the next time we are charged with writing papers to support US policy people remember this SNIE.
- A 17 December memo from [redacted] to the DCI on the severe discrepancy on Libyan policy between policymakers and the Intelligence Community. This memo states "To sum up, the Intelligence Community unanimously feels the proposed sanctions would be counter-productive. If they are applied, their symbolic nature must be clearly understood. I do not believe the policy level task force personnel are seized with this fact."
- A draft of the discussion paper from a 4 February NSC meeting which states "Economic sanctions such as an embargo of Libyan oil and a ban on exports to Libya, as well as other economic and military measures are intended not only to signal Qadhafi about our displeasure, but to pressure him as well to cease his policies of international terrorism and aggression."
- A 1 September 1982 meeting of the Libyan Working Group called by [redacted] to "review the effects of our economic measures." If the sanctions were only a symbolic gesture, why hold this meeting?

We agree that the author and reviewers of the paper pretty well knew the conclusions the paper would reach before it was written and in fact do have a bias against economic sanctions as applied against Libya. We fail to see any problem with this, however, since this simply reflects the experience, knowledge, and judgment of the individuals involved.

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- The author no doubt was influenced by one of the reviewers of the paper who was involved with the implementing of sanctions against Iran and is knowledgeable about sanctions against Cuba--in neither case were US objectives obtained.
- Moreover, an OGI case study of economic sanctions prepared for ██████████ concluded that "In none of the cases did the imposition of economic sanctions force a country to reverse the actions that triggered the sanctions." Given this historical background, it is difficult not to be biased against Libyan sanctions seeing how our basic objectives as set forth in NSC papers were "to end Libyan support for terrorism, to inhibit Libya from undermining governments friendly to the US, and to influence Libya to stop assassination efforts."
- On the question of prejudged conclusions, the author had closely followed the impact of the sanctions for over a year and had prepared talking points and briefings on the impact of the sanctions during that time. Therefore it is only natural that he had a good idea of what his conclusions would be prior to setting pen to paper.

Regarding two comments in the margin of page 5 of the paper, NSC documents and State cables clearly indicate that our statements on threats against US officials and extraterritorial application of US law are correct.

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Soviets have opposed international terrorist activity in public and, in private, have urged their own clients to avoid it. Neither the Soviets nor the Europeans directly sponsor or designate terrorist groups; they do not provide direct assistance to groups which are primarily terrorist; and they do not encourage the use of terror by their third-party clients.

Soviets do, however, provide support indirectly to terrorists and pursue a number of policies which enhance the ability of terrorist groups to function. They regulate the use and support of terrorism by states and organizations which they assist, and they do prevent the funneling of funds supplied by them to terrorist groups. They know that many people whom they train will subsequently participate in terrorist activities.

A cynical and opportunistic attitude reflects a Soviet willingness to benefit from activity aimed at destabilizing the established order when it is seen as advantageous; a desire to cultivate those who may eventually slip into "genuine revolution"; and an unwillingness to compromise relations with those whose shared common aims but use questionable tactics.

The Soviets regard controlled, party-directed, organized terrorism as a fundamental tool of foreign policy. Support of terrorism is one of several subversive instruments the Soviets use against the West.

Top-level Soviet party members are involved in the planning, coordination, and supervision of Soviet support to terrorist organizations and groups. The Central Committee's International Department is probably the locus for such activities.

[REDACTED] This training includes seizure of hostages and buildings, measures for public intimidation, and assassination.

[REDACTED] The KGB and GRU are also involved in terrorist training abroad.

The Soviets are deeply engaged in support of revolutionary violence worldwide. Such involvement is a basic tenet of Soviet policy, pursued in the interests of weakening unfriendly societies, destabilizing hostile regimes, and advancing Soviet interests.

The USSR pursues different policies toward different types of revolutionary groups that conduct terrorist activities (that is, hijackings, assassinations, kidnappings, bombings, and the victimization of innocent civilians).

Whether terrorist tactics are used in the course of revolutionary violence is largely a matter of indifference to the Soviets, who have no scruples against them. The Soviet attitude is determined by those whose tactics advance or harm Soviet interests in the particular circumstances. Revolutionary groups that employ terrorist tactics are simply one among the many instruments of Soviet foreign policy.

There is conclusive evidence that the USSR directly or indirectly supports a large number of national insurgencies and some separatist-irredentist groups. Many of these entities carry out terrorist activities as part of their larger programs of revolutionary violence.

Soviets' opposition to the use of terror as an instrument of policy derives from a practical consideration of costs and benefits from moral compunction. They rule out the use of terrorist acts if these will further the cause of class struggle, but are clear in their judgment that terrorism generally is unproductive and counterproductive, noting that it is more likely to repress leftist forces than to contribute to successful revolution.

In addition, the USSR, pursuing its policy as a major international power, does not want to be identified with a tactic condemned by most of the world. Finally, the Soviets consider themselves especially vulnerable to attacks by international terrorists; for tactical reasons, as well as to avoid potential influence with groups that may prove successful, they generally try to penetrate terrorist groups.

The Soviets are clear about their attitude for what they term "legitimate national liberation" movements. They consider the use of violence by these groups justified, and they have been generous in providing assistance to many such movements over the years. They contend that the activities of such movements and the actions of international terrorists frequently may appear similar, but they argue that the distinction

The Soviets foster and coordinate the efforts of organizations and states that use and support terrorism. Moscow is coordinating a Soviet, Palestine Liberation Organization, and Cuban effort aimed at overthrowing anti-Communist regimes in Central America and has urged rebel/terrorist groups in target countries to form umbrella organizations.

The Soviets provide weapons and equipment to organizations that use terror. The most conspicuous example is the Palestine Liberation Organization and its various factions.

The Soviets use their East European allies, notably the Czechs and East Germans, in training terrorists in Eastern Europe as well as in Middle East countries. The East Europeans also provide transit and safe haven to terrorists.

Cuba, the PLO, Libya, and South Yemen feature prominently as Soviet surrogates in providing training and other support to terrorists.

Some revolutionary groups that employ terrorism do accept a measure of Soviet control and direction but many do not.

The International Department of the Central Committee of the Soviet Communist Party has primary responsibility for managing contacts with movements in opposition to established governments. The KGB, GRU, and the 10th Directorate of the Soviet General Staff provide a broad range of military and paramilitary training to members of revolutionary groups and provide arms and assistance to a wide spectrum of revolutionary groups in the world...Much of this support is readily utilizable in terrorist activities.

The Soviets support certain governments and entities...which in turn directly or indirectly support the terrorist activities of a broad spectrum of violent revolutionaries including certain of the world's nihilistic terrorist groups.

The USSR accepts these support actions of its allies and friends. It does so on occasion because these actions also serve Soviet interests and on other occasions because they are the price to be paid for maintaining and increasing its influence. The USSR has not made its backing for them contingent on their desisting from aiding nihilistic terrorists or other violent revolutionaries. In this sense, Moscow is wittingly providing support, albeit indirectly, to international terrorism.

Soviets have, over the years, urged "national liberation" groups in the World to refrain from "spasmodic, national" terrorist activity and to concentrate instead on building mass political and military organizations which will be capable of conducting guerrilla and conventional armed struggle.

In the Middle East, the Soviets have adopted an attitude of cynical tolerance toward Arab and South Yemeni support for terrorist groups, but they have urged Palestinian groups which they do not directly support to use terrorist tactics....

The Soviets are encouraging some Latin American Communist parties--particularly in Central America--to prepare for armed struggle and to join with leftist forces. They know that many of these forces employ terrorist as well as guerrilla tactics....

The Soviets have not supported or engaged West European terrorist groups such as the Brigades, Red Army Faction, PIRA, etc., although some Soviet assistance has been indirectly funneled through them.

[REDACTED]

In Africa, the Soviets support a number of insurgent groups but have encouraged other groups to pursue paramilitary rather than terrorist tactics....

With respect to Soviet policy toward nihilistic, purely terrorist groups, available evidence remains thin and in some respects contradictory.

The activities of some of the nihilistic terrorist groups are carried out by individuals trained by Soviet friends and allies that provide them with weapons; such terrorists have sometimes transited Soviet Bloc nations. Yet the terrorist activities of these groups are not coordinated by the Soviets.

The Soviets have on occasion privately characterized certain nihilistic terrorism as "criminal" and have urged other revolutionary groups to cease and desist from terrorist acts the Soviets considered "self-defeating."

Public protestations by the Soviets that they do not back terrorism are compromised by the indirect Soviet support received by certain nihilistic terrorists, as well as by the direct support the Soviets afford to national insurrections and separatist-irredentist movements which conduct terrorist acts.

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le the arms which the Soviets have lav-
 ed on the Third World in the past 20
 urs and the training they have provided
 e made it easier for international ter-
 rist groups to function, it is unlikely
 at their absence would particularly ef-
 ct terrorist activities. The relatively
 osophisticated nature of most terrorist
 sions and operations, the small quanti-
 es of arms involved, the ability of
 it groups to obtain what they want on
 : world market, and the financial sup-
 rt provided by a plethora of sources
 ce these groups relatively self-sustain-

the other hand, the activities of
 rger insurgent or paramilitary-type
 oups directly or indirectly sustained
 Central America, Africa, and the
 ddle East by the USSR and its allies
 ould be significantly curtailed by a
 viet decision to cut back on its own
 pport and to insist that its clients
 the same.

ere is little to suggest that the fun-
 mental Soviet approach to international
 rrorism will change in the foreseeable
 ture....Nevertheless, increased inter-
 tional attention to this issue could
 ke the USSR more sensitive to the politi-
 l costs of tolerance or support of such
 tivity by its clients and lead to in-
 eased Soviet caution in those gray
 eas where its activities indirectly
 pport or encourage terrorism. [REDACTED]

There is no basis for supposing that the Soviets
 could be persuaded to join the West in genuine
 opposition to international terrorism as a whole.

The broader phenomenon of revolutionary violence
 is a more significant and complex issue for the
 United States than is its terrorist component
 per se. The severe instabilities that exist in
 many settings in the Third World are chronic,
 will not soon be overcome, and in many instances
 would continue to exist regardless of the USSR.

There is no simple or single solution to these
 problems because of the variety and complexity
 or circumstances leading to revolutionary vio-
 lence and terrorism. In every case, the indicated
 measures include a mixture of three approaches:
 reduction or elimination of external support,
 police and/or military action to combat violence,
 and the opening of channels for peaceful change.

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ADMINISTRATIVE - INTERNAL USE ONLY 27 APR 1981

NFAC-2472-01

W. J. Kelly
8 MAY 1981

Executive Registry
VI-39256

MEMORANDUM FOR: Director of Central Intelligence

VIA : Director, National Foreign Assessment Center *J*

FROM : Helene L. Boatner
Director, Political Analysis

SUBJECT : Draft SNIE 11/2-81 (*Soviet-Terrorism*)

The attached memorandum was prepared in response to your request of 24 April 1981 by Melvin A. Goodman and Lyn Ekedahl, USSR-EE Division, Office of Political Analysis.

Helene L. Boatner
Helene L. Boatner

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we agree with draft SNIE 10/2 that:

- Soviet support for revolutionary violence is clear and substantial.
- Soviet training and military aid provide a variety of third-world militants with the capability of performing either terrorist or more conventional paramilitary operations.
- The Soviets support revolutionary organizations and states that use terrorism as one element of their policies when such organizations help to further Soviet foreign policy goals.

We differ with the judgment that the evidence on certain aspects of Soviet policy toward terrorist groups is "inconclusive" and "ambiguous." In fact, the evidence strongly points to the following:

- The Soviets do not instigate, coordinate, or control terrorist activities.
- There is no direct collaboration between the USSR and such purely terrorist organizations as Baader-Meinhof, the Red Brigades, PIRA, and the Japanese Red Army.
- The Soviets do not supply them directly with military assistance or training.

Moscow has stayed at arms's length from such groups for political and pragmatic reasons, not out of any sense of moral compunction:

- These groups are not susceptible to Soviet control or authority.
- Reliance on terrorism diverts revolutionary groups from the activities needed to build a broad-based movement.
- Terrorism has led to repression of local Communist parties and to the establishment of anti-Soviet regimes in such countries as Uruguay and Turkey.

For these reasons, the Soviets have advised such clients as the PLO and ZAPU against terrorism as a tactic.

The above memorandum is [REDACTED]

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DDI 1200-83

14 February 1982

MEMORANDUM

FROM: Robert M. Gates
Deputy Director for Intelligence

SUBJECT: NIE on Soviets and the Third World

Per your request, I have read the attached draft and, unhappily, find it to be rather dry and lacking any sense of the dynamics of Soviet involvement in the Third World and why involvement in the Third World is important to the Soviet Union.

-The draft could do with an historical introduction pointing out that the Third World has had ideological and political importance for the Soviet Union since the Revolution and the subsequent Baku Conference. There is no need to belabor this point or turn it into an historical tract, but without such a section one has only a snapshot of Soviet involvement in the Third World that tends too much to reflect on present opportunities and power balances and less on the ideological and political motives that have impelled the Soviet Union to an activist role in the Third World now for more than 60 years. This should be followed then by a brief review of Soviet involvement beginning in the early 1950s, including the kinds of assistance provided, during the 1950s and 1960s and the kinds of setbacks that the Soviets suffered culminating perhaps in their expulsion from Egypt in 1972.

This section would then draw the distinction between the policies that the Soviets pursued until the mid-1970s and then the different kind of involvement that the Soviets have sponsored since that time, including a modernization of the Cuban armed forces to encourage Cuba's greater role abroad. This description of the change in Soviet tactics and approach should very explicitly point out the conclusions we believe they must have drawn from the US expulsion from Vietnam and the perceived carte blanche that it was likely to give them in the Third World for at least some time. The shift in tactics to which I refer draws both on the lessons of Egypt and Chile and pointed the Soviets in the direction of greater support for regimes supported directly by surrogate forces or foreign help and dependent upon those forces to remain in power. Angola, Ethiopia and to a lesser extent Nicaragua are outstanding examples of this change. Moreover, the improvement in the military capabilities of each, and especially the internal security forces, are important points to note.

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SUBJECT: NIE on Soviets and the Third World

In sum, this estimate misses the whole historical significance of Soviet involvement in the Third World and the ways in which their tactics and approach have changed in the postwar period. The reader cannot understand Soviet activities in the Third World without some understanding of these changes. The importance of the changes is reflected by the fact that the Soviets have allowed their relationship with the United States to founder in many respects over the last eight years over the question of their involvement in the Third World. This cannot be explained only by striving for marginal advantage. It is the political and ideological imperative that must be considered as well. Involvement in the Third World is proof to the Soviets that their revolution is still alive. The change in tactics is a reflection of their determination to avoid wherever possible repetition of the failures of the 1960s and early 1970s. This whole section need be only three or four pages long.

- As for one of the major Soviet motives, particularly in Central America, the draft fails to mention the benefits involved in diverting the US from larger issues such as Europe/INF, the strategic competition, and also the potential impact of further splitting US opinion over foreign policy thereby making it more difficult for the US to respond not only in the Third World but elsewhere as well.
- On the question of economic support, I think the draft should point out that we are likely to see Soviet behavior very much in line with its approach to Nicaragua, that is, warning them not to throw away the benefits of trade aid and investment from the West. They simply will not provide the kind of economic assistance that is needed. Political and military assistance will be made available in all possible ways but the Soviets will counsel the country on how to best take advantage of divisions in Western Europe and the US in order to get the financial and trade advantages.
- On page 10 the estimate draft contends that Moscow believes that the US is now more willing to counter Soviet activities in the Third World than during the immediate post-Vietnam years. I think it is not possible yet to draw that conclusion and I think the Soviets themselves have not drawn that conclusion. So far, except in El Salvador, the Soviets principally have seen American rhetoric since 1975 and very little action. We are still not a player in Angola. Other than diplomatically we are not involved elsewhere in southern Africa, and we are playing no role at all in the Iran-Iraq war. The only place they know we are involved to any degree at all is in Afghanistan. In short they may see a greater willingness to let CIA carry some burden for the United States abroad, but they do not yet see the willingness of the American people and Congress to support an overt American role in the Third World. This is a terribly important distinction in terms of the political message it conveys.

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SUBJECT: NIE on Soviets and the Third World

- On page 24, the draft indicates that Soviets will have more difficulty in gaining new clients than after first becoming active in the Third World in the 1950s. Again, this does not reflect the change in Soviet tactics. It is much easier for the Soviets to let the Cubans or the Libyans or others develop such clients and to support them indirectly than it is to do so directly. Examples include Grenada and potentially Suriname. The Soviets make no investment whatsoever but the Cubans carry the major burden and then the Soviets can come in behind with support. This would be true in the event Libya is successful in Chad as well. In short, the estimate misses a major historical and political development in failing to point out the change in Soviet tactics in the last eight years in Soviet involvement in the Third World and just how surrogates are used in the Third World. This is a fundamental flaw in the draft in my judgment.
- The draft fails to take adequate account of recent ^{information} [REDACTED] we have acquired on the nature and extent of Soviet active measures in the Third World in Africa, the Islamic world, and elsewhere. These reports and political strategy they convey should be discussed in some detail in the estimate in my view.
- Finally, the draft does not document some mundane, but very important, advantages the Soviets bring to the Third World competition, including training of all kinds— from insurgent training to scholarships at Lumumba University. In this and other ways, they are simply better organized for the competition than we.
- In sum, the estimate is basically a snapshot with a great deal of detail and the problems and opportunities confronting the Soviets in the Third World. But what I find lacking is any sense of the change in the Soviet approach to the Third World over the last several years and that pulls together for the policymaker something more than the specifics we have been feeding them for the past three or four years— something that provides a synthesis of what it all means in terms of larger Soviet imperatives and motives in that part of the world. The estimate seems to conclude that fewer opportunities will present themselves to the Soviets in the 1980s than before for a variety of reasons and that the opportunities the Soviets have exploited will begin to present them with increased problems. I think this overlooks the creativity of the Soviet approach in the last seven or eight years, the fact that they are creating new opportunities through different approaches, and that they are much better than we in exploiting problem areas that offer benefit more for the

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SUBJECT: NIE on Soviets and the Third World

trouble they give to the West than for the advantages they provide to the East. These points are not brought out at all. What the policymaker needs right now (and has needed for several years) is the synthesis of where the Soviets are coming from in the Third World historically, how their tactics have changed over time to give us the present situation, and future directions—the depth of their commitment to present policies in the Third World. In short, I see a lot more trouble for us in the Third World in the years ahead because it's easier to make trouble than it is to solve it. This estimate does not convey the dynamic opportunity this gives the Soviets given their own tactical creativity.


Robert M. Gates

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~~SECRET~~
UNCLASSIFIED #6

17 October 1984

MEMORANDUM FOR: Director, SOVA
 FROM: Deputy Director for Intelligence
 SUBJECT: USSR-Afghanistan: Exploring Options

1. I find the attached paper to be very superficial and very much of a piece with earlier papers done on this subject. It seems to me that if you are to look at Moscow's options, you have to research the progress of the insurgency and its prospects be able to get at how the Soviets think they are doing. Also, you have to balance that view against planned increases in aid for the insurgents and the likelihood that those significant increases will be known to the Soviets. For example:

-- It seems to me that the first step in looking at what the Soviets might do is to assess the level of insurgent activity, say over the last two years. Using the methodology developed by ALA in measuring the progress of the insurgents in El Salvador, you need to develop some data covering the last two years or so that deal in comparative terms with numbers of incidents, territory held, number of casualties, amount of equipment lost, number and size of attacks, aircraft losses, sabotage, and so forth. Only when you have this kind of a data base can you determine whether from a Soviet standpoint the insurgency is getting worse or continuing at roughly the same level. I would argue that if the data shows that there has not been a significant increase in insurgent activities over the last couple of years, then the motives for significant increase in Soviet resources devoted to the war are less compelling. On the other hand, if those data show steady or steep increases in insurgent activity and Soviet losses, then the motivation for doing something different in a significant way is heightened.

-- At present you don't convince the reader of anything. Development of data would give a factual base as opposed to a kind of journalistic approach on the

talk that Henry

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I would consider the poor progress of Moscow's counterinsurgency effort to be background knowledge. We've taken that as given from previous reporting.

Anyway, it looks like we will be doing a major piece with NSA to give our assessment of how the war really is going from Moscow's perspective, and then options.

nature of the situation the Soviets face at the present time and how seriously they view their situation.

- Similarly, I don't think you can do this paper oblivious to the significant increases in aid to the insurgents that are projected for the next year or so, increases that the Soviets are likely to learn about through leaks as they did the \$50 million increase earlier this year. What impact will this have on the Soviets as they consider their options?

2. In short, I find the paper superficial and unpersuasive, largely because the detailed digging that has to be done to provide a factual base on which to make some judgments about Soviet perceptions of how the war is going has not been done. Sharp and steady increases over a period of two years, month to month, would suggest that more of the same is not enough and that the Soviets would have to consider more seriously more dramatic action. On the other hand, if those increases in insurgent activity are not so dramatic then as noted above the need for strong action is not so great.

3. I think these are important questions and I think the research is worth doing but let's get our fingers down into the dirt and get some information on which we can base our speculation.


Robert M. Gates

cc: D/NESA

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[REDACTED]

[REDACTED]

[REDACTED]

16 October 1986

NOTE TO: Deputy Director for Intelligence

FROM: Deputy Director of Central Intelligence

SUBJECT: Soviet Analysis

1. I continue to worry that we are not being creative enough in the way we are analyzing internal Soviet developments. It seems to me we are looking at Soviet domestic (social) and economic issues in terms of relatively straight line projections, based on the methodologies and data sources that have dominated our analysis in the past, without opening new lines of inquiry, asking new questions and exploiting previously underutilized sources. [REDACTED]

2. For example, with respect to new questions,

-- From talking to Soviet defectors and emigres, and people who are in touch with middle level Soviet officials in one way or another, I sense that there is a great deal more turbulence and unhappiness in the Soviet Union than we are conveying in anything we have written. I am hearing that there is growing restiveness over Gorbachev's demand that people work harder and drink less and yet his failure to provide any additional compensations or measures to ease daily living. If this is true popularly, then to what degree is it reflected also at lower levels of the Party, where these demands are joined by the campaign against corruption and the removal of job security? While I do not disagree with our analysis that his leadership is not threatened directly, to what degree may his effectiveness as a national leader and his internal and foreign policies be affected by a growing and perceptible undercurrent of resistance and unhappiness both in the Party and in the population as a whole. Is his honeymoon over? I just sense from what I hear and read that there is a great deal more turbulence under the surface in the Soviet Union than we have conveyed to anyone and that it has potentially important ramifications for both Gorbachev and us. I just don't sense that we're digging into this enough.

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[REDACTED]

[REDACTED]

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- Similarly, with the economy. It seems to me that our work on the economy still is very traditional. It strikes me that it is less important that Gorbachev raise the level of GNP growth than the kind of growth that he is achieving -- that is, the imperative for modernization. What kind of success is he having here? Again, this ties back into the first point. How long can he sustain any improvement with an increasingly disillusioned public that expected change and doesn't feel that it's getting it. In this connection, I continue to believe that we have not paid enough attention to emigre Soviet economists and others because some of the things they say don't square with our economic models or perceptions -- and this doesn't have to do simply with defense spending.

- To what degree, if at all, have we failed to give adequate attention to what Gorbachev actually has done? While we have talked about tinkering with the system, has he actually done a great deal more than that and set in motion even more to create the possibility of qualitative change in the Soviet system over a several year period. We seem to be focusing on changes in the party and government -- what about the economy? Are we missing some significant changes underway? I am concerned that we are so caught up in the day to day tactical and discrete changes he is making and measuring them against some larger objective called "reform," that we may not be pulling together all the strands in such a way as to identify the cumulative scope of what he is up to.
- I was intrigued when some SOVA analysts told me about the changes at both the writers and cinematographers congresses. Using these as a base line, has Gorbachev set in motion a "thaw" in the Soviet Union, which will be difficult for the Soviet leadership to control?

3. In sum, I am worried that there are a lot of questions that one hears from Soviet analysts and in discussions with various people that we are not doing any publishing on. I am concerned that we are in a rut and may not be recognizing significant change in the Soviet Union even as it is taking place. I'm not arguing that all these things are true. I just don't see the issues being addressed in our publications. Everything seems too pac.

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RG
Robert A. Gates

cc: DCI
NIO/USSR

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MONETARY AWARDS SINCE 1985

DUANE R. CLARRIDGE

Senior Intelligence Service Awards and Stipends

- 1985 Performance Award (15%)
For superior performance as Chief, Latin America
Division
- 1986 Performance Award (10%)
For superior performance as Chief, European
Division
- 1987 Meritorious Officer Stipend
For the establishment of the Counterterrorism
Center

ALAN D. FIERS, JR.

Senior Intelligence Service Awards and Stipends

- 1985 Performance Award (10%)
For superior performance
- 1986 Meritorious Officer Stipend
For superior performance as Chief, Central
American Task Force
- 1987 Distinguished Officer Stipend
For superior performance as Chief, Central
American Task Force

CLAIR E. GEORGE

Senior Intelligence Service Awards and Stipends

- 1985 Performance Award (15%)
- 1986 Performance Award (20%)
- 1987 Performance Award (15%)
- 1988 Performance Award (5%)

All performance awards given for his outstanding
performance as the Deputy Director for Operations.

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Declassified by
0199835
16 Sept 91

Chairman BOREN. We will stand in recess. I would ask Members to please be in the President's Room—

Senator RUDMAN. While you are doing that, I noticed that Senator Hollings introduced the Matthews letter. I had no objection to that. I would not assume that anybody would object to Webster's letter. The press has asked for it.

Chairman BOREN. Without objection, we will enter both the Matthews letter and the Webster letter into the record.

[The documents referred to follow:]

Mark E. Matthews
#1 St. Andrew's Plaza
New York, NY 10007
September 30, 1991

BY FAX AND FEDEX

Honorable David L. Boren
Chairman
Honorable Frank H. Murkowski
Vice-Chairman
Select Committee on Intelligence
United States Senate
Washington, D.C. 20510

Re: Confirmation Hearings for Robert Gates
Testimony of Mr. Melvin A. Goodman

Dear Mr. Chairman and Mr. Vice-Chairman:

I have been provided with four pages of testimony by Mr. Melvin Goodman before the Committee (pages 34-37) and have been asked by the Select Committee's staff to comment about certain passages relating to my position as Judge William H. Webster's Special Assistant at the CIA.

The first two full paragraphs on page 35 of Mr. Goodman's testimony appear to imply that another special assistant and I were brought to the CIA by Judge Webster for the purpose of conducting a secret investigation of DDCI Gates. In fact, Judge Webster never in any way, at any time, asked me to conduct an investigation of the DDCI and accordingly, never asked me to keep any such investigation secret from the DDCI. My service as Special Assistant to the DCI was simply a continuation of the same position that I had held with Judge Webster at the FBI prior to his nomination as DCI.

Immediately prior to discussing my alleged role, Mr. Goodman also stated that "Webster was quite aware, I believe, that the CIA was being politicized." I wish to inform the Committee that Judge Webster never expressed any such "awareness" in my presence.

With respect to the alleged investigation, I believe that Mr. Goodman is referring to an incident in the late spring or early summer of 1988, when I met a Soviet analyst named Jennifer Glaudemans. I recall our first meeting as a social lunch at work, arranged after we found out that we both had attended the same graduate program. During that conversation, the subject of the DDCI came up, and Ms. Glaudemans related some concerns about the DDCI's objectivity within the Soviet analytical division and alleged personnel changes designed to further the DDCI's analytical views. My recollection of the allegations is that they were directed primarily to the period prior to Judge Webster's arrival at the CIA. Neither prior to

nor during my meeting with Ms. Glaudemans did I consider the meeting an "investigation" of the DDCI. However, because part of my responsibilities for Judge Webster included keeping my ears open to potential problems, I heard Ms. Glaudemans out. I simply wanted to determine if these complaints needed to be raised with Judge Webster.

I also recall another brief meeting in my office on this same topic to which Ms. Glaudemans brought another Soviet analyst. I do not recall whether Ms. Glaudemans suggested this meeting or whether she produced the other analyst in response to an inquiry by me as to whether her views were shared by others. During that meeting, the other analyst expressed concern about the DDCI learning of the meeting, and I assured her that I would keep their names to myself. Perhaps this is the genesis of Mr. Goodman's testimony about something being kept from the DDCI. Mr. Goodman also states that I made calls, including one to him. I do not remember making any such calls or ever speaking with or meeting with Mr. Goodman. (I suppose that it is conceivable that I had a very brief conversation with him if a particular allegation needed to be clarified or if Ms. Glaudemans or the other analyst indicated that he wanted to speak with me.) To my recollection, I only spoke with Ms. Glaudemans and the other Soviet analyst for a brief period simply to determine the nature of the complaints that they were making in order to decide what, if anything, to tell Judge Webster.

Shortly after the two conversations above, the Inspector General's report on the Soviet analytical division arrived in the DCI's office, and it contained a section on the perceptions of politicization. I noted the report to Judge Webster, but never had a conversation with him about it or the conversations above due to my departure from the CIA shortly thereafter. My primary concern had been alleviated, however, in that the report had detected and investigated the issue. It was my opinion that the Inspector General had investigated the essential problem communicated to me by Ms. Glaudemans and the other analyst (the perception of politicization) and had made the findings contained therein.

In summary, my two relatively casual meetings with Soviet analysts should not be misconstrued as a secret investigation by Judge Webster through me of Mr. Gates. This simply is not true. Lastly, I am not aware of any facts or allegations concerning the politicization issue not already before the Committee. If the Committee requires any further information, I can be reached at the above address at the United States Attorney's Office in the Southern District of New York.

Respectfully submitted,



Mark E. Matthews

WILLIAM H WEBSTER

September 27, 1991

The Honorable Warren B. Rudman
United States Senate
Washington, D.C. 20510-2902

Dear Senator Rudman:

This is in response to your inquiry concerning my recollection of certain allegations made by witnesses during testimony taken by the Senate Select Committee on Intelligence on September 25, 1991.

A routine inspection of the Office of Soviet Analysis ("SOVA") was conducted in 1988 and reached my office approximately June 26, 1988. It contained two recommendations designed to improve the quality and flow of intelligence, both of which were approved.

I did not commission any other study on the subject of SOVA intelligence production and analysis nor did I authorize anyone working for me to investigate allegations of politicalization of analysis outside the Inspector General process. Moreover, everything that I saw was submitted contemporaneously to my Deputy, Robert

Gates. No one was ever at any time instructed to keep any information or the fact of any activity from him.

I have discussed this matter with the individual who was my special assistant from the time I became DCI in 1987 until shortly after the Inspector General's report was submitted. He advises that he had listened to complaints from two junior analysts in the SOVA division but had not reported this to me in view of the Inspector General's report which addressed the subject matter. That report concluded that the perception of politicalization was a problem within the Division but that the inspectors had found no convincing evidence that it was in fact occurring.

During the two years that he served as Deputy Director of Central Intelligence, Mr. Gates fully supported my policy of reflecting divergent or alternative views on significant subjects in ways in which those differences would

WILLIAM H. WEBSTER

be readily apparent to the readers of the finished intelligence.

Sincerely,

A handwritten signature in cursive script, appearing to read "William H. Webster". The signature is written in dark ink and is positioned above the typed name.

William H. Webster

WHW:ceh

Chairman BOREN. I would note that they are not sworn testimony in either case, but we will enter both of those letters into the record.

We will have a Members only meeting in the President's Room between votes and will resume here at approximately 5:00. I say to the members of the panel, I know that many of you have travel plans. We will do our very best to complete the questioning of the panel as quickly as possible.

Thank you very much.

[A recess was taken from 4:27 p.m. to 5:51 p.m.]

Senator MURKOWSKI [presiding]. I would ask the panel to be seated, please.

I would like to accommodate Mr. Fuller, who has to leave at 6:45, while remaining mindful of the commitment made to the Members that we would break at 6:00 and come back in at 7:30. Senator Metzenbaum is the next Senator who will be questioning. Is it possible, Senator, that you would care to address first any questions to Mr. Fuller?

Senator METZENBAUM. What I will do, if it's all right with you, Mr. Chairman, is address only Mr. Fuller for maybe 10 minutes or so, and then come back with the balance of my 45 minutes to an hour of questioning.

Senator DECONCINI. 45 minutes to an hour? [General laughter.]

Senator METZENBAUM. I just wanted to be sure that you were listening to me.

Senator MURKOWSKI. Both Senator DeConcini and I listened intently to that, and we jumped off our seats.

Maybe if you would just care to use as much time as you have allotted, which is 15 minutes, for the questions to Mr. Fuller, and then if you run out of questions of Mr. Fuller, perhaps Senator DeConcini, myself, and Senator Rudman could—

Senator RUDMAN. Mr. Chairman, that's fine. Anything the Chair wants to do. You know, we had a meeting a little while ago at which we made a decision we are going to break from 6:00 to 7:30. People make plans, and then all of a sudden we are not going to do that. That's fine, but I will stay here as long as I can.

Senator MURKOWSKI. No, the Senator misunderstood the intention of the Chair. The intention of the Chair is to break at 6:00. But to try to accommodate Mr. Fuller, who will not be with us after 6:00—

Senator RUDMAN. I thought you said that Senator DeConcini would ask some questions after that?

Senator MURKOWSKI. If there is any remaining time that Senator Metzenbaum does not use—

Senator RUDMAN. Between now and 6:00? Senator Metzenbaum is not going to leave any time between now and 6:00.

Senator MURKOWSKI. Well, let us try it anyway.

Senator Metzenbaum, it will be the intention of the Chair to recess within 15 minutes, which will be approximately 6:10.

Senator METZENBAUM. Thank you, Mr. Chairman.

First let me preface my remarks by saying to all six of you that I think you do a great public service in coming forward to testify. I think it is tougher for those three who have come forward to be critical and to raise questions and to state their own views. I am

sure you have had sleepless nights and you have had concerns and reservations, and have looked at yourself in the mirror before you came here, and even since you've been here.

But I think you have done the country a great public service and I, for one, want to acknowledge that and say thank you in the strongest possible terms.

For those who have spoken in the contrary vein, supporting Mr. Gates, I appreciate also your coming forth and indicating your views. I believe that you believe everything that you are saying, and I think that we are looking at people—

Senator MURKOWSKI. I wonder if the Senator could speak a little more into the microphone; it is hard to hear.

Senator METZENBAUM. This is the first time in my life that someone said they could not hear me. [General laughter.]

I will do so, Mr. Chairman. So I thank all of you.

Mr. Fuller, let me see if my recollection of your testimony is correct. I thought that I heard you say that there was not any real belief that there were any moderates in Iran and that there was no really credible thinking along that line. I am almost certain I heard you say that, and yet when I read your memo of, I guess it is May 7—yes—of 1985, you say something like the following: "Events in Teheran are moving towards the crucial denouement with Khomeini's death or even before he dies, during which the U.S.-Soviet struggle for major influence in Teheran may be decided. It is possible that the moderates could win out in the end, but a weakened and increasingly chaotic regime is not the best formula for the emergence of moderation."

Were you not actually saying—you did say—that the moderates could win out? And does that not contradict the representations you made to us earlier?

Mr. FULLER. Senator, I do not think that there is a contradiction, but let me just say that I think, first of all, there is a great deal of mirth over the subject of Iranian moderates. One of the jokes is that, you know, a moderate is a mullah who has run out of bullets. [General laughter.]

I think that there have been and there remain within the spectrum of the Iranian Government and the powers that be, people who are more moderate or more pragmatic than others. I mean, never mind that these people are all someone off there to the left or the right, depending, but basically there are those who are identified in estimates that we did repeatedly that said there are these groups which we identify as pragmatic, others as radicals, others as conservatives, others as ultraconservatives.

And what these mean, you would have to read the estimates to be most precise, but fairly clear delineation of different types of approaches. I think Rafsanjani was clearly marked as a moderate way back in 1984. He had limited influence and power, but clearly a moderate. And now as his powers emerge, we've seen Iran becoming more and more moderate.

Senator METZENBAUM. The only point I am making is that you had represented to us, as I understood it, that you were not one of those who thought the moderates could win out, that you were not in that camp at all.

Mr. FULLER. No, I think, sir, I was trying to say that none of us felt that there was a pro-American group in the outfit waiting, just waiting for contacts to pull a pro-American coup and get back to being like the Shah was, if there was any expectation of that. I don't think there—we never felt—said—in any of our estimates that the United States had a real chance of getting a major foothold back in Iran. We thought at best it would have to be by proxy of some other Western state, if we had a chance for it.

Senator METZENBAUM. In 1986, during our Iran-contra inquiry, an NSC staff member named Howard Teicher testified before this Committee as follows: "In the course of some discussions that I had with Graham Fuller in April of 1985, Graham and I considered other possible courses of action that might help us cope with what we saw as a declining situation in Iran.

One suggestion that Graham developed and which was subsequently codified in a memo from Graham Fuller to the Director of Central Intelligence on May 17, 1985, and provided to me and several others, included the suggestion that the U.S. should reconsider its policy of preventing any and all arms from making their way to Iran.

Subsequent testimony by Bob Gates has tended to de-emphasize the distinctly policy-oriented origins of the May 1985 update of the Iran estimate. But in your own testimony yesterday, you said that you were "increasingly concerned over our policies toward Iran." And you further stated "and concerned with our excessive tilt towards Saddam."

Did you in fact discuss policy options with Mr. Teicher in April of 1985?

Mr. FULLER. I know I had to meet with him periodically to determine what his interests and determinations were going to be in asking us to do an estimate.

Senator METZENBAUM. Does that mean this—

Mr. FULLER. I don't remember details of those conversations, but certainly, yes, I think he was one of those who shared my concern that Iran was going to hell, possibly, and that the international implications and the implications for the U.S. could be very profound. And whether the U.S. had any cards to play vis-a-vis, say, the Soviet Union or others, that would be of any good to us.

Senator METZENBAUM. Did you develop the option of letting other countries sell arms to Iran before you were asked to update the Iran estimate?

Mr. FULLER. I honestly cannot remember the sequence, sir. I think, if anything, the idea Teicher seems to be suggesting that the idea was his and I took it back. I seem to recall rather the other way around, that I was the one who was following around much more closely.

Senator METZENBAUM. What did Bob Gates know about your NSC staff discussions during this period?

Mr. FULLER. Probably not that much, because it would be normal to go down and have meetings with NSC, with State Department, with DIA people, with all sorts of policy level people to talk about our perceptions of problems, that was part of the NIOB. So unless there was something very specific, I don't think I would have come running back to Bob Gates and say, hey, I talked about this with Howard Teicher.

Senator METZENBAUM. Well, Committee staff has been told that at some point in the April-May time period, you discussed your concerns regarding Iran at a staff meeting of the NIC. Bob Gates was Chairman of the Council. Do you recall such a meeting, or perhaps a similar meeting, at which you told others of your policy views? If so, what was the date of that meeting and was Bob Gates there?

Mr. FULLER. Sir, I couldn't possibly remember that kind of detail. If it was a meeting with Bob Gates, it was probably a weekly staff meeting, and at weekly staff meetings, we aired all sorts of concerns and policy interests and concerns. So there wouldn't—it wouldn't have been a special—something to stick especially—

Senator METZENBAUM. But Bob Gates would have known of your position at that point?

Mr. FULLER. Yes, he probably would have. He may well have known about it well before then, because I didn't just come up with this idea overnight. I had been long concerned about problems of tilting excessively toward Iraq in this period. My ideas were evolving over time. I don't think there was a single moment at which suddenly this idea crystallized and it was out there.

Senator METZENBAUM. When and how were you tasked to update the 1984 estimate on Iran? And, if you remember, what did the tasking say?

Mr. FULLER. Sir, I cannot without access—look, I have been out of the Government for 5 years. I cannot and I have not had access to any of these documents or even thought about them since leaving. Basically, I can't—dates I can't quote you. But I know, at some point, I had been talking about my concerns about Iran and Teicher said, actually we need a policy review on Iran. We are going to have a policy review on Iran, and before having that policy review, we need an updated estimate on Iran. That was typical of any policy review in Government, would be to ask for an estimate.

Senator METZENBAUM. Did Bob Gates have a role in that?

Mr. FULLER. No, he would have no role until I went back and said—I would have probably reported, yes, NSC is going to ask for an estimate. That I would have told him because it was immediately pertinent.

Senator METZENBAUM. And you would have told him about the refinement of the estimate?

Mr. FULLER. The refinement—I am sorry, I didn't follow you, sir.

Senator METZENBAUM. Was there not an original position stated with respect to Iran, and then wasn't there a refinement of that after you brought your views to the—

Mr. FULLER. Refinement of what the estimate should focus on, yes, sir. The usual process was to discuss with the requesting agency—in this case, it was NSC, what—exactly what kind of an estimate they were looking for, what were the key issues that they wished us to look at. We were not bound to those key issues, as I said yesterday, but it was imperative that we fully understand their—the intelligence needs that they had in the preparation of that document. The intelligence needs, not policy needs.

Senator METZENBAUM. Well, we know from the Tower Board report that on May 13, an NSC staff member reported in a PROF

note that they were still working with you on the terms of reference for this estimate, even as they drafted a National Security Decision Directive that would be based on it. Do you have any recollection of how long—any estimate of how long that process would have gone on?

Mr. FULLER. In drafting the TOR, probably a week at most.

Senator METZENBAUM. On May 7, you wrote a memo to Deputy Director McMahon with copies to Casey and Gates, and I would like to quote a few lines from that memo:

If the U.S. arms embargo to Iran is highly successful, it will provide the Iranians with little alternative except to turn to the Soviet block for such strategic items. There would be much benefit if some alternative Western sources of arms, such as U.K., Israel, China, Brazil, and Argentina, would get a foot in the door in order to exclude Soviet monopoly of this field.

It continues on:

In a positive sense, the U.S. could encourage a far greater Western role, including Japan and Iran. This would have the effect of giving the West a major foot in the door and hopefully, eventually, strengthen moderate forces. It would probably have to include some flexibility on sales of major weapons to Iran.

What was the reaction to that May 7 memo, and particularly from Bob Gates?

Mr. FULLER. I don't remember specifically any reaction from Bob Gates. First of all, I generally wrote these for Casey. Casey was most on my mind, since he was the Director, and our thoughts, our memos, were generally directed to him. So I do not remember what Bob Gates said.

I know Casey was interested. Casey was always interested in geostrategic problems of this sort, and he recognized there was a genuine dilemma in the immensely successful Western arms embargo against Iran, if Iran was beginning to founder. And he probably would have encouraged me to continue thinking along these lines, which is probably one of the reasons why I drafted a slightly longer and a little more detailed memo—

Senator METZENBAUM. But the memo was for McMahon, not for Casey, was it not?

Mr. FULLER. It says, Deputy Director for Central Intelligence. Every memo that I wrote was essentially for Gates—excuse me, for Casey. And the fact it says Deputy Director in this one case leads me to think that Casey was not there or for some reason or other was not available to get the memo from me. Because I would not have sent anything to anyone else if Casey was there.

Senator METZENBAUM. But on May 17 you wrote a second memo.

Mr. FULLER. Right, and that was to Casey.

Senator METZENBAUM. This one was addressed to Casey and McMahon, with copies to Gates, to two NSC staff members, and to three State Department Officials. I would like to quote from that memo as well:

The U.S. has almost no cards to play. The U.S.S.R. has many. Iran has obviously concluded that whether they like Russia and communism or not, the U.S.S.R. is the country to come to terms with. We could tell all our European allies as well as Israel, Turkey, Pakistan, China, Japan, Brazil, and Argentina, that Western influence must develop a paramount position during this critical period in Iran.

We would remove all restrictions in sales, including military, to Iran. Iran's diminished isolation might encourage the emergence of Iran's moderates into a greater policy role.

You continued on:

On reflection, I believe that the option most constructively oriented is that of inserting Western allies and friends into Teheran quickly through the arms door. Our tilt to Iran was timely when Iraq was against the ropes; and the Islamic revolution was on a roll. The time may have come to tilt back, at least via our allies.

What led to the May 17th memo? And did Bob Gates or somebody else suggest that you write it?

Mr. FULLER. Never. No one suggested that I write this. It was my own thinking, as I viewed the problem of Iran, and particularly what most analysts within the agency felt was the foundering of authority in Iran at this particular time.

Senator METZENBAUM. Did you get any reaction from Gates?

Mr. FULLER. I don't remember reactions from Gates because he was not my major focus. I remember Casey's reaction, because he was the person I wrote it for, and he was my ultimate boss on things of this sort. No, I have no recollection of any reactions from Gates.

Senator METZENBAUM. When CIA's Office of Soviet Analysis contributed some draft text for your new estimate on Iran, you wrote your own draft in response. A later memo by a SOVA division chief claims that you—

Added two paragraphs that portrayed the Soviets as being well-positioned to increase their influence in Iran; predicated that Gorbachev would see Iran as the key area of opportunity for Soviet foreign policy in the next year; predicted that the Soviets would show some flexibility in arms sales to Iran; and dropped two important judgments that "Moscow remains skeptical about significant Iranian concessions on contentious bi-lateral issues; and in any case, the Soviets are extremely unlikely to sacrifice good ties with Baghdad for uncertain gains in Teheran, while an Islamic regime, mistrustful of the U.S.S.R. and communism rules Iran."

The division chief's memo also states that you changed the text without discussing it with SOVA analysts, as you have admitted today.

Was it common to proceed in this manner, or was it generally expected that you would consult with the analysts before sending a draft with major changes out to the other intelligence agencies for approval?

Mr. FULLER. Sir, it would depend on, first of all, on the amount of time. NIO's would routinely change drafts that were submitted to them to bring it into the best possible shape, in their judgment, before it was brought to the coordination table. In changing the Soviet portion of it, which I agree it was less common, because most NIO's, regional NIO's felt that it was not either within their competence or prerogative to be changing things from other areas. I felt it was at least within my competence.

But as I agreed, I certainly should have consulted with them before doing it. But ultimately the point was, however I changed any draft—which was my prerogative—it would have to be coordinated at the table fully. It would have to be agreed to by INR and DIA and all the other people who come to the table.

So I could have said almost anything, and if it was preposterous, it would have been rejected by the community.

Sir, let me just quote one paragraph, the key paragraph from that document—this involves no intelligence, strictly judgments, of

the final product, which I think you will find is a rational statement of concern.

This is the key judgment of the summary of the estimate. "Iran may now be reaching a critical juncture in its political revolution. The prospects for serious instability under the pressures of war, economic deterioration, and regime in-fighting, offer major opportunities to the U.S.S.R. to gain greater influence with the regime and present major challenges to the U.S. In any struggle for power, the U.S.S.R. is better positioned than the U.S. to exploit and to benefit from changes in the regime.

The primary challenge to U.S. policy will be to build leverage to help determine outcomes favorable to U.S. interests."

Now, I think that is a very rational statement of what turmoil could offer to the Soviet Union. Changes I made were simply to highlight the fact that there was a geo-political contest between the United States and the Soviet Union, that SOVA, in my estimation, did not sufficiently grasp or flag for policymakers. And that was the basis for my making changes.

Senator METZENBAUM. Here is my last question to you, and then bon voyage: you note in your testimony an estimate regarding Soviet policy in the Middle East, in which you insisted that the possibility of renewed Soviet relations with Israel in 1986 be included. Analysts from several agencies disagreed with you on that. Ms. Glaudemans has just testified that Bob Gates then prevented the publication of a CIA analysis because it conflicted with your views.

Do you want to comment on that? Because I am sure we both would agree that is not the way to run an agency.

Mr. FULLER. Sir, I cannot comment on why Bob Gates—what Bob Gates did with a DI memo within his directorate. All I know, is that at a time when already some of us were beginning, in fact, to be excited at the prospect of change in the Soviet Union, I was certainly among the forefront of them by this—towards this time. I felt that there was no rational reason why the U.S.S.R. should continue in this time-worn position of hostility to Israel. That if they were smart, and they had a new foreign minister, and they were starting to do more creative things, why wouldn't they, for the first time maybe recognize Israel? This was a considerable departure from all the traditional SOVA analyses that had been in place up to that time. We said, ultimately in the estimate, that it could be within 18 months there would be a change in diplomatic relations. We were wrong in that particular respect, that there was no formal re-establishment of diplomatic relations within 18 months.

But the Moscow relationship with Israel was extraordinarily revolutionized in this period with Gorbachev making very harsh remarks to the Syrians, and beginning to establish informal contacts with Israel in a whole range of ways. And furthermore, our estimate did reflect, specifically, differences in the community over whether the Soviet Union would or wouldn't.

I don't see, at this point, that this was even a major issue for the Administration on which to fall on its sword, one way or another. I don't know why Bob Gates—you should ask him why he felt, after our estimate had been published, which indicated a division in views, but suggested that there could be some new, creative thinking from the Soviets on this.

I don't know why he then felt the necessity not to publish, or the—why he felt he didn't want to publish Jennifer Glaudemans' paper. I don't know why. I wasn't involved in that.

Senator METZENBAUM. Thank you.

Senator MURKOWSKI. Thank you, Mr. Fuller.

We had intended to break. Senator Danforth has asked if he could be allowed 5 minutes, which I understand is sufficient for his purposes.

Senator DANFORTH. It is, Mr. Chairman.

Senator MURKOWSKI. If there is no objection, it would be the Chair's ruling that he be allowed to proceed for 5 minutes. And then we would adjourn and come back again at 7:30, as the Members agreed to.

Is there objection?

[No response.]

Senator MURKOWSKI. If there is no objection, Senator Danforth.

Senator DANFORTH. Mr. Chairman, I appreciate that. Thank you.

I would like to ask Ms. Glaudemans, in your prepared statement on page 4, you refer to a 20-page memorandum, and you believe that the memorandum is evidence of the politicization that you note.

Is what you have just been handed, is that the memo?

Ms. GLAUDEMANS. There were two 10-page ones.

Senator METZENBAUM. I cannot hear you.

Ms. GLAUDEMANS. There were two 10-page ones. I see half of it. I do not see the whole thing. But I know, I remember the issue, yes.

Senator DANFORTH. That looks to me like a complete memo. But that is 12 pages. But is that what you are referring to here?

Ms. GLAUDEMANS. Okay, I was just told that the second half was a single-page version of the same thing. We're talking about the same memo, Senator.

Senator DANFORTH. Okay, the notes, there are some notes in the margin, if you just sort of glanced through it. Is that you—are those your notes?

Ms. GLAUDEMANS. I remember at the time there were several versions of this going around. And I do believe these are mine. I don't know if they're all—I do believe they are.

Senator DANFORTH. They all are yours?

Ms. GLAUDEMANS. I believe so.

Senator DANFORTH. Yes, I mean you know your handwriting. So that they are your notes?

Ms. GLAUDEMANS. Yes.

Senator DANFORTH. Okay, now do you—tell us what your personal connections were with Bob Gates. Did you have personal dealings with him?

Ms. GLAUDEMANS. On a few occasions, I briefed him on particular issues. As an analyst on Soviet foreign policy in the Middle East, I went from one burning issue to another, whether it was SA-5s in Libya, or a coup in South Yemen, or the Iran-Iraq War, whatever the Soviets were doing. So there were times when I had to brief him.

Senator DANFORTH. And during those personal briefings or any personal contact that you had with him, was there any evidence then of politicization or pressure put on you?

Ms. GLAUDEMANS. I think politicization is a far more subtle process than something that could be simply limited to a briefing experience—

Senator DANFORTH. I know, I mean you've described it as fog. But what I'm saying is, was any of that fog present, or did he say anything during those briefings that you would view as pressure, or politicization?

Ms. GLAUDEMANS. I understand the point of your question, I believe.

The issues that I think directly impacted my perception that Mr. Gates was part of the problem are as follows: I think the most profound thing that had an impact on me was his testimony to the Senate Foreign Relations Committee on January 21, 1987 in response to a question of what had finished intelligence been saying? And I think he misrepresented what was in the record of finished intelligence.

But that was something I read of his, and had a lot of direct knowledge about. But I didn't come down here and see him testify to that.

Senator DANFORTH. Right, but I mean—

Ms. GLAUDEMANS. The second thing—

Senator DANFORTH. Can I just ask you this?

Ms. GLAUDEMANS. Yes.

Senator DANFORTH. I mean in your personal dealings with him, not just your observations of what he did, but in his, Roberts Gates' dealings with you, personally, did he personally, in any way, pressure you or ask you in any way to change your position, or to doctor memos?

Ms. GLAUDEMANS. I would say there were times I got questions on current intelligence late in the night that were a result of his questions. But I would not have viewed those types of substantive questions as political pressure.

I think as a GS-10, and 11, and 12, and 13 analyst, that it's impossible that I could ever have been in that type of a relationship where I would have—

Senator DANFORTH. You're—

Ms. GLAUDEMANS. Been told that way.

Senator DANFORTH. You are deducing the politicization from what you observed in the agency as a whole. But you are not deducing it from anything that he, personally, said or wrote, or any communication he had with you?

Ms. GLAUDEMANS. I deduced it primarily from his testimony to the Senate Foreign Relations Committee.

Senator DANFORTH. Was that the—

Ms. GLAUDEMANS. There are two aspects to this. And it is one I hope to explain to you.

You are aware there is a perception problem. And that is one-half of the equation. The perception problem results from an atmosphere from what—not only a junior analyst would hear, but just what was the office dialogue? That, of course, is a very indirect way of deriving a perception.

And whether it's founded or not, I think we all understand there's this perception problem out there. The direct impact on my perception was in the areas where I was directly involved working,

and I was responsible for providing him information. And I believe that he ultimately did not reflect what was in the finished intelligence record.

Senator DANFORTH. Okay, but it was not—I mean he did not say to you anything directly that said doctor this, or change that?

Ms. GLAUDEMANS. It's—

Senator DANFORTH. You are relying on two things, as I understand it: One, your general perception of what was going on in the office, sort of the feel of the place; and the second, particularly with respect to one piece of testimony before Senate Foreign Relations Committee. And you prepared testimony for him, did you not, for that meeting?

Ms. GLAUDEMANS. I was just to supply for him what was in the finished intelligence record. I wouldn't even say it was testimony language. It was just what was in the—

Senator DANFORTH. You prepared briefing material for him?

Ms. GLAUDEMANS. Yes.

Senator DANFORTH. And, in fact, his testimony did not reflect that briefing material?

Ms. GLAUDEMANS. No, I do not believe it did.

Senator DANFORTH. Okay, thank you.

Thank you Mr. Chairman.

Senator MURKOWSKI. Thank you, we will recess until 7:30. And I understand Mr. Fuller will not be with us when we come back. Is that correct?

Mr. FULLER. That is correct, sir.

Senator MURKOWSKI. But we very much appreciate, Mr. Fuller, your willingness to testify.

Mr. FULLER. I appreciate your accommodating me.

Senator MURKOWSKI. There may be interrogatories to you, Mr. Fuller, from various Members of the Committee. I believe Senator Metzenbaum will be addressing interrogatories to Mr. Fuller. So we put you on notice accordingly.

And thank you again, very much.

Senator BRADLEY. Mr. Chairman, who is up?

Senator MURKOWSKI. Who is up? Well, assuming that Mr. Gorton is here, Mr. Gorton is up. And then after Mr. Gorton, a gentleman by the name of Bradley.

Senator BRADLEY. And, Mr. Chairman, if we finish our rounds—

Senator MURKOWSKI. Then we will have second rounds.

Senator BRADLEY. In the order of people's attendance originally, or in the order of people's attendance at the time the chair calls on them?

Senator MURKOWSKI. Well, probably a combination of both, but with a little seniority thrown in.

[Whereupon at 6:23 p.m. the Committee recessed, to reconvene at 7:30 p.m. the same day.]

EVENING SESSION

Chairman BOREN. Let us start gathering the witnesses back at the table.

[Pause.]

Chairman BOREN. We will come to order now.

As has already been indicated, Mr. Fuller had to go ahead and depart for California. We do not anticipate holding this panel too long tonight. As soon as we finish this matter, we will continue next door for what I think will be a very brief report on the classified matter that I discussed earlier in terms of any intelligence collected involving Members of Congress and their staffs. If it looks like that meeting is going on too long, we will recess and continue it early in the morning. We have notified the nominee that we will begin with him in open session at 9:30 a.m.

For the benefit of our guests and others who are planning their schedules, we do plan to continue with the nominee through the day tomorrow into the evening hours, at least for a while if we need to, and into part of Friday. We could go as long as Friday noon. It may be that we will finish with the nominee tomorrow after which time the Committee has received written statements that will be sworn from a limited number of people.

We will not continue to receive written statements. That could be an unending process. But we had six or seven people who wished to give statements and have already presented them to us. We will simply ask that those statements be sworn. They will be made a part of our record and members will be able to propound written interrogatories under oath to those persons.

Other than that, we will not solicit additional statements nor take additional testimony. At least that was the good consensus of Members of the Committee on both sides of the aisle reached at our meeting that this was the appropriate way to proceed. We will then not meet next week. The hearings will, in essence, have been completed.

We plan to meet on Thursday of the following week which would be, I believe, the 17th of October in a closed meeting to have a final discussion among ourselves as to whether or not we feel the record is now complete. And it would be our plan then, barring some other development that forces us to reopen any inquiry, to have the Committee vote on Friday morning the 18th on the nomination.

We will be in this room in the morning beginning at 9:30 a.m. with Mr. Gates as our witness. If any questions arise that are of a classified nature, we will pursue them with Mr. Gates after we have completed the open session with Mr. Gates tomorrow.

We are now down in our order of questioning to Senator Gorton. He will be followed by Senator Bradley and by Senator Cranston.

At this time, I would recognize Senator Gorton.

I, again, would remind all of our witnesses that they remain under oath in their answers to these questions.

Senator GORTON. Thank you, Mr. Chairman.

Mr. Goodman, both in your testimony or your report to the staff early on—

Senator BRADLEY. Mr. Chairman, before we go any further, and I apologize to Senator Gorton, do you happen to know does anybody else in here hear a high ringing noise? [General laughter.]

Chairman BOREN. Yes, they do. It is not your imagination. I know that all in the room will feel relief that all of us are hearing that noise. [General laughter.]

We have tried to check it out. I am told it is not just that the hearings have gone on a long time that you are having a ringing in your ears. I am told everyone is hearing it apparently throughout the building. So it is not just in this room or with our sound system.

We are endeavoring to find out the nature of what is going on. But we will try to ignore it and try to proceed.

Senator Gorton, it has nothing to do with your questioning that we are hearing this ringing in our ears.

Senator GORTON. And it has nothing to do with my questioning that Senator Bradley has his fingers in his ears. [General laughter.]

Chairman BOREN. We will continue at this time.

Senator GORTON. Thank you.

On two of the three occasions in which you have dealt with these issues, you raised an issue with respect to yellow rain. You compared the 1982 estimate on yellow rain to the 1981 terrorism estimate. This is the quote I have from you yesterday—"It is similar to international terrorism in that you had a charge from Secretary of State Al Haig without evidence that the Soviets were responsible for the use of chemical agents in Southeast Asia."

And then you went on to say, "The D.I., Directorate of Intelligence, provided much misleading information on this subject." The reporter got you right, did she not?

Mr. GOODMAN. Yes, sir.

Senator GORTON. What was your role in the production of analysis and how do you know that the information was misleading?

Mr. GOODMAN. I had no role in the production of the analysis. My concern was that in calling around the community there was an insufficient data base, a lack of evidence to support the charges.

I had a real concern with the white paper that was done on the subject because, and I know this may sound like overstatement, but I'm very sensitive to the Intelligence Community putting out misleading information, then, in turn forcing foreign service officers and USIA officials to defend charges that cannot be substantiated.

And my comparison with international terrorism was really on two bases. One was that Haig raised both charges, but that's not important. The other charge that I think is of concern to me is that there was an insufficient evidentiary base. I think over the long run you undermine the credibility of the spokesmen for American foreign policy all the way up through the Secretary of State if you continue to give the international community and diplomatic embassies misleading information.

Now, a major concern was not Southeast Asia. It was Afghanistan. There really was no evidence at all to support the notion that the Soviets were using lethal chemicals in Afghanistan. And as I made calls around the community, and I must tell you, Senator, that my nickname in the building, as Doug will confirm, was Don Quixote because I was always going after one windmill or another. And it may be that this was a windmill. But I was concerned about this.

And I'm still convinced of that after talking to Ms. Harris, the scholar over at the Brookings Institution and reading the writings of Dr. Messelson of Harvard, that I think the agency did a disservice to the policy community.

One final note because I have a difference with Larry on this issue. Larry gave a very strong statement on why the CIA should be allowed to contribute to Soviet military power, be allowed to produce white papers—

Senator GORTON. Excuse me. Excuse me, Mr. Goodman. I only have a limited amount of time. I really want to keep it on the subject.

Mr. GOODMAN. I'm sorry.

Senator GORTON. As I look back at this quote, your quote, and your criticism was over the responsibility for the use of chemical agents in Southeast Asia. That is the quote I have from yesterday. My question did not deal with Afghanistan at all. And you went on to say that the Directorate of Intelligence provided much misleading information on this subject, which I gather is chemical agents in Southeast Asia.

Now, you have answered the first half of my question, did you have anything to do with this issue. I take it as Don Quixote, you inquired around on something that was not in your line of responsibility and you developed an opinion that there was no significant evidence that the Soviets were responsible for this kind of use or that it was not enough. Did you have all of the information that was available?

Mr. GOODMAN. No, sir.

Let me just make one point. I was responsible for Soviet-Third World relations. And I took that as a rather large charter.

I felt that any evidence or any activity that the Soviets were supposed to be involved with in the Third World was something I should pay attention to. I paid attention to the papal assassination for the same reason, even though it was in Europe. I thought it was linked to the charges with regard to international terrorism.

So like any intelligence officer, and I think this is important to the culture, you try to accumulate as much data as you can. You try to obtain your own sources within the intelligence community. And you watch credibility very closely so that you can make assessments.

Senator GORTON. And you did all this in this connection even though it was not your responsibility?

Mr. GOODMAN. Well, if it dealt with Soviet foreign policy I did consider it part of my responsibility in that I teach, I'm an intelligence officer, and I'm a student of diplomatic history.

Senator GORTON. Would you be surprised to know that, in fact, the file on that subject, the chemical agents in Southeast Asia, is 100 pages long? That there are 50 pictures and charts documenting the use of this chemical warfare? That a person who was NIO in the Carter Administration and went on to the State Department believed that the evidence was conclusive and that the NIO who was in charge of this study also believed that it was conclusive? Would that surprise you?

Mr. GOODMAN. No, I wouldn't be surprised because I was aware of the use of chemical agents in Yemen in the 1960's. And I thought that the Soviets might use chemical agents if they could do it in an environment where they couldn't be implicated. So, no, I would not be surprised.

But on the particular episode with regard to Afghanistan and the information I had about Southeast Asia, the concerns of the American Embassy in Bangkok, I certainly would like to look at it.

Senator GORTON. So, in fact, there was a great deal of evidence and enough evidence to persuade someone in the Carter Administration as well as this Administration of the subject.

But I guess really the question for us, because we are dealing not with this history, but with the Gates nomination, is whether or not Mr. Gates was the primary architect behind linking the Soviets and whether he directed these findings in the early 1980's.

Do you have any first-hand knowledge of Mr. Gates' participation?

Mr. GOODMAN. No, sir.

Senator GORTON. That is all the questions I have on that subject.

Unfortunately for me, I guess, and perhaps for Mr. Fuller who is no longer here, at least a couple of the other questions I had related to statements which he made.

You, and I again am now quoting from your statement in the closed session last week, you characterized his document at the time of the change in the views on Iran in 1985 as "a very corrupt and dangerous product because it was policy advocacy and never should have been permitted, but was encouraged by Bill Casey and by Bob Gates."

Now, Mr. Fuller has said rather repeatedly that it was not encouraged by Mr. Gates, that it was his idea in its entirety.

If Mr. Fuller denied receiving any direction whatsoever from Mr. Gates on that, are you simply stating that you know better, that he did, that he is misleading us?

Mr. GOODMAN. I have to speak to my understanding of the culture in the building and the 7th floor mentality.

And here, you had a series of NIO's who were encouraged to write pieces that would conform to what Graham Fuller calls Bill Casey's geo-strategic mission. And when you were sitting in the D.I. and you would get these memos from time to time, you had the feeling that certain NIO's, particularly the one for the Soviet Union, Graham for the Middle East, and I remember in one case the Latin American NIO were almost in a competition in terms of sending forward very wild scenarios.

And I must say that on one occasion when the NIO for the Soviet Union sent one of these, I did send a memo back critiquing it which I thought was really to start a dialogue between the D.I. and the NIC. And without my knowledge, the NIO for the Soviet Union sent this forward.

Senator GORTON. Well, again, since I have only so much time, the real question is, was Mr. Fuller lying under oath when he gave his testimony on that subject?

Mr. GOODMAN. I would never use that word about Graham because he is known as a maverick in his own field.

But on the other hand, I would strongly defend my perception in the building that there was too much of this kind of activity and that Casey encouraged it and Gates encouraged it.

Can I just very quickly—

Senator GORTON. When you made a later statement on the same subject, that this was the view of one man, I take it you are back-

ing away from that it was not just the view of one man, it was, as you have just said in this answer, the view of the NIO for the USSR and of Mr. Fuller at the very least in addition to whatever Mr. Gates and Mr. Casey believed about it. So that it was at least puffing, it was more than the view of one man.

Mr. GOODMAN. Are you talking about the Fuller memo?

Senator GORTON. Yes.

Mr. GOODMAN. I'm sorry. I'm losing track here.

Well, Graham has said and I have no reason to disbelieve it, that this was his view. My concern in my testimony last Wednesday and yesterday was that it came at a very crucial juncture in American operational policy. And it wasn't just the Fuller memo, it was the distorted estimate.

Senator GORTON. So when you said it was the view of one man, that was at least puffing?

Mr. GOODMAN. Puffing?

Senator GORTON. Yes, it was considerably the view of more than one person.

Mr. GOODMAN. The Fuller memo?

Senator GORTON. Uh huh.

Mr. GOODMAN. Well, no one in the DI would ever write a memo like the Fuller memo. That I can assure you. That was pure policy advocacy. It was making a case for lifting the arms embargo against Iran. Now I do not think anyone in the CIA at any level, DCI, or a GS-9 analyst should get into policy advocacy. The Fuller memo was a blatant example of that.

Senator GORTON. The question I am asking about is whether or not it was the view of more than one person, as you said that it was. It seems to me it is obvious that it was.

Mr. GOODMAN. Oh, it was certainly—it was Bill Casey's view I assume.

Senator GORTON. And it was the NIO's view.

Mr. GOODMAN. And it was the NIO's view. That is on paper.

Senator GORTON. And presumably it was Gate's view.

Mr. GOODMAN. I frankly do not know Bob's view on the arms embargo.

Senator GORTON. Oh. Mr. MacEachin, I think we got a little bit during the course of this afternoon on the working relationship between you and Mr. Goodman. But I take it that at least towards the close of his association with the CIA, you were either his supervisor or his immediate superior. Can you give us very briefly what the relationship was in the times which we are now discussing?

Mr. MACEACHIN. From 1984, March until—could I ask him a question?

Mr. GOODMAN. June 1986.

Mr. MACEACHIN. When you went to the war college. Until June of 1986 when he went to the National War College, he was either a Division Chief, or at the end he was working as a—in my front office, as sort of my special assistant and senior analyst.

Senator GORTON. As a Division Chief, was he directly under your supervision or were there people between you and the chain?

Mr. MACEACHIN. He was directly under my supervision, I think. At one point we reorganized so there was a layer between us be-

tween me and the Division Chief, but that had not been done by the time he left.

Senator GORTON. And at the time at which he left, did he leave at your suggestion and direction or that of any others, or was this simply and purely on his own?

Mr. MACÉACHIN. At the time he left to go to the National War College, I think we had both been looking for something. We will have, perhaps, different views on that. I hope he will not say I am wrong. It is just that he disagrees with me.

Mr. GOODMAN. I remember the exact words, but you go first.

Mr. MACÉACHIN. Okay. I do not remember the exact words, but it was I think we agreed that Don Quixote had gone after one too many windmills for the time being. And as a Division Chief, one of the reasons for that move was—and I will have to say while Mr. Gates and I discussed this, and Mel is quite right, Mr. Gates' belief was he would probably would be better in some other office—for better of for worse, maybe I thought I could talk him out of routing for the Baltimore Orioles and finally wake up I think I would like to have a Don Quixote handy, I just wanted him around where I could try to reign his mule in once in a while.

And so I much preferred to have in the SOVA front office. But we were looking for some place where he could go off and use his expertise for a while and hopefully everything would—he could think and everybody else could think. And maybe come back at some later point.

I do not know, is that a reasonable, fair explanation?

Mr. GOODMAN. That is reasonable. And also, I would like to add that I do not think that was so easy for Doug because I think I was clearly labeled as someone who was a pariah and should be out. And I had the feeling, even though Doug and I have never talked about this, that he protected me as much as he could.

On the other hand, he also told me I had to rehabilitate myself.

Mr. MACÉACHIN. Was that the word I used?

Mr. GOODMAN. Yes.

Mr. MACÉACHIN. Well, I will use it again. [General laughter.]

Mr. GOODMAN. I was going to be exiled for rehabilitation. At the same time, I must admit the chance to teach at the National War College was quite attractive.

Senator GORTON. I take it he was a difficult subordinate.

Mr. MACÉACHIN. Well there were not any of them that were easy, Senator. [General laughter.]

But you only, as I say, someone talked about how many times do you have to go into the barroom brawl, you know, and get in between. He was a—he caused a lot of incoming, I will put it that way.

Senator GORTON. Mr. Chairman, I think that my 15 minutes have expired.

Chairman BOREN. Thank you very much. I am glad, at least, to hear the tone of all of this discussion even though we are into sensitive subjects here. Let me turn now to Senator Bradley. Following Senator Bradley, we will have questions from Senator Cranston. Senator Bradley.

Senator BRADLEY. Thank you very much, Mr. Chairman. Let me thank all the witnesses for their testimony and their willingness to

be here and the way this has been conducted. Let me thank the Chairman in particular for making sure that all views are aired.

You know, after the Casey years at the CIA, there clearly was a need and is a need for perestroika. And the real question is whether Bob Gates, on the basis of his professional ethics and on the basis of his performance, is the person to lead the agency into quite a different world than the one we have had for the last 40 to 50 years. To me, that's the basic question of this confirmation process. And as we know, before you can have perestroika, you have to have glasnost.

And so maybe what I would like to ask you, Mr. MacEachin is in the spirit of glasnot, where have the mistakes been in the agencies analysis of the Soviet Union in the last decade? What five or six major things did you miss?

Mr. MAC EACHIN. Well, those are two different questions, Senator Bradley. First what mistakes were made as opposed to what was missed. I think I tried to tell a task force of this committee about 2 years ago, 2 years ago—3 years ago—time flies when you are having fun—that by about 1986 or 1987, I was convinced that the—this is the first—I think it is the biggest mistake or error in our analytical approach to the Soviet Union we made of all—if we want to go back and talk about things that we blew, I could do that. We must have blown something.

The mistake, I think, and this was impressed upon me when I went to a meeting where I heard the then director of the officer of whatever we called global issues, about 1986, but he was talking about some studies they were running, and everybody seemed to be doing studies or contracts on social instability. And as I sat and listened to that, and I was on a panel with other Soviet experts—with Soviet experts—and it struck me that since as long as I could remember, we had approached the Soviet Union as a kind of an abstraction, as the enemy, and the nuclear threat, as the moral antithesis and political antithesis. We had not approached it as a society.

And therefore, as the—I think we were really not ready for the way to deal with the reactions when finally the lid did come up. If I could be permitted, we did—it was about that time that I think that I did change some structure and try to move, I think it was Ms. Oliver's branch, and make it a social issues and try to get a growing cadre of analysts.

If I had to look back, I would say of all the things that would have helped us be positioned, that would have been the one we probably should have started sooner. Maybe in 1976 it was not much use, but I think that certainly in the early 1980s, it would have been.

Senator BRADLEY. But just in terms of the mistakes. I mean, you know, did you call GNP right in the Soviet Union?

Mr. MAC EACHIN. I do not know where we stand on that right now. What do we think we have called it.

Senator BRADLEY. I think that there is a long list of calls that were wrong.

Mr. MAC EACHIN. The GNP calls, as I say, I have not kept up with what we think it is now, so I do not—

Senator BRADLEY. Well, the question was what in the mid-1980s did you estimate to be Soviet GNP, Soviet steel production, Soviet this, Soviet that. What percent of the economy was the military industrial complex, blah, blah, blah, blah, blah. There are long lists of blunders, miss calls.

Mr. MACEACHIN. Well, okay. As I said, I have not been back there for 3 years. I am trying to remember where we were about the mid-1980s. In the mid-1980s we were talking about—and I am trying to remember now—1982, I think, was a down year. The economy started turning down. Well, actually, it started turning down badly in the late 1970s, into about the 1982 time frame. It was in trouble, I think we are talking about growth rates of maybe 1 to 1.5 percent in there. 1986, as I recollect, 1985 or 1986, Mr. Gorbachev had a lucky year with the harvest. I believe in 1986 that our projection was that by 1988 Gorbachev's programs, this little boost he was trying to do, was going to completely run out of gas, and he would face the tough decisions. I am not sure that there was a historical record that—I do not know what the record is now that says what was really happening.

As far as if we want to go through this, Senator Bradley, I agree—another thing, I believe as I said that we were over projecting the Soviet military force expenditures. And I said that here. And I said that many other places.

Senator BRADLEY. That the agency was over projecting.

Mr. MACEACHIN. Yes, sir. I believe the estimate was wrong.

Senator BRADLEY. They were over projecting military expenditures or prospects for future weapons?

Mr. MACEACHIN. Prospects for the future, I think. And every year we would look out at the projections, we would look at the costs, and then every year we would go back and revise them downward. And that was when I, finally in 1986, wrote the memorandum which I cited earlier, which says these projections.

I also had a project undertaking which I—

Senator BRADLEY. So that in the early 1980s, we were projecting much higher growth to the Soviet military than in fact was taking place.

Mr. MACEACHIN. Yes sir.

Senator BRADLEY. And that was precisely at the time that we were dramatically increasing our defense budget. Is that not correct?

Mr. MACEACHIN. Well, I think, Senator Bradley, in 1982 or 1983—and I say, you have me at a somewhat disadvantage because I could have brought along, you know, my files and things here—but by about 1982 or 1983, I think, is when the CIA first said that the growth rate in the—oh, I know what it was.

In 1983 we had—done I was not in the office, then, all right. So I am going back to what the SOVA was saying. 1983, SOVA had looked back and said that actually the growth in Defense spending had tailed off beginning in the mid-1970s. And by the mid-1980s, by the time I got there, we were working on an estimate where we believe the procurement certainly was flat. And that was about the time I started to think that it could not stay flat because he could not make his economy go and he would have to take unilateral

cuts, which I told you, I think, Senator, on several occasions. And as I said, I did not ever know where you were on that.

Senator BRADLEY. My point is that as you have testified here again, that just in terms of the data, the estimates, basically there were mistakes. And what I want to get at is okay, those are mistakes. Those are mistakes that maybe billions of dollars were spent in the United States in part because of, maybe. But that is not what we are dealing with right now.

The question that I want to get that is relevant to this confirmation process, is why? And was there something in the culture that created the problem. And in earlier testimony, when we were in closed session, I think you posed it very graphically. You said depending on your view point, the conflict or the debate in the CIA was either between the rational thinkers and the commie bashers, or between the hard-nosed realists and the commie symps. Now, that is a deep division.

Mr. MAC EACHIN. Yes, sir.

Senator BRADLEY. And I guess it has gone back a long way.

Mr. MAC EACHIN. It has gone back as long as I have been in the agency.

Senator BRADLEY. And perhaps you can give us some context. It has gone back as long as you have been in the agency, then give us a little history of that.

Mr. MAC EACHIN. Well, I don't know what you mean by history.

Senator BRADLEY. Well, you said it's been there as long as you've been in the agency.

Mr. MAC EACHIN: It has been there—there have been, as long as I know, and I've been around, there have been some—I mean, if we want to do sociopolitical sociology, it came off campus in the '60s and we were enlightened, and the faculties were teaching a certain thing, and the world was a rational place, and the Soviet Union was a rational actor and would do things in accordance with the same political science paradigms that we were used to using in our own world.

There were those who thought that the Soviets were aggressively pursuing things inimical to the United States in the Third World and military build-ups.

The only reason I raise that point, Senator Bradley, is that instead of trying to reconcile those things it went on. In the '60s, I found personally myself saying the Soviets are going to invade some country and being classified as a knuckle-dragger.

Senator BRADLEY. What was Team B?

Mr. MAC EACHIN. Team B was done while I was overseas, thank heaven. I know what it is. I've read about it, but I was out of the country.

Senator BRADLEY. Does anyone know? Mr. Gershwin, what was Team B?

Mr. GERSHWIN. Team A, Team B exercise was one—

Senator BRADLEY. When was that?

Mr. GERSHWIN. In 1976, I believe, when George Bush was the DCI.

Senator BRADLEY. When was DCI?

Mr. GERSHWIN. George Bush.

Senator BRADLEY. What was it?

Mr. GERSHWIN. It was an exercise to examine whether the way we did our estimates of, I believe Soviet strategic forces, but I'm not sure because I wasn't there at the time, but I believe it was how Soviet strategic forces were evaluated and estimated, and whether the traditional way in which CIA was doing that was good enough, and Team B was a special team of people from outside CIA brought in to examine it.

Senator BRADLEY. Mr. Ford, do you know?

Mr. FORD. Yes. I was not in the CIA at the time, I was a staffer with this committee, and we prepared a report on it. The initiative came from the President's Foreign Intelligence Advisory Board. Several people there had been concerned for several years that the CIA was off on certain questions.

Senator BRADLEY. You mean—off, meaning what?

Mr. FORD. That they were underestimating Soviet—

Senator BRADLEY. Underestimating Soviet strength?

Mr. FORD. Yes, sir, so the agreement—finally, they had raised it twice before and had been put off twice by Director Colby, who said, let us finish the projects we are now on and then we'll have a look. In the meantime, he left, Mr. Bush came in, and in 1976 they agreed to this examination where there were three A Teams and three B Teams.

The three A Teams were made up of people from within the Intelligence Community, not just CIA but the military as well, and then three teams of outside experts from the outer world. Not outer space, but the outer world. Two of those questions had to do with highly classified matters of performance of Soviet weapons, and so on. They did their work professionally, quietly, and to the benefit of all.

The third team had to do with general matters of Soviet strategy, and that was one headed by Professor Pipes of Harvard. It was the one that got the most attention.

There were certain problems in the way they carried out—and the Senate report said that there were certain agreements as to what the ground rules would be that this team did not follow, but nonetheless their findings were helpful because they did indeed spur the Government team into reexamining and to grinding in more or more general and wider political questions so that you didn't examine weapons in a vacuum, and I think it's been generally conceded that the views of the outside B Team headed by Dr. Pipes were confirmed by later events.

Senator BRADLEY. So then the dispute within the community about the Soviet threat has existed a very long time?

Mr. FORD. Yes.

Senator BRADLEY. Some people say that the Soviet threat is very big, some people are saying that the Soviet threat is not so big.

Mr. MACEACHIN. That is really a gross oversimplification, Senator.

I think the dispute was more over the kind of intentions and courses of action, and so it reflected itself in expectations about the rate of growth in their forces, the amount of defense burden they would be willing to maintain. It usually showed up in disputes over Soviet actions or intentions in the Third World, and I don't know,

my colleagues may disagree with me, but I think generally speaking those elements—

Senator BRADLEY. But these assessments had a direct impact on our definition of what the threat was and how much we had to spend to defend against the threat, and the division is real, it's there.

One of the interesting questions in the mid-'80s, are you familiar with the work of Igor Berman, or Connan, or Osland, in terms of the burden on the Soviet economy of the defense expenditures in the Soviet Union?

Mr. MACEACHIN. I remember Osland well. I am familiar with Igor Berman.

Senator BRADLEY. Are you familiar with the document that they produced, and do you know what happened to that document?

Mr. MACEACHIN. Is this the one that was 1985, or was it later than that?

Senator BRADLEY. 1984.

Mr. MACEACHIN. I guess I'm not familiar with that one.

Senator BRADLEY. The point is, it raised serious questions about the capacity of the Soviet economy and it was briefed to the President, is my understanding, but it never made it into the CIA estimates, so even though there was this big red light flashing it never made it into the estimates.

Mr. MACEACHIN. Their document, or their question?

Senator BRADLEY. Their analysis.

Mr. MACEACHIN. Their analysis never made it into the—Senator, I'm sure there's analysis done elsewhere that doesn't always make its way into the CIA's—

Senator BRADLEY. But my question is, how do we account for this? How do we account for this battle? In particular, how do we account for missing the end of communism in the Soviet Union?

I had a question in a March 16, 1986 Intelligence Committee meeting of Weinberger, Gates, Peroots, Abramowitz. Question to Gates: What kind of intelligence—if you'd go against conventional wisdom and say there might come a time when the Soviet Union might be open for some kind of change, what kind of intelligence data, what kind of work should you be doing now to equip policy-makers with the information they need if that point ever comes?

Mr. Gates' answer: he said he was "without any hint that such fundamental change is going on. My resources do not permit me the luxury of sort of just idly speculating on what a different kind of Soviet Union might look like."

Now, do you have any explanation for that, why he would say that?

Mr. MACEACHIN. No sir. That would have to be—you'd have to ask him his views on that. I was going to ask, about how he missed the end of communism I thought—

Senator BRADLEY. No, just on that point. You don't know?

Mr. MACEACHIN. No.

Senator BRADLEY. Now, I would if I could like to move from that—that was 1986—to the very good working relationship that we have when we ran the Soviet Task Force on the Intelligence Committee, and I'd like to set the context.

December 7, 1988. We have been meeting on a regular basis—Larry, you, others—talking about what's going to happen in the Soviet Union. That day Gorbachev once again trumps all expectations, goes to the U.N., says he's going to cut troops by 500,000, and naturally the question is why the CIA repeatedly failed to anticipate these bold new initiatives.

Now—and I say this out of great respect in hopes that you can illuminate this a little bit. Your response is, if Gorbachev is successful he will cause major social displacement in the United States, and this is not entirely frivolous.

Mr. MAC EACHIN. But somewhat. I will go with that.

First of all, Senator Bradley, insofar as anticipating those cuts, I've read that testimony and earlier testimony, and as I said here before, I think I started about 1986 with that theory and 6 months before—I did not say how much.

Senator BRADLEY. My point here is not really numbers that you missed, but how the institution could essentially say and do what it did.

Let me go on with your comments, because you say, "We spent megadollars studying political instability in various places around the world, but we never really looked at the Soviet Union as a political entity in which there were factors building that could lead us to a kind of at least initiation or political transformation that we seem to see.

"Moreover, had it existed inside the Government, that point of view, we never would have been able to publish it anyway, quite frankly, and had we done so people would have been calling for my head."

Mr. MAC EACHIN. That's right. All right, Senator Bradley—

Senator BRADLEY. Now, if you could—

Mr. MAC EACHIN. I will. First of all, Senator Bradley, I'm going to request that that entire testimony of December 7, 1988 be made a part of the record.

Senator BRADLEY. Absolutely.

Mr. MAC EACHIN. The entire testimony.

Senator BRADLEY. Absolutely.

Chairman BOREN. None of that was classified, was it?

Mr. MAC EACHIN. Well, I would be happy to go through it.

Chairman BOREN. Let me say that we will receive it all for the record, subject to removal of particular words that might divulge classified information.

[The information referred to follows:]

SOVIET TASK FORCE

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Wednesday, December 7, 1988

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United States Senate,
Select Committee on Intelligence,
Washington, D. C.

The Select Committee met, pursuant to notice, at 10:50 o'clock a.m., in Room SH-219, Hart Senate Office Building, the Honorable Bill Bradley, presiding.

Present: Senator Bradley.

Also Present: John Despres and Fred Ward, Staff Members.

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P R O C E E D I N G S

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2 **SENATOR BRADLEY:** The Task Force will come to order.
3 Doug, thanks for coming back and bringing your astute and
4 perceptive and insightful colleagues.
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1 STATEMENT OF DOUG MACEACHIN,
2 DIRECTOR, OFFICE OF SOVIET ANALYSIS,
3 DIRECTORATE OF INTELLIGENCE,
4 CENTRAL INTELLIGENCE AGENCY

5 MR. MACEACHIN: I might open by mentioning that, the
6 rumors are at least, that in about 15 minutes or so we may
7 find out if one of my analytical judgments is going to turn
8 out to be correct. And we can talk about the stories later if
9 you would like on the cuts. We really can't take you much
10 beyond the Washington Post this morning insofar as the
11 evidence.

12 What I thought we would do, as I say, I think you are --

13 SENATOR BRADLEY: Which is that? I didn't see the Post.
14 I began the morning in New York.

15 MR. MACEACHIN: This is the rumors that Gorbachev is
16 going to announce a unilateral --

17 SENATOR BRADLEY: Conventional force cut.

18 MR. MACEACHIN: It is an armed forces cut, not further
19 specified. We've had lots of evidence going back to last
20 summer, as you know, of a specific cut in East Europe. These
21 rumors may -- I mean, I can reconstruct the sources of a rumor
22 from the rumors of the changes in the military hierarchy to
23 the stories of some unilateral action and they could have come
24 together to create a plausible but totally unfounded story of
25 very large cuts, which provoked a shakeup in the military

1 hierarchy. Nonetheless, we have seen enough of Gorbachev that
2 I would not rule anything as being out of the question. And
3 so as I said, I know that I have taken a position for a long
4 time that he will have to cut his military -- the amount of
5 resources, the proportion of resources that go to the
6 military.

7 While I recognize that reforms and all of these things
8 are necessary to ultimately sustain his economic program, at
9 the present this is the only economic mechanism he has. there
10 is input and there is output, and he is going to have to
11 regulate that flow to get any results in the short term. But
12 we will see that.

13 What I thought we would do today briefly is I would let
14 Bob Blackwell review where the political situation stands.
15 And then Paul Erickson will address what we think are some of
16 the critical economic decisions which seem to have been made
17 or benchmarks which we will be looking for in the short term.
18 And at the end, if it is agreeable, I would like to talk a
19 little bit about the kind of -- the intelligence challenge
20 that I think we face in the coming year, or so and some
21 thoughts I have had on that matter.

22 **SENATOR BRADLEY:** Okay.

23 **MR. MACEACHIN:** Bob.
24
25

1 done it.

2 Some examples of it: he seems to have effectively
3 neutered or reduced the significance of the Central Committee
4 Secretariat by in effect putting most of its members as full
5 members of the Politburo, and creating these commissions of
6 the Central Committee with an individual Secretary being a
7 Chairman of each. But it appears that the Secretariat no
8 longer meets as a body, no longer has a number two man in
9 power to administer the party machinery. It looks like he has
10 found a way to get around the dead souls in the Central
11 Committee as well as the Secretariat as an organization.

12 **SENATOR BRADLEY:** And you say he has done that by?

13 **MR. BLACKWELL:** Essentially the device is creating the
14 Central Committee Commissions. there are 6 of them, each
15 headed by a Party Secretary, but with defined areas of
16 responsibility. Ad secondly, apparently by not having the
17 Secretariat as an organization meet, or if it does, not meet
18 very much. And then thirdly, not having someone who serves in
19 the role as number two man in the Party hierarchy. Ligachev
20 clearly does not and it does not appear that anyone else
21 really does. Some people would argue that Zaykov, who is head
22 of Moscow, may have moved up a bit, but that is fairly subtle
23 stuff. But basically the Party machinery seems much more
24 responsive to him probably than it did, at least at the
25 highest level.

1 The other thing that has happened in addition to
2 reorganizing the Central Committee's work into these
3 commissions, is a cut in the staff by 30 to 50 %. We don't
4 quite know, but we do know it is going to be high. One of the
5 elements of the reorganization of the Central Committee,
6 incidentally, was basically to eliminate or abolish most of
7 its economic departments that micromanage the ministries and
8 whatever. They still have a commission on economic social
9 issues, but they have done away with the departments that are
10 there primarily to oversee particular sectors of the economy.
11 They have an Agricultural Commission and they have an Economic
12 Commission. The Economic Commission covers what formerly 7 or
13 8 departments would have probably covered.

14 The second thing they have done and it has to be viewed
15 in parallel to this, I think, is a strong effort to --

16 **SENATOR BRADLEY:** Agriculture and what was the other one?

17 **MR. BLACKWELL:** Well, there are two economic related
18 commissions. Social Economic is one, which is chaired by
19 Slyunkov, who is a Party Secretary, and Agriculture is chaired
20 by Ligachev. Not a friendly gift to him, I don't think.
21 There are four other Commissions as well. Ideology is a
22 third. Legal matters is a fourth. There is a fifth one on
23 foreign policy. The sixth one escapes me for a minute. I
24 will think of it in a second.

25 **SENATOR BRADLEY:** Okay.

1 **MR. BLACKWELL:** but anyway, that is basically the way
2 they have reorganized the work.

3 The second thing they have done is a strong effort to try
4 to transfer some authority to a legislature which in principle
5 has always been there, but it has never really had it. This
6 is something that I would say is in process, not completed.
7 And we will see the completion of it next April, and then you
8 will have to watch it for 2 or 3 years to really see how much
9 of it has actually happened.

10 **SENATOR BRADLEY:** What is the date in April that it will
11 be complete?

12 **MR. BLACKWELL:** I don't think they have set a date. They
13 set a date for Supreme Soviet elections in March and --

14 **SENATOR BRADLEY:** Yes, I saw the March -- the elections
15 of the Supreme Soviet --

16 **MR. BLACKWELL:** And the new Congress of People's Deputies
17 is supposed to convene sometime in April. I don't think they
18 have given us a date yet. Or they have not announced a date.
19 But it will be a big show because it will be the first time
20 this large expanded group has ever met.

21 Obviously, you were thinking of a trip there somewhere
22 around that time.

23 **SENATOR BRADLEY:** I mean, you know, that was my next
24 shot. I was going to go in August; everybody is on vacation.
25 In November and they said all the people would be in these

1 constitutional meetings. December they couldn't receive me at
2 the proper level, whatever that means. And so I had said
3 April. Now you tell me the time I want to go there they all
4 have a big conference.

5 MR. BLACKWELL: Well, it won't last more than a week.
6 But when it occurs --

7 SENATOR BRADLEY: but maybe it'll be early April.

8 MR. BLACKWELL: Maybe it will be. Don't know.

9 But in any case, this thing will get off the ground then.
10 But the thrust of it seems to be to try to create a more
11 effective legislature; that's one. And also to give Gorbachev
12 another power base; that's two. And we are seeing some
13 reflection of this already, just in moving of people like
14 Dobrynin and Zagladin, who clearly were demoted. But
15 nonetheless, they have been moved over the Supreme Soviet side
16 as advisors to Gorbachev. It looks like Akhromayev may move
17 over in the same way. I think in a way, of course, that is
18 taking them off line. Nonetheless, they may well be
19 consequential even in those rolls. Dobrynin did come here to
20 New York even in his new capacity with Gorbachev's entourage.

21 But I would say with both things, both the Party
22 reorganization as well as the Supreme Soviet, it is going to
23 take time to see how this plays out in acutality. It think it
24 is real. It is dramatic that he was able to do it. It helps
25 him. It is all of those things. But right now it is like

1 rearranging the furniture and you really need to see how
2 people sit in it for a while and how they use it. And it is
3 still an open question as to whether you can breathe real life
4 into that legislature or not. By making a portion of it more
5 or less full time, you at least create some potential for it.
6 And the fact that he is going to head it and seems to want to
7 use it as an instrument to try to create more popular pressure
8 on the administration of the country, the executors, is
9 another reason why you might see that. It seems like that is
10 where he wants more of the pressure to come from, rather than
11 the Party organizations themselves.

12 The second issue I would pick up on and we can talk about
13 it at almost any length because it is so dramatic, is the
14 turmoil among nationalities. There are two things that I
15 think have to be said about this. Some of it, like the
16 Caucasus, clearly reflect age-old problems that have bubbled
17 up in part as a result of perestroika. Now, he says
18 perestroika is only helping us to deal with it, but in fact
19 perestroika and glasnost created an environment where people
20 have lost their fear to a considerable degree, and speak out.
21 In the kinds of areas as in the Caucasus between Armenia and
22 Azerbaidzhan, this is a by-product of it. This is a no win
23 situation for anybody down there because it has gone so far
24 the area is in a virtual state of semipermanent martial law.
25 They don't call it that and it ebbs and flows, but there is no

1 obvious easy solution in sight other than to try to sit on it
2 for a while and hope they can just keep the violence under
3 control and manage it.

4 **SENATOR BRADLEY:** And this is -- as of right not it is
5 primarily Azeri, Armenia and some Georgian nationalists?

6 **MR. BLACKWELL:** There are some Georgian nationalist
7 disturbances, but it has not figured in the communal violence.
8 And also I think relatively speaking, it is of a much lower
9 order than the other two.

10 **SENATOR BRADLEY:** So you are talking about primarily
11 Armenia and Azerbaidzhan?

12 **MR. BLACKWELL:** Yes. And you are talking about over
13 100,000 refugees now, with Armenians going one way, Azeris
14 coming another. I mean there is a lot of resettling of
15 populations just out of fear -- fear of communal violence and
16 the need to get into a more protected area. So I mean, they
17 have got a real problem; it is not separatist in its thrust.
18 It is not secessionist. But it is a management problem.

19 **SENATOR BRADLEY:** It's not Estonia.

20 **MR. BLACKWELL:** It's not Estonia. It's different than
21 that.

22 **SENATOR BRADLEY:** It is; right.

23 **MR. BLACKWELL:** But to speak of the Baltic, that moves to
24 the second of which Estonia is the most dramatic. The thing
25 about the Baltic I think that is the most interesting is that

1 this is the area where the legitimacy of the Soviet state was
2 always the most questioned, but yet it is the area where
3 Gorbachev and his colleagues seem to have chosen to try to
4 experiment with perestroika the most. Because in fact, what
5 has happened in the Baltic is not just a product of glasnost
6 and perestroika in that sense that is bubbling up because
7 perestroika creates more opportunities. Gorbachev's own
8 policies have abetted what has happened in the Baltic more
9 directly than that, essentially by replacing a whole slew of
10 conservative, old line Brezhnevite political leaders with
11 reformers in the Baltic, and given them the charge it seems to
12 be, to try to get on the right side of popular feeling as best
13 they can. And so in effect what has come of that is that you
14 have had party leaderships and Supreme Soviets, as in Estonia,
15 that basically are really pressing at the edge of what Moscow
16 in the end wants to allow.

17 Now, obviously there is a calculation here in the long
18 run that they think, I think on Gorbachev's part, that maybe
19 this can be managed, that the rationality of offering the
20 Baltic more than it ever has had since Soviet rule came into
21 it, will overcome the emotionalism of wanting to try to take
22 it to its logical conclusion, which is independence, which
23 Moscow will not allow. I think they have made that fairly
24 Estonia is farther out. He seems to have been somewhat
25 successful at pulling Latvia and Lithuania back a bit short of

1 pressing this to the end. this is an on-going process. But I
2 think it is clear that they are trying to treat that issue
3 very differently than they are trying to treat the problem in
4 Armenia and Azerbaidzhan because it is very different.

5 But you know, the end is not in sight. This is one of
6 the inevitable problems that perestroika of the sort he is
7 talking about has to ultimately deal with. It has just come a
8 bit sooner than I thought it would, partially because he
9 pushed it sooner than I thought he would.

10 Two other things briefly, because the other two have to
11 get in. Paul is going to talk about it, but this whole
12 general shift towards consumption is the -- or let me put it
13 another way. The need to give people a reason to believe in
14 perestroika has become ever more evident -- ever more evident.
15 In any case, it is an obvious political need on his part. He
16 has got to get the populace to buy into it and right now they
17 aren't because basically they don't know where don't know
18 where the beef is. That is the third point.

19 And then the last one that fits in this same period is
20 what I would call foreign policy activism. I don't want to
21 turn this discussion over into it, but obviously the New York
22 initiative; the acceleration in relations with China, which
23 you have been talking about for some time; the fact that you
24 are going to have a summit next year almost certainly I would
25 say; their national reconciliation or what you could call a

1 constructive role in both Vietnam and in Angola in trying to
2 reach some sort of settlements there even in the Angolan case
3 one that is orchestrated and managed by us. It is a very
4 activist approach geared both for its own sake, that is,
5 better foreign policy as well as creating this kind of
6 environment that he wants. I would also submit --

7 **SENATOR BRADLEY:** That environment being?

8 **MR. BLACKWELL:** Very benign, very accommodating, very--
9 that is, the Soviet Union as a constructive world power rather
10 than as someone who is always -- I mean, I think that is the
11 image he wants and to some extent the reality in ways. Not
12 necessarily --

13 **SENATOR BRADLEY:** So he gets trade.

14 **MR. BLACKWELL:** I think he probably thinks that is
15 further down the road in terms of-- Paul is going to talk
16 about it so I will let him handle the trade part of it. But I
17 don't think that is the immediate thing. I think there are
18 political benefits to be had in general in terms of creating a
19 better image for the Soviet Union. And also I think he has
20 done a cost-benefit analysis of what some of these other areas
21 like Angolas and Vietnams amount to and has decided there is a
22 better approach for the Soviet Union than the one he was
23 pursuing, one that both cost less and is politically more
24 beneficial and doesn't hurt his security and doesn't threaten
25 much of anything.

1 Other thing on this one point though that goes back to
2 the power consolidation earlier, one impact of what happened
3 in September and October in Gorbachev's assuming the
4 presidency, Ligachev's downgrading and all of this, has
5 essentially been to increase his clout. He already had a lot
6 of it. But to increase his operational and tactical control
7 over foreign policy decisionmaking and I would say national
8 security decisionmaking. His allies, Yakovlev and
9 Shevardnadze sit athwart that, Yakovlev heading the foreign
10 policy commission, for example, in the central Committee,
11 Shevardnadze the Foreign Ministry. The changes resulted
12 almost certainly in changes in the Defense Council
13 composition. We don't have evidence for it, but based on
14 precedence and what we know about who usually is on that body,
15 one could judge that. Even Kryuchkov's coming to power in the
16 KGB would probably be viewed as furthering that.

17 I think you are seeing a Soviet --

18 **SENATOR BRADLEY:** Furthering what?

19 **MR. BLACKWELL:** Furthering Gorbachev's effective control
20 of the foreign policy-national security policy decisionmaking
21 process. Sort of not just as coterminous with the Politburo,
22 but the key players are his, or at least very responsive to
23 where he is going to want to go. And if we indeed are getting
24 large decision made on this at the UN, I think it would be
25 reflective very much of decisions that at least go back that

1 far -- of thinking further back than that, but of decisions
2 that come out of this. I don't think we can underestimate the
3 importance of those changes in terms of how it has probably
4 helped him in foreign policy.

5 SENATOR BRADLEY: In addition to Shevardnadze and the
6 Defense Council, you said who?

7 MR. BLACKWELL: Shevardnadze would have been there
8 anyway. Yakovlev would now be there. Kryuchkov, the new KGB
9 Chairman, would probably be there. Ligachev would probably be
10 out if he had been there before. And Chebrikov might be out
11 also. Don't know. We don't know precisely. But the thrust
12 of all of this is -- and Gromyko would be out, of course,
13 which is another important one in that context.

14 So you are dealing with a political leader in a stronger,
15 more authoritative position on some key areas in dealing
16 simply with the West. And I think that you see that partially
17 in his activism and I certainly would say if you get any
18 dramatic move in conventional arms of that sort -- and we'll
19 talk about that later -- it has to have reflected this
20 political reality as well as the sort of larger policy reality
21 of his ability to drive a consensus and have a lot more
22 support in the leadership than we probably have given him
23 strength for -- taken into account.

24 That doesn't mean that problems go away, that
25 perestroika works. You know, all those kinds of caveats I

1 have not talked about. They would still be there. If you
2 want to, we can get to them.

3 SENATOR BRADLEY: Okay. Paul.
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1 **STATEMENT OF PAUL ERICKSON,**
2 **DEPUTY DIRECTOR, OFFICE OF SOVIET ANALYSIS,**
3 **DIRECTORATE OF INTELLIGENCE**
4 **CENTRAL INTELLIGENCE AGENCY**

5 **MR. ERICKSON:** What I thought I would do is kind of couch
6 why he is taking some of the moves he is taking and what he
7 hopes he'll gain and what he is not doing. I think that the
8 need to gain additional flexibility on economic issues may
9 have also played in last September's events. I think we'll
10 point out that there were leadership disagreements surrounding
11 the FY 89 plan -- that it surfaced -- and also perhaps on the
12 upcoming Five Year Plan, and that some of the steps that he
13 has taken have addressed some of these disagreements.

14 I think Gorbachev felt that it was increasingly clear
15 that his reforms would have to be in some ways more rather
16 than less radical, and that he had concerted resistance to
17 some of these reforms. At the same time, I think he felt that
18 he could not afford to wait for such reforms to take effect.
19 He needed the old style resource transfer -- the bullet that
20 he had been trying to dodge for the last few years -- and that
21 he needed to have shifts to the civil sector primarily from
22 the defense sector. It was clear to him that the workers were
23 not going to put their backs into making perestroika work
24 until there was something tangible on the table.

25 Domestic inflation which we'll talk about raises yet

1 another problem and the need for yet another set of
2 initiatives. In fact, the economy has not performed well this
3 year. Soviets can point to a rise in investment spending, but
4 at the same time, the commissioning of new plants is down.
5 And so what you have is a chokepoint. They tried to do too
6 much too fast, and you have a lot of unfinished plants because
7 you just can't get everything to everyplace, and there was too
8 much competition for key inputs. And so his modernization, if
9 you look at it in terms of bringing new modernized capacity on
10 line, was clearly falling behind.

11 At the same time, he had a situation where you could
12 point to increased production in consumer goods, but increased
13 consumer dissatisfaction. Inflationary pressures led to
14 longer rather than shorter lines and marked price increases in
15 those markets that were private. Fruits and vegetables,
16 moreover, in short supply because of a poor harvest in
17 '87-'88. And even though we see signs of substantial
18 increases in meat production, complaints from consumers on
19 meat have been substantially on the rise.

20 **SENATOR BRADLEY:** On the quality?

21 **MR. ERICSON:** No; availability. We frankly haven't
22 figured out the discontinuity.

23 **SENATOR BRADLEY:** That there is increased production --

24 **MR. ERICSON:** That by all indications there was an
25 increased production while at the same time there have been

1 increases in complaints about shortages.

2 The budget deficit problem as well is coming home to
3 roost as they begin to sense that it was a real issue.
4 Overall growth is likely to be about 2% this year. It's a
5 soft number. They will make no major gains in modernization.

6 I think Gorbachev and his economic advisors are
7 increasingly aware of the risks and costs of fundamental
8 change. I think they -- as one of my colleagues would say,
9 they walked up to the cliff of radical reform and took a look
10 down in the gorge and backed off. I think Gorbachev realizes
11 that he cannot move ahead aggressively on price reform and
12 some other major initiatives and decentralization. For
13 example, he stepped away from quality control. So even though
14 he has in all likelihood gained additional flexibility as a
15 result of this fall's events, my sense is that the pace of
16 reform may be a little bit more measured in many areas than we
17 would have thought.

18 But he has advanced and moved ahead aggressively, I
19 think, in two main areas. The first has to do with consumer
20 welfare. We believe that the FY 89 plan received some last
21 minute revisions. For example, in early September we were
22 hearing about public complaints by light industry about
23 investment having been cut. We were hearing other noises
24 about investment going to agriculture having been cut. But
25 yet when we see the final plan, these cuts did not

1 materialize -- in fact, investment in light industry and
2 housing, food processing -- all sectors associated with
3 consumer welfare -- have been emphasized. Importantly, the
4 shift comes at the expense of investment elsewhere as near as
5 we can tell, there have been cuts from planned investment

6 (Pause.)

7 SENATOR BRADLEY: At the expense of what?

8 MR. ERICSON: Of investment going into some heavy
9 industry. The Soviets have established what they call 49
10 priority industries. And my sense is that what you are seeing
11 is a recognition, in part tied to the lack of commissionings
12 and the competition for investment durables, that to get the
13 job done they have to narrow the scope of their efforts and
14 focus on a smaller set of industries. This strategy also
15 allows them to free up some investment resources as well.

16 Gorbachev also has expanded private and cooperative
17 opportunities and offered long term leasing arrangements in
18 both agriculture and industry. And I think we are seeing more
19 of that than we would have otherwise have seen.

20 A second area worth noting is what seems to be increased
21 pressure on the defense industry to boost production of the
22 civilian sector. I think if you go back and look at the
23 record on this, the leadership started out by transferring
24 some managers from the defense to the civilian sector to boost
25 management productivity. Then you saw pressure to boost

1 production of investment goods out of the defense sector.
2 Most recently you saw the tasking of the defense sector with
3 the production of of what had heretofore been civilian plants.
4 And lastly what you are seeing are clear statements by
5 officials from the defense-industrial sector that they have
6 made accommodations and will be boosting production of
7 civilian type goods at the explicit expense of defense
8 production.

9 We haven't seen --

10 SENATOR BRADLEY: You mean they will close military --

11 MR. ERICSON: They'll say I've got to close this plant to
12 meet these civilian production targets.

13 MR. MACEACHIN: Or, I have to retool this plant to
14 produce -- stop producing what it has been producing and
15 produce something else.

16 MR. ERICSON: For example, in mid-October, on national TV
17 -- Prime Minister Ryzhkov blasted the Chairman of the Military
18 Industrial Commission for inadequately supporting the
19 leadership's civil-economic agenda. At that time he ordered
20 defense industries to staff newly acquired civil plants
21 quickly with their best people and to integrate specifically
22 the production of food processing equipment with their main
23 activity, weapons production.

24 SENATOR BRADLEY: Could I interrupt a minute? I have to
25 take a 10 minute break to see this Japanese minister.

1 (A brief recess was taken from 11:20 to 11:42 o'clock

2 a.m.)

3 SENATOR BRADLEY: We left off with your second point that
4 the defense sector is actually spending more of its own money
5 on these other non-military areas.

6 MR. ERICSON: That's right, Senator. I think -- there
7 had been a couple of other public announcements by managers in
8 the defense industrial sector that have been somewhat
9 specific, including language to the effect that certain
10 production lines would have to be closed down, which lend
11 credence at least to the seriousness with which the defense
12 industrial sector is according to leadership issuance of
13 orders to boost civilian production. We have yet to see a
14 flow of product, as we said, and we have yet to see anything
15 tangible, but it is our judgment that a mandate has been laid
16 down and that the leadership is serious and that its orders
17 will be followed.

18 The third point I want to raise pertains to where
19 Gorbachev wants to go from here. He ends 1988, basically a
20 year where nothing happened with worsening inflation. He has
21 a new sense of flexibility. He has taken that flexibility and
22 moved towards greater privatization, throwing more resources
23 at the consumer and laying down some additional markers
24 vis-a-vis defense,.

25 I would like to point out that we now look at the next

1 five year plan as an indicator of where he is moving with this
2 flexibility. If Gorbachev wishes to make significant shifts
3 in investment between the defense and civil sectors, certainly
4 now is the time to do it. It is optimal in terms of the
5 Soviet planning process as it pertains to defense planning to
6 finalize resource allocations over the next five to seven
7 months. It doesn't mean he has to do it now, but it is the
8 optimal time to do it.

9 I think that over the next five years he will continue to
10 decentralize, but I think that he remains stymied -- the
11 entire leadership remains stymied over the role of prices and
12 marketization in general. They haven't figured out how to
13 solve that problem and continue to walk around it.

14 I think you are going to see in the next five year plan a
15 continued push on modernization clearly, but a more focused
16 push as they better understand what the economy can do.

17 SENATOR BRADLEY: But when you say continued focus on
18 modernization, you mean new plant and equipment?

19 MR. ERICSON: Yes, sir.

20 SENATOR BRADLEY: Okay.

21 MR. ERICSON: But you know, and I am just speculating
22 here, that what you may not see is storming type approach that
23 you saw as being very prevalent in the last two or three years
24 that they have learned from that.

25 But Gorbachev has a number of problems which are coming

1 home to roost which will complicate his life immensely. He
2 must find a way to balance his budget in some fashion, or else
3 inflation, as it did this year, will erode any gains in
4 consumer welfare that he is able to bring home. As a matter
5 of fact, in today's NID there is a feature on next year's
6 problem. The 1989 plan is more, rather than less,
7 inflationary because he has called for increases in spending
8 on the consumer that are not matched by decreases elsewhere or
9 by increased revenue. The economy is still overheating.

10 How he addresses this is problematical. But I think that
11 what he has done, by publicizing it, is to lay down a marker
12 among a number of the Party and the civil sector that
13 something has to be done to raise revenues.

14 **SENATOR BRADLEY:** So he is not only going to give people
15 higher prices, less job security, but now he is going to give
16 them higher taxes?

17 **MR. ERICSON:** Well, I would imagine that he would feel
18 more comfortable in terms of lotteries or some other type of
19 indirect means of soaking up excess income. And he has other
20 options which the Soviets have used in --

21 **SENATOR BRADLEY:** The stock market? I mean that is the
22 first thing I thought of when I heard this idea that they were
23 going to allow private citizens to invest in stock.

24 **MR. ERICSON:** That's part of it. You could look at it
25 from that perspective, and that plays a role, yes.

1 MR. MACEACHIN: I think they are trying to get the
2 revenues back from the tax on alcohol that they lost.

3 SENATOR BRADLEY: Right; right.

4 MR. ERICSON: What he is not going to do is raise -- you
5 know, my sense is he is not going to do it by reducing his
6 subsidies. I mean, part of his problem is the heavy subsidies
7 in consumer staples. And that would solve a lot of his
8 problems, to let retail prices rise. And that --

9 MR. BLACKWELL: Prices could be raised on luxury goods
10 and other kinds of goods -- if he did that.

11 MR. ERICSON: But he has got a problem here, a serious
12 one.

13 A problem he hasn't focused on is energy. The cost of
14 maintaining production for oil and coal are accelerating. And
15 the certainties associated with the ability to maintain the
16 level of production are decreasing. We haven't seen the
17 Soviets focus on this one. We think it will be a big issue
18 over the next five years.

19 Part of the Soviet program traditionally was to address
20 this by more nuclear energy, but Chernobyl provides a
21 potential rallying point in some -- for nationalistic
22 aspirations so he has a hard issue here.

23 I would like to end with what all this means for foreign
24 trade and East-West economics, and what have we seen over the
25 last few months.

1 I would assert that an indigenous solution remains
2 preferred. We have no indications of a major import push, nor
3 do we believe that there will be one barring almost panic
4 buying to quiet consumer unrest. I think the Soviets are
5 sensitive, extremely sensitive, to the risk of becoming
6 financially leveraged to the West. And I think that they are
7 uncertain about their ability to maintain export earnings over
8 the medium and long term. And given this uncertainty,
9 building up indebtedness carries significant risks. Moreover,
10 I think they continue to harbor misgivings about the
11 effectiveness of direct equipment purchases, particularly when
12 their domestic industrial base is in transition. There are
13 problems today bringing plant and capacity on line, and the
14 foreign trade sector is still in the midst of reorganization.

15 I find it personally useful to characterize their foreign
16 trade initiatives as being those that are designed to
17 rationalize trade and technology transfer, and to design and
18 implement rules and procedures that allow for the most
19 effective tapping of western technology and capital, and
20 ultimately to maximize their opportunities for export sales --
21 joint ventures and --

22 **SENATOR BRADLEY:** So basically you say they want to tap
23 technology and take joint ventures to try to increase exports?

24 **MR. ERICSON:** Well, it may not be a one to one, Senator,
25 but I think what Gorbachev needs is western know-how, not just

1 western equipment. And western direct investment commits the
2 western commercial firm to the success of the venture in a
3 fundamental way. And that is what he wants.

4 When we talked about the benign economic environment and
5 the linkage to economics, I think it lies precisely here. It
6 is one thing for a western firm to go in on a consumer goods
7 project, let's say in China, to make gym clothes, where the
8 payout happens in 18 months or 12 months. It is quite another
9 thing to have a western firm go in to energy development or
10 basic industries or some other type of thing that the Soviets
11 needs where the payout may be 5 or 6 years in the offing. And
12 it is my personal view it is precisely to encourage western
13 commercial interests to take a long term position that he
14 needs to have this benign atmosphere.

15 That is not to say that the whole idea of credits and 9
16 billion here and 8 billion here does not serve his purposes.
17 But I would note that the orders are yet to be forthcoming.
18 And it has a lot to do with the broader dynamics.

19 **SENATOR BRADLEY:** But that implies that he has got to
20 really create a climate of some real stability for people to
21 believe that it is good for 30 years. I mean, he has got to
22 be even more dramatic on the conventional force side and on
23 the defense budget side than he has been to date than I have
24 heard anybody say or I have heard anybody say he is going to
25 be.

1 MR. MACEACHIN: Up until 15 minutes ago, perhaps.

2 SENATOR BRADLEY: But you say even 30% cut in forces, I
3 mean. You said 30% cut in his military budget was the rumor?

4 MR. MACEACHIN: The rumor was forces.

5 MR. BLACKWELL: Forces. The size of the force.

6 MR. DESPRES: Forward deployed forces?

7 MR. MACEACHIN: No.

8 MR. BLACKWELL: No. I mean, if you did it a million and
9 half or so --

10 MR. MACEACHIN: We're talking on the order of a million
11 person cut and whatever attends that in terms of structural
12 reduction.

13 SENATOR BRADLEY: But let's say that that flows through
14 therefore to the defense budget, right? Meaning that you then
15 can cut the defense budget. But the firms that are going to
16 make these commitments, they're not going to make them all in
17 one year.

18 MR. ERICSON: That's right.

19 SENATOR BRADLEY: So I mean, if he has to create this
20 climate by dramatic reductions or whatever, even to attract
21 the serious commitment, that if at any point in year 1, 2, 4,
22 5, 7, things begin to go bad, these firms just won't be there,
23 right? They'll just pull out. They just won't -- they reach
24 the point where they will have to make a judgment and cut
25 their losses.

1 MR. ERICSON: I think a fundamental problem that he has
2 in my view is that the time horizon for the kinds of things
3 that he wants out of joint ventures is incompatible with the
4 state of affairs.

5 SENATOR BRADLEY: With what he has to do to attract it in
6 the first place.

7 MR. ERICSON: Right.

8 SENATOR BRADLEY: You seem to be downgrading in
9 importance this problem that he has with the mass of people
10 saying -- as you said, Bob, where's the beef of perestroika on
11 consumer --

12 MR. BLACKWELL: Oh --

13 SENATOR BRADLEY: He can purchase a lot of things. He
14 can buy a lot of perfume or clothes --

15 MR. ERICSON: That's right.

16 SENATOR BRADLEY: -- or food and put it on the shelf. So
17 the people say, ah, see what perestroika has meant for me.
18 But that is really just a short time thing.

19 MR. ERICSON: It is a high risk --

20 SENATOR BRADLEY: That is not a whole lot different than
21 having the central bank advance credits to the enterprise and
22 say that is an advance because productivity is going to
23 increase. It is essentially having us play the role of
24 central bank or whatever, advancing to them their goods with
25 the assumption, well, productivity is going to -- but if he

1 doesn't get to the reforms, it is just a short term thing
2 which will ultimately lock him in more and more to a
3 relationship with the West which is -- which makes him a kind
4 of supplicant. I mean, he can only --

5 MR. BLACKWELL: It would make no sense --

6 MR. ERICSON: A superpower supplicant, that's right.

7 SENATOR BRADLEY: It makes him a true developing country.

8 MR. ERICSON: That's right; got it.

9 MR. BLACKWELL: It would make no sense unless he is
10 following that up with both changes in sort of the production
11 of consumer durables, the incentives that go into it, and the
12 movement of factories to producing it, to providing those
13 things on their own. Because otherwise he'd be chasing --

14 MR. ERICSON: Well, he still would make those moves. The
15 issue is what happens if they fail. The risk you run if he
16 doesn't make it.

17 MR. BLACKWELL: But they can do a better job in that area
18 by moving some resources to it.

19 MR. MACEACHIN: Well, at the risk of oversimplifying, to
20 go back to one thing Paul said earlier, where Gorbachev
21 previously was driving a pace of reform and a pace of change
22 that the system wasn't ready to absorb, he has modified that
23 approach -- he hasn't abandoned industrial modernization, but
24 he has recognized and has focused on the need to develop a
25 sustaining motivation for change. In the area of foreign

1 policy, this is something where we could probably spend most
2 of the day, because the developments that have been occurring
3 are very interesting. You may remember a session we had here
4 -- I think it had to do with South Asia -- when we got into a
5 discussion of what we saw at that time as a changing Soviet
6 paradigm for foreign policy strategy. In effect, the "new
7 thinking" said that heretofore the USSR has relied on military
8 power to manage its security. That is very expensive and
9 resource consumptive. The USSR should develop a political
10 strategy which will not only maintain but perhaps enhance
11 security at reduced cost.

12 We have seen this summer with the heating up of the
13 discussion with the Shevardnadze addresses, followed up by the
14 shake-up in the Central Committee and Medvedev's reaffirmation
15 of this move away from the class struggle as defining the
16 purposes and objectives of foreign policy. If you will, it is
17 movement towards a more real politik. I think Gorbachev would
18 still see geostrategic, geopolitical East-West competition.
19 But the way it is now being articulated -- and Bob Blackwell
20 just went down the hall to watch some of Gorbachev's UN
21 address on television, and tells us that it is very much the
22 Shevardnadze line, which we may have all heard, but which is
23 going to be rather impressive to an audience that hasn't heard
24 it -- which is saying that heretofore -- I am not going to
25 quote, now, and quite frankly, I am drawing a lot on some of

1 the other theoreticians, too -- but what it says is that the
2 USSR has presented to the world a threatening image, and the
3 world has reacted to that threatening image and the USSR's
4 need for strong forces has become a self-fulfilling prophecy.
5 It also says that because the USSR viewed all foreign policy
6 ventures in terms of a class struggle rather than in what is
7 in its best interest, taking into account the mutual interests
8 or the legitimate interests of others, we've created this
9 situation which has imposed this heavy burden.

10 And if we can remove -- well, excuse me. There is one
11 more aspect of this which is quite interesting. I am getting
12 a little academic here, But some Soviet theoreticians, who
13 have acceded to positions of political influence in recent
14 years, have written about the U.S. military-industrial complex
15 and its ability and the U.S. military power as being the chief
16 source of U.S. political influence around the world, and that
17 the way to weaken the U.S. influence was to attack that. And
18 they seem to be saying that the way to attack that is remove
19 this threatening image, thereby removing the ability of the
20 U.S. to exert its political influence in places like North
21 Asia, the North Pacific and in Europe.

22 All of which is a long lead-up to say that what I think
23 you are seeing in Europe and what I think you are going to see
24 even more of in the coming year, regardless of whether there
25 is a major announcement today, is a heating up or a much more

1 intensification of the effort to convince Europe that the
2 Soviet Union is less of a threat. That gives Gorbachev far
3 more latitude to pursue his own internal economic agenda.
4 Trade will be a part of that, but only a part. And it will
5 also strengthen his hand politically in Europe.

6 So I think that to see Gorbachev's foreign policy agenda
7 in Europe solely in terms of getting access to trade is to
8 narrow it too much. He sees it as freeing up this burden of
9 defense. One comment on that burden of defense; I certainly
10 agree -- in fact, my sort of wind-up comments here had to do
11 with looking out at this future and how long it lasts, but it
12 is going to be important, I think, to keep in mind that if
13 Gorbachev is able to politically bring about something on the
14 order of a reduction of military forces, which really goes
15 back to Khrushchev in 1957 -- I think it was '57 to '59
16 Khrushchev made the first big set of cuts -- if Gorbachev is
17 able to politically manage this, it would suggest to me that
18 there is enough consensus behind the whole issue of resource
19 allocation between civilian and military purposes that even if
20 he should pass from the political scene himself four or five
21 years from now, because of the particular nature of certain
22 reforms or political infighting or political scars, that there
23 is at least enough of a body of opinion that wants to move in
24 that direction that that part of it may well sustain itself.

25 Which brings me to this long range problem that we have

1 for the Intelligence- Community. And I have to look at it
2 somewhat parochially. I look at the Office of Soviet Analysis
3 in CIA as a starting point, and I have tried to think a lot
4 about this recently, both because I knew I was going to end up
5 here today and for a meeting that we had amongst the Agency
6 hierarchy about a month ago. And I thought of a couple of
7 fundamental points we need to keep in mind, if I can be
8 permitted to go into a little bit of extraction.

9 First, so much discussion I find myself in, both in the
10 government and in the outside world, focuses on the Soviet
11 Union in almost an academic way, like we are all sociologists
12 studying this sociological phenomenon or this political
13 phenomenon. And there is a need to remember that the bottom
14 line is, what does it mean for the United States. Now, that
15 is the job for us as intelligence officers. IF we all retire
16 and take up academic posts, there may be some more freedom.

17 Secondly, the Soviet Union in many ways is a fundamental
18 part of the American political concept. It is -- I mean, I
19 think back, I went to school, there was Stalin --

20 **SENATOR BRADLEY:** The postwar concept.

21 **MR. MACEACHIN:** It is the postwar concept. It is what
22 all of us who grew up in the postwar period, and even -- I
23 think of my parents and their outlook, who were young marrieds
24 during the war -- and the Soviet Union is so fundamental to
25 our outlook on the world, to our concept of what is right and

1 wrong in politics, to our sense of security, that major change
2 in the USSR is as significant as some major change in the
3 sociological fabric of the United States itself. And that is
4 not a frivolous point, I think, because it gets down to what
5 has been the analytical challenge for us and what I think is
6 going to remain the analytical challenge for us.

7 A news bulletin. Gorbachev will cut troop strength by
8 500,000 over the next two years, and will substantially cut
9 conventional armaments. 500,000 is a fairly --

10 MR. BLACKWELL: 10%.

11 MR. MACEACHIN: That's 10%.

12 MR. DESPRES: The bulk of that can easily come out of
13 East Asia.

14 MR. BLACKWELL: Don't bet on that.

15 MR. MACEACHIN: Let us return to that subject in just a
16 moment. Let me finish this; I'll come back to that. That's
17 true. So we now have a new analytical challenge for the
18 coming year, and that is finding out where these --

19 SENATOR BRADLEY: His speech did not ask for
20 reciprocation?

21 MR. BLACKWELL: Speech is not done yet. This is sort of
22 mid-flight.

23 MR. ERICSON: This is analysis on the fly.

24 SENATOR BRADLEY: Okay.

25 MR. MACEACHIN: we'll get an update and then we'll come

1 back to this.

2 **SENATOR BRADLEY:** No, but keep going Doug, because I find
3 this very interesting.

4 **MR. MACEACHIN:** All right. Now, one of the things -- and
5 I'll be completely candid. I have made some frivolous remarks
6 on social occasions about if Gorbachev is successful he will
7 cause major social displacement in the United States, but that
8 is only -- that is not entirely frivolous. There are not many
9 homes for old wizards of Armageddon, and it is kind of like
10 old case officers trying to find employment. But it is so
11 fundamental that in all honesty, when I think of what has been
12 the burden on resources of the last few years, a major part of
13 that burden has been not just in the analysis, but in the
14 brokering of the analysis.

15 **SENATOR BRADLEY:** The what?

16 **MR. MACEACHIN:** The brokering --

17 **SENATOR BRADLEY:** No, no, no; you say the real what?

18 **MR. MACEACHIN:** I think of what has drained our
19 analytical resources. That is, analysts' hours, analysts'
20 weeks, analysts' months and what have you. There is both the
21 effort to do the analysis and there is the effort to formulate
22 the understanding and to articulate that understanding in a
23 not neutral political environment.

24 **SENATOR BRADLEY:** In a not mutual --

25 **MR. MACEACHIN:** Neutral.

1 MR. BLACKWELL: Neutral.

2 SENATOR BRADLEY: Okay.

3 MR. MacEACHIN: That is to say -- let me come back --

4 SENATOR BRADLEY: You mean it is to articulate the
5 analysis in an environment that presupposes the Soviets as the
6 enemy?

7 MR. MacEACHIN: Well, that resupposes all kinds of things
8 about the Soviets. Now, let me make one more remark here that
9 puts some of this in perspective. I don't believe that you
10 will be able to find anywhere, in the government, out of the
11 government, think tank, academic, or otherwise, anyone who
12 articulated in 1984 a forecast or an outlook, even as a remote
13 possibility. What we have seen in the last 4 years -- I do
14 not think that exists.

15 Now, we spend megadollars studying political instability
16 in various places around the world, but we never really looked
17 at the Soviet Union as a political entity in which there were
18 factors building which could lead to the kind of -- at least
19 the initiation of political transformation that we seem to
20 see. It does not exist to my knowledge.

21 Moreover, had it existed inside the government, we never
22 would have been able to publish it anyway, quite frankly. And
23 had we done so, people would have been calling for my head.
24 And I wouldn't have published it. In all honesty, had we said
25 a week ago that Gorbachev might come to the UN and offer a

1 unilateral cut of 500,000 in the military, we would have been
2 told we were crazy. We had a difficult enough time getting
3 air space for the prospect of some unilateral cuts of 50 to
4 60,000.

5 **SENATOR BRADLEY:** What do you mean, getting air space?

6 **MR. MACEACHIN:** Well, getting it written and getting it
7 articulated without it being hammered to death and --

8 **SENATOR BRADLEY:** You really are -- this is extremely
9 helpful and provocative. Because -- see, you are saying that
10 one week ago or two weeks ago that you -- that the 500,000
11 person prediction would have been snuffed, basically.

12 **MR. MACEACHIN:** Well, we would have been able -- we would
13 have -- if we would have had some legitimate evidence from a
14 reliable source with access who says it was going to happen,
15 we would have been able to exercise our responsibility to
16 report this information and comment on it. But I can assure
17 you that that comment would have been heavily caveated and the
18 arguments against it would have been heavily driven towards
19 presumptions about Soviet behavior.

20 **MR. BLACKWELL:** Senator, if I could just add something on
21 it, just to get the sense of disagreement there. Up until two
22 weeks ago or yesterday for that matter, there were real
23 differences in the Intelligence Community over how much
24 economic strain the Soviet Union is under and how much they
25 have -- the kind of economic motivations for cutting defense.

1 That is at one level. The real differences in the Community
2 were as to whether the Soviet Union would undertake any
3 significant unilateral cut at all. I am not talking about
4 500,000; I am talking about 50,000 or 20,000 or anything that
5 was otherwise not tagged to something reciprocal.

6 MR. MACEACHIN: And I don't want to pick on any
7 individuals --

8 MR. BLACKWELL: No, and I didn't say anything about any
9 individual.

10 MR. MACEACHIN: But one person has already disparaged the
11 500,000 that I just announced here. Someone in the room; I
12 have forgotten who it was.

13 SENATOR BRADLEY: Oh -- yes.

14 MR. MACEACHIN: But my point is when I think about the
15 analytical challenge or the intelligence challenge of the
16 future of the Soviet Union, it may be my bias having spent
17 most of my career in analysis, but my experience of the last
18 several years says it is still going to be in analysis. It is
19 still going to be our ability to ferret out the information;
20 our ability to do a careful, rigorous analysis; and our
21 ability to present balanced, even if somewhat provocative and
22 unconventional views.

23 Now, I think we have had some success on that in the last
24 few years, and I will try to describe what kind of environment
25 I think has contributed to the success and also contributed to

1 the cost, and where I think we will be going with this.

2 Now as we said, the Soviet Union is such -- and the
3 perceptions of it are so ingrained, there is no one who is
4 really neutral about it -- except for me -- and objective,
5 that we can make logical arguments but we have to be able to
6 get down to hard evidence. About four years ago we
7 restructured our analytical component that dealt with the
8 Soviet Union, and I can't say we did it because we forecast
9 what was coming down, but we did put a heavier effort on
10 societal issues, we did make a much heavier analytical
11 commitment to defense industry than had been the case before,
12 and we did about half of this by restructuring our own
13 effort,. It was not just through increased resources. And I
14 think that that is what we are going to have to look at in the
15 future.

16 We are going to have to go back and take a look at how we
17 use our available analyst hours, because I don't see a great
18 period of largess in terms of numbers of resources. And so it
19 is going to have to be efficiency; a little perestroika of our
20 own. We spend a great deal of time on presentation and many
21 of us wish we didn't spend so much, and we're trying to
22 experiment with some new forms of publication which are less
23 draining of time.

24 SENATOR BRADLEY: You mean you spend a lot of time
25 writing up doubts?

1 MR. MACEACHIN: Writing, reviewing, polishing and going
2 over the texts --

3 MR. BLACKWELL: Editing, massaging --

4 MR. MACEACHIN: It is not just editing.

5 SENATOR BRADLEY: Getting ready to defend what you write,
6 basically.

7 MR. MACEACHIN: Because one of the developments of the
8 last 5 to 10 years in intelligence that has been most
9 pronounced from my perspective, has been the greater exposure
10 of the product of the Intelligence Directorate to other
11 readers, including the Congress. And that means that there is
12 no forgiveness for carelessly wording things. I will give you
13 an example with which I think you are quite familiar.

14 We did a study some time back, a study which has stood up
15 against heavy scrutiny from people who don't find its message
16 to be helpful --

17 SENATOR BRADLEY: On oil?

18 MR. MACEACHIN: No, sir. This is more recent than that.

19 SENATOR BRADLEY: Oh, okay.

20 MR. MACEACHIN: This had to do with the readiness of
21 Soviet forces in Europe to go to war; how much time it would
22 take them and how ready they would be. We got a few hits in
23 the newspaper on this. We outraged many people in Allied
24 Intelligence Services. NATO has -- I guess I haven't talked
25 to an official of an Allied Intelligence Service in a year who

1 hasn't taken me over in a corner and asked me when I am going
2 to get off this silly position we have that the Soviets can't
3 go to war in 48 hours. I understand the political problem of
4 these Allied Service reps. My point being is --

5 **SENATOR BRADLEY:** You mean, you're saying that NATO
6 couldn't go to war in 48 hours?

7 **MR. MACEACHIN:** The Warsaw Pact could not. And would
8 not. It has no plans to. In fact, there was a piece -- we
9 gave a briefing on that to the House, and it finally
10 contributed to the piece that --

11 **SENATOR BRADLEY:** Yes, I saw that.

12 **MR. MACEACHIN:** Now, that -- there was one paragraph in
13 the piece that was carelessly worded which should have said
14 that as a consequence of many improvements the Soviets have
15 made in their forces, they had also brought upon themselves a
16 much greater requirement for mobilization. A much larger
17 infusion of men would be required in order to get the kind of
18 sustainability that they had sought in these improvements.

19 The paragraph was somewhat carelessly worded to say in
20 one aspect they are less ready. Well, that one sentence
21 caused a furor in two continents.

22 And my only point is that --

23 **SENATOR BRADLEY:** so you have to take your documents and
24 your analyses which, while precise, should be loose enough so
25 that it allows creative thought, and instead you treat them as

1 -- you have to treat them as if they are speeches in a
2 campaign where every word will be looked at. Or speeches of a
3 leader or head of state?

4 MR. MACEACHIN: When you are dealing with the Soviet
5 Union, yes Sir. There is not much slack. So --

6 MR. BLACKWELL: Talmudic.

7 MR. MACEACHIN: So we really do have to work very hard at
8 this.

9 Now, I don't want to make this sound all bad because I
10 will be completely honest. I mean the word politicization is
11 used and it is used incorrectly. Intelligence judgments have
12 a lot more political resonance than they used to because they
13 get more exposure in the press, in the Congress, in the
14 public.

15 On the other hand, from adversity strength, perhaps. In
16 my own view, because of this, our product is better so long as
17 we continue to insist that we are professionals and we want
18 the best analysis. And we're going to find a way to deal with
19 this sensitive and loaded consumer market. And we're going to
20 have to make our analysis better, work the evidence, be
21 careful about the formulation of the judgments, don't go --
22 don't be overly assertive, and try to do those things which
23 intelligence can do that other people can't.

24 Now, many professors on the outside write, they print in
25 the media, and they get great attention. Many of them, quite

1 frankly and interesting, that have more credibility with
2 policymakers simply because they're not part of the
3 intelligence establishment.

4 MR. MACEACHIN: What I am saying is that this is a far
5 more challenging problem. And if we are going to get in
6 credibility with the consumer, we have to demonstrate that our
7 product is more reliable, more carefully documented, more
8 carefully researched. And when we articulate these judgments
9 -- well, I think, that we had a session here following some
10 press discussion of our economic analysis.

11 A soviet economist can get out a back of an envelope
12 under Glasnost and do a piece and that piece will capture more
13 attention and, in many cases, more credibility than all of the
14 work of all of our terrific blue-collar analysts who walk in
15 every day, put down a lunch pail and grind away and muck away
16 on these data and produce things like the paper on the
17 deficit, for example.

18 SENATOR BRADLEY: Right.

19 MR. MACEACHIN: We we first came out with our studies and
20 said Soviet defense spending -- the growth rate -- has dropped
21 to something about one or two percent and stayed there for a
22 long time...that work has to stand up. And we devote a lot
23 of resources to it.

24 And I guess I'm not going to say this has to change.
25 What I'm going to say is in some respects I think because most

1 of us have this commitment -- most of us have this commitment
2 -- we are intelligence officers, just like some people are
3 lawyers and doctors, that we're going to succeed in making
4 this better.

5 I think that the product has gotten better because we've
6 dealt with the more intense environment. And we've dealt with
7 it because we've paid more and increased attention to the
8 product itself. And because, since the rest of the world is
9 going to be playing, we're going to play with the rest of the
10 world.

11 Now, we have routine, and, unfortunately, sometimes we
12 think too routine, contacts with an immense range of outside
13 experts. And we intended to continue that.

14 We deal with them routinely.

15 We keep these things us. And we find them to be of
16 immense value.

17 A. there are ideas outside the Community. There are
18 thoughts. Secondly, even when there are not, sometimes the
19 best way to steel your product is to submit it to the heaviest
20 criticism you know you are going to get. AND we know of
21 places where we can send our products where we know what the
22 criticism is going to be and we'll say take your best shot.
23 Maybe you'll find flaws in the analysis. Or we're too close
24 to it.

25 So --

1 SENATOR BRADLEY: You mean you know what the criticism is
2 going to be?

3 MR. MACEACHIN: Sure.

4 SENATOR BRADLEY: You send it to the right and they'll
5 say you're too soft --

6 MR. MACEACHIN: I know someone who, for example, on any
7 military analysis that we have where I can send it and he will
8 nail all the analyses and when he fails on that he'll tell me
9 all the evidence is Maskirovka disinformatzia.

10 But, if I find him reduced to that, I know I've got a
11 pretty good paper.

12 Now, the problem for the coming year is going to be less
13 a collection problem and it's going to be less a problem of
14 trying to get other provocative ideas. The problem is going
15 to be getting at the real analytical questions and getting the
16 evidence together and trying to see what it means and to
17 articulate what it means.

18 As I've said before, we just have to get away from or get
19 beyond political social abstractions. The biggest questions
20 as I'm sure you are aware, are: is Gorbachev for real? "All
21 I've heard are words, no deeds. I haven't seen anything yet."
22 All right.

23 Well, true, we haven't seen anything yet. It's hard to
24 see things and maybe some material things haven't moved yet.
25 But we're going to have to decide what does real, quote,

1 unquote, mean. What are the signs of this real change.

2 We have to look at alternatives and explore those
3 alternatives. Again, I have found that the best way to deal
4 with people who have a particular bias is not to dismiss their
5 view but rather do the best you can to substantiate it. And
6 then show that person, well we looked at this alternative.

7 We had a group of academics in recently and just did a
8 quick look at alternative futures and got their views on
9 whether Gorbachev would consolidate power, would he be
10 accommodate, would there be political change, and would he be
11 ousted. Just for what it is worth, that group of five or six
12 came out with twenty-five percent chance that he would
13 consolidate power and be able to proceed on his agenda.
14 Forty-five percent chance he would have to accommodate. And I
15 think that leaves me what, thirty percent chance that there
16 would be a political change and he would actually leave office
17 in the next few years.

18 We -- don't see too much prospect of getting more
19 analysts as I've said. So, quite honestly, I and my
20 colleagues are -- now that we are over or part way through
21 certain administrative issues having to do with an election
22 year -- going to be looking at any changes we may have to make
23 in the way we allocate our analytical core.

24 What are the questions that are going to be more
25 pressing, require more effort. Where can we do some contracts

-- external support -- in areas of kind of a maintenance sort.

But it really comes down to this question of, yes, collection, and technical collection as well as human source. I think maybe we may be getting some advances in this.

There are some programs ahead which are going to help us very much on the military front.

SENATOR BRADLEY: Right.

MR. MACEACHIN: But it takes us down to whether Gorbachev is really reconstructing or retooling plants from military hardware to civilian hardware?

Today, I have a five hundred thousand person cut -- a half a million -- a ten percent cut -- in armed services manpower announced. Where is that cut going to be? Is that cut going to be in Ministry of Defense support troops? Is that cut going to be in the kinds of forces with both constitute part of the combat threat and which draw heavily on resources? That is, if there are some cuts in the numbers of active divisions not only does that reduce some of the force, but that reduces, from Gorbachev's standpoint, some of the forces that have to be equipped.

And I guess my bottom line is this: that people are continually telling us that there is an answer out there, that -- we are stuck with this -- there's an answer by going off and getting new analytical input from here, spending some money to get some collection there. That will all help.

1 But the truth of the matter is that there isn't any easy
2 way. We're going to have to do our work, continue to try and
3 improve the analysis. Continue to confront the tough
4 questions. And ultimately the questions -- I mean the
5 importance of this for the United States is monumental. If
6 the Soviet Union in the year 2010 is not the kind of military
7 threat that has driven so much of what we have confronted for
8 the past three or four decades, what will it be?

9 I'll give you another example. I think I may have said
10 this last session. If I didn't, I have said it at the
11 management conference. That I saw to salient events coming
12 ahead. One was going to be sooner. I thought that within the
13 next year or so that Deng Xiaoping and Gorbachev would shake
14 hands somewhere. And that now looks like it may come true
15 even sooner.

16 This will have an immense political resonance. And the
17 way that the perception of this event affect behavior in place
18 like Japan and Europe is going to be very important to the
19 United States policy. It could also be very important to the
20 way the Soviets disperse resources to military forces in the
21 Far Eastern theater. It could be very important in the way
22 the USSR is perceived in Manila.

23 The second event, a little further down the road, one
24 which seems to have even of greater hurdles is Europe 92. And
25 therein is a good case, if the Soviet Union -- and perhaps

1 because the Soviet Union -- is a less apparent, less
2 demonstratable military threat, the role of the Soviet Union
3 in the equation of the United States, Europe and the East may
4 be greater, not less, facing an economically integrated Europe
5 because the attitudes of the Europeans towards the Soviet
6 Union are going to be immensely affected by their perceptions,
7 if it stands up, of a changing U.S.S.R.

8 So I don't -- I guess I see that the intelligence --

9 **SENATOR BRADLEY:** So their attitudes will change and that
10 means what?

11 **MR. MACEACHIN:** They may engage the Soviet Union, they
12 may engage East Europe in quite a different way and may be
13 less susceptible to the U.S. desires if they no longer see the
14 military threat in the same dimensions. And, therefore,
15 putting it bluntly, may feel less need to please the U.S. in
16 order to sustain a relationship which has had largely security
17 as its glue.

18 **SENATOR BRADLEY:** Right.

19 **MR. MACEACHIN:** That's exactly the strategy advocated by
20 the theoreticians mentioned earlier.

21 **SENATOR BRADLEY:** Yes. well, that's very -- I find it is
22 very provocative because I've sensed aspects of that over the
23 last year and half talking to a lot of Europeans.

24 And I've talked to a lot of Europeans about what
25 Gorbachev means and basically they've said what Gorbachev is

1 playing is a Socialist with a human face. In other words,
2 human Socialism. Right? And the question is what's the idea
3 that you're playing? And the answer that you're giving me is,
4 well, you know, maybe the Soviet theoreticians are right in
5 their analysis that the Europeans aren't attached to any idea,
6 they're simply used to a military and a paternal or protective
7 relationship.

8 MR. MACEACHIN: Well, I guess what I would also say is
9 maybe that the challenge for our policy is going to be to
10 demonstrate that there is more to this Western alliance than a
11 security arrangement.

12 SENATOR BRADLEY: Yes.

13 MR. MACEACHIN: And that's where it seems to me --

14 SENATOR BRADLEY: Now, 1992, how does that fit into this?

15 MR. MACEACHIN: Well, I'm just thinking that if you --

16 SENATOR BRADLEY: Specifically. I mean, you know, you
17 are saying that this is just another step along the road to
18 European self identity --

19 MR. MACEACHIN: Yes.

20 SENATOR BRADLEY: -- and therefore because there's going
21 to be a more integrated market, they might say, well we want
22 to go our way in our relations with the Soviet Union.

23 Well does that also imply we don't need your troops?

24 MR. BLACKWELL: Probably not.

25 MR. MACEACHIN: Probably not. But it is liable to mean

1 that our exhortations for budgets and commitments on programs
2 will have less force.

3 MR. BLACKWELL: Of course that's going to be true in our
4 own country as well. If the threat is either perceived to be
5 less or in fact is less, it can't help but have resonance in
6 terms of the question of much is enough in Europe and there
7 and in many other places. The facts will differ.

8 MR. MACEACHIN: The simple non answer I think to your
9 question, Senator Bradley, is and this is again a purely
10 personal sense that, you know, I've been grinding away as all
11 of us have on this Soviet problem twenty years or more, and
12 the dimensions have changed in ways that we can describe when
13 we describe the Soviet Union itself.

14 But I get a greater sense, a sense that there are very
15 large important things having to do with international
16 economic relations, political relations, and national
17 objectives that I guess, being fully engaged in the Soviet
18 problem, that we haven't had a chance to think about and to
19 articulate, but they are clearly there. And it seems to me
20 that being able to ferret them out as to how the Soviet Union
21 is developing and how it will play into this is the real
22 analytical challenge that intelligence faces in the 1990s.

23 MR. BLACKWELL: What little part I saw of Gorbachev's
24 speech certainly was very much playing to the notion about
25 world trends that are independent of ideology and alliance and

1 all of the other things. And how his country at least is
2 trying to get in sync with that.

3 I mean, that's the whole face -- that's all of the
4 Shevradnaze stuff that's been in his speeches but Gorbachev's
5 approach at the U.N. really reflected it as well.

6 MR. MACEACHIN: Come back to one of your questions. If
7 suddenly there is an upheaval of the USSR and Gorbachev is out
8 and we're going to cast aside Perestroika and all of these
9 things, what does that mean?

10 In some respects, that's the least interesting question.

11 SENATOR BRADLEY: Yes.

12 MR. MACEACHIN: Because we know how to handle that.

13 SENATOR BRADLEY: And you bring the books out and --

14 MR. MACEACHIN: That's exactly my point. If he -- most
15 of the people will try to settle on a middle road that says he
16 muddles along. It's less bad but it's still the same old
17 Soviet Union.

18 That's kind of interesting --

19 SENATOR BRADLEY: Well how do you get people to really
20 think about the other more radical alternative that indeed the
21 "new thinking" strategy is playing out and the military is
22 less significant and they've decided that they are truly not
23 vulnerable and therefore they don't see any reason to appear
24 vulnerable? Appear hostile?

25 MR. MACEACHIN: Well --

1
2 year with another 500,000 and let's say, you know -- at what
3 point are you able to say this is really an irrevocable point?
4 you made -- you said earlier, you think if it gets to a
5 certain level that even if he goes, that the momentum of the
6 reduction of military will have been so deep that he can't
7 reverse it. So the question is really well when is that
8 point? Where is that point in time and in amount?

9 MR. MACEACHIN: This will probably be a cop out. This is
10 a question which is --

11 MR. BLACKWELL: Probably should be.

12 MR. MACEACHIN: Well, I've always been a fool who rushed
13 in but -- I don't think we're going to define it as a point.
14 And the analogy I've used is when you are on the top of the
15 mountain, it looks like you're on flat territory. When are we
16 there?

17 I has lunch with an academic specialist a few months and
18 he made an interesting point that we keep saying, well, the
19 real test for Gorbachev is going to be here. Well, he passed
20 that one. But then the real test is going to be there. And
21 he passes that one. And this professor's comment was when are
22 we going to say that Gorbachev has passed the test? When he
23 abolishes the armed forces?

24 If Gorbachev makes these cuts, and if he makes them as I
25 think he will, frankly, at least some of them in visible,

1 definable combat forces -- if he doesn't, he's gong to give up
2 a lot of the political benefits that would accrue to this --
3 then if he follows it up, at what point do various -- and at
4 what point then does Gorbachev become a more active player in
5 international markets. Not as a supplicant, but as a player.
6 At what point do the Europeans who have always seen an active
7 economic engagement, if it could be economically sound, as
8 contributing to their security.

9 As you have probably noticed, every time there is a
10 slightest thaw, the Europeans quickly move that direction.
11 They see it as in their economic interest if they can develop
12 it. And secondly, they will all tell you that an active
13 engaged economic relationship contributes to security by
14 reducing the threat.

15 SENATOR BRADLEY: How is it in their economic interests?

16 MR. MACEACHIN: Well it's not now and I think that's the
17 problem.

18 MR. ERICSON: In Western Europe's economic interest?

19 SENATOR BRADLEY: I mean I can't see us -- how it's in
20 Western Europe's economic interest.

21 There's a part of me that says that Europe '92 and the
22 tendency in Europe is to turn much more to the Soviet Union
23 and really going to plow a lot of resource into there. My
24 response to that, looking at American interests, is to be my
25 guest. Go right ahead. I'll focus on the Pacific, you focus

1 on --
2 MR. ERICSON: That would be the point that I would loo

3 at. And that is that you have a world that is much more
4 contentious economically than a world 10 years ago in terms of
5 a rush for technological leadership.

6 Where is Western Europe in this? All right. It's sort
7 of the odd man out in many ways in struggling for world
8 leadership.

9 And one of the ways I think that you demonstrate or
10 develop that means to catch up or stay on the top
11 technologically is by building up new business.

12 Where's Western Europe's market? Is it in Japan? Not
13 really. Is it in the United States?

14 One of the things that is very attractive about the
15 Soviet Union is that it is the largest untapped market that is
16 credit worthy.

17 I could envision in the year 2000 a large "European"
18 trading block where exports to the Soviet Union, large joint
19 ventures, etc. etc. are mutually beneficial.

20 I mean, it's not there today, and Doug makes a very good
21 point. Because you got security costs and everything else.

22 SENATOR BRADLEY: How can it be there without -- let's
23 take the most elementary, without some price mechanism?

24 MR. ERICSON: All I am suggesting is the sweep of the
25 economic dynamics are not incompatible with the kind of the

1 other.

2 **MR. MACEACHIN:** They can do some things to their process
3 which would enable -- I mean the price mechanism changes.
4 They desperately need it -- they desperately need to make
5 their own economic mechanism work.

6 But they can manage to create a market for foreign
7 producers I think without going through a full price reform.

8 **MR. ERICSON:** Senator Bradley, if you were to look at the
9 excessive supply of Soviet natural gas. Gas that lies outside
10 the Persian Gulf. There's economic complementarities there that
11 are worth exploring. In some areas of energy, some areas of
12 co-production and just the idea of complete plants and
13 elsewhere.

14 You are right, however, you can't have a full integration
15 without price change.

16 **MR. BLACKWELL:** I don't think anyone would argue that the
17 Soviet Union by the end of the century is going to be an
18 economic player on the scale of Western or Northern Asian
19 countries nor should we fear it to become one.

20 I mean they simply -- they've got too long a road to hoe
21 to get there.

22 **MR. ERICSON:** The issue is: is there a true, a European
23 interest and I think there is. There is economic merit.

24 **MR. BLACKWELL:** But it is bounded because the Soviet
25 Union really cannot be a heavy purchaser, and other than raw

1 materials, much of a heavy supplier economical it seems to me.

2 They don't have a labor pool like the Chinese do or other
3 countries do.

4 **SENATOR BRADLEY:** Well I'm doing a speech tomorrow night
5 calling for a Pacific coalition. And I tend to think that
6 there is this problem of not being able -- and that's what the
7 last forty minutes have been -- not to be able to get out from
8 under the lock of past assumptions, and envision, just from a
9 standpoint of a creative and playful mind, alternatives. I
10 mean, that ought to be one of the central functions for you.

11 **MR. MACEACHIN:** Well that is what we consider to be one
12 of our central functions. And I will say that, while life
13 isn't easy, we've been -- we've had some success and we're
14 going to keep hammering it.

15 **SENATOR BRADLEY:** I would encourage you to. And I think
16 you are right, to say that in order for you to do it
17 productively, given the direction Gorbachev is heading, you
18 need a broader reach. You need to figure in, well, where does
19 Europe 92 fit in to this thing? What about -- where does
20 China or Japan or --

21 **MR. MACEACHIN:** The whole north Pacific nexus.

22 The other thing is that we will have, lest I not sound
23 like I'm totally off the reservation, I guess I am, all right
24 -- is that there is this other scenario which says the Soviets
25 use, you know, they do this as part of a means of getting

1 breathing space, getting their house in order so they can come
2 back and become an even greater military threat in the next
3 century. That's alternative that we cannot dismiss and we are
4 going to have to treat seriously.

5 MR. BLACKWELL: Except their way of getting there --

6 MR. MaceACHIN: Well, I have personal views on it that I

7 --

8 SENATOR BRADLEY: Their way of getting there makes them a
9 different society.

10 MR. MaceACHIN: That's exactly right. They won't get
11 there unless they make some changes such that when they do get
12 there, they won't be driven by the same set of goals that they
13 once had.

14 It's a complex problem and I think that the coming year
15 or two, in fact a break in the short-term long-term -- no
16 policy consumer is really as interested in long-term strategy
17 as he claims. He wants to know about what's on his docket
18 tomorrow, next week, and six months from now. If you ask
19 them, they will tell you they want the long-range view.
20 That's what they say. But when you start sending products
21 down --

22 Now the trick for us is going to be to develop the
23 long-range outlook, so we can keep our eye on the long-range
24 ball, but in the short-term, it seems to me, the question for
25 the next twelve to twenty-four months is going to drive right

1 at -- excuse me -- obviously we have a major analytical
2 problem in keeping up with the extremely volatile political
3 situation in the Soviet Union which could make all this
4 change. It could.

5 But, insofar as sort of a U.S. strategic interest is
6 concerned and the conceptual framework in which U.S. policy is
7 developed, I think the key question is, is there a real
8 lasting revolution under in the Soviet Union, and if so, what
9 direction might it take? That's our challenge.

10 **SENATOR BRADLEY:** But taking also what you have said,
11 your challenge isn't simply to describe aspects of that and
12 determine whether it is really real, but it is what is the
13 implication for the United States?

14 **MR. MACEACHIN:** What does it mean for us?

15 And much of the -- and much of it will depend upon a lot
16 of other structures that are only now being formed.

17 **SENATOR BRADLEY:** I mean just the very fact that
18 information on the Soviet Union has such a high currency and
19 popularity, now suits Gorbachev's purpose anyway by making him
20 the dominant player. And everybody's talking about him and
21 what's happening in his country which, if you have personal
22 experience with it, you say, a little bit like Nicaragua, it's
23 not worth all the talk.

24 And then you fit that into an information delivery system
25 to the broader population in this democracy where whatever is

1 said, whether it is the most well researched, thorough
2 analysis, the impulse -- and television is the ultimate
3 highlight of this -- always has to have the counter view.
4 However irresponsible it is. And unresearched.

5 So you get this idea that you are kind of cut adrift,
6 you're not able to get your own bearings in this and he's
7 always got a chance to have his view. Or a view similar to
8 his. Or a view that says, well, Gorbachev. is rally not x, y
9 and z. And it seems to me that that creates a problem for us
10 too.

11 MR. MACEACHIN: It comes with the territory. It goes
12 without saying.

13 MR. BLACKWELL: Competition doesn't hurt. But a lot of
14 the competition is on a plane that isn't equal. And some
15 people have greater access through the media and other places
16 that you can't match.

17 But there are a couple of points that occur to me --
18 there are a couple of things that may be worth taking a note
19 of.

20 One, the revolution we're talking about in the Soviet
21 Union -- I really think it is, Gorbachev describes it that way
22 -- but it is really a part of -- it's a global Communist
23 revolution. All of those systems in one way or another are
24 coming up to the natural limits of the Stalinist order. The
25 problem for every one of them has essentially been they've

1 adopted some form of Stalinist mechanisms for running and
2 controlling their country, and they have come up against the
3 revision of the superstructure in Marxist terms. It simply is
4 not working in this environment. That's one.

5 Two, Gorbachev for us is a discontinuity in our
6 understanding of Russia and the Soviet Union. Either one.
7 And we are having, as a community, as analysts individually,
8 as a government and as academics, an enormous difficulty
9 coming to terms with that because by what he is doing, he has
10 broken all of our china.

11 We never thought he would -- we never say him eating on
12 these plates before and we never thought they would or could.
13 So the fact that they are there is a discontinuity.

14 That does help you break your mind set for thinking about
15 the future. But you are still struggling with that past. And
16 it's very tough to get over it. And then, of course, someone
17 keeps -- comes along and rightly says well it could still go
18 away.

19 Reform has come and gone at other times in the Soviet
20 Union. Alexander the Second got assassinated and you ended up
21 with Alexander the Third. So I mean there are all sorts of
22 things like that.

23 But nonetheless, Gorbachev is a discontinuity and it is
24 hard to get on top of it.

25 The Deputy Director has -- the third thing. The deputy

1 director has commissioned a kind of agency conference some
2 time next winter where we draw in big thinkers in a fairly
3 small, compact setting. Some futurologists, some from -- we
4 haven't even scoped it yet. But essentially big thinkers to
5 think about the Soviet future, ten, fifteen, twenty years from
6 now.

7 SENATOR BRADLEY: When is that?

8
9 MR. BLACKWELL: We don't have a time.

10 MR. MACEACHIN: We're talking around March.

11 MR. BLACKWELL: March. February or March some time.

12 SENATOR BRADLEY: Any Senatorial attendance?

13 MR. BLACKWELL: Yes I am sure if you ask -- I am sure if
14 you ask him, he'll find a way.

15 MR. MACEACHIN: And Bob didn't mention, we're also, next
16 week, doing one on political instability in the USSR.

17 So, this goes back to my point that I was describing -- a
18 situation for the intelligence analytical core has become
19 more complex, more challenging. And it is always interesting
20 for me to see people who were successful at it ten years ago
21 or fifteen years ago who have dropped out and come back who
22 say the same for me -- how much more challenging it is.

23 But, at the same time, I think that we have -- it has
24 resulted in a better analytical system, and a better product.
25 That may be patting ourselves on the back, but it is really

1 not. We probably, if left to our own devices, would have
2 squirreled away in Langley and done our little thing.

3 So this exposure, this challenge, this kind of
4 sensitivity has caused, I think, a better product.

5 MR. BLACKWELL: Two pieces of product. Doug has had a
6 number of papers that really have tried to press the envelope
7 some to come out of SOVA.

8 I still think actually the estimate we did last year
9 for its time did that but if you look back at it now, it's too
10 conservative. Even stretching as far as we could as a
11 Community on whether Gorbachev in allowing for a lot, we
12 actually said he was reall -- some people didn't want to --
13 but I mean we really pressed that but it was too conservative.

14 If you go back and do it now, you'd have to push it even
15 further. It's too conservative both in we didn't capture how
16 radical he would go and we didn't quite capture how much
17 disorder would be created. We acknowledged it would happen
18 but we didn't get its dimensions.

19 We're also going to do an estimate now on -- it's called
20 11/4, but it is essentially Soviet national security strategy
21 toward the West.

22 Basically, I don't know what all the answers will be in
23 the estimate and we have written it, but one of the things
24 you're going to find in it is we're going to use it to try to
25 stretch the Community's thinking so that we at least, if we do

1 nothing else, find out how much we disagree or agree on some
2 things. That is, we're not going to try to reach consensus in
3 it because it really shouldn't. There are cosmic issues on
4 that kind of a subject. There's probably not yet revealed
5 truth to be found.

6 **SENATOR BRADLEY:** On Soviet strategy?

7 **MR. BLACKWELL:** National strategy toward -- national
8 security strategy toward the West. Where it's this question
9 of breathing space, sea change.

10 **SENATOR BRADLEY:** The question of how far they are
11 willing to go to accommodate. It's those kinds of issues. He
12 may not know yet. But we're going to try to push those
13 issues. And stretch them out.

14 **SENATOR BRADLEY:** What is your best, concise statement of
15 the strategy of these theoreticians you spoke of earlier who
16 have gained political influence.

17 **MR. MACEACHIN:** Interestingly enough that you should ask,
18 I thought if I advertised this paper here, you might ask. We
19 have a draft on my desk and I think it is going to be a very
20 good paper.

21 **SENATOR BRADLEY:** Can I get it?

22 **MR. MACEACHIN:** Yes sir. I'd like to do a little
23 scrubbing I told you about but we should have it out within
24 the week or so or earliest available, a couple of weeks may
25 be.

1 **SENATOR BRADLEY:** But basically it is as you outlined?

2 **MR. MACEACHIN:** Yes sir. In fact, the author, Gray
3 Hobnis, went back and studied sort of these background. It's
4 an interesting bit of personal history here.

5 [Deleted]

6 The enigma, or what many people say is enigma, how could
7 these people, some of whom have expressed such hostility
8 towards our society and way of life be the architects of this
9 new foreign policy.

10 Well, it's not all that strange when they see it as this
11 is the way to serve the best interests of the Soviet Union and
12 our Communist Party, the Party of Lenin. And so there is some
13 continuity there.

14 **SENATOR BRADLEY:** They believed that the military
15 industrial complex was the prime political force in the United
16 States?

17 **MR. MACEACHIN:** Exactly.

18 **SENATOR BRADLEY:** And believed the United relationship to
19 the rest of the world fundamentally flowed from the military
20 relationship?

21 So that if you were the Soviet Union, and you no longer
22 presented a hostile face, that would defang the threat --

23 **MR. MACEACHIN:** Well the first part of it was -- the
24 theories didn't quite get there that fast. And there have
25 been others who have taken the arguments further.

1 Initially, one theoritician identified that U.S. military
2 strength and projection as the source of the U.S.'s global
3 power and that was the strategic linchpin. That was the point
4 at which he should attack.

5 What has evolved in the more recent thinking is that the
6 way to do it is by removing the threatening image.

7 A piece that appeared in the Soviet Foreign Ministry
8 Journal recently had a interesting opening, by the way. It
9 said; how could the rest of the world not fear the USSR when
10 we are murdering each other right here in our own country. I
11 mean the author started right with the Stalinist image and
12 proceeded all the way through the Third World. He even had
13 comments to the effect that the Third World is not interested
14 in the class struggle and in fact most of the Third World is
15 now trying to follow the Western model.

16 In effect, the Western modul delivers.

17 **SENATOR BRADLEY:** Right.

18 **MR. BLACKWELL:** There is a much more --

19 **SENATOR BRADLEY:** But I don't get it. So the -- take the
20 analysis so that he says that if the Soviet Union des not
21 present a hostile face, what happens?

22 **MR. MACEACHIN:** That the raison d'etre -- that the U.S.
23 leverage and entire --

24 **SENATOR BRADLEY:** The West will say, why do we need all
25 of this military? You mean the Western democracies them

1 selves? In other words you couldn't do this, that the public
2 would say I don't want to be taxed to pay for a defense budget
3 if there's no threat. And so what they have to do is present
4 an image where there appears to be not threat.

5 What you don't know is, is there in truth -- is he in
6 truth headed towards a point where there is no threat.

7 MR. MACEACHIN: I have an opinion but I can't prove it.

8 SENATOR BRADLEY: Well, you have an opinion which I
9 presume is the opinion of every one in the culture for the
10 last twenty years which is, well, we've always got to protect
11 so that they might be the threat. Is that your opinion?

12 MR. MACEACHIN: My opinion is that it is real -- that the
13 problems inside -- do I want to say this on the record?

14 SENATOR BRADLEY: You can take it off.

15 MR. MACEACHIN: No. My opinion is that while there may
16 have been some soviets who supported this restrictions and new
17 thinking under the belief -- and to whom it may well have been
18 sold -- as a means of getting around and getting the drop on
19 the other guy, I believe that ultimately the process itself
20 will become the reality.

21 That's my belief. And it is becoming that.

22 SENATOR BRADLEY: But when you say it will become
23 reality, what is it?

24 MR. MACEACHIN: That the five hundred thousand cut in
25 military forces is a reality and there will be more over the

1 next five or six years.

2 MR. BLACKWELL: A Soviet Union that is far less
3 isolationist. A Soviet Union that has a much less repressive
4 system than it had. It has much more international economic
5 links than it had. It's basically more responsive to a normal
6 environment than it has been. It still, in their own vision
7 of it, would be run by the Communist party and somehow be a
8 one party dictatorship of sorts. But it would be a damn sight
9 different than the one they're talking about now.

10 I think that's what they're talking about.

11 SENATOR BRADLEY: So you are saying -- see one of the
12 things that I have thought recently is that with Gorbachev's
13 reforms, he can simply claim that there is a different kind --
14 there are two kinds of democracies. There's his and then
15 there's the Western. And his is defined as secret ballot and
16 choice within a dominant -- within one party or a Party so
17 dominant that anything else even if it were allowed would be
18 insignificant.

19 That structure, to a Mexican or to a Japanese even, is a
20 little more familiar than a structure of multi-party
21 contention where power shifts back and forth between parties
22 in governance.

23 MR. MACEACHIN: Well, I think there will be another
24 aspect to it.

25 SENATOR BRADLEY: Do you agree or disagree?

1 **MR. MACEACHIN:** I agree.

2 **MR. BLACKWELL:** I would agree. Although, the very fact
3 of moving that way creates pressures to go beyond. I mean
4 it's hard to -- it's hard for an authoritarian system to relax
5 like that.

6 We're talking about the vision, not the --

7 **MR. MACEACHIN:** It's still a very Eastern culture in many
8 ways and will not look like Western liberal democracies.

9 Another aspect of this, I think you'll see, and already
10 are seeing, is that the issue of whether to support this
11 foreign a insurrection or to deal with this foreign
12 government will not be based on whether one is Marxist and one
13 isn't. It will be based on sort of --

14 **SENATOR BRADLEY:** The interest.

15 **MR. MACEACHIN:** The soviet national intereset. And
16 contesting -- I think you will find there will be
17 accommodations where the Soviet Union sees that it can gain
18 something by accommodating some other national interest in a
19 given situation.

20 That both sides -- that it's not a zero sum game.

21 **MR. BLACKWELL:** Even if we accept the vision, which I
22 also do, being able to collapse three hundred years or so so
23 of Western history into a couple of generations or three or
24 four decades ain't going to be no easy achievement and you're
25 not going to do it ten years.

1 MR. MACEACHIN: Could I leave a question here, if I may?

2 SENATOR BRADLEY: Okay.

3 MR. MACEACHIN: I have one that I find that will maybe
4 illustrate much of what we talked about.

5 Speaking again, candidly, the INF position was designed
6 with a careful calculation that the Soviet Union would never
7 say yes to a zero-zero proposal like was offered. The correct
8 calculation. That Soviet leadership wouldn't have. This one
9 did. This one accepted a level of intrusive verification and
10 inspection that went so far as to go beyond what we were
11 willing to accept. This leadership accepted a program of cuts
12 in strategic armaments in terms of the size of the cuts that
13 were inconceivable in our minds at some earlier point.

14 They have -- I remember calling one of my old MBFR
15 colleagues after the Stockholm agreement, saying when we were
16 working on that in the 1920's did you ever in the world
17 believe the Soviets would accept that kind of inspection? And
18 said no. This person is not a doomsayer.

19 We keep hearing the question of, well, it isn't real yet.
20 He really hasn't shown us anything yet. Okay. Now my point
21 is, today we have announcement of five hundred thousand people
22 being cut from the military. And is this going to contribute
23 to the statement of maybe this is a sign that something is
24 real? Or not?

25 That question will not be answerable in the next week or

1 so. It's going to be a two year program. But it serves to
2 illustrate--here we have another piece. And yet I'm not sure
3 we're going to be further down the line on this question than
4 we were before the announcement was made. We're going to
5 spend a lot of analyst hours. And make a lot of projections.

6 **SENATOR BRADLEY:** Yes.

7 **MR. MACEACHIN:** So that kind of describes the nature of
8 the problem. Are we at this break point for something new or
9 not? When is the point reached? And it's elusive.

10 **SENATOR BRADLEY:** But it does have -- I mean your whole
11 impulse in talking about the challenge for the defense
12 community -- the intelligence community is duplicated in the
13 political process, in the media.

14 And when went to the European Command and we talked to
15 three military officials who were in the first party to go to
16 the inspection exercise in the Soviet Union, and these guys in
17 part conveyed the impression to me that they were genuinely
18 disoriented and depressed that they didn't have to use more
19 skillful techniques to observe what they had been presented
20 with.

21 Like I've trained all my life to develop all these skills
22 in order to get into the room and you're giving me the key and
23 saying walk in, there's an easy chair, take a look around and
24 do you want a beer?

25 And that's clearly the case in the Intelligence

1 Community, in the poliitcal community, if you have constructed
2 as the reason you do what you do because there is this threat,
3 and what you are doing is protecting your family basically,
4 and then suddenly thre is not threat, you've got a
5 reorientation. And the question is how and who and to what do
6 you reorient?

7 MR. MACEACHIN: That is what Bob calls a discontinuity.
8 It may be an early form of institutional disorientation.

9 And it is the -- as I say a challenge for us is to
10 continue to, as I put it, is less in getting right and wrong
11 answers because those answers are always one step in front of
12 you.

13 SENATOR BRADLEY: Yes.

14 MR. MACEACHIN: It's to maintain akind of a clear
15 professional approach to this problem. And not to jump off
16 the deep and either way. And help those who have to formulate
17 the policy and the national objectives.

18 SENATOR BRADLEY: Well, this has been a real good
19 session. I appreciate it. Before you go, I just have one
20 more less cosmic question.

21 Where do you see U.S. government guarantees of credits or
22 OPIC insurance, or varieties of other things fitting into this
23 picture?

24 [DELETED]

25 MR. ERICSON: I think that if -- you know, if you look in

1 the 70's, in the 70's the Soviets thought so highly of U.S.
2 technology equipment and knowhow that they really wanted to
3 come here for the best.

4 I think in the late 80's, they recognized that they can
5 get similar or even better technology knowhow elsewhere. So
6 they are not driven the way they were a decade and a half ago.

7 I think they see the United States in some ways as a
8 "hard target" when it comes to normalizing commercial
9 relations. And they can down a road a far piece with the West
10 Germans, with the Italians, with the British, the Japanese.
11 But ultimately, for some fo the reasons we've talked about
12 before, these countries look to the United States for singlas
13 regarding trade with Moscow.

14 So one of the reasons for normalizaing trade with the
15 United States is to work the "hard target" and to move us off
16 the extreme.

17 A second thing that the Soviets attach to normalizing
18 economic relations is that the signing of agreements on
19 economic matters. I think they there as a barometer of the
20 willingness of the United States government to accomodate them
21 or otherwise move ahead.

22 [DELETED]

23 The political importance of such agreements is greater
24 than the economic importance in terms of what the Soviets will
25 do in terms of trade with the United States.

1 **SENATOR BRADLEY:** So you are saying that even with that
2 -- without Jackson-Vanick or Stevenson, that the Soviets
3 really would get some additional trade but not a whole lot
4 more because people would look it and say it really doesn't
5 make much sense? Even with credits and other things?

6 **MR. ERICSON:** In some aspects, yes. If you look at the
7 pure economics of the deals which would be proposal.

8 **SENATOR BRADLEY:** The political significance to the
9 Soviets of having them removed is really what they are after?

10 Now, the question I have is, if they are not removed, are
11 they a significant deterrence to U.S. involvement?

12 **MR. MACEACHIN:** We're circumventing --

13 **MR. ERICSON:** What do you mean by involvement, Senator?

14 **SENATOR BRADLEY:** Well, Chevron building a big
15 petrochemical?

16 **MR. ERICSON:** Yes. It is my view that guarantees lower
17 the cost. But it also sends a message from the US government
18 to the private sector not just the United States and elsewhere

19 --

20 **SENATOR BRADLEY:** Yes but we don't guarantee Chevron's
21 investment in Belgium?

22 **MR. ERICSON:** No. Chevron doesn't necessarily ask us.
23 If we give them Ex-Im Bank credits they would -- that they
24 purchased those guarantees. I mean there are guarantees that
25 have an economic meaning to the firm. But there's also a

1 government "annointment" I think that is imporant that goes
2 along with this.

3 [DELETED]

4 When we go back to what we talked about before taking a
5 long-term position in the Soviet Union, I think credit
6 guarantees serve to facilitate that.

7 I mean you would have to talk to the firms. But that
8 would be my sense. Credit state, in effect that the United
9 States Government blesses this operation it gives business
10 some sense of confidence. [DELETED]

11 Sanctity of contracts. is still a big issue. It's still
12 a lingering doubt on their part. And that's an issue I think
13 they will want to be addressed as much as Ex-Im bank credits
14 or OPIC.

15 SENATOR BRADLEY: What, sanctity of contracts?

16 MR. ERICSON: Yes, sir.

17 SENATOR BRADLEY: And they were broken with the Soviets
18 on the grain embargo.

19 MR. ERICSON: The embargo and the natural gas. [DELETED]

20 The economics are there. I'm not trying to belittle
21 them. And I also think that the Soviets would go out of their
22 way to sign a copule of big deals with the United States for a
23 lot of reasons.

24 SENATOR BRADLEY: Wouldn't they sign the big deals absent
25 the special --

1 MR. ERICSON: If they could get them. Yes sir.

2 SENATOR BRADLEY: But you are saying you doubt that any
3 American firm would go into the deal?

4 MR. ERICSON: I would think that taking a long-term
5 position in the Soviet Union is a tricky business. And if you
6 look at the kinds of joint ventures you have, their short-term
7 positions, and a lot of these deals will be funded
8 multi-nationally. You'll have U.S. engineering expertise,
9 West German equipment, Japanese equipment.

10 SENATOR BRADLEY: So then the real question at what point
11 -- and this is back to your -- at what point along the process
12 of reform, five hundred thousand, a million troops, price
13 mechanism --

14 MR. ERICSON: Emigration.

15 SENATOR BRADLEY: Emigration and a variety of other
16 things, at what point do you regard the Soviet Union like any
17 other country in terms of economics?

18 MR. ERICSON: That's right.

19 SENATOR BRADLEY: I mean that to me seems to be the
20 central question. Not if he does five hundred thousand, do we
21 give them Most Favored Nation? It seems to me you would want
22 to keep it on --

23 MR. ERICSON: That's their thrust. The Soviet thrust has
24 always been to depoliticize economic relations from the West's
25 perspective while politicizing it somewhat from their own.

1 But that's what they would argue. Let's separate the two.

2 MR. MACEACHIN: In fact, the long-term formulated
3 intelligence issue --

4 SENATOR BRADLEY: No. They wouldn't argue. They would
5 say separate the two? They'd say separate human rights. But
6 they --

7 MR. ERICSON: Political from economics, Senator. We
8 should do business on a purely economic basis as the normal
9 trading goes.

10 SENATOR BRADLEY: But then why do they need subsidies?
11 On a purely economic basis, they don't deserve subsidies.
12 Either they got a good deal or they don't. Same as New Jersey
13 investment. So this is a problem. This is a thought that I
14 am having trouble unraveling here.

15 MR. ERICSON: But the subsidy issue -- talk about
16 subsidies, right? The subsidy would be something that they
17 would say to pthe West, let's say to Chevron, and they say, we
18 have a bid -- a competing bid out of BP, British Petroleum,
19 for the same deal. Your technologies are equal. British
20 Petroleum's costs for the project are 15% below yours.

21 SENATOR BRADLEY: Right.

22 MR. ERICSON: It is like buying grain. That's all.
23 We're just after the best deal. Strictly commercial terms.

24 SENATOR BRADLEY: Chevron cannot get the deal.

25 MR. ERICSON: And they would say -- Chevron would say,

1 gee, I can't match that, and they would say, well, that's sort
2 of your problem. Why don't you go talk to your government.

3 SENATOR BRADLEY: Well, then that gets to ultimately a
4 judgment, do you think the greatest return on investment comes
5 in the Soviet Union or elsewhere.

6 MR. ERICSON: I mean, you have credit lines put in place
7 by a Western government to encourage their firms
8 participation. Not heavily subsidized at this point if
9 subsidize at all -- although you have the political risk
10 guarantees, -- [DELETED]

11 SENATOR BRADLEY: So that basically the view on economics
12 is to, you know, if somebody wants to invest or trade, they
13 can do that today. But they, as of today, can't get subsidies
14 or guarantees to do that.

15 MR. ERICSON: From the United States.

16 SENATOR BRADLEY: From the United States. Right?

17 MR. ERICSON: Yes, sir.

18 And if you take the position that no subsidies or
19 guarantees until the economy of the Soviet Union is reformed
20 sufficiently that you can make money there like you can make
21 money anywhere else without subsidies and guarantees, that is
22 one position. The other position is if you say, well, the
23 overall critical mass of reform, whether it is human rights,
24 troops whatever, has reached the point where we can regard
25 them like any other country. And then the third position would

1 be, say, well, let's immediately give Gorbachev a little
2 carrot, let's immediately give him a reward for this 500,000-
3 troop reduction. Would you argue that -- I mean, those are
4 three positions.

5 MR. ERICSON: When you talk about profits in the absence
6 of guarantees, I am not -- not sure what that --

7 SENATOR BRADLEY: Well, New Jersey pizza company goes to
8 Moscow and opens up a pizza. Pepsi Cola has been there for a
9 generation. They obviously are figuring that they are making
10 money, unless --

11 MR. ERICSON: Well, some. You lower the cost to the firm
12 to compete. What Pepsi Cola will tell you, what farmers will
13 tell you, is that we can't compete on world markets because
14 other countries are providing export credits to the Soviet
15 Union. If I play the Soviet Union part, I would say to the
16 United States, you provide export guarantees to the following
17 -- 75 exports to the follow 80 countries, all right.

18 SENATOR BRADLEY: Right.

19 MR. ERICSON: If a U.S. exporter wants to export to
20 Brazil, he can apply for Ex-Im Bank credit and guarantees for
21 political risk.

22 MR. DESPRES: Friendly developing countries.

23 MR. ERICSON: And the Soviet Union would say we want
24 normal access. We don't want to be treated special one way or
25 the other. So his report is, you're saying for this to be

1 special treatment, it's not. It is treatment that is accorded
2 by Ex-Im Bank to most of the countries in the world. That
3 would be his argument.

4 **SENATOR BRADLEY:** That is his argument.

5 That is directly joined on the grain question.
6 Australian journalists, I said we don't want any subsidies,
7 and he said does that mean you're taking on export subsidies
8 worldwide? To which I had to say logically yes, unless I was
9 going to say, well, no, because the Soviet Union is a special
10 case.

11 Okay, while we're proceeding down this read, thanks for
12 this diversion and thanks for this session. I appreciate it
13 very much.

14 (Thereupon, at 1:15 o'clock p.m., the Task Force briefing
15 was concluded).

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Mr. MAC EACHIN. Because I want to address that testimony.

Senator BRADLEY. If you could, just address that point, because that is the only point that is really kind of relevant to the confirmation of Mr. Gates.

Mr. MAC EACHIN. No.

Senator BRADLEY. It is not whether the estimate of GNP or this or that was not precise.

Mr. MAC EACHIN. All right, Senator. In that testimony twice within three pages—and I could probably look up and tell you the pages—we were talking about—this was done as an illustration of a problem which you had raised with me. You had asked me, what are the challenges for intelligence in the Soviet Union in the future? Both of my colleagues—I think Mr. Blackwell and Mr. Ericson had talked about some very specific things. I then tried to deal with a somewhat more complex problem, which was—

Senator BRADLEY. And that is the central element of this confirmation process. That is, what politicization is.

Mr. MAC EACHIN. And twice in three pages I said it was the totality of pressures from Congress, from the consumer. In no case did I say that that was from my own management when I said half frivolously that if, 5 years ago, I had come up to this Committee—I'll make an assertion—and said in 5 years that place is going to come apart. You may not have been after my head, but you would have been sending me to have it examined.

My concern at that time was that we were facing a period we had already seen—I think I used the allusion that the changes that occurred in 5 years were more than anybody that I knew of was anywhere willing to predict, and that the rate of change was going to come much faster, and we were going to be in a position having to go out in a society which had not really looked at the Soviet Union as a society and try to convince people of dramatic changes.

Senator BRADLEY. So if I could just come back to—you know, I want the whole testimony, your whole testimony in the record. I have great admiration for you, I really do. I think, however, you can shed some light on what is the question here, which is, is there a division, which you've admitted, characterizing it as, you know, the commie symps or the commie bashers, right?

Does that—and that still exists in the CIA, and the question is, we've had a whole series of allegations about politicization. How does that fit into it, and what do you mean when you said, had this analysis existed inside the Government we never would have been able to publish it, anyway?

Mr. MAC EACHIN. What I was speaking of there was—and I would have said the same thing in 1975, by the way, because that's the way the Government is. The consumer doesn't want—I mean, if the Congress or the public or the consumer wants kind of way-out predictions, they go outside. When an intelligence agency comes in with the end of history, it's not our own seventh floor that says we're nuts, it's everybody out in the receiving society that says we're crazy, and they call the seventh floor.

Insofar as those divisions now, I'll say two things. I think that (1) my sort of prediction of the difficulties we have in convincing the consumer of dramatic change in the Soviet Union may well have been taken care of this August. Now it's the other way around.

Now people are maybe going too far in their projections of a utopian democracy around the corner.

I think also that—I hope and I believe that with the changes that will have to occur in the intelligence community and in the CIA as a consequence of what's going to be happening in the whole national security community and with the changes in the Soviet Union that we will have the wisdom in this process to take care of those problems that I discussed today.

Senator BRADLEY. And the question we have to decide is, is Mr. Gates the person to lead that effort? That's what the committee has to decide, and one of the subjects of this hearing is, did Mr. Gates politicize things, and that comes in a number of forms. Now I'd like to move on to one of those forms.

In 1986, he made a speech called "War by Another Name." Are you familiar with the speech?

Mr. MACEACHIN. To be completely honest with you, Senator, I never heard of it until I got down here.

Senator BRADLEY. No, okay. Well, let me give you the feel for it. He says,

It is imperative that at long last Americans recognize the strategic significance of the Soviet offensive, that it is in reality a war, a war waged between nations and against western influence and presence, against economic development and against the growth of democratic values. It is a war without declaration, without mobilization, without massive armies.

He then goes on to say,

The Soviets' aggressive strategy in the Third World has, in my view, four ultimate targets: oilfields in the Middle East, which are the lifeline of the West, the isthmus and canal of Panama between North and South America, and the mineral wells of southern Africa.

Now, as an intelligence professional, can you tell me what backed up the assertion about the isthmus of Panama?

Mr. MACEACHIN. No, sir, I can't, but I'm sure Mr. Gates can. He had his views. He didn't deny that. That particular speech I'd never seen, and I apparently didn't read it in the newspaper whenever it appeared, or wherever it appeared.

Senator BRADLEY. Mr. Goodman?

Mr. GOODMAN. Yes, sir.

Senator BRADLEY. This is your area, is it not?

Mr. GOODMAN. Yes, sir.

Senator BRADLEY. Are you aware of any intelligence studies, information, that Mr. Gates could have drawn on to say that the Soviet threat was the isthmus of Panama?

Mr. GOODMAN. None whatsoever.

Senator BRADLEY. Target—the Soviet threat was the target of the isthmus of Panama?

Mr. GOODMAN. None whatsoever.

Senator BRADLEY. Do you have any information that you could say would demonstrate that the Soviet target was the mineral wealth of southern Africa?

Mr. GOODMAN. None whatsoever.

Senator BRADLEY. Well, my personal view is that this is a very good example of politicization, someone who is out there actively stating something as a major position of the CIA without anything to back it up.

Mr. MACEACHIN. Senator, did Mr. Gates say that was his personal views or the agency views?

Senator BRADLEY. He said, "in my view," so we should draw comfort from the fact that the person is going to be the Director of Central Intelligence goes out and make these statements without any information or back-up? I mean, I think that's even more condemning.

Now, not all of you—this is not your problem, but it's our problem, but the politicization point has been very narrowly taken.

Now, he also that same day made another speech on SDI, and I'd like to get into that with Mr. Gershwin in maybe in closed setting, but let me ask Mr. Ford—and this will be my last question in this round, because I know that people want to ask questions.

We're trying to decide who the next head of the CIA is going to be. We see the division that's in the agency. We know the history of that division, and we see some problems in what's happened over the last decade in estimating the Soviet Union.

In your view, is Bob Gates the person who's going to bring this agency back together, or if you don't believe so, why not?

Mr. FORD. Well, a short answer is no, I do not think he is a man who could or should do this. This past track record, which is especially noted in the questions of the "Future of the Soviet Union and Eastern Europe" and in "Soviets in the Third World," those happen to correspond with the things that Director Casey seemed to be most interested in, and I speak from first-hand knowledge there, especially about "The Soviets in the Third World."

The Director had a thing about that, and he would come often to Congress with all kinds of big charts with red splotches everywhere around the world, maybe including the Panama Canal, I'm not sure.

What I'm saying is that Bob Gates' views closely tracked those, as this article that you have just mentioned. I would add, too, that I think it's unfortunate that some of the analysts were called comm symps, even as a joke. All these people are the best we can get in the country and are all fully cleared and so on.

Mr. MACEACHIN. You shouldn't call them knuckle-draggers, either.

Mr. FORD. The thing that strikes me about the "comm symps in the Third World" is that their estimate that the Soviets were losing and declining in the Third World and would fall back proved correct, where people on the seventh floor had this great vision of, the Russians are coming, everywhere in the world.

I agree with something that was said earlier today, I think perhaps by Mr. Goodman, in that the Director himself does not have to have a high batting average. Now, Bob Gates, as I've said and as you have drawn out, has certainly missed the boat, or at least The Company under his, and the DDI under his direction, missed the boat on some of the most important questions.

Now, that's past tense. For the future, a Director has to be able to manage and stimulate his people down the line so that there's a healthy community that call it straight and that we get ourselves in a position to, as you say, deal with an entirely different world and entirely different challenges.

With respect to the USSR, it seems to me that Bob Gates hung on to past images that he'd had of the USSR that he'd had much too long, and in the face of evidence of all kinds to the contrary. The same thing about the Soviets' position in the Third World. The same thing about the Soviet threat to Iran, which we have discussed, where 2 years later he tells the Senate Foreign Relations Committee what one worst-case estimate said back in 1985, and so on.

Therefore, I think it would be extremely difficult for him to be the forward-looking person who can bring the fresh air and the fresh views. I hate to say this, and it's difficult to say this, because he's an extremely talented man and perhaps there could be a change.

But I would add this last one, and this gets back to the testimony of Admiral Inman and John McMahan. With all my respect for them, they saw Bob Gates in a certain light. That is, bureaucratically. He could produce, and he produced well. That is, quantitatively and so on, he got the work done.

We have seen that down the line, however, and especially within the DDI and SOVA, there was a different culture. I think I'm in a better position, perhaps, to have seen and know about that than some others. All these things together add, bring me painfully to feel that I think the President and this Committee could do better with a fresher approach.

Senator BRADLEY. Thank you, Mr. Chairman.

Chairman BOREN. Thank you very much, Senator Bradley. We will go next to Senator Cranston. Then Senator Deconcini has indicated that he has a few additional questions. I have three questions that Senator Nunn has asked me to propound to the witnesses. Does Senator Metzenbaum have some additional questions, as well?

Senator METZENBAUM. Yes.

Chairman BOREN. And Senator Murkowski has some additional questions. It appears we might be going on another 30 minutes or so.

Senator BRADLEY. Mr. Chairman, I, too, have a few more.

Chairman BOREN. Well, we may be going on 45 minutes or so in light of that.

Senator MURKOWSKI. Maybe an hour or so.

Chairman BOREN. In light of that, I would suggest that we not have the closed session tonight on the other matter that I mentioned. We will begin an open session tomorrow with Mr. Gates. We will undoubtedly have a few questions of Mr. Gates that will have to be asked in closed session and we can do that closed matter on Members and Congressional staff intelligence at that time. We can end up with a closed session after we have finished our open session with Mr. Gates tomorrow.

So just for the information of Members, we will not stay that late tonight. As I indicated, we will try not to go past 9:30 p.m. and we will not have the closed session tonight. I'm told by staff it has very little relevance to Mr. Gates. We will start with Mr. Gates in the morning at 9:30 a.m., and then we will have a closed session for questions to him and handle the other matter at that time.

Senator Cranston?

Senator WARNER. Mr. Chairman, would the Senator yield for a unanimous consent request?

You will recall in the early days of the hearing that we were joined by Senator Moynihan, who recounted a certain chapter which, while it doesn't directly bear on this hearing, it was of great interest to the Members. He has now prepared a detailed memorandum. I would suggest that in the record where Senator Moynihan speaks there be a footnote placed and these documents that would back up his statements be put in the appendices.

Chairman BOREN. Be referenced as an item in the appendix?

Without objection that will be done. Thank you very much.

Senator Cranston.

Senator CRANSTON. Thank you, Mr. Chairman. I first want to thank each of you for bearing with us and for displaying a lot of patience as we work our way through this.

I'm sorry that Mr. Fuller left. I did want to ask him a few questions, and I asked him one informally after we recessed, a bit ago. I'd like to ask each of you, please be very brief in your answers. It could consume the whole 15 minutes by one of you, and I have several other questions I want to ask.

But it relates to the fact that the President has now called for some dramatic changes in our military posture. Are such changes in order in terms of reductions, in view of the reduced threat, in the Intelligence Community and specifically in the CIA?

While it's useful to know what's going on in any trouble spot, or potential trouble spot in the world, many of them don't pose the great threat to our security that the nuclear confrontation potentially and the Cold War with the Soviet Union did pose to our people and to our country.

Do you feel that we should look for reductions in expenditures in the CIA and the Intelligence Community, and very briefly, please, where do you think we might accomplish that? It obviously would be very beneficial, in terms of our deficit and the fact there we are short-changing some drastically underfunded domestic needs, if we could find some resources for those purposes and to reduce the deficit in the intelligence operation as well as in what we've been spending on national defense.

So could I start with you and just work my way across the table, Mr. MacEachin, and please be brief.

Mr. MAC EACHIN. Well, Senator, whatever life I might have had left, I think I want to end it right here.

Yes, I think there should be some reduction in expenditures. I think one place that where clearly we can save is in the amount of resources we spend on a military threat that we saw available under very short warning. There's a much different problem there.

I think we can also combine some of our assets in areas where we don't need quite as much duplication. The duplication was needed at one time, I think, to sort of reinforce and check each other. I can't speak across the board for the entire CIA and intelligence community, but in those areas that I am familiar with, I'm absolutely certain we can take some cuts and still give the consumer what he needs.

Senator CRANSTON. Thank you very much.

Ms. GLAUDEMANS. Yes, Senator. I am probably the least qualified to answer your question, because I have very little knowledge of the allocation of resources.

My perception as an analyst, particularly working in two different bureaucracies, was that as an analyst in the CIA I worked on a very narrow slice of the pie. As an analyst at the State Department I was able to work on a very broader slice of the pie, and I think to that degree there may be too much personnel at this point.

I have the perception that the CIA as an organization is very top heavy. There's a lot of layers of management. But I'm talking about something that I don't think is really going to have a major impact on the budget. I'm sorry.

Senator CRANSTON. Thank you very much.

Mr. GERSHWIN. I guess in my view we really need to study the issue, and I think we can do it fairly quickly with top-level direction. Clearly there can be some reductions in what we devote to some of the Soviet Union targets, given that a lot of the Soviet military threat has eroded, particularly conventional forces and their ability to invade Western Europe. That problem has just simply gone away.

Arms control, if we are serious about the CFE Treaty and the START Treaty, will actually result in increased demands on intelligence collection and analysis, at least for a while, and the trade-off between those kinds of increased demands and less demand on some of the following of the Soviet military target, I'm not sure how that comes out.

Clearly, proliferation of weapons is an increasing effort for our Agency, and that means more resources. In fact that's taking place.

I'm really not capable of speaking about the Third World and how much should be devoted to that. I think perhaps some of the technical intelligence that we now collect on the Soviet military can be reduced, and that could lead to some major savings, but at this point I would have to say that, you know, the issue needs to be studied, and it could very well come out that some significant reductions in our major national collection systems could be undertaken. That could be probably decided within a fairly short time.

Mr. FORD. I would like to say amen to what Larry has said, right down the line, and I have some familiarity with the Intelligence Community as well as with CIA.

I think that there is gross overkill in resources and people, and much of that in these fields that Larry has mentioned might be cut back, but at the same time I agree with him that, say verification questions are going to become more difficult, and proliferation of weapons of mass destruction are going to be more difficult, and the cost of collection devices, which are quite fancy, will continue to skyrocket, so I don't know how those will—

In general management I'm not familiar in detail. My image is that there are unnecessary layers, as Ms. Glaudemans has said. There are all kinds of new problems, especially in the Third World, and not only political and social questions, but I think the CIA at least can make a much greater contribution to questions of resources, economics, environment, and working more closely with other Government offices outside the Intelligence Community.

But most of those expenses, compared to these enormous expenses of fancy collection devices, will be rather small. Therefore, I am sure that a study would come out saying yes, there can be some significant cuts, but not enormous cuts.

Senator CRANSTON. Thank you.

Mr. GOODMAN. I would look very hard to the Directorate of Operations, Human Intelligence. I think we have far too many agents in the field. They collect information that's of very little relevance to the production of intelligence, and I would look very hard at covert action. I think covert action was abused over the past 10 years. There were too many attempts to look for covert action, to try to pair up CA with every international problem.

I would also look, even though this would not be a savings, but I think it would be a good long-term investment, at the need to subsidize the study of languages in the United States. I'm very worried about the lack of international awareness and international depth, to include language study.

One of my great concerns, particularly with concern to the Soviet Union, is that we missed the Soviet crisis completely, and we weren't reading the local Soviet press. We didn't have people skilled to read local languages. That's a difficult problem, but I think it's something that has to be addressed.

There is so much intelligence, what we think about as intelligence out there in the open arena now that doesn't need sophisticated collection. Murray Feshbach at Georgetown was always my favorite tutor, and I think Senator Moynihan cited him also. Murray Feshbach by himself, one man with one collection, predicted the Soviet crisis maybe 10 years ago, maybe 15 years ago, with his study of demographics and health and welfare issues in the Soviet Union, and I think it's quite regrettable that the CIA, with all of its resources, was never able to address those problems.

Senator WARNER. Senator, would you allow him to clarify? Did you intend to include in the reduction of agents a reduction of our capability in the area of HUMINT?

Mr. GOODMAN. Yes, sir. I did a lot of traveling and briefing when I was the Third World chief.

Senator WARNER. I'm sorry. This is the first witness that I've seen to appear here that has made that suggestion.

Mr. GOODMAN. Well, we get so much collection from Foreign Service officers in terms of cable traffic, and I must say the State Department trains their people so well, and I think Foreign Service officers are trained better than their CIA counterparts who serve overseas, and I've always felt—and I have no special ax to grind here—that they are a wasted resource. That's something that's always concerned me as I travel around and learn from Foreign Service officers in the field. That's where the real ground truth is.

Senator WARNER. I thank the Senator.

Senator CRANSTON. I thank each of you very much, and I thank you for restraining yourselves on a matter that you could have gone on at considerable length.

Mr. MACEachin. Excuse me, Senator, may I make just one observation? I would have said the same thing as Mr. Gershwin did about arms control, except as I run the arms control staff and

taking a lot of heat from the staff here I didn't want to seem self-serving. [General laughter.]

Senator CRANSTON. Thank you.

Mr. Goodman, you said that the National Intelligence Estimate concluding that the Soviet Union supported but had not assisted international terrorism was not acceptable to Mr. Casey and that "Gates was instructed to rewrite the key judgments and change the text of the estimate to show extensive Soviet involvement in international terrorism," from your statement. How do you know that Gates was instructed to do that?

Mr. GOODMAN. I was in the meeting when the decision was made that the estimate that we prepared at the DI wasn't going to be satisfactory to Bill Casey. And I believe it was at that point that a decision was made to have a rewrite in the building, and it wasn't just Bob Gates. I believe there were three officers. It was Bob. It was Jeremy Israel who at that time was the acting NIO for the Soviet Union, and there was a third official.

And I think the intention of that draft, and I think it was clearly stated, was that we had to toughen up the judgments. I think the important thing is, and I remember the directions from the Chairman of the National Intelligence Council, when we reported to him the first time around with the data we had and the kind of estimate we thought we were going to produce. I remember the Chairman of the NIC was Dick Lehman, who is a former boss of mine, a man I have tremendous respect for, Dick said that, well, we are going to have to let down Al Haig on this charge, but we are going to have to let him down easy.

Then when the rules changed, Dick Lehman then told us, we are now playing under constraints. So I think there were a lot of indicators out there that the message from the first draft was going to have to be toughened up. From there it went to a DIA draft that I think was unacceptable to everyone and my colleagues in the NIC led the way in trying to get the draft back into the building which led to the third draft which became the National Intelligence Estimate.

When that draft was completed though, a colleague and I did send a one page memo to Bill Casey, telling him what we agreed with and what we didn't agree with and why and why we thought it was counterproductive to send out a message on international terrorism that was so exaggerated.

One footnote, when we prepared the first draft on international terrorism, we sent out a message to all of our stations in Europe asking foreign liaison, foreign intelligence to send in their views on what information they had in their files on international terrorism.

The reason why I wanted to do that in terms of methodology is I figured the Europeans were much closer to the problem of international terrorism because they were dealing with Bader Meinhof and the Red Brigade and IRA and therefore, they would have more to tell us.

The interesting thing is they lacked any real evidence of Soviet involvement, including Turkey and I remember we were fascinated by this liaison response and I am sure some of that information was used in the first draft, but I think the final product was a politicized product.

Senator CRANSTON. Do you know for a fact that Mr. Gates was specifically instructed to change the text to show extensive Soviet involvement in terrorism?

Mr. GOODMAN. In terms of the meeting that we had it was clear that the signal was that the estimate we had produced, the draft estimate was totally unacceptable to Bill Casey. I was at the meeting. It was a very acrimonious meeting. It led to the resignation, I think, it is my opinion, it led to the resignation or retirement of a very distinguished DDI, Bruce Clark, who is now living in Austria, one of the finest military analysts we have ever had at the CIA. And I thought that was a very unfortunate loss.

Senator CRANSTON. Wasn't that a specific instruction to Gates?

Mr. GOODMAN. In terms of the sense of the meeting, it was very clear that our draft was wrong and unacceptable and that a stronger, more assertive draft was going to be necessary. Whether there was a definite statement that said, toughen up this product, I can't say that I recall that.

But I walked away from that meeting knowing that we would be dealing with a far different version.

Senator CRANSTON. That doesn't quite jibe with the way you stated it, but I understand what you are saying.

Last week in open session Mr. Gates referred to the Iran estimate and said, quote: "There was a disagreement, I later learned in CIA, with the estimates views on the Soviets, the potential of Soviet achievement. But the analysts weren't excluded from involvement in the estimate, they simply did not have their views accepted, and for reasons that are not clear to me," said Gates, "those analysts not only did not come to me, they did not go to their immediate supervisor, the Director of Soviet Analysis, to protest that their views were not being taken fully into account by the National Intelligence Officer. So I was unaware of this dispute and the fact that the CIA Soviet analysts felt their views hadn't been fully taken into account."

I would like to ask Mr. Goodman and Mr. MacEachin, do you accept Mr. Gates' account that he was unaware of the complaints by CIA Soviet analysts about the process in this particular instance?

Mr. MAC EACHIN. In this particular instance, sir, I have no reason to believe that anyone told him, because I didn't tell him. If he was aware he was aware through some other channel. I do not know any other channel because I was not told.

Senator CRANSTON. Mr. Goodman.

Mr. GOODMAN. Yes, sir, he was aware. He was aware because Graham Fuller took to Bob, Graham Fuller's text and the text of the senior Soviet analyst on Iran at that time and he allowed Bob essentially to make a choice. He was presented with two versions and Bob, according to Graham and in my discussion with Graham, and I think this is the way Graham presented it in terms of his minutes for the record in your conversation with Graham—but I guess it is not fair, he is not here—Graham then came back to the meeting and announced that Bob Gates has chosen my version.

He has, Graham has admitted to me, and this was his word, that he strong-armed the Soviet analyst. Now the problem in going to Gates, and I think this is important in terms of the culture of the

building is that there was always a risk in confronting Bob Gates on an issue of this type.

I confronted and there were some negative consequences. A former colleague of mine who is now at the State Department, a very distinguished Soviet analyst who leads the Soviet Foreign Policy Branch at the State Department, and I consider this a real loss because he was trained by the CIA and of course, we are all one Government, but he should still be at the CIA, confronted Bob Gates over an estimate and he was gone after that.

And essentially, I think a decision was made to find this fellow another job, and what he was told by his boss was, you know, one of these days, you are going to go up and say something to Bob Gates that is going to get us all in trouble.

Now I don't like recounting all of this, and there is a problem here that I haven't mentioned to this Committee, Bob and I go way back and we were very close personal friends and our families know each other, our children know the family of each other.

But these anecdotes and that is all they are, are anecdotes so central to the culture that is in that building that led to the very problems that Senator Bradley is talking about in terms of what issues were missed and why.

It was a cultural problem and a very serious one. I call it politicization. Other people may have other terms, but all of these issues are related.

Senator CRANSTON. Mr. MacEachin, were you aware that some of the analysts were unhappy about this particular estimate?

Mr. MAC EACHIN. I was not aware at the time, sir, and when I read in the newspaper about this event, I think in some article that was previewing the Tower report, but I learned of it in January of 1987. I called the analyst in question. I asked him to explain what happened. When he explained to me what happened, I asked him to set down everything that he had just told me in a memorandum for the record, to collect the key judgments of everything we had written on the subject from 1980 to the present, 1987, and that I would write a cover note, which I unfortunately used that word, swerve, which has been repeated around here now about 60 or 70 times and send it up to Mr. Kerr.

At that time I had no reason to know, I had heard none of this second or third-hand stuff about Fuller and Gates. All I had heard was Fuller, and I was mad about the process, and I have told Mr. Fuller I was, and I think I told him, I said in my testimony I was, and I think he agreed with at least some of it.

So all I knew was that Fuller had done what had been described, and I sent it to Mr. Kerr and I know Mr. Kerr shared some of his views and not too long later, I know he sent his memorandum to the NIC.

Senator CRANSTON. Mr. Goodman has offered an explanation from his point of view of why the analysts didn't go to Bob Gates to express their concerns. Why would they not have come to you?

Mr. MAC EACHIN. I do not know, sir, because we will have a difference of agreement on that. In the first place, Mr. Gates was free to remove it at any time and I gave him an excuse about every day and he never did. What I would have done, I think, I like to believe, is I would have sent him a memorandum. That memorandum

would have said that estimate does not include some evidence that we got from a defector whose book is now out that said by the end of 1982 they were bashing all of our assets and crushing the Tudeh Party and we really had very little influence there and I would have said, I think that information ought to be in this estimate, and if someone believes that situation has changed, then they ought to explain why it has been changed.

And it is my personal belief, having done that on several other occasions, if I took that approach, Mr. Gates would have seen to it that that was addressed. If I had gone up there and said, our analysts' feelings are hurt or they have a—they don't believe it. No, there would have been no progress, but I think if I had gone with that approach, showing him the evidence—

Senator CRANSTON. You were head of the Analysis Division from 1984 to 1989. Were you aware, apart from this particular incident we have been discussing, of the fairly widespread discontent on this particular issue of politicization in your shop or did you consider that sort of a typical situation that went on always?

Mr. MACEACHIN. I knew that there was a serious perception of politicization the day I arrived in the Office of Soviet Analysis in 1984. There was a perception of every kind of rivalry I could imagine. Very early on, for example, I heard a complaint that failure to promote somebody would prove that current intelligence analysts didn't get a good break like research analysts. So I was able to fix that right away. I just said, we won't have anymore current intelligence analysts, we will all just be analysts. That way we will get rid of that caste system.

I had—SOVA—people have asked this, the Office of Soviet Analysis was the most forced culture of the reorganization in 1981, end of 1981. It was the only office in the Director of Intelligence which took whole large pieces, the main corps out of the three principal offices and put them altogether.

I knew I had a lot of work. I knew that there was a very strong feeling that somehow we had to compensate for Mr. Casey's views.

Senator CRANSTON. Do you think that went on in the past, before Mr. Gates was there?

Mr. MACEACHIN. I was in the Office of Current Production from—

Senator CRANSTON. Yes, but you hear about these things. I have gathered to some extent that it may be a typical thing for analysts to be upset when their analysis is not accepted.

Mr. MACEACHIN. It is fairly typical, yes, sir.

Senator CRANSTON. I have one final question if I may, Mr. Ford and Ms. GlauDEMANS and Mr. Goodman. You have all made allegations that Mr. Gates skewed intelligence.

I would like to ask of you what you think Bob Gates' motives were for insisting on his views and discouraging dissent as you saw that happening in your views? Do you think it was to please his bosses or was it because he believed he was right or was it some combination of that?

Ms. GLAUDEMANS. That is a good question. In the context of these allegations, I spent a long time thinking about them, even before I left the CIA and one of the things I realized in trying to under-

stand what was going on around me was I have no way to attribute motivations. I do not know.

So I have to disassociate myself somewhat from your question because I have no ability to do that. I think, in just some sort of detached, retrospective, that it was a bit of a combination. Given his public statements, and the way he has delivered them, I am convinced he believed what he said, so that there is an element of, he was a strong man and he had strong views and they were naturally clashing with what existed in SOVA.

I think in addition, that in the 1980s—I can't speak to any earlier era, I am too young—it was a very politically charged atmosphere at CIA under Mr. Casey. I have the impression Mr. Casey was a very different DCI than the Agency had ever seen, and that the degree to which Mr. Gates served so closely to Mr. Casey and these issues were so volatile, that there was the appearance of politicization.

I can't attribute his motivations, but I think that he should have been aware of the appearances that some of these things had and he should have taken greater care and greater caution to avoid that, and he should have sent signals down to my level and all those in between that there was still a commitment to independent analysis.

And as I said in my other remarks, I think it was failure to compensate for his public and strongly-held views by simultaneously sending down the signal as to what analysis mission really clearly was. That is the best I can say.

Senator CRANSTON. Thank you very much.

Let me say, I realize, it is a very tough question to answer. I have learned in the course of my life that one of the toughest things to do and sometimes it is painful is to try to figure out motives, even when you know the circumstances and know the individuals you are trying to figure out.

Mr. Ford.

Mr. FORD. Four quick points which track I think rather closely with what Mrs. Glaudemans has said.

First, that I don't think any one of us or anyone else can answer your question with confidence, that is, just as you have said, to speak to someone else's motives. My guess and I think this is one that would be shared by many CIA officers is that Bob had very strong views. He was a Soviet scholar. That is where he began.

I know for a fact that he had great confidence in his views, geopolitical, Soviet politics and so on. Therefore, I am quite sure that when he was talking on a lot of those matters, that is what he really believed and he also believed that he probably knew a little more and a little better and he was a little harder headed than a lot of other people whom he felt did not agree with him.

The second one, did he do it to please Mr. Casey? Who can tell? The perception clearly was in much of the Agency, yes, that he was an officer who always knew how to please and especially in the areas where Mr. Casey had his own strongest views: Central America, Third World and the Middle East.

My last comment is that I would like to clarify something I said earlier and in your earlier questions to Mr. Fuller about Bob Gates' role in the 1984 or 1985 famous Iran estimate. I was a colleague of

Graham Fuller's as a fellow NIO in 1985. I didn't participate in the follow-ups to that, but I saw some of his memos early on. I knew in general terms what he was doing.

In answer to some of the questions earlier today, this motivation and the views and so on for those memos were wholly his own and that is the way it began.

On the estimate, he apparently went to Mr. Gates and I do not know, this is all second-hand knowledge to me, but from testimony that has been made, since I do not have first hand knowledge, his views coincided apparently with Mr. Gates, and Mr. Gates decided to, yes, let's go with this.

I am quite sure that Mr. Gates did not order Graham Fuller to take this or that. I don't think anyone could order Graham Fuller to do anything. He is a tough fellow, I respect him for it. But their views did coincide.

Now if it was rammed through, that is another matter. Also, it is another matter to differentiate between his private memos to the Director, which is what Mr. Casey wanted and all of us did this kind of thing. It was intellectually exciting and I think it performed many good services, to give him private views, the off chance, here is something that needs more attention, so on and so on.

It is another thing entirely to enshrine those views in a formal National Intelligence Estimate, even more so if they were, at least to some degree, rammed through and even more so, if in the case of the Department of State, dissent was then discouraged, or if Abramowitz who is generally a very capable fellow, was conned.

The last comment I would make on that particular episode is that I think it was unfortunate, I will make an understatement here, unfortunate that this formal NIE memo to holder came out at a time when the NIO had been in very close contact with NSC staffers who were, we know from the record, bent upon finding new overtures, new avenues for U.S. policy.

Senator CRANSTON. Thank you very much.

And finally, Mr. Goodman.

Mr. GOODMAN. Yes, sir, I think there are three reasons. One is this desperate search for insinuating himself with Bill Casey. I thought that was very dangerous, and I think that is what led to such memos as the bombing of Nicaragua and the one on Libya with regard to changing the map of the region.

Two, I think that Bob has a fear of being wrong. I think a lot of the pressure he put on analysts was to prevent us from saying certain things or certain lines of analysis that would become intelligence failures.

It doesn't take a lot of courage to say that the Soviets are going to seize the oil of the Middle East, the wealth of South Africa. It takes more bureaucratic courage than I think you can imagine to write a memo to say, we do not believe the Soviets will put Migs into Nicaragua. I think Bob was afraid of that kind of analysis and that kind of conclusion because it would put him in the position of trying to defend an intelligence error.

And that is why maybe I did quote out of context as Senator Rudman said, but I still think that remark about not wanting to

lead with our chin was a very revealing remark in terms of Bob's attitude.

And finally, I would pick up on something that Hal said that I hadn't really thought about it in just the way Hal put it, but the remark that Hal made about scorn for the views of others.

One of the things we had real problems with is advisors or supervisors who got a draft back from Bob from an analyst, particularly a junior analyst with very scathing comments in the margin, very acrimonious language.

And Jim Berry and I, we ran the Policy Analysis Division at that time, were in a quandary, do you share that with the junior analyst? Do you show what the boss really thinks of his or her work?

Jim always wanted to protect Bob's reputation and say, let's go back to the original draft and we will make our own comments and then negotiate on that basis. My feeling is, we are going to have to sit down with the analyst and do the kind of nurturing that is necessary, but there is no need to protect Bob from himself in this case.

So I think those are the three reasons, all three of them raise a serious issue in terms of character, and I think that is really one of the problems that I think I would have to deal with in answering a question like that.

Senator CRANSTON. Thank you very much. Let me just finally say on the matter of motives, I don't have anymore questions.

That you are each aware that your own motives have been subjected to psychoanalysis in this matter, and probably each of you feel that some of the analyses that have been made are very, very faulty.

I have often felt that somebody's analysis of the way I did something or didn't do it was very, very faulty. It is a very tough thing to figure out. Thank you very much.

Chairman BOREN. Thank you, Senator Cranston.

Senator DeConcini now has some additional questions.

Senator DeConcini.

Senator RUDMAN. Mr. Chairman, would he yield just for a question of the chair, procedural, what are the plans, Mr. Chairman?

Chairman BOREN. I am told that Senator Metzenbaum has a few additional questions and Senator Murkowski might have some very brief questions.

I have three questions that Senator Nunn has asked me to ask in his behalf. Do other Senators have any other questions?

Senator RUDMAN. Mr. Chairman, I still have a lot of questions I will have to ask. But quite frankly, my own judgment is that we have squeezed about as much information as the nation can absorb from these witnesses, and frankly, I am going to pass. I know that comes as a relief to some people.

Mr. GOODMAN. It comes as a particular relief to me, Senator. [General laughter.]

Chairman BOREN. It comes as a relief to the Chair as well.

Mr. GOODMAN. I also want to thank you on behalf of my 94 year old mother in Baltimore who wonders why I am creating so much hostility in these sessions. [General laughter.]

Senator DECONCINI. Mr. Chairman, let the record show that Senator Rudman already had 30 minutes of questioning.

Senator RUDMAN. It was my 15 and Senator Murkowski's 15. So I wasn't taking any time I wasn't entitled to.

Senator DECONCINI. Mr. Chairman, I think it is a travesty that we have kept all these people here this late, including this Senator. That was not my decision, and I am not going to pass judgment because I understand I am not going to have another opportunity to ask some questions.

Chairman BOREN. Go ahead and ask the questions you would like to ask.

Senator DECONCINI. I apologize to the witnesses here. They have been here since 9:45 listening to all of us in regard to this very serious matter.

I do have some more questions and I probably could go on for a third round or more, but I am not going to do that in light of how late it is, but I do have a couple of questions.

First, Mr. Gershwin, we have kind of ignored you and that wasn't intentional. I do have one set of questions I would like to address to you. You have a long tenured career as the National Intelligence Officer for Strategic Programs.

You were appointed to that in 1981, I think I read in your testimony.

Mr. GERSHWIN. That's correct.

Senator DECONCINI. Who appointed you to that position?

Mr. GERSHWIN. Bill Casey.

Senator DECONCINI. You served the Director of Central Intelligence as his principal advisor for strategic forces, is that right?

Mr. GERSHWIN. That's correct.

Senator DECONCINI. And strategic forces in space?

Mr. GERSHWIN. Yes.

Senator DECONCINI. That is your title I guess?

Mr. GERSHWIN. It is strategic programs, but it includes space programs and things like that.

Senator DECONCINI. Is that it? I mean, is that what it entails, strategic forces and programs—

Mr. GERSHWIN. Yes, what it really amounts to is Soviet strategic forces, Chinese strategic forces which includes strategic offensive forces, defensive forces, intermediate range nuclear forces, the subject of the INF treaty—

Senator DECONCINI. How big an operation is that, just out of curiosity?

Mr. GERSHWIN. Well, today for instance, I have three assistant national intelligence officers, three other people detailed to my office from various agencies, a research assistant. It's one of the larger offices within the National Intelligence Council.

Senator DECONCINI. How did you come by this job with Mr. Casey? Did you know Mr. Casey?

Mr. GERSHWIN. No, I had never met him before I interviewed with him.

Senator DECONCINI. You applied for the job?

Mr. GERSHWIN. No, I was called and said that I was a candidate for a job which flabbergasted me, because I was a GS-15 analyst in the Pentagon who had no pretensions to a job as impressive as that—

Senator DECONCINI. For the past 10 years you have served as the NIO for strategic programs and space.

Mr. GERSHWIN. That's correct.

Senator DECONCINI. Have you worked in any other offices or departments of the CIA during that period?

Mr. GERSHWIN. No, I have not.

Senator DECONCINI. Have you been assigned to any special duties other than in your area?

Mr. GERSHWIN. No, I have not.

Senator DECONCINI. That is all I want to know. Thank you.

Mr. Ford—

Senator WARNER. Senator DeConcini, could I just say a word? I have worked with Mr. Gershwin for probably 10 or 12 or 15 years. I think he has probably one of the finest reputations ever acquired by an individual that worked in this area and he has appeared before the Senate Armed Services Committee annually for I think at least a decade and before this committee, I think an equal amount of time.

Senator DECONCINI. Let me just assure the Senator from Virginia, if my questions left him with any indications that I was demeaning Mr. Gershwin's fine professional—

Senator WARNER. Not in the least.

Senator DECONCINI. It was not intended to. I was trying to find out just how much his area included, whether or not he was into some of these other areas that we have been talking about, and that satisfies me. That is why there has not been a lot of questions to him because he is in a very select or specific area, that is all.

Mr. Ford, Mr. Cranston asked about motives, and I can't help but be impressed by not only your background but by the fact that you are still employed by the Agency—

Mr. FORD. I was.

Senator DECONCINI. If Mr. Gates is confirmed, that will be a past tense I suspect. You have a long career with many highlights and national merits awards and what have you. Can you tell this Committee and maybe you did in your opening statement—it has been so many hours ago—what is your motive, Mr. Ford, to come before us?

You are not going to benefit from this I doubt, one iota, if anything, you probably have made yourself more enemies here today than you have ever had.

What has brought you to come forward to tell us your honest views, and I take them as just that, as I do all of the witnesses here, to come forward and do this?

Mr. FORD. A combination of things, Senator. One is, as I said in my opening statement, I have a loyalty to Bob, to whom I owe many things. I also have a loyalty to the Agency and a wish that, especially as we move into a new world, that we have the finest director possible.

It comes to mind when I was a younger officer, the atmosphere in which we worked which was, that is, in an analysis and national estimates world was exciting. You had enormous respect for your people and for the people for whom you were working. There was completely free interchange of ideas, dissents were listened to.

And I remember especially one occasion where, this was during the Korean War and a number of special national intelligence estimates were done in which the policy makers would ask the community, what if the United States did X, what would be the probable results?

Usually they were tactical kinds of military things. The answers seemed always to be, well, it would help a little bit, but it wouldn't win the war, which would make our people in the community quite angry, especially if they were the particular service that had the great idea.

Well, I mention that because tempers were very high and at the then NFIB meetings, they were called IAC meetings, but the same idea, where the chiefs came, and I have forgotten the particulars, but there was one estimate that was very highly charged and we knew that there would be fireworks. We also suspected that the director who was General Bedell Smith agreed with what we felt were the folks who didn't understand it, that is another part of the Intelligence Community.

The custom at the time for us in the office was to meet with the Director before each NFIB or IAC meeting, briefly discuss it, and what is going to happen and so on. We met with the General. He told us he disagreed with the estimate and so on and so on and so on. We went into the meeting and there were fireworks, and we heard all the dissenters. Then we held our breath until we heard what General Smith would say.

Finally, he said something like this: My personal views are that I disagree with this estimate, and I join the dissenters. But my staff tells me otherwise and I have confidence in my staff and therefore the estimate will remain unchanged.

I think that is a far different kind of atmosphere from what we have had in recent years. It is not all one person's fault. It is part of just the bureaucracy getting middle aged, but that is one thing.

Another is, as to what brought me to this, I have always had and been active in a number of religious and ethical groups—main line ecumenical Catholic/Protestant interfaith. I have written and lectured in the field. I participated in sessions within the CIA on questions of ethics and CIA, this and that.

Those made an impact on me, rightly or wrongly, and again, I say mainline, it is not way over on this side or way over on that side, but that combined with the way in which I was brought up in the Agency led me to feel that there should be ethical and moral standards that are higher than I think have been followed in recent years.

It took a lot of agony and I never imagined I would have to say these things in public—

Senator DECONCINI. And you feel those have been jeopardized?

Mr. FORD. Sir?

Senator DECONCINI. You feel that those principals have been jeopardized?

Mr. FORD. Yes.

Senator DECONCINI. Mr. Ford, I thank you for that candid approach. When Admiral Inman was here he testified to the committee and said, just to remind you, quote: "I have been doing some sampling of youngsters I know and middle level managers I know,

and a couple of senior ones. The very bright, young ones are very eager to see him returning." Meaning Mr. Gates. "There is very substantial apprehensions at other levels that he will move too fast, too swiftly and too brutally for their careers," end of quote.

You have also spoken with some CIA employees. Share with us—if you don't want to give names that is fine for me—but share with us your survey. Does it correspond with Admiral Inman's observations?

Mr. FORD. I have no idea what his survey—it may have been that he has talked with many more people than I have. I have not, "conducted a survey." Various people have come to me and as I have said earlier today—

Senator DECONCINI. Is that a number of three or four or is it—

Mr. FORD. No, we talked about this earlier. I think I said 16 or 18, something like that.

Senator DECONCINI. 16 or 18, I missed.

Mr. FORD. They are people, some of whom are presently in CIA, some who are graduates, some who are analysts, some who are operations officers.

I think I would personally, again, not only them, but from what I feel and sense and gain by osmosis from being still in and around CIA, is that it would probably be dangerous to make the same kind of generalizations that Admiral Inman did, that the youngsters this, and the middle level, this and so on—

Senator DECONCINI. You haven't categorized them—

Mr. FORD. No, I haven't made any scientific—this is a simply a—but all the younger analysts don't feel that way. We have one here right in our midst. I think there probably is something to what he says about some of the middle and upper level ones, feeling that their rice bowls will be broken or that they will have to—but as I said in my remarks, that is not all of it, and part of it is that there are many people who share the same kind of view that I do and were raised at an earlier time when standards were different.

Senator DECONCINI. Let me turn, Mr. Ford, to the assessment on the papal assassination. The Committee interviewed Mary Desjeans, one the authors of that 1985 report. She said she was told not to talk about it with anybody or tell anybody what I was working on.

Mr. MacEachin finally said that yes, that was uncommon. Do you agree with your former colleague that that is very uncommon or uncommon to have that kind of a directive?

Mr. FORD. I have no knowledge of that particular thing, but in general, there, from time to time, have been very sensitive items that a director would choose to pick a handful of people, two or three and confine it to them.

As has been said, sometimes it had to do with very compartmented information and so on and so on. I don't know the particulars of this. From what I have heard as a citizen listening, it seems to me that this was unusual in the sense that there seemed to be a push toward a given answer to come out of this group, and that therefore, it was not as necessary as—in other words, to confine it so was perhaps over drawing the matter of secrecy and sensitivity.

Senator DECONCINI. Thank you—

Mr. FORD. But I have no first hand knowledge, but it does happen—

Senator DECONCINI. Is that kind of thing a common thing and I guess you say it is uncommon, but it does happen?

Mr. FORD. There are small groups and over the years—I think in this particular case it was uncommon, yes, sir.

Senator DECONCINI. Last question for you, Mr. Ford, when Mr. Fiers testified he revealed a great deal, one of the things that I cannot get out of my mind and I am going to address Mr. Gates with this, he testified that Bob Gates once made the comment that if you were a member of the Central Intelligence Agency and you took the 5th Amendment upon questioning that was considered not good for you in the Agency.

If you got a lawyer you were out. How do you think that comment sits perspective-wise within the Agency? Had you ever heard that?

Mr. FORD. No, sir, I had never heard it until this moment, and I had no personal knowledge—

Senator DECONCINI. I was astounded—

Mr. FORD [continuing]. Or second-hand knowledge. Sir?

Senator DECONCINI. I was astounded by that statement by Mr. Fiers. If an employee of the Agency is called by a grand jury or an investigative committee or an oversight committee, took the 5th would that jeopardize their employment at the Agency or if they went and hired a lawyer, would that jeopardize their employment?

And lastly, had you ever heard of such a rule?

Mr. FORD. No, sir, never. It shouldn't have.

Senator DECONCINI. Of course, it shouldn't have.

Mr. FORD. I have no knowledge.

Senator DECONCINI. Thank you.

Mr. Goodman, you have been through a lot today, and quite frankly, you have done very well. I think Senator Hollings put it very well, this is not a murder trail, and you have stood up very well.

One of the things that has surfaced in all of this, and I just want to know whether or not you have any information, is the monitoring or collection of information on Members of Congress, Congressional staff or other American citizens.

Mr. Fiers told the Committee that this had occurred in regards to Nicaragua and that Mr. Gates may have known about it. Do you have any information to shed on this whatsoever?

Mr. GOODMAN. But I think Alan Fiers said that maybe Bob Gates knew.

Senator DECONCINI. That is what I said, that maybe Mr. Gates may have known. Do you say that he did know?

Mr. GOODMAN. He did know.

Senator DECONCINI. And how do you come to that conclusion?

Mr. GOODMAN. Because of a comment he made once that I followed up in a conversation with Doug MacEachin and a Senator's name came up that I will not discuss in public, but privately I can tell you the name. It was not Michael Barnes, it was a Senator.

Senator DECONCINI. And you had that discussion with Mr. MacEachin?

Mr. GOODMAN. With Mr. MacEachin, in 1985. It wasn't a long conversation. It was a follow-up to a remark that Bob Gates made and I found it very troubling. I was in a meeting with a large group of people.

Senator DECONCINI. That Mr. Gates made and you were one of the people, and Mr. MacEachin was—

Mr. GOODMAN. He made a remark that suggested that he knew something about domestic critics of the Contra program. He said something about whether or not these people would be allowed to continue to criticize U.S. policy. Doug and I later had the conversation in which I asked him, what does that mean.

Mr. MAC EACHIN. Was I at this meeting?

Mr. GOODMAN. Yes.

Mr. MAC EACHIN. With Bob?

Mr. GOODMAN. Yes.

Senator DECONCINI. I will get to you in just a minute, Mr. MacEachin.

Mr. GOODMAN. That's when the name came up.

Senator DECONCINI. And that was in 1985?

Mr. GOODMAN. It had to be after March of 1985, because I was sitting in the front office—and that's when Doug and I had daily contact.

Senator DECONCINI. Did you draw from that discussion or comment that they had a file on this person?

Mr. GOODMAN. No. I'm sorry. I probably misled you there. I did not get the feeling that these were specific collections aimed at people.

Senator DECONCINI. They were comments regarding them?

Mr. GOODMAN. But that names had come up in the collection of, I assume, intelligence, legitimate intelligence or counterintelligence, but that there were names.

Senator DECONCINI. There were names?

Mr. GOODMAN. Just very specific names.

Senator DECONCINI. I think Mr. Fiers referred to them as reports. Now, whatever that means, I do not know.

Mr. GOODMAN. I can't help there.

Senator DECONCINI. But it is very interesting. Mr. MacEachin, do you have any recollection of that?

Mr. MAC EACHIN. I do not know what Mr. Goodman is talking about.

Senator DECONCINI. Thank you, Mr. MacEachin.

Mr. MAC EACHIN. I don't know. Sorry.

Senator DECONCINI. Fine, Thank you, sir. Mr. Ford, have you ever heard of such an operation?

Mr. FORD. No, sir. I have no knowledge of anything about that sir.

Senator DECONCINI. Mr. Goodman, in testimony that you have given us today, you have been subjected to some very hard questioning and I guess that is fair game here. I am impressed with your statements and I would like to ask you the same question I asked Mr. Ford.

What do you have to gain out of coming forward and offering your honest approach to this matter? I am very intrigued with that, because I can understand a lot of people's motives and I can

speculate on some of them, but I am interested in what motivates you, because I think you have told us about some of the inner workings of the Agency, along with Mr. Ford and Ms. Glaudemans, that many, many people did not know.

Many of us suspected, in one way or another, but you have told us the nuts and bolts of it. It was very interesting. I wonder if you can comment in response to the same question I asked Mr. Ford?

Mr. GOODMAN. I guess my major reason for coming was a belief in the system. I've always believed that the United States had a certain moral authority and spiritual authority that did make us different, and that was in terms of our courts, our press, and this congressional process. And when I was asked to come here I hesitated, because there's a certain amount of risk I'm taking in terms of my current situation.

Senator DECONCINI. Indeed there is.

Mr. GOODMAN. Perhaps I felt if I didn't come it would show the kind of cynicism about the system I would not want my children to perceive, and I've talked a lot about this with my kids. They're both in college and I felt if I was going to be honest to myself and given my feelings about the system in this country. I had to come forward. And, I might add, and I'm not trying to gild the lily here, Mr. Chairman, but I'm extremely grateful for your willingness to take this into the public. It's not going to be pretty to absorb all of this and to assimilate all of this, but I think you show tremendous courage and the fact that you also believe in the system too, I thought it was necessary to try to take some step to correct the terrible damage that's been done at the CIA over the past 10 years.

One thing I think should be understood, that hasn't really come out yet, I never knew the word politicization until 1981. The word politicization was never uttered at the CIA from 1966 to 1981. I don't recognize the culture that Doug talks about. Those are not my perceptions of the CIA at all. But the years from 1981 to 1987 were very difficult years for a lot of sincere people, who were working very hard. And, finally, I guess my last reason was I owed it to the people who trained me in the ethics and culture of being an intelligence officer and I know I keep using the name Sherman Kent, a former professor from Yale, but I can't tell you what it meant to me as a young intelligence officer to be told that you could go up to the Office of National Estimates. They're going to be discussing an estimate in your area and you could be a back-bencher, just sit in the room and listen to the best and the brightest that the CIA had to offer in terms of analysis, listen to how they conduct their business.

I was just out of graduate school. They were the most incredible dialogues and discussions I had ever heard. Nothing in graduate school, no seminar could compare to what was going on in that room and I'm proud of the fact that if you look at the Pentagon Papers and you look at all of the geostrategic errors of American thinking, relating to the unfortunate decision to go into Vietnam, because I do believe it was based in a faulty geostrategic assessment, the CIA can hold its head high, because they correctly perceived the problem and they had the three characteristics of General Matthew Ridgeway, in terms of vision, integrity and courage. And I came away from those meeting and then later on, the years

when I could become more active, as I become more senior and Ambassador Llewellyn Thompson was there, and I have such strong memories of those people, that I felt if I didn't step forward I would be doing a great disservice to the memory of those two men.

Senator DECONCINI. Mr. Goodman, thank you very much. I want to thank each of the witnesses. I truly mean this. I regret that we have kept you so long tonight and today. It is not easy, but it is very helpful to this Senator. I have not made up my mind what I am going to do with Mr. Gates. You have certainly opened this Senator's eyes. I have been on this Committee for almost 5 years now and I have had many suspicions about the CIA and also, I have much respect for the personnel that works there. I know some of them and they are some of the strongest citizens of this country and I cannot help but say that out of this process and out of your willingness to come here, those in favor of Mr. Gates and those critical of the Agency and of the process, and being so candid, is going to improve that agency and is going to make this a better country. I am very grateful and I mean that sincerely, to each one of you for the time that you have given us. Thank you, Mr. Chairman.

Chairman BOREN. Thank you very much, Senator DeConcini. Let me just inquire of my colleagues. Senator Bradley, how many questions do you have.

Senator BRADLEY. One or two.

Chairman BOREN. One or two questions. Senator Metzenbaum?

Senator METZENBAUM. Three.

Chairman BOREN. Senator Murkowski?

Senator MURKOWSKI. Four, Mr. Chairman.

Chairman BOREN. Four. I am not going to ask anything else. As I say, I have three on behalf of Senator Nunn, which I will ask. Senator Metzenbaum, why don't we proceed with your questions.

Senator WARNER. Mr. Chairman, I wonder if you would be willing to put into the record at this point the fact that Mr. Goodman referred to you and, I think, quite properly is saying that he was glad that this series of testimony went public. But my recollection, very vividly, that night it was a bipartisan decision by all nine of us who were present.

Chairman BOREN. That is correct. It was a decision of all Members of this Committee.

Senator WARNER. That is correct.

Chairman BOREN. And I think, without dissent, as I have indicated and I think it was the right decision. I know it has been a painful decision for the witnesses. It is not easy. It is not easy for the Agency, but I think, again, as has just been said by Senator DeConcini, that out of this process, as difficult as it is, I cannot help but believe that public discussion of important issues about the Agency that are critical to our national interests is a good thing. It will be wholesome in the long run.

I think all of us on this committee have a strong commitment that no one will suffer particular favored treatment or less than favored treatment if they still have a relationship with the Government, because of their being here and testifying, at least as far as this Member is concerned, and I am sure all of the Members of this

committee take the same point of view. So I want to express again appreciation.

Senator Metzenbaum, why do we not go to you for your questions now and then we will go to Senator Bradley, and then to Senator Murkowski and I will complete by asking the questions for Senator Nunn.

Senator METZENBAUM. Mr. Goodman, you spoke this morning about a double standard that prevailed for analysis that contained the Cold War type assumptions, versus those that suggested the Soviet threat had eased somewhat. You spoke of a climate of intimidation. Could you elaborate on that? Who fostered that climate, how was it communicated, and how was it enforced?

Mr. GOODMAN. Well, I think it started at the very beginning.

I believe the international terrorism estimate of Bill Casey's was his first estimate that he cut his teeth on in terms of getting an idea of what the directorate of intelligence was all about, how an estimate was produced, who the people were who wrote estimates, and I think he was appalled with us. He was appalled with our product. He was appalled with the loose system, without any controls and I think he set out to correct that. He did it in such a way that it set such a chilling tone that it led to a lot of self-censorship of certain ideas. It led, I think, to a lot of senior managers who looked over their shoulders, and I think there was some rather craven behavior during this period from people who were really in key positions in certain areas and the wrong tone was set.

Senator METZENBAUM. Could you give us some examples of the kind of intimidation you are talking about here, the aura of intimidation?

Mr. GOODMAN. Well, I know, in my situation when I was removed and when it was explained to me why I was removed, and I was one of three, and in terms of Senator Bradley's question about what mistakes were made, I know I had my own list of seven or eight. But what Bob Gates did was to force out the people who could have at least prevented three of those mistakes. I mean, I have a list of seven major errors. One of them is the Soviet Third World retrenchment and retreat, an idea that I believe was the accurate view of the Soviet Union.

Jim Norrin, who was moved out because he had a bleak view of the Soviet economy and I guess that sounds rather humorous in hindsight, but he did and it was a view that was not compatible with Bob Gates' thinking. And Doug Garthoff, who was an outstanding analyst and was considered much too much of an apologist on the Soviet Union, and that word did float around the building. I was never called a comsimp, but I was called an apologist and that always rankled. I think one of the errors was in arms control. Again, I don't share Doug MacEachin's views.

I think we were much too slow in realizing the degree to which the United States had become central to Soviet foreign policy, which was clear, I think, in the very early days of Gorbachev's leadership, going back to 1985. And I think we were much too slow to appreciate how willing the Soviets were to accommodate the United States on arms control positions, and if you look at INF and the chemical weapons ban and START and CFE, you look at the

major concessions that were made, I think it was the Soviets that were moving in the direction of the United States.

I think, even though Doug and I haven't talked about this for a long time, but I think Doug Garthoff also viewed those possibilities for the Soviets in arms control and Soviet-American relations. So I think it was very unfortunate the signal that was sent when Garthoff was moved aside. Whenever there was an area of politicization or a good person left, Hal Ford has talked about this. I can mention very specific names to give you some feel for this, but it was the best we had. It was not that we were losing mediocre people, we lost Jennifer. She's one of the best young analysts we've ever had, trained at Princeton under Stephen Cohen, and when you talk about people who were ahead of the thinking, Steve Cohen at Princeton was certainly ahead of the CIA in thinking about what was happening in the Soviet Union.

Our senior person on Soviet Third World relations, is now teaching at Georgetown. Our branch chief on Soviet foreign policy is now doing the same job for the State Department. A senior person, Jack Sontag, who's father was the wonderful historian, served in the OSS, Raymond Sontag, is now at the State Department. He was trained at the CIA. We lost an incredible amount of the best people we had. The ones who stayed behind fought it for as long as they could, but I think on the chart I gave you Wednesday, if you look at the Soviet foreign policy shop, there's only one person left there with any real experience in Soviet foreign policy.

Senator METZENBAUM. Has that chart been included in the record, Mr. Chairman?

Mr. GOODMAN. I introduced it on Wednesday, Mr. Chairman.

Chairman BOREN. I think it was. I am sure it was. I think I recall Mr. Goodman asked that it be.

Senator METZENBAUM. He handed it to us, but I am not sure it was included.

Mr. GOODMAN. The more serious problem was the managers who were moved in to replace the experienced people. It's not that they weren't good people, but they had no background whatsoever in the areas they were working in. Now, for a junior analyst, I know when I worked for someone who didn't have a background in that area, I took less pride in my work. I thought it sent the wrong kind of signal and at the CIA, where you need a mentoring system, where it's so important to have these senior mentors, not only to teach the culture of intelligence, but the way intelligence is done. Eventually you're going to lose your institutional memory.

Now the biggest problem in CIA analysis right now, particularly on Soviet politics, they've lost their institutional memory on foreign policy. They have a very weak institutional memory on Soviet domestic policy and they've lost some senior Soviet economists. When you do a list in terms of major mistakes, the ones that come to mind are the failure on the Soviet economy. It was overestimated and I think the number that Senator Bradley was looking for, I think we were saying their economy was 60 percent of the U.S. economy. And anyone who's been to the Soviet Union and walked around a block in Moscow and Leningrad, knew intuitively that was wrong.

We underestimated the defense burden on the Soviet Union. We completely missed the Soviet Third World retrenchment. We completely ignored the beginnings of pluralism in the Soviet Union and, I must say, Bob was very hostile towards notions that there were politics in the Soviet Union. There were differences of opinion in the Politburo even before Gorbachev. It didn't all start with Gorbachev. There is some misleading information, I think, out there.

I think we were behind the curve in Soviet arms control. I think our projections were too high, even though I think if you compare CIA projections with the projections of other intelligence analysis agencies, we probably did better than most.

The procurement flattening out started in the late '70s and a scholar in residence who I brought in in the early '80s wrote that up in a paper, I think in 1982, a message that we could not get out. But, I'm sorry, it's those areas.

Senator METZENBAUM. Thank you very much, Mr. Goodman.

Mr. Goodman, you said Gates introduced papers that contained unsupported and incorrect judgments about Soviet use of lethal chemicals in Afghanistan, economic ties between terrorists and drug dealers, reduction in Iranian support for terrorism and increased contra successes, and that none of these positions was sufficiently supported by the facts.

Why didn't anybody object at that time?

Mr. GOODMAN. Well, I'm embarrassed by that question. I think when I made my remarks yesterday and Wednesday, when I talk about the sense of shame, I feel we didn't protect ourselves very well, so that does bother me.

It still amazes me in hindsight that so few people could do so much damage in such a short period of time, and that we should have been more forceful.

I'm sure it would have made a difference if we countered all these problems. I mean, they were all palpable. We knew what they were. The culture was obvious in terms of what was happening there.

Senator METZENBAUM. How did Gates use his influence? You say he suppressed intelligence. You gave the example of his killing a 1982 draft of an estimate suggesting Soviet influence in the Third World was weakening. How did he go about using his influence? What did he do, or what did he not do?

Mr. GOODMAN. Well, there were several devices, but if you look at the kinds of memos he sent back in response to a paper—I think you have some of them, some have been declassified; it would be interesting if you got all of them—the condescending tone was something that was very hard to explain to an analyst. It was extremely demoralizing.

I think the impression that's being created here in terms of remarks to injured pride and thin-skinned people and some of Doug's remarks about the feelings of analysts is totally wrong. Analysts have been arguing over problems of CIA certainly since 1966, and no one charged politicization, and no one charged that there was a serious political issue at the heart of it.

But in the '80s, in dealing with the acrimony in these memos and then seeing who was moved ahead, it became very obvious that you had to get with the agenda. And I think I mentioned the remark

that a senior Agency official made to a good friend of mine about this isn't a democracy here. You know what the line is; now tell your analysts to write it.

Now, I could produce the individual who made that remark to me. I don't think that's necessary. But the important thing is this is quite typical. Now, let me say something about Doug, because I think there's a very unfair perception that's developing.

Doug did what he could, and it wasn't easy for Doug. We've known each other for a very long time. The problem is much worse now than it was when Doug MacEachin was running that office, and I think that's the problem. The culture is now no institutionalized that it's going to be very difficult to come in and clean it up.

I just don't think Bob Gates is capable of doing that because his surrogates are the ones who are still in prominent positions, and that was one of the reasons why I called for some kind of investigation or a commission to look at Agency analysis over the 1984 to 1986 period.

Senator METZENBAUM. Mr. MacEachin, one last question for you. You described the atmosphere in the DDI as either a debate between "commie symps" and "realists" or between "commie bashers" and "pragmatists."

Now, in 1968, you figured out that the Soviets would invade Czechoslovakia, but that didn't make a "commie-basher," nor would an analyst's assessment that the Soviet economy had weakened by the mid-to-late 1980s, and that they were no longer likely to support Third World aggression make that analyst a "commie symp."

Was the intellectual climate in DDI so simplistic that the debate was broken into apologists versus hardliners and was Bob Gates part of that situation? Where did Bob Gates fit into that?

Mr. MACEACHIN. You have just now identified yet another thing I wish I had never said. I said at the time it was an oversimplification. There were generally people lined up on the question of how much they saw Soviet foreign policy actions being driven by sort of old-line ideological concerns versus sort of modern political politics.

And what I was trying to say is that sometimes it was one and sometimes it was the other, and what our culture needed to do was to be able to approach each individual case and try to assess how things were being worked out.

In 1979, we have testimony from senior KGB officer who was involved in at least the paperwork and in those debates, and he described them very clearly to us, and there was a case where they didn't know how that internal debate was going to come out. So I would retract all that oversimplification, but, generally speaking, the reason I used those terms, Senator, was not to oversimplify the division but to characterize how the two groups tended to treat each other.

They tended to suspect the other's motives or to suspect the other's objectivity.

I would like to take this opportunity also, Senator Metz-enbaum—and I won't go through everything; I'll try to be shorter on some of these things we are listening to—one of the contests we've been having out at CIA lately is to find out who the other two people were that were removed along with Mr. Goodman, and

everybody's been applying to see if they were the one removed for arms control or they were the one removed for economics.

I had lunch with one the other day who said maybe I'm the guy. His name was Garthoff. And he was laughing because where he was moved to was not out of arms control but into arms control. He was doing the internal Soviet political business when I wanted to get more political-military approach to the strategic forces business. He moved to a more senior position, from whence he then became a deputy office director in a job I used to hold myself in the Office of Current Production and Analytic Support. He is now an office director, an SIS-4.

Jim Norren was one of our absolutely best economists, best-trained and, unknown to a lot of people, an econometrician of sorts. I had a lot of worries myself about our work in Soviet defense spending, and, generally speaking, we had not had a real honest-to-God economist over there like Jim Norren. So when I created the defense industrial group I put Jim Norren in charge of it and actually a methodologist as his deputy.

So there's a lot of talk here for the last two days about loose use of evidence allegation, and would you change your mind if I gave you this information. And I think that I would really hope the Committee will study this stuff that has been said here. I don't want to take all the time to rebut it line-by-line.

Insofar as the arms control thing goes, we may have had all these failures that we wouldn't have had if Mr. Goodman's omniscience—and I thank him for what he said about me, but he's just been able to go through every single subject matter. There was a paper written in 1985 that predicted the offer that Gorbachev made. The problem with that paper was—I'll tell a story out of school—that so many people didn't agree with it that Mr. Casey, when it got downtown, said he didn't agree with those conclusions, not knowing that we had written a paper.

I don't think Mr. Gershwin agreed with it, for very good reasons.

Mr. GERSHWIN. I don't know the paper, so I don't know if I did or not.

Mr. MACEACHIN. Well, I have memos in my files, the 6,000, the 1,600. Mr. Gershwin may not remember, but the argument was they couldn't do all the targeting with 6,000 warheads.

Mr. GERSHWIN. That's what your analyst said.

Mr. MACEACHIN. My own analyst said it? Well, my own analyst didn't agree. But we published that paper. We put it downtown. Senator Bradley's talking about a lot of other failures.

I don't think we were saying the GNP was 60 percent of the U.S. in 1986. I think we were down in the low 50s. That's my recollection now. I don't know what we got much over 55, at least when I was ever there, but I was only there in the mid-'80s.

That's what I wanted to say, Senator. We go on for a long time making flat-out assertions. I can speak from direct evidence on Norren and Garthoff, and I can speak from direct evidence on the so-called "pizza paper." The reason it's called a pizza paper is we did it over lunch hour and nobody's allowed to leave the room until we get it coordinated because two parts of SOVA were fighting, as usual.

So I said nobody leaves. We'll send out for Domino's. And we got it done.

Senator METZENBAUM. Thank you very much. Again, I want to thank the witnesses. You have been extremely helpful and my guess is you are damn tired by this time. I hope your children are fine.

Chairman BOREN. If we don't complete soon, I promise we'll send out for Domino's. [General laughter.]

Senator Bradley.

Senator BRADLEY. Mr. Chairman, I would just note that earlier in the day Senator DeConcini cast aspersions on people who work at night and said that people ought to work in the day. Having had one career that worked at night, I am quite comfortable with our hearing. [General laughter.]

Ms. GLAUDEMANS, Mr. Gates' testimony in January of 1987, you have said that there was a problem with that testimony. Could you once again tell us what you thought that problem was?

Ms. GLAUDEMANS. I don't have it in front of me on hand, but my recollection upon reading it back in '87 and subsequently was that it did not reflect in any sense the analysis that had been published and produced on Soviet relations towards Iran by either the Office of Soviet Analysis or the community itself.

Senator BRADLEY. I think in your testimony you went through a list of studies that were done prior to and then a list of studies that were done after, and I know that Mr. Gates overruled or did not accept the recommendations and information that you provided.

But, do you know, has anyone ever refuted those points?

Ms. GLAUDEMANS. The points I cited? No.

Senator BRADLEY. No.

Ms. GLAUDEMANS. Not to my knowledge.

Senator BRADLEY. No one has ever refuted they were overruled, but they stand on the record as fact, which I think is an important thing to know. So that all of the estimates you have up to the famous estimate in 1985 basically said one thing, the estimate in 1985 said another, all of the reports after said essentially what was the view prior to?

Ms. GLAUDEMANS. I can make that a little more specific. Immediately after the Iranian revolution, the Soviets did view their prospects as opportune, particularly because of the loss to U.S., and there was a courtship effort—I think "courtship" accurately describes it—and that it failed to succeed and damaged their relationship with Baghdad.

So there was a turning point—I believe it was after a major battle in June of 1982—that sort of marks analytically for us when that turning point began to occur, but prior to that time there was a courtship effort. It was between this turning point and the May '85 estimate that there was a view that the Soviets' opportunities were quite limited and quite slim, and then subsequently after that estimate.

Senator BRADLEY. Mr. Ford, one last question. You have seen the memo that Mr. Gates did on the bombing of Nicaragua?

Mr. FORD. I have not seen it. I've only heard excerpts from it.

Senator BRADLEY. I see. Well, are you able to comment? I guess not, if you have not seen it.

Mr. FORD. Could you ask anyway? I'll take your question anyway, sir. I have seen excerpts.

Senator BRADLEY. The question is, he submitted for the record this memo that he wrote to the DCI and he starts with "It's time to talk absolutely straight about Nicaragua." He then writes a very clear memo and, under the heading "What To Do," he says "withdrawal of diplomatic recognition, overt provision to the government in exile of military assistance and funds, propaganda; third, economic sanctions against Nicaragua; fourth, politically most difficult of all, the use of air strikes to destroy a considerable portion of Nicaragua's military buildup."

This was before the Committee last week, and I wondered if you had any opinion of that.

Mr. FORD. I discussed it, I believe, earlier today. To me, as someone whose career was mostly in national estimates, my chief question would be with his estimate of the worst case, what would happen to Nicaragua if our side didn't "win." And, as I believe is included in that memo, it was fairly dire.

My problem as an estimator is that the U.S. did not make selective air strikes, and the Nicaraguans worked their way out of their difficulties, with some pressure from us, and what we have now is not the dire future that he was trying to prevent by his suggestions. Therefore, my feeling is that, as an estimator, whether this was his own views or whether he had been influenced by Director Casey, I don't know.

That's one problem with it. Another is, as I think I've said earlier, I would have questioned, had I been in the policy chain, the wisdom of what air strikes could accomplish in that complex political scene.

I think that it should be to Bob's credit that, as was brought out earlier today, he told the Director that, you know, in effect what you're trying to do is not going to work. That is, the contras are not going to win. I admire him for saying that. I would have said the same thing, though I'm not a Central American expert.

But my problem was with his assumptions of why these dire things on our part were necessary.

Senator BRADLEY. Thank you very much, and let me thank all of the witnesses for sharing your thoughts with us and giving us the benefit of your own assessments. It is not easy, and hopefully this process will yield a result where at least the next director is aware of the divisions, and I think more people are as well, and hopefully the result will be a better product.

I mean, we are all kind of working on the same team, even though part of working on the same team is recognizing that there are sometimes divisions. The question is how to get over that so that policymakers get the best possible product.

Thank you.

Chairman BOREN. Thank you, Senator Bradley. I turn now to the Vice Chairman, Senator Murkowski.

Senator MURKOWSKI. Thank you, Mr. Chairman. I think we would all agree that the witnesses have been most forthcoming and most patient, and, as appropriate, most opinionated.

I am wondering, Mr. Goodman, your reflection of Mr. Gates has certainly not been supportive of his confirmation. I do not know

whether an incident prompted your particular evaluation of Mr. Gates or whether there was an opportunity previous, perhaps back in 1986 or thereabouts, when Mr. Gates was nominated as Deputy Director, to come forth at a public hearing and express your concern.

As I recall, there were a couple of days of hearings. Would that have been an appropriate opportunity or was it something that you simply had not formulated such a firm opinion on? Could you just give me a short answer, because I do not want to keep you folks.

Mr. GOODMAN. It never occurred to me. No one asked, and I wasn't volunteering any opinions to anyone. I basically took my punishment, as Doug knows. Doug and I have spoken of that. We have had very strong personal conversations about what happened in '85 and I think he respected the way I went about my business as a senior analyst, where I became very productive. And that's why I was grateful to Doug to give me an opportunity to do the only thing I ever wanted to do, which was to write on Soviet Affairs. That's the only thing that really interested me.

Senator MURKOWSKI. So it is simply a situation of it did not occur to you and you did not feel it was an opportune time? Had you harbored these feelings at that time, back in 1986 and 1987 on your evaluation of Mr. Gates, or did these develop?

Mr. GOODMAN. In 1987, if I had been asked—remember, the Committee called me; in a sense they were throwing out a net in terms of what issues could be identified, and that's when I sat down with the staff for two and a half hours and, as I said before, I came in without any notes. I didn't come in with a statement.

I may have brought something with me the second time around, but it was at the Committee's invitation. Someone had given my name to a staffer and I was called, and that's when I had to do some soul-searching in terms of do I really want to get into this. It's very painful.

Senator MURKOWSKI. Well, I do not want to be argumentative, but you mentioned you owed it to your mentors, and I do not know when you began to owe it to you mentors, but nevertheless I think you have answered the question.

Mr. GOODMAN. If I had been asked in '87, I would have come forward.

Senator MURKOWSKI. Well, yes, but this time you said you were asked. I understand you are the only witness that has requested a subpoena from the Committee. Can you acknowledge whether or not you did request a subpoena from this Committee for you to testify?

Mr. GOODMAN. Yes.

Senator MURKOWSKI. Could you tell us why specifically?

Mr. GOODMAN. Well, maybe I'm over-reacting here, but I'm—could I discuss that with you privately? I do have reasons that I can be very direct about.

Chairman BOREN. I think it would be more appropriate to discuss that in private.

Senator MURKOWSKI. Mr. Chairman, I would defer to that, but I do not think it is inappropriate.

Chairman BOREN. It is a matter of understanding of the Committee and I think it would be best if the two of you discussed that in private.

Mr. GOODMAN. Thank you, Mr. Chairman.

Senator MURKOWSKI. I will adhere to the recommendation of the Chairman. I think it is an appropriate question from the standpoint of the process, but I will take it up in private. But clearly you have come to the Committee, and the Committee was aware that we would have witnesses that were both favorable and unfavorable to the nominee.

So it is no personal reference with regard to that matter of subpoena. It simply sets you off from the other witnesses.

Let me reflect on your association with Mr. Gates. Did you ever have a personal falling-out? I mean, obviously you were close friends. Your families have been close. But that relationship obviously is going to be strained substantially as a consequence of this public hearing.

I just wondered if there was something in your relationship—and I am going to ask Mr. Gates the same thing tomorrow, so you are both going to have a fair shot at it.

Mr. GOODMAN. Maybe I misled you there. There was a professional falling-out that had unfortunate consequences in terms of the private nature of the relationship, and I really again—if it were the two of us talking, I would answer your question very candidly, and I will do that if we can walk over there when this is over.

But there was as professional falling-out in 1981 when I raised the integrity issue over a product he was responsible for.

Senator MURKOWSKI. Recognizing that for what it is, how do you rationalize the realization that somebody has to make the decisions on the adequacy of analysis and bear the responsibility for that analysis? Naturally there is an inclination to not particularly appreciate the negative judgment of one's superior. In this case Mr. Gates is in the position of having to bear the responsibility of determining what is acceptable and what is unacceptable, and you kind of have to bear the consequences of his decision.

As a consequence of that, I cannot help but pick up the inference that this is behind your particular outspoken opposition. If I am wrong—

Mr. GOODMAN. That is a very serious word to anyone in the intelligence business.

Senator MURKOWSKI. You said yourself just a moment ago that you had a professional falling-out, if you will, over a specific issue. Would that not have placed Mr. Gates in a position to make a decision that was contrary to your own particular viewpoint?

I am sure you felt you were right and you are certainly entitled to that. I do not question that, but can't you conceive of a situation where that kind of a thing could have been the point where your relationship began to deteriorate?

Mr. GOODMAN. Well, it wasn't that abrupt. Whenever Bob was promoted after '81, there were only several of us he invited in terms of his close personal friends, and I was always one in that group, and I always attended.

There was still contact. I think the point I'm trying to make is that before '81 certain issues didn't come up on my scope from '66

to '81—the politicization issue. The whole concern was integrity and ethics. And I think the culture changed.

I'm not saying that Bob Gates changed the culture, but I am saying that Bill Casey changed the culture in that building, and I think it was very unfortunate. It had some very negative consequences that I think we're still recovering from.

Senator MURKOWSKI. Well, you know, we all experience positions of responsibility relative to the flow of management, the decision-making process, and the changes in culture you speak of. The question of who changed and who did not change is certainly realistic.

But to suggest that we have a situation here where Mr. Gates, who had to make the final decisions about what was acceptable and what was not acceptable, and your responsibility as a senior analyst, head of a division and so forth, there came a point where there began to be a problem. recognizing your relationship with Mr. Gates and recognizing the reality of Mr. Gates' relationship with Mr. Casey, since clearly Mr. Gates served, to a degree, at Mr. Casey's pleasure, if Mr. Gates had not been responsive to Mr. Casey's policies, why I am sure Mr. Gates could have been removed. That is just the reality of the structure of organizations.

I am just trying to ferret out where you two begin to move apart. You are a very articulate individual with a personal relationship with Gates. It seems to me that, with that kind of relationship, you would have many opportunities to go to Bob Gates and say, look, Bob, I think you are going down the wrong path here. I recognize you are working for Bill Casey. I recognize that Bill has certain demands and certain policies and believes in certain things.

But, you know, you and I have to have a frank talk. I have myself to live with. You have yourself to live with. And it is discouraging to see a relationship such as yours deteriorated to the point where I must wonder whether there was a point where it could have been salvaged, or am I being totally naive in the process?

Mr. GOODMAN. Well, I think you are entering an area where I know I don't want to get involved in terms of the personal aspect of this. I don't think it's fair to me, and I certainly don't think it fair to Bob.

Senator MURKOWSKI. All right. I will not pursue that line of questions, Mr. Chairman, but my line of questioning is not meant to embarrass the witness or embarrass Mr. Gates. When I pursue it to some extent with him, it is simply in recognition that it is too bad that people who have worked together and respected each other have come to this kind of impasse without a meeting of the minds somewhere along the way.

But clearly the witness does not care to go into that, and I will certainly respect that.

Mr. Gershwin, I wonder if you can provide any specific examples that you may recall of instances in which Mr. Gates could have been tempted to slant intelligence but did not, and were you asked at any time to slant intelligence to please Mr. Gates?

Mr. GERSHWIN. The latter one is easy, and that is that Mr. Gates never asked me or anyone else I know to slant intelligence to come out with conclusions that in any way supported some policy consid-

eration of his or anyone else's. He was a critic of our work, but he did not tell us what to do.

I think there were potentially ample opportunities for Mr. Gates to weigh in on national intelligence estimates and products of the Directorate of Intelligence if he had so chosen, in the area I was familiar with, which was Soviet military and strategic forces.

I have some specific examples. Many of them are classified. One example—and I won't get into the very specifics of it—was an analysis done by his Office of Scientific and Weapons Research when he was the Deputy Director for Intelligence that reevaluated an important Soviet missile and concluded that it was not nearly as capable as had previously been judged.

That analysis was briefed to me early on. It was briefed to Mr. Gates before it was released to the Defense folks. And Mr. Gates questioned it, as I did, in terms of how good an analysis is this and all of that. It was important in the write-up of that to indicate what had happened, why our analysis had changed. I supported that analysis, by the way, as did Mr. Gates. He didn't really understand it fully because it was very technical, but he respected the people who had done the work and he respected my judgment to him that it was a good analysis.

As a result of that, that paper was published by the Office of Scientific and Weapons Research, distributed to people in the Pentagon. People were briefed. We included it in my National Intelligence Estimate. It caused a lot of grief. There were differences of view of other intelligence agencies. It was briefed to people in the White House, who expressed a great deal of concern at this reevaluation because it reduced the Soviet threat.

In retrospect, I think it was an excellent analysis, and I commended—I didn't commend him at the time, but I commend him now, in light of some of the other charges I am hearing. I think Mr. Gates did a fine job in that case. I think there are other examples. That is one of the most notable. That was in about 1984-1985.

Senator MURKOWSKI. Thank you.

Mr. Ford, you indicated that you had heard from a number of CIA personnel about the suitability of Mr. Gates for the job of DCI. I think you said 16, or 17 or 18 who phoned you, and a couple had opposed your position. We are not going to talk about the number of employees in the CIA because that is classified, but clearly there are lots of employees.

Do you figure that is a fair sampling, 16 or 17? You mentioned it, so it is appropriate.

Mr. FORD. I have no idea how representative that is. I've been told by some of those people—and this is second or third-hand—that there are many of us out there, but I have no way of judging how typical that is or scientific.

Senator MURKOWSKI. I do not either. I think it is just one of those points that you made so it is probably appropriate that we address very briefly.

You mentioned something about your views on an ideal Director. Do you have someone that you think would be the ideal Director of the Agency as you seem to have such strong opinions.

Mr. FORD. My brother-in-law. [General laughter.]

Senator MURKOWSKI. Well, you might as well keep it in the family. There is nothing wrong with that.

You feel pretty strongly about the nominee?

Mr. FORD. If you want some specific names or just a general idea, sir?

Senator MURKOWSKI. No, a name, if you are so inclined because you said you hoped, you wanted to see an ideal person. Not in the past, now. There are a lot of them in the past.

Mr. FORD. I understand. I think there have been debates over the years whether it is better to have some professional intelligence officer—

Senator MURKOWSKI. With experience.

Mr. FORD [continuing]. Or someone out of national life. There are arguments on both sides.

I have always personally come down on the side that I think it is better to have someone out of national life who has stature and is known to the President, they have a close relationship. Someone whose experience is broad and is viewed with respect. And that the ideal person for a deputy would be an intelligence professional, Dick Kerr, or something of that kind.

Senator MURKOWSKI. You have had Presidents who have had experience in the area, and I am not asking you to comment on that.

Mr. FORD. I have not come with such a list and I would not want to leave out anyone.

But very quickly—

Senator MURKOWSKI. And it is almost 10:30.

Chairman BOREN. Shall we call the White House or are they watching? [General laughter.]

Mr. FORD. Mr. Carlucci, Mr. Ambassador Pickering, Rich Armitage, these are names that immediately come to mind.

Senator MURKOWSKI. People that you know, but really have—

Mr. FORD. No. I know Mr. Carlucci slightly and Armitage slightly. But just as a citizen, that is the kind of, if I could speak more, the kind of person who has had senior experience in Government. Or you could bring someone possibly out of academic life, a college president or someone who is very knowledgeable in the field of international affairs and who is universally respected, someone of the caliber of Professor William L. Langer, who was the first head of our Office of National Estimates.

Senator MURKOWSKI. Well, just hypothetically, but it is one of those things, had you been able to come up with a Pickering or Rich or someone else and gotten a panel of six witnesses, three of which were supportive and three of which were not, I am sure we would be facing a dilemma. Maybe not quite of the same nature, because clearly they do not have a record in the CIA. But nevertheless, they have a record out there somewhere.

So we are still left with a dilemma which is the point I wanted to make.

Let me move over to Ms. Glaudemans. You are a very articulate and knowledgeable witness. And I do not recall your exact reason for leaving, other than you left and you left for good reason and it had to do with dissatisfaction and so forth, that your work was not recognized. And I do not know that I am giving it a true characterization.

But did it ever occur to you that there was an alternative to stay and try and change the system from within? That is the other alternative. And it is not easy. Sometimes it is impossible.

I just wondered if you would care to articulate how you rationalized your departure after you worked as hard as you did, and you were indoctrinated into the procedures and so forth. You made your best efforts at analysis, that you believed to be factual, based on your best estimates, best information, best logic, best evidence. Yet somebody, whether it be Mr. Kerr or Mr. Gates or somebody up there, simply didn't accept it. Yet, you and I recognize that that is a responsibility that at that level they have to bear. You do not.

Ms. GLAUDEMANS. Right.

Senator MURKOWSKI. They are getting information all over.

I am just curious how you evaluated that in the decision that you made to leave, as well as the realization that that is just how the process works. The President has nominated Mr. Gates, and there is a certain amount of Presidential credibility on the line if Mr. Gates is not confirmed or if he is confirmed and does not perform. Our responsibility is to address the suitability of the candidate and you have been a very valuable witness in the process. But I am just walking you through this process because I have been at certain stages of my own career and I have had to make those decisions to leave. Sometimes a decision to leave made me unpopular. People couldn't understand why I did what I did. And they feel I was insensitive or—that is enough. I think you got the picture.

Ms. GLAUDEMANS. I think I understand what your question is.

First of all, let me tell you that I have absolutely no complaint to how I was treated as an employee personally. I do not believe this man promoted me. And I do not think I was ever promoted in any time longer than minimum time in grade.

I had no reason to believe that I was being forced out. In fact, Senator, I was offered a number of alternatives, alternative positions and options if I would stay with the agency, but perhaps take some time out from SOVA. I was offered a list of things that it is not necessary to go through.

I decided to go ahead and leave for some of the following reasons. First of all, I really got tired of the atmosphere and the culture that I think you have an idea of. I do not know who was right or wrong, I just found the culture, this atmosphere was bad. I never heard "com symp." And it makes me shudder.

Senator MURKOWSKI. If I could interrupt, I assume you had colleagues that felt the same way?

Ms. GLAUDEMANS. Oh, yes. The atmosphere was not lost on people down at my level, which was the bottom.

I did not like the atmosphere. And I think the atmosphere got in the way of allowing me to do my best. I think that it got in the way of allowing the analysts or the agency itself to be the best it could be. I think all of these things that you have heard before you were really obstacles to what I wanted to do and that was go out and be on the cutting edge of analysis.

Another reason was, I had been used several times for recruiting at college campuses, particularly at my undergraduate and graduate school, universities. And I was being asked to do that again. And I had personal difficulties being able to recruit and telling

people—I mean, I think I was used as a recruiter because I could give an enthusiastic picture about the job. And I no longer felt that I could with a clear conscience say what the life of an analyst was like in a way that—it was a conflict problem.

And I thought, well, if I have a hard time recruiting and I know the personal feelings I have about the atmosphere, that is tough.

And again, I think I left because I was in search of excellence and I did not think I was finding it there.

Senator MURKOWSKI. I think that is a common observation that younger, very talented people have. That is part of life.

Keep chasing that rainbow and more power to you. I cannot help but think you would be a very effective person in pursuing your objective, which was to stay on that cutting edge.

But you know, you made that choice and are pursuing other opportunities. And that is appropriate. I think you have given me the type of answer that I expected. I have no further questions.

I have a question of Mr. Ford and then one more question after that, Mr. Chairman.

Chairman BOREN. I have to take a quick phone call. I will be right back.

Senator MURKOWSKI. Surely. I do not see too many of my colleagues here, so I guess it is time for a unanimous request.

(General laughter.)

Mr. FORD. There will be a coup if you leave, sir.

(General laughter.)

Senator MURKOWSKI. Mr. Ford, as Mr. Goodman and I talked, we got into personal relationships. You characterized your relationship with Mr. Gates and the fact that you have not seen fit to go to Mr. Gates as a consequence of information you had heard. I think somewhere along the way somebody asked you if you had gone to Mr. Gates and said, hey, Bob, we are starting to fail in our ability to appreciate each other's positions and points of views. But why did you not, with your position as a senior officer in the Central Intelligence Agency and the extraordinary respect that you had gained, take Mr. Gates aside and say, "Bob, I think that there are some areas here that deserve your consideration from the point of view of an old friend and a long time acquaintance and someone who has worked closely with you? Here is my two-bits worth."

It would seem, just based on your own comments of your association through the years, that that would not be an inappropriate thing to do.

Mr. FORD. Oh, it might have been.

All I can say is that it never occurred to me.

Senator MURKOWSKI. Was there a personality problem that Mr. Gates had that would not have allowed that kind of opportunity or was it just one of those things that you never quite got around to?

Mr. FORD. No, not that I know of. It was just one of those things.

Senator MURKOWSKI. Okay, that is fair.

This is my last question. It is kind of a long one. I think that we would all share the concern over the public airing of difficulties within the organization. The sense that the agency is beset with difficulties that require immediate attention, I think, has been brought out by both witnesses in support and contrary to Mr.

Gates. You have each individually described your view of the problems.

You have kind of been like doctors diagnosing a sick patient. You each have made your own diagnosis and you are all professionals. There is a substantial disagreement on how sick the patient is or if this patient is sick at all.

But I assume it is safe to say that the agency tonight is in a state of low morale and high indigestion, as they are wondering where this thing goes.

On the other hand, the result can be a real cleansing through the expression of ideas in an open forum like this.

Of course, our responsibility is to examine the qualifications of the candidate. And clearly, although my colleagues are not here, we have positions that differ substantially based on our own individual interpretations. The issue of Gates politicization of intelligence is a very serious charge. We have all acknowledged that. All you witnesses are extraordinarily credible.

You have dedicated a good portion of your working life on behalf of the Federal government and the Central Intelligence Agency. And we also have testimony of very senior people that enjoy great respect among you and among us—Mr. Inman, Mr. McMahan, Mr. Kerr—who have each testified favorably about the fitness of Mr. Gates.

We listened to testimony of Mr. Polgar who had a different opinion.

But I just wonder, and I would ask this of Mr. Gershwin and to Mr. MacEachin, how you would analyze the testimony of your three colleagues and their opinion of the suitability of Mr. Gates?

The Committee must, as a group, weigh the negative and the positive testimony regarding Mr. Gates' fitness. We are in a position that really belongs to you as analysts. And our problem is how to analyze the information that you have provided as expert witnesses. But we are not trained analysts.

Could you generalize in a few words how you would address this quandary if you, Mr. Gershwin and Mr. MacEachin, were in our position? Your business is analysis, and we have information, both pro and con. Where would you start and where would you focus, your main points of decision-making, if you will?

And I guess I will start with you, Mr. Gershwin. And I pledge to you, Mr. Chairman, that was my last question. It has been a long one. But I would appreciate the professional opinion of you both as to how you would take this day and capsulize it in an analytical process and make a determination.

And I am not suggesting that you do our job. But I would be interested in your response.

Mr. GERSHWIN. I must say that the evidence and discussion that was presented here today is very different, despite some similarities, it is very different from the kind of evidence and analysis we usually deal with.

Senator MURKOWSKI. But it is evidence. It is opinions. It is information.

Mr. GERSHWIN. That is right.

Senator MURKOWSKI. The only thing that is different is the nature of it.

Mr. GERSHWIN. And as with some of us who do estimates, you cannot say there are two possibilities and leave it at that. You have to reach a decision or a judgment. It may be wrong or it may be right. We have to do that.

I think that that is exactly the position that you will be in. I think you have to weigh the quality of the evidence presented both in favor and opposed to Mr. Gates. I will offer some opinions which I have not offered up till now because I was commenting really on my own personal experience.

But I must say that most of the evidence that I saw presented tonight or today against Mr. Gates, I thought was not first-hand, was impressionistic, was through some of the discussion, highly questionable. However, it leaves a bad impression if it is accepted as perhaps true or whatever.

I think you really have to weigh the quality of the evidence. Does any of it hold up? Does any of it have, you know, can any of it be proved? And it is not enough to say that it might be true. Is any of it provable? And I have heard little or nothing against Mr. Gates that I think is provable.

You have to weigh the experience of other people who have direct, personal, first-hand experience with Mr. Gates, such as myself, such as Mr. MacEachin and say and note that in our experience, which was extensive, very frequent discussion with Mr. Gates throughout the years that he was in these positions, we have evidence of what I would consider highly ethical behavior, full integrity, all of the ideals of the intelligence process that we have all been trained at, being fulfilled, confidence in his analysts, whether they bring him good news or bad news, whether the policy-makers are going to like it or not, his full support of these people.

I know in my own case, I have seen it time and time again. I consider that to be powerful evidence of his high integrity. And I must say that my confidence in his integrity, despite all that I have heard here, is not shaken at all. I see lots of things said about him. And most of it or all of it is second-hand hearsay or contradicted by other people. So I think that is a big factor.

But I think what you really have to do is look at who knows what as opposed to who heard people talk. I must say that there are a lot of people who do not like Mr. Gates and we have all known that for years. There are lots of reasons and some of them may be valid. But some of them, I think, are to the fact that he makes life uncomfortable. He made life uncomfortable for me. But I think it was better that he did because I think I did better work as a result.

I think some of his memos that were scathing were very rough on analysts. And I myself have, on occasion, written memos that have said some critical things about people's papers and I am getting feedback that those things cause consternation. I have tried to moderate how I say it so we do not hurt people's feelings. But the fact is these are very important issues and if stuff is not treated well according to the guy who is responsible for putting this stuff out, then he has a right to chime in and say, I do not think this is good stuff, can you do better.

A lot of people do not like to be told to do better because they thought they did well enough already. He makes life very uncomfortable.

I think we are entering an era in the 1990's when life is going to be very uncomfortable for all of us Intelligence analysts. It is very uncomfortable for me. I have been working on Soviet strategic forces and there was all kinds of great stuff to write about and talk about. I do not know where we are headed, but I know that my job in the future is going to be real different from what it was in the past.

And frankly, I think with a man like Mr. Gates there, I think he is going to shake us all up in a big time way and it is going to be very valuable for all of us.

And I think the issues are the kind of issues where we need a highly professional intelligence analyst, such as him, to tell us which direction to take or to solicit our views, which I think is what he would do, take them all into account and give us some good marching orders. I think those are very important considerations.

What will someone like this do to redirect U.S. intelligence in light of the fact that the world is totally revolutionized today?

A lot of people cannot do that. Some people can. And frankly, I think Bob Gates is as good at doing that as anybody I know.

Senator MURKOWSKI. Thank you, Mr. Gershwin.

Mr. MacEachin, I wonder if you would answer the same question of how we take and analyze information from here on.

Mr. MACEACHIN. I will do it very briefly, Senator.

I want this date on the calendar marked because I am going to agree with Mr. Gershwin on most of the things he said. That does not happen between us on enough occasions probably. But it has always been a solid professional relationship.

Senator MURKOWSKI. The Chairman and I are listening intently because what we are doing is deciding how we each as individuals will take your advice to analyze the testimony we have heard.

Mr. MACEACHIN. Here is what I would do as an analyst in this situation. At least I think I am still an analyst.

I would first of all decide what is the credibility of what I have heard minus its theatrical surroundings. And that would mean that I think there has been enough put out in enough different forms that it is almost step number 1 of the analyst handbook. I am going to go down and check each one of these things.

And those that I can check out or not check out will enable me to draw some conclusions about the source.

Then in some cases, I think I would have to look at the basic thesis that is being presented and the atmosphere question. I mean, these things are checkable. And so, my view would be before I make any judgments on what I heard I would check and find out what I really did hear.

Senator MURKOWSKI. Would you just elaborate for 30 seconds on the analysts' handbook check off list?

Mr. MACEACHIN. Oh, I am sorry. I keep saying things that I wish I had not.

But I mean, I think if you started out on an analytical process to make a decision, you have to step back coolly and say, what am I working with here.

As I said before, I have always been one of Mel's great admirers, particularly for his oratorical skills and his debating skills. And he has blown me away many times in internal debates.

But I think you do need to—

Senator MURKOWSKI. Is that Mr. Goodman?

Mr. MACEACHIN. Mr. Goodman, yes, sir.

Senator MURKOWSKI. Okay, let me give appropriate credit where it is due.

Mr. MACEACHIN. But I would check everything very carefully.

As I said, I did not go through all of the things on this personnel issues. But for the first time I really got mad because I just talked to both these people within the last 2 days and they were joking about wondering if they got to fill the slot. And both of them were moved. In the case of Norrin, he had actually told me he wanted to be moved soon.

Senator MURKOWSKI. Would you identify these two people?

Mr. MACEACHIN. Sure. These are two of the people that Mr. Goodman said had gotten purged.

One was thrown out of arms control and one was thrown out of the economic area.

Senator MURKOWSKI. And your point is?

Mr. MACEACHIN. My point is that I talked to both these gentlemen at the time the move was made. One wanted to move, to move from a regular economic area over to defense economics. And he had not done that and he was anxious for something fresh. And I wanted him because I thought he was the best person for it.

And the other person moved from internal Soviet political affairs into the arms control area, not out of the arms control area.

And as I say, I have not got time, sir, and it is very late at night, but I would say the very first step is to go down and see what can be substantiated, what was asserted that—it is bad enough to make an assertion when it is only something you have heard. I think it is worse to make an assertion when it is a mile off the mark.

So I think you have to get to the credibility of this.

As I said in my earlier statement, I certainly support, frankly, everything that Larry said, Mr. Gershwin in that, you know, Bob Gates will not make it easy for us out there if he comes out and nobody is expecting it.

And I have also said in my earlier testimony that there is not anybody who can possibly, I think, take over the job that is in front of the next DCI, unless he confronts this professional ethic problem that I just discussed.

So I think that if I were trying to make these judgments, I would deal with the task at hand, the evidence that I have collected, and the judgment of the character and the person that has to do the job that I see in front of me.

Senator MURKOWSKI. I thank the witnesses.

Thank you, Mr. Chairman.

Mr. FORD. Mr. Chairman, could I speak very briefly to the Senator's comment about morale?

Chairman BOREN. Yes.

Mr. FORD. I would just like to say that I think at least in my view we should be careful about saying that morale is good or bad.

I think we would be in error if we left the impression that morale is just terrible or that the agency is sick.

It is a big and dissimilar group described by one of my friends years ago as a poorly run conglomerate. I think that the question of morale comes from many factors. Some of them, one major office I know, where there were serious moral problems, that had nothing to do with Mr. Gates whatsoever.

I think there are probably areas that will be dissimilar. If you were able to get some kind of a legitimate poll, you would find a lot of people in scientific and technical things which, as far as I know, they do their job and these problems do not arise.

I think the same thing arises in the military and strategic fields, as I have mentioned before, where there have not been any questions about Bob Gates.

It has been in certain areas, I think of the DO and the DI where these problems have arisen and that those are the places that should be looked at, particularly.

Senator MURKOWSKI. I think I qualified my statement, Mr. Ford. But I agree with you. I think I said, "or if it is sick at all." I made some statement about it might be in a state of indigestion tonight. But that may or may not be correct.

Thank you.

Chairman BOREN. Let me address, and I will do this very quickly, three questions on behalf of Senator Nunn so he can have them as he reads the record from tonight.

The first is to Ms. Glaudemans. During your last year at the CIA, you worked in the strategic forces division of SOVA on Soviet policy toward the United States. Dr. Gershwin, the National Intelligence Officer for Strategic Programs, has testified that he saw absolutely no indication of politization in this area and felt no pressure from Mr. Gates to slant analysis.

Dr. Gershwin also testified it was his assessment that the morale of those working in the Soviet strategic forces was excellent. Do you agree with this assessment as to the atmosphere regarding politization in this division of SOVA as contrasted to the division dealing with Soviet-Third World policy?

Ms. GLAUDEMANS. I think that question reflects a lack of understanding of where exactly in that division I was located. My impression is, I do not have anything in my knowledge or awareness to contradict what Mr. Gershwin said.

I was in a branch that Mr. Gershwin did not deal with very much. We never interacted.

Chairman BOREN. So you were not in the same division with Mr. Gershwin.

Ms. GLAUDEMANS. He is an NIO in the NIC. I was in SOVA. I was in the Strategic Forces Division, U.S./Soviet Branch.

My branch is a political branch whereas every other branch in that division was more military and technical. And so it was very different and did not interact as much with Mr. Gershwin's office.

Chairman BOREN. I see.

Ms. GLAUDEMANS. It worked the political dimensions of Soviet arms control policy.

Chairman BOREN. You did not interact with him as much in his position as NIO because he was more with the military issues?

Ms. GLAUDEMANS. That is right.

Chairman BOREN. But as far as you know, the atmosphere could well have been different in different divisions here?

Ms. GLAUDEMANS. Yes. Regarding the branch I was in, the degree to which the atmosphere was affected by perceptions of Mr. Gates' influence had to do with what was going on in terms of SOVA internal leadership division where analysis on the prospects for Gorbachev and for his reform policies and the impact that those would have on United States-Soviet relations was done.

That has nothing to do with the ICBMs or bombers.

Chairman BOREN. Another question Senator Nunn asked to direct to you. You have mentioned a paper on the Soviet-Israeli relations that Mr. Gates refused to publish.

You go on to say that while you do not know why he made this decision, the incident demonstrates the kind of atmosphere he was capable of creating and did nothing to fix. Those are in quotation marks.

Do you have any reason to think that Mr. Gates was aware of the concerns within SOVA generated by this incident? Is it possible that he did not know that the atmosphere in SOVA needed fixing?

Ms. GLAUDEMANS. I think that that has a two-part answer. First of all, there is not reason that I think he should know about this particular incident. He said the paper was a good paper. It was thoroughly researched, but it contradicted the NIO—anyway, I think the issue is insignificant.

The impact it had that he would not have known about was within the division. Once it became known that Mr. Gates has not allowed the dissemination of this paper to certain mid-level managers, it became very difficult to write on this issue again.

Chairman BORDEN. In the future.

Ms. GLAUDEMANS. Their perception seemed to be: "If Mr. Gates had killed his paper there must have been something wrong with it, we must go in the other direction." I felt a lot of pressure to go in the opposite direction. He wouldn't have known about that.

Chairman BOREN. He might not have been aware of that.

Ms. GLAUDEMANS. I would be surprised if he was, and I wouldn't expect him to.

Chairman BOREN. Before you go on to the second part, Senator Nunn also had a third question which I think really I ought to ask you now. Did you express your concerns over this incident to your supervisors in SOVA?

Ms. GLAUDEMANS. It came up with several supervisors in a context I don't know if they'll even remember. It came up with three separate supervisors—one's a branch chief, one's a division chief, and one's with Mr. MacEachin—and that was the difficulty of writing on this issue.

I was told by a branch chief to not consult the senior analyst that I wrote the paper with and not to consult other senior analysts. It was one of the most devastating days in my career there, because I got the feeling that people were being—I don't want to say black-listed, but people were being sort of identified as closed-minded on something like that.

It came up in a conversation with the division chief because he wanted to know why we came down with the conclusion we did.

The conclusion was the Soviets wanted something in return for re-establishing diplomatic relations with Israel, and there were not signs that the Soviets were going to get something in return from the Israelis. Not that they didn't have an interest in it, because I was arguing all along that they had an interest in it, and again in a personal conversation with the division chief he had told me that others who had held that view were closed-minded and unwilling to consider alternatives, and I strongly felt that that was very wrong, because the senior analyst is one of the most thorough, open-minded persons.

Then it came out that a subsequent junior analyst was asked to work on the same issue and was later told not to talk to me about it, and I went to Mr. MacEachin and asked him if there was a perception that I should know about as to whether or not I was a closed-minded analyst. He reassured me I wasn't. I think that's the only time I did that, but it just—he wouldn't—Mr. Gates wouldn't have even known about that, but the implications became very difficult.

Chairman BOREN. Mr. Gates wouldn't necessarily have known.

Ms. GLAUDEMANS. I think he would have known of the general perception in SOVA, because as you sensed it was rather loud and obvious on that particular issue.

Chairman BOREN. Well, why don't you go into that part of it? You do think he might not have been aware of this particular incident, or the implications of this particular incident, but you do think he would have been aware that the general atmosphere in SOVA needed fixing?

Ms. GLAUDEMANS. Yes, I do, in particular because it's my understanding that—in the IG report on SOVA there was a reference to a perception of this. But I never saw an effort to correct people's perceptions or to demonstrate that at whatever point this was not going to be a problem in the future. That's what I was looking for and wanting to hear and see.

Chairman BOREN. Let me insert one question of my own to you, and then I'll ask Mr. Nunn's third question, which goes to Mr. Goodman and Mr. MacEachin.

Listening to you testify, I have the impression that you did not work directly with Mr. Gates or have experience of knowing him or working with him directly.

Ms. GLAUDEMANS. You should have that impression. That's what I've said.

Chairman BOREN. Did you ever meet Mr. Gates?

Ms. GLAUDEMANS. Yes.

Chairman BOREN. On how many occasions?

Ms. GLAUDEMANS. I think I briefed him two or three times. I sat in on—I was invited to an analysts' meeting with him when he was DDCI. I observed him in an NFIB meeting. I don't think he would remember. He's probably wondering who in the world I am, because I'm sure he wouldn't remember me.

Chairman BOREN. In your personal interactions with him, which were brief, and at meetings and so on, were any of these unpleasant or out-of-line in terms of your personal meetings with him?

Ms. GLAUDEMANS. They were very stiff.

Chairman BOREN. Stiff?

Ms. GLAUDEMANS. They were very stiff. I think—and I don't mean—I don't think I felt contempt or anything. They were just extremely—

Chairman BOREN. Formal?

Ms. GLAUDEMANS. Controlled. They were not relaxed interactions. They were very stiff.

Chairman BOREN. But in those meetings he never said to you, do this or do that, or said things in front of you in those meetings, or any of these kind of directives?

Ms. GLAUDEMANS. I think the nature of politicization is such that if Mr. Gates ever did that in front of someone like me, then we'd have a much bigger problem. I think the nature of the problem is far more subtle than that.

Chairman BOREN. Your image of it is, if he were going to do that he would have done it with much higher-up people and let the word sort of filter down differently?

Ms. GLAUDEMANS. Yes. I also said in my opening statement that I think this problem resulted, if not as much from a calculated effort to please certain policy positions as it did from an inattention to the maintenance of the culture.

Chairman BOREN. You see, it's very interesting that you say that. In asking you the earlier question, I didn't mean to say that I don't attach some credibility to what you said because you didn't know Mr. Gates that well personally or work with him that much directly.

I would agree with what Mr. Gershwin said, that the best evidence usually is of those who have direct testimony. That's the reason I asked Mr. Ford, did Mr. Gates, even though you've heard from others, ever tell you to slant something or did you ever have a bad personal experience, and he said, no.

On the other hand, I go back to my own experience again as a Governor, and I found this fascinating because I had never run anything larger than a law office with one employee, other than being a National Guard company commander, which maybe prepared me a little better than running a law office to be a Governor. All of a sudden I had a \$3 billion budget and 80,000 employees, and so on and so forth.

I was amazed—I'm still sometimes amazed, even as a Senator—that people think that you are really trying to exercise power that you're really not trying to exercise. I used to, as I say, sometimes find people down in agencies when I was Governor that would have done something that I would later find out and I was horrified. Later I would find that they did it because somebody along the line either hinted at them or maybe even told them directly that I wanted it done.

You know, well, the Governor wants that done, that's why you should do it, and you tell someone down in the State Highway Department at the 14th echelon that the Governor wants something done, and they do it.

So I think sometimes in fairness to Mr. Gates in this situation, that some of this sort of aura, or presence, and so on might not have been an intentional aura or presence, or directive. It's often talked about whether or not newspaper reporters get direction from their publishers. Maybe they don't, but on the other hand

maybe they kind of sense it from their city editors, or their managing editors, or whatever. It can be indirect. It doesn't have to be direct.

On the other hand I did find out about those cases a lot of times because I did reach down occasionally and say, how are you feeling about your job, jumping over 10 echelons trying to find out. I did go into agencies unannounced and try to determine if there was a morale problem, and if I did find somebody doing something because they thought I wanted it when I didn't, I would say to them, listen, if you ever get the idea that someone's giving you an order to do something or encouraging you do something, you call me if you think you're doing it to please me. Don't take anyone else's word for it.

So you have an obligation, even in any large organization, of also being a hands-on manager to the degree that you should be concerned about the atmosphere. You should certainly be concerned about bright young people in an agency like you, that you don't want to lose, and try to determine whether or not there is a work atmosphere created that would make you want to stay rather than leave.

So all of this has to be weighed, and it's a difficult decision to make. Let me say I do want to make it clear and make it clear also to Mr. Goodman, it was the decision of the Committee and the decision of the Chairman that the appropriate thing was to subpoena you as a witness.

Let me say also for the record and for the public that none of these witnesses came to us as volunteers and said, I'd like to have my chance to either take a crack at Mr. Gates or I'd like to have my chance to come and defend him. We questioned a lot of people. I think we talked to 60 or 70 different people and we asked around, because we wanted to be balanced, critics and supporters, about who had information that might have bearing on this nomination. That's how the witnesses were asked to come.

So I want to make it very clear that none of these witnesses volunteered in the sense of coming forward and saying, I want to come up there and testify. I don't want to give that implication to anybody. We requested that you come, all of you. When we told you we didn't tell you that we'd keep you here until 11:00 at night for the second night of the testimony, but we requested all of you to come. Where appropriate, we issued subpoenas especially in situations where people were still active Government employees. We want the record to be clear that you were coming at our invitation and not as people anxious to volunteer for the task.

I have no idea what this Committee will decide to do, I haven't reached a decision myself as an individual, let alone being able to predict what the Committee will decide to do. If the decision is a negative one on this nominee, I would think that anyone else nominated to this position later would take note of what's been said here in the course of these hearings.

If the action of the Committee is favorable to this nominee and this nominee does indeed become the Director of Central Intelligence, I know how I would feel about it if I had heard this testimony. It would not be a feeling of ill-will toward any of those who

have testified. It would be a challenge to myself, looking back at my own past.

As I've said in the beginning, one of the things we have to determine about Mr. Gates is, has he grown? Has he grown over the last 3 or 4 years sufficiently through his experience working at the very highest levels of the NSC, and as Mr. Webster's deputy, to be prepared for the position?

That's one of the judgments that we have to make. If we make the judgment that he has, I think that what's been said here will be very beneficial. I think it would be the very kind of thing, if I were watching this and listening to it and then were given the chance to assume those responsibilities, I would really make a major effort to want to go through and not only get the best product I could but to make sure that this culture is recreated; the kind of culture Mr. Ford talked about when he talked about some of these giants in the Intelligence Community who helped to develop this culture in the very beginnings of the agency and the kind of things you've expressed.

I mean, I'd make a vow to myself. I would want to go in and recreate the atmosphere where Jennifer Glaudemans is going to want to stay and is going to feel good enough about what she's doing that she'll want to go out and recruit.

So I appreciate what you've all said. I want the record to be clear that we asked you all to come and I hope that you will go away with the sense that you've made a contribution whether this nominee is either rejected or confirmed. Obviously some of you will disagree with whichever one of those decisions are made because you disagree on the nomination. I hope you will feel you made a contribution. You have.

I can tell you one thing. This Member of this Committee has listened to every one of you. It has made this Chairman even more sensitive to areas that need improvement. We have a strong commitment to work with the person who ends up being the next DCI and work in the very kinds of areas to solve the problems we've talked about here today.

Well, let me ask the last question from Senator Nunn, and this is to go to Mr. Goodman and Mr. MacEachin. I will ask you each to just very briefly comment on this.

You have charged that one of the techniques Dr. Gates used to shape intelligence analysis was manipulation of the CIA personnel system. There can be differing explanations for personnel changes and for resignations. Can you cite specific cases and specific evidence to substantiate this serious charge?

We got into that a little bit just a minute ago, but let me start with Mr. Goodman. Would you like to cite for us some specific examples of cases where you think personnel actions were taken for the purpose of shaping intelligence analysis or slanting it and getting people out that wouldn't slant it the right way?

What evidence would you have to substantiate this charge? This is from Senator Nunn. I use his query.

Mr. GOODMAN. Well, let me cite one, because it gives me a chance to correct the record as Doug has left it.

When I was called in on March 15 in 1985, Doug, who had put off this onerous task—he did not want to confront me with this mes-

sage—and told me that I was going to be removed as the chief of the Soviet Third World Division, he told me that I was one of three people, that it wasn't just me involved, and he told me it was Jim Norrin because of his bleak view of the Soviet economy, and he told me it was Doug Garthoff, who was managing the substance for Soviet-American relations, and he used the word that it might be necessary for the three of you to rehabilitate yourselves.

I guess I didn't really say this before, but I was offended by the reference to rehabilitation. I had been a very loyal employee of the CIA, at that point for nearly 20 years.

The second half of the note, according to Doug's message to me, was that Bob had also sent him a list of names of the kinds of people that SOVA should take on, that these were the kind of managers that SOVA should hire, and he named three specific names, and Doug was very proud of the fact that at least he had stood up to Bob on this particular occasion and only took one of the three names, and I think that sent a very chilling message to the analysts.

The morale in the Third World Division was extremely high at that point. I had established that division in the concept memos I had drafted. We never had a Soviet Third World Division before. We had never done multidisciplinary analysis before on the Third World, bringing in analysts on political, military and economic analysis on the Third World. We did it at times when there were signs of change in the Third World.

The message that it sent to those working on Soviet-United States relations where Jennifer worked—and I think she has tracked this very well and extremely eloquently what it meant to her, as a junior analyst, not to have senior mentors.

Let me just cite one last point, because I know I tend to go on too much. Politicization is very difficult to define. You can have an agenda, as I think Bob did, or you can have people in place who are not even sure what the agenda is and don't know how to read the instructions from Bob Gates or Bill Casey, and I think what is so insidious about the politicization in SOVA, is that senior managers were put in place who did not understand the problems they were working on and were afraid to give a rigorous and honest critique of the product, and I think in some ways that did more damage to morale than what Bob was doing. It was the failure of the management system at the middle level.

Chairman BOREN. Mr. MacEachin?

Mr. MACEACHIN. Senator Boren, Mr. Chairman, I'd be really worried about my head right now and the things that I can't remember or remember differently, were it not that I'd heard so many things that I know were wrong.

In 1985, when this took place with Mr. Goodman's move from Third World Division, I don't think Ms. Glaudemans was working in United States-Soviet Relations. I don't think she was working on that account until about 1987.

Ms. GLAUDEMANS. January of '88 is when I joined it.

Mr. MACEACHIN. January of '88, all right. It's just like the earlier conversation. I'm glad to be able to say on the record that I don't remember being present at a meeting with Mr. Gates. Apparently there were other people there, so if I knew who they were, I'd

check with them whether he said anything about the questions that were asked by Senator DeConcini about the information on congressional personnel.

The movements of Mr. Garthoff and Mr. Norrin were as I described them. Mr. Gates, I hadn't remembered until Mr. Goodman raised it. I do remember, I think that he had offered about three suggestions of the kind of what he called new blood. One of them did come in. I think he became—if I'm remembering the right person, it was Paul Ericson who became the Deputy Director of SOVA, and he is currently the Director of Training at CIA, at least he was the last time I saw him, and who appeared before the Soviet Task Force several times.

I would say, I can go—there's no question—and I don't even know in all cases because people don't always confide in me and so I have to guess, when someone voluntarily makes a move, whether they're doing that out of a feeling of frustration, anger at me, or what they perceive is a seventh floor problem.

The thing that most concerns me about the perception of politicization, as I tried to say in my formal statement sometime this week, when I last—it seems a long time ago, when I gave it, is that if we don't build the professional ethic that I spoke about, then it becomes a voluntary act. I think ultimately politicization will always—the actual altering or slanting of a product will be a voluntary act.

I think Ms. Glaudemans is right, you're not going to be able to enforce a view down the line unless down the line is predisposed to accept it, so what concerned me is, if there is this perception, then we're going to create a situation in which people are trying to guess the line. I had a division chief come to me once and ask me, how do you want me to go on this? I was fairly shocked about that.

So that's my concern. People move. I've been through the list of people who moved. Most of them moved on various accounts. I think that every senior official appoints in positions close to him those people in who he or she has confidence will carry out the policy as that senior official thinks it ought to be done. That very quickly creates an image of cronyism.

Chairman BOREN. Let me ask you specifically, do you remember the conversation? Mr. Goodman cited a very specific conversation in which you were telling him about his being asked to leave that particular position, and that you named two other people and said we're going to remove them. You're one of the three, we're going to remove the other two for the reasons cited?

Mr. MACEACHIN. I remember the conversation somewhat differently, Senator Boren. I remember the conversation. I want to say on the record that while Mr. Gates as the DDI is empowered for all SIS appointments—for example, in my—I would make a recommendation, or if I wanted to do something I'd have to get his approval.

As we said before, Mr. Goodman was "Don Quixote." It was my view that whatever else he wanted to do for himself, he had gotten his division into trouble one time too many, and it was having an effect all the way down the line.

I don't remember the precipitating incident, but Mr. Gates—something precipitated our discussion, and Mr. Gates did believe

that it would be best for SOVA if he were not going to be heading that division, that he were out of the office altogether. My view was I thought he was an asset to SOVA and should stay there, where we had him in the front office.

In that discussion, if I used the word "rehabilitation" I didn't mean it quite in the derogatory way he describes, and I do not recall saying that about the other two people who were being removed. In fact, they weren't being removed. I moved them.

I voluntarily—I asked to move them for reasons for the good of the office, and one of them, as I say, who was not moved out of Arms Control, the branch he had that did U.S.-Soviet relations in his former job went with him as part of the organization of this new, more political-military as opposed to purely military strategic group, and Mr. Norrin I moved because, (a) he had told me he was looking for something new, and I was very happy at that because I needed his expertise in the defense industrial area, so I can't imagine how that discussion could have taken place.

I do remember the conversation now and that Mr. Gates had suggested about three or four people, some other people. I don't know how proud I was I was taken along. If I got Mr. Erickson, I was certainly proud of that. I was certainly proud of him, and proud of everything he did for us and what he's done since then.

Chairman BOREN. Thank you very much. I have been provided with now a statement given to us earlier by Kay Oliver which has now been sworn under oath, and also some additional remarks by Mr. Charles Allen that have been sworn under oath. Without objection, they will be admitted into the record.

[The sworn statements of Mr. Allen and Ms. Oliver follow:]

STATEMENT OF CHARLES E. ALLEN

This statement responds to allegations made by Mr. Mel Goodman to the Senate Select Committee on Intelligence on 1 October 1991. I am pleased to do so because Mr. Goodman's statements about my actions during the White House-directed Iranian initiative are in some cases plain wrong or in others highly distorted. It is easy for him to make allegations; it is another matter to provide evidence that supports such allegations. The fatal flaw in Mr. Goodman's testimony is that the allegations concerning my actions are not true. Mr. Goodman has violated the professional intelligence officer's first principle—do not draw conclusions unless you have reliable evidence and do not—repeat do not—rely on hearsay.

First, I believe I must defend my institution—the CIA—from a particularly pernicious statement by Mr. Goodman, namely his assertion " * * * that the actions and the policies of a very few people in government, including the CIA, led to the sale of arms to the same Iranians who held US diplomats hostage for more than a year, and were linked—and we know this from intelligence sources—to the murder of more than 200 Marines in Lebanon, the savage bombing of the U.S. Embassy in Beirut * * * " What is imputed here is CIA was an advocate from the outset in the sale of arms to Tehran. This simply is not true. From every account that I have heard, including Mr. Casey's, the idea originated with senior officials of the government of Israel, including the Prime Minister. This is an indisputable fact. Mr. Casey told me that he was first informed in August 1985 by Mr. McFarlane of the fact an initiative had been agreed upon between the White House and Israel. CIA never—repeat never—encouraged the White House in this initiative, and John McMahon spoke strongly against it in December 1985 in a meeting chaired by President Reagan. After the fiasco of the shipment of Hawk missiles to Tehran in November 1985 and after the failure of the McFarlane trip to Tehran in May 1986, it was the government of Israel that continued to push the initiative—not the CIA. Israel's central role in this sad affair must be kept firmly in mind as you reflect upon Mr. Goodman's statements.

Second, Mr. Goodman has spoken with such great assurance about my role in the Iranian initiative, that of Mr. George Cave, and CIA's Counterterrorist Center. As far as his comments on my role is concerned, I am amazed that he is categorical, especially because his assertions are so devoid of supporting evidence. We must start with *one basic question*; where did Mr. Goodman get his information? I have *never—not once*—discussed international terrorism or Iran's role in it with Mr. Goodman. In fact, I have not had a substantive discussion on an intelligence issue with Mr. Goodman since the 1970s. If he is relying, as is implied in his statement, on hearsay from a disgruntled senior analyst from the Directorate of Intelligence who worked on Iran during the 1985-1986 timeframe, then I am deeply disappointed in his lack of professionalism. Engaging in *ad hominem* attacks is easy, but this is no substitute for serious analysis and good judgment.

Let us look at Mr. Goodman's assertions about me and evaluate them one-by-one:

a. Allegation

Mr. Goodman has asserted—without providing any evidence—that I sent a memorandum to the NSC that said “ * * * that moderates [in Iran] were eager for improved relations with the United States, and that they were in sufficient charge to carry this policy out.”

Fact

To the best of my knowledge, I never wrote such a memorandum. Further, I do know that *at no time* did I tell anyone at the NSC that there were “moderates” in the Iranian Government who could *ensure* that relations with the United States would be improved; I could never have given such assurances. In fact, I told the NSC (Lt. Col. Oliver North) that individuals with whom the United States was in contact appeared to be extremists and radicals and that they had been associated with anti-U.S. terrorism.

b. Allegation

“The NIO for Counterterrorism briefed the NSC on Iranian attitudes toward the United States. Again, the analysts of the Directorate of Intelligence were not consulted.”

Fact

I kept the NSC (Lt. Col. Oliver L. North) informed of the *sensitive intelligence collected* during the White House-directed Iranian initiative as well as on contact with Mr. Ghorbanifar and Mr. Nir. The intelligence collected focused upon the Iranian intermediary involved and the Iranians with whom he was in contact. Only rarely did the intelligence contain anything that could be construed as reflecting Iranian attitudes towards the United States; the NSC received its own copies of this intelligence, although usually several hours after I had received it. While Mr. Goodman is correct in asserting that the analysts of the Directorate of Intelligence were not consulted, I had no authority to share the intelligence with these analysts. In fact, I explicitly was told by Director Casey not to do so. During my tenure as the NIO for Counterterrorism, I managed the preparation of 15 estimates and interagency memoranda on international terrorism, including assessments on Iranian involvement in terrorism. I also chaired monthly and *ad hoc* warning meetings on terrorist threats worldwide. The senior analyst in the Directorate of Intelligence on Iran contributed heavily to all assessments involving Iran's role in terrorism, and his views were reflected in numerous papers. I wish to stress that I interacted with him and other colleagues in his branch frequently on the political dynamics in Iran and Tehran's role in terrorism.

As to Mr. Goodman's assertion there were no “moderates” in Iran at the time of the White House-directed initiative, the senior Iranian analyst within the Directorate of Intelligence produced a still-classified memorandum on 14 November 1986 after the initiative had become public knowledge that “three broad categories of Iranian leaders” had emerged since the revolution of 1979: radicals; pragmatists; and “a moderate-conservative coalition.” I find it ironic that Mr. Goodman insists that such a faction did not exist and that a small group of people (read Charlie Allen and George Cave) misinformed the NSC and the President. The *weight of evidence*—something that this Committee values—indicates the facts are otherwise; the Directorate of Intelligence clearly recognized that a “moderate/conservative coalition” existed in Tehran and produced analysis on it, its composition, and outlook.

Allegation

That the NIO for Counterterrorism and CIA's Counterterrorism Center briefed to the NSC that Iran's support for terrorism was down (apparently in the 1986 time-

frame) but that neither the DI, nor any other intelligence agency, agreed with these views.

Fact

There were, in fact, fewer international terrorist incidents that could be traced to Iranian support in 1986; this indisputable fact was reflected in *Patterns of Global Terrorism*, 1986, which was published in January 1988 by the U.S. Department of State. In particular, there was less terrorism by Iran against American interests.

At no time, however, did I or any other Community intelligence officer attribute this decline to any decreased willingness on the part of Tehran to use terrorism—quite to the contrary. A still-classified interagency memorandum on Iran's role in terrorism was prepared under my aegis in November 1986 and coordinated at the Community level before Mr. Casey's testimony of 21 November 1986 to the Congress on the Iranian initiative. This memorandum reflected the sense of the Community on Iranian terrorism and "pulled no punches." It took a harsh view of Iran's involvement in terrorism and the intense hostility of Tehran towards Washington. Under my leadership, Community assessments of Iran's terrorist activities consistently carried this conclusion. There was no "cooking of the book on Terrorism." I believe both Ambassador Robert Oakley and Ambassador Paul (Jerry) Bremer (former Ambassadors-at-Large for combatting terrorism), will attest strongly to my objectivity when assessing Iran and terrorism. Both incidentally were aware that an NSC-directed initiative towards Tehran was occurring at the time and they disapproved of the effort. This notwithstanding, they have attested on numerous occasions to the excellence of my work on counterterrorism and on the objectivity of my analysis. There was no "swerve" in the Community under my leadership on Iranian terrorism.

d. Allegation

Mr. Goodman alleges that "Charlie Allen and George Cave, then working for Lt. Col. Oliver North on the shipment of missiles to Iran" . . . transmitted misleading and inaccurate information to the White House . . . the action was one of serious misjudgment and corruption of the intelligence process . . .

Fact:

This is the most serious allegation made by Mr. Goodman and goes to the heart of the principles of intelligence and intelligence ethics. I have been told that Mr. Cave has responded separately to the Committee on this allegation and that he has asserted that this statement is untrue. In all my years as an intelligence officer, no one has ever questioned my integrity. Mr. Goodman, *relying on hearsay*, has done so. I understand this allegation stems—at least in part (it is difficult to determine from Mr. Goodman's statements on what his allegations are based)—from a couple of intelligence cables prepared by Mr. Cave as a consequence of his work in the Directorate of Operations. I was recently shown copies of these cables and vaguely recall reading them in the 1986 timeframe. The cables were interesting but were not important to my analysis of Iranian terrorism. I never used them in *any* discussion with *anyone* in the NSC. Mr. Goodman's comments are so tangled and enigmatic in this part of his statement that I find it difficult to even follow his train of thought. No one has ever accused me of a lack of integrity in intelligence analysis, and I challenge Mr. Goodman to provide the *evidence* to support his allegation.

In sum, Mr. Goodman's testimony is fatally flawed in regard to my activities as the NIO for Counterterrorism as well as to my *intelligence collection activity* in support of the NSC initiative. His statement contains serious distortions, misperceptions, and plain inaccuracies. He has made serious charges without providing evidence. I regret that Mr. Goodman has resorted principally to *ad hominem* attacks and hearsay—and has avoided dealing with the facts.

I wish to make one further point—and this is my opinion but which is based on years of observation. There seems to me to be another explanation for the unhappiness of the political analysts with Bob Gates—one that has not come out before. Admiral Inman pointed out that there was unhappiness that Gates was put in charge at such a young age, and without experience as a mid-level manager and that, he "broke some china." But there was more to it.

The production of national-level intelligence has always been a competitive business. In my opinion, what Bob Gates did—much to the consternation of many veterans—was to change the rules of the game. Based on his experience in the White House, Bob Gates saw that intelligence reporting, especially political reporting, was a mixture of fact and analytical opinion that left the reader frequently unable to decipher which was which. He changed that. He insisted that the data be presented and the source of the data identified. Then analysis and conclusions could be drawn,

but they had to be logically drawn from the facts—something Mr. Goodman has failed to do.

This was in stark contrast to previous procedures, where senior analysts' views took precedence over junior analysts' views. Rank then meant something in an argument. Now senior analysts were challenged as to the basis of their arguments, and a statement that it was based on their many years experience went on deaf ears. There many years of experience did not count for anything if they could not defend their view according to rules of evidence and based on facts.

With this, the production of intelligence became much more competitive. The whole structure of arguments changed. Those that could not compete, and who lost out in the fray, seeing results come out different from their preconceived views, saw this change as a politicization of the process, rather than a more open discussion, founded on definite rules of evidence.

This also explains why the technical analysts, as represented by Larry Gershwin, never felt the so-called politicization. Casey and Gates had every bit as much interest in Soviet military force developments as they did in Soviet politics. The difference was that scientists and engineers, by training, are accustomed to being challenged and to defending their conclusions according to rules of evidence. It was never thought to be a challenge to their manhood, as it was seen to the long-time political analysts.

Bob Gates' change has been good for the Agency and our customers. The format of our publications still reflects Gates' directives. Articles in the National Intelligence Daily (NID), for example, still begin with the facts, followed by a distinctly identified "comment" section where results of analysis and opinions can be presented.

STATEMENT OF KAY OLIVER

1. Let me briefly state my credentials, in keeping with the practice of others not well known to the Committee who have given testimony. I have a Ph.D in Russian history from Indiana University, and 18 years of experience working at CIA as an analyst and supervisor of analysis in the Soviet area. I am a member of the Senior Intelligence Service. My current position is Chief of Counter-intelligence Analysis.

2. I am here primarily because I coauthored the 1985 paper on the papal assassination attempt. I want to provide what information I can about the production of that paper, and to defend my integrity. I will address this subject first. Then, because Mel Goodman used the papal paper as one item in his overall bill of indictment of Rober Gates, I will make a few remarks touching on some broader issues raised by his testimony.

The Papal Paper

3. Now I would like to describe my role in the papal paper. The paper was drafted in two separate sections (in fact, as Doug MacEachine has mentioned, originally there were to be two papers). I was asked to draft the Office of Soviet Analysis (SOVA) section, which was to cover whether the Soviets had a motive to kill the Pope, whether they had a capability to conduct political assassinations, what their past practice and attitude had been regarding involvement in assassinations, and whether their intelligence and political relationship with Bulgaria would have made complicity in this assassination attempt plausible. In other works, I was asked to look at the political context in which any decision to move against the Pope would have been made, while the Office of Global Issues (OGI) was to draft simultaneously the section examining the evidence directly pertaining to the actual assassination attempt. OGI has the papal account, and the principal analyst on the paper—Beth Seeger—had followed the case closely, which I had not. I was not asked to involve myself in her section of the paper, nor did I have the expert knowledge to do so. The division of labor struck me as reasonable.

4. My assumption is that Doug asked me to draft SOVA's contribution to the paper for the obvious reason that, as head of the Security Issues Branch, I had responsibility within SOVA for analyzing Soviet intelligence activities. I asked Mary Desjeans, an able analyst in the branch, to assist with research and preliminary drafting of some portions of the SOVA contribution. I thought her work deserved recognition so I added her name as an author of the paper, but I was fully responsible for putting together the SOVA contribution—which Doug as Director of SOVA approved before it was sent to OGI.

5. I do not have any first-hand knowledge of the 7th floor's handling of the paper since at no point in the process did I talk to Gates or other top managers about the paper. The fact that OGI rather than SOVA had the lead on the paper also limited my involvement in some aspects of production.

6. Although I did not make the decisions about who should see the paper in draft, I would point out it is not unusual for a paper dealing with sensitive reporting to be held closely. I can assure the Committee that the paper was coordinated by the Chief of the Regional Issues Group in SOVA, and I believe by the Chief of the Third World Division. Contrary to his claim, I do not think that Mel Goodman himself was in a job that would have made him a natural person with whom to coordinate.

7. I regarded and continue to regard the writing of a paper examining the case for Soviet involvement as a legitimate undertaking. I suggested at the Terms of Reference meeting that the paper might provide a fuller assessment if other hypotheses were examined. But I think the argument is valid that since the important issue for the U.S. was whether the Soviets (and secondarily, the Bulgarians) were involved, it made sense to organize analysis around this question. If the Soviets were not involved, it did not matter a great deal to U.S. policy whether the Grey Wolves, Mafia elements, or Agca alone was responsible for the crime. New information that has surfaced since 1985 about past Soviet use of political violence reinforces the view that the possibility of Soviet involvement in the papal assassination attempt had to be thoroughly examined.

8. The paper did not simply make the case, but weighed the case, concerning Soviet involvement. Certainly in the SOVA contribution no relevant data that I know of bearing on the pros and cons of Soviet involvement were suppressed, contrary to Mel Goodman's claims. For example, Soviet incentives for involvement were mentioned but so were disincentives. Past Soviet involvement in assassinations was described, but so was recent reluctance to engage in such practices except in wartime conditions—as in Afghanistan. The paper concluded not that the Soviets were involved—to this day I am agnostic on that question—but that their involvement was highly plausible. (Since the paper itself is classified, I refer you to the response Beth Seeger and I prepared to John Hibbits's memo, which makes this point clear.)

9. I was also inclined to believe it would be a good idea to put a scope note on the paper, explicitly stating the range and purpose of the paper, explicitly stating the range and purpose of the paper. In fact, I did draft a preface to the SOVA contribution before it went to OGI that explained what the SOVA contribution did and did not cover. At the same time, I can see a perfectly reasonable argument against including a scope note. The title, after all, could be seen as conveying that the paper was assessing the case for Soviet involvement. The conditional tense was used appropriately throughout the paper. Most intelligence assessments are based on incomplete evidence, and if a paper is qualified too much, or labeled conjectural, we are criticized for analysis that is ambiguous and doesn't point in any particular direction.

10. Lance Haus the OGI Division Chief, who was the line manager overseeing production of the papal paper, has given me permission to quote from a statement he has given the Committee. First Lance explains that the preface SOVA offered in its contribution was the now famous scope note. Then he states:

Mr. Gates did not drop any scope note . . . because I did, after consultation with Kay Oliver, during my first review of the paper. I thought it was wishy washy and redundant. Mr. Gates did not draft the key judgments—I did, with help from Beth Seeger and Kay Oliver. Finally, Mr. Gates did not draft the transmittal notes—although he certainly reviewed them. Again, I did. This was standard procedure . . . and I know for sure Beth Seeger saw them.

Lance believed the Key Judgments faithfully reflected the paper. I was less sure of this myself, but I certainly did sign off on them. The key point is that the drafting of the Key Judgments, the removal of the prefatory scope note, and the drafting of the cover memos were all done at lower levels of CIA, and absolutely not at Gates' initiative.

Intelligence Successes and Failures

11. I would now like to shift gears and say a few words on the subject of intelligence successes and failures. In view of Mel Goodman's reference to Gates' having allegedly "missed" predicting the historic changes in the USSR, I think it should be noted that for the record that Gates has had his share of successes in this area—some of which I have personal knowledge about. Long before the dawn of perestroika, for example, Gates was very supportive of analysis that highlighted growing tensions in Soviet society, rot in Soviet elite institutions, widespread political alienation and consumer distress—phenomena that pushed the system toward reform.

12. To cite one illustration, on the eve of Brezhnev's death I drafted a paper on Soviet elite uneasiness about societal problems and sense of foreboding about the future. I included a brief section on corruption, which I had great difficulty coordinating with Mel Goodman's Division. In particular, I recall a single sentence that caused controversy. The sentence stated simply that corruption in the USSR had grown during the Brezhnev years. I was able to get Mel's Division to sign off only after I included a lengthy footnote acknowledging that corruption had always been present in the USSR and of course existed in other countries as well. When the paper finally went to Gates for review, he approved it but raised a question about why I had not paid more attention to corruption. Soon Andropov was in power; his first policy initiative was an attack on corruption, accompanied by public disclosures of its vast extent.

13. As the principal analyst covering the succession to Brezhnev, I can vouch for the fact that Robert Gates was among the few who read the tea leaves correctly and predicted early on that Andropov would be Brezhnev's successor—long before Mel Goodman's Division was prepared to make such a call.

14. As the Chief of SOVA's Domestic Policy Division from 1987 to 1989, I can attest that Gates did not join those in the Intelligence Community who predicted that Gorbachev could develop support for a centrist position and thus bring about moderate reform without instability. Gates thus foresaw that a political confrontation between the forces of reaction and reform would probably take place, as recently happened.

15. All this is not to say that I think Gates has been right about everything. I believe he did underestimate the extent to which the domestic dilemmas he correctly identified were also exacting a braking effect on Soviet foreign behavior. But to read today's Soviet policies and motives back into those of even the mid-1980's is mistaken too. As the Soviet media now indicate, the impulses toward expansionism, militarism, and support for radical dictatorships have remained strong in influential quarters of the Soviet elite until very recently indeed.

Intolerance of Diversity

16. Now I would like to look at some of the broader implications of Mel Goodman's charges. I worked with Mel for many years. I know him to be a serious student of Soviet affairs, and a very engaging person in some settings. But I also know that Mel shows a different side in dealing with substantive conflict on the job. Nothing is more poisonous to the atmosphere at CIA, more destructive to the process of debating issues on the merits, than accusing colleagues of conspiring in or being duped into "politicizing" intelligence. It is imperative that our substantive discussions take place with an understanding that honest people can disagree, and a realization that few of us this side of heaven have a monopoly on truth. Unless these basic ground rules of civilized discourse are accepted, substantive conflict can easily escalate into ad hominem attacks on the character and competence of those whom others believe are on the "wrong" side of a given issue.

17. The comments Mel has made to this Committee on the 1985 papal paper are a case in point. The Cowey Report, produced by a panel at CIA that reviewed the Agency's track record in dealing with the papal assassination attempt, while critical of some aspects of the record, found the 1985 paper to be "by any standard, an impressive" work. But Mel found the paper not simply one with which he disagreed but one that was "abominable," "absurd," and "tendentious," written by authors whom he strongly suggested were lacking in intellectual integrity and inclined to pander.

The Issue of Evidence

18. Let me deal now with the issue of evidence. Mel's charges highlight the question of what constitutes good "evidence." Let me illustrate once again with the papal case. Mel claims that "very good evidence from very sensitive sources . . . explained the Soviets were not involved in the assassination attempt." Now, considering that information of any Soviet involvement would have been very tightly held, what kind of evidence would be required to support Mel's claim? Let's say, purely hypothetically—just for the sake of the logic of the argument—that CIA had reliable sources within the KGB who reported that they never heard anything about Soviet involvement, or that their superiors had told them the Soviets were not involved. Would such reporting suffice to support Mel's claim? Of course not. The KGB officers, no matter what components they were in, could have been out of the information loop or lied to.

19. Let us suppose—once again purely hypothetically and for the sake of argument—that a source had direct access to KGB Chief Andropov himself. Only such reporting of Soviet innocence would have any creditability. The effect of such reporting on our thinking would be quite powerful. But even then, we would have ex-

pected Andropov to deny Soviet involvement to almost all of his associates. And, there would have been the possibility that Andropov himself might not have known, that for one reason or another operatives in the KGB were tapped to work with the Bulgarians without his knowledge, or that Soviet elements other than the KGB—perhaps in the military—were conspiring with the Bulgarians. The point is simply that standards of evidence have to be higher to prove a negative than to prove a positive. A report of non-involvement from a source may simply indicate lack of knowledge.

20. This difficulty is one reason that the best intelligence analysis is based on much more than a totting up of intelligence reports. Clandestine reporting is only one category of evidence, albeit an important one. Analysis of any country's foreign policy behavior should be informed by historical perspective and by an appreciation of psychological, ideological, and internal political factors. In my view, a tendency to dismiss the validity of these factors, a tendency to take a narrow view of what constitutes "evidence," was a major reason that Mel reacted so harshly to analysis that attempted to evaluate intelligence reporting within a broader analytical context. (I would note parenthetically that—contrary to Mel's assertions—intelligence reporting itself has provided plausible evidence for as well as against Soviet involvement in the papal assassination attempt).

Supervision of Analysis

21. This brings me to the question of the proper role of those who supervise analysis at CIA. It needs to be recognized that supervisors of analysis are not simply bureaucratic processors but substantive people, essentially senior analysts themselves directing the work of other analysts, many of them younger and less experienced. To ask these managers to stop using their thought processes, and to put in abeyance perspectives they have developed through long study of a given world area or discipline, would be to rob our assessments of valuable input. Moreover, since the product CIA puts out potentially influences important policy decisions, and the information used is sometimes obtained at the risk of human life, the institution as a whole has to be able to stand by papers that have the CIA seal on them. Thus, although there should always be a free interplay of ideas, CIA cannot be a "free university." CIA managers have a legitimate role to play in the production of intelligence. There is inherent tension between the intellectual autonomy of the analyst and the institutional responsibility for the product. Conducting our business with civility and in good faith can reduce but never eliminate this tension.

Dogmatism

22. What is dangerous to CIA is not managers who have views but managers whose views are rigidly held and not susceptible to modification in the face of strong contrary evidence or argumentation. What is to be avoided is not the holding of views but dogmatism at any level of the hierarchy—from analysts, to mid-level managers such as Mel and myself, to top CIA officials.

23. I submit that dogmatism was responsible for the failure of the Soviet foreign policy shop—during the period when Mel was in leadership positions there—to undertake a serious examination of whether the Soviets could have been involved in the papal assassination attempt. This failure went a long way toward justifying the production finally in 1985 of a paper that dealt exclusively with this question—years after the assassination attempt.

Flawed Analytical Approach

24. I believe the tendency for so long to dismiss without comprehensive examination the notion of Soviet involvement also reflected a fundamental flaw in analytical approach. For many years analysis of the Soviet foreign policy shop at CIA was dominated by a school of thought that focused almost exclusively on Soviet relations with other countries at the level of diplomacy and military support, and treated dismissively that important stratum of Soviet foreign policy behavior orchestrated by the Central Committee's International Department and the KGB. These institutions of course attempted to influence foreign developments through espionage, propaganda, influence operations, active measures, clandestine support for political violence and assistance to various groups working to undermine governments unfriendly to the USSR. There is room for legitimate debate about how to weight these activities; but Moscow attached much importance to them, and they could not be ignored. I mean it as no reflection on anyone's dedication when I say that, as a participant in discussions of this subject in SOVA in the first half of the 1980s, I detected little enthusiasm in some quarters for analysis of the seamy side of Soviet foreign behavior. There was reluctance to monitor closely the covert instruments used to advance Soviet global objectives—instruments that only now are being fundamentally re-

formed. Mel Goodman as much as anyone personified this approach in analyzing Soviet foreign policy, an approach that I believe Gates rightly sought to broaden.

What is "politicization"?

25. Now let me take up the issue of what constitutes "politicization." Common sense would suggest a simple definition—namely, the deliberate suppression or distortion of intelligence information and assessments to serve some policy agenda. (Such a definition—by the way—includes not only action along these lines by top CIA managers, but also by mid-level managers and analysts, who may sometimes be tempted to lean to one side or another to counter perceived policy "errors" of the administration or intelligence assessments from other quarters.) Members of the Committee may wonder, then, why Mel chose to offer five such elaborate criteria of "politicization." While these criteria are unobjectionable taken literally, in the real world context they beg some big questions and provide the rationale for a narrow, proprietary approach to intelligence analysis. Basically, Mel's definition of politicization would have the effect of giving particular groups of analysts monopoly control over key sets of issues.

26. First, Mel would constrain higher managers from effectively reviewing the product by raising the spectre of "politicization" should they attempt to shape intelligence judgements. Second, he would encourage analysts to cry "foul" if papers on subjects they thought "belonged" to their unit were assigned to other components. Thus, although expertise on foreign intelligence activity and on terrorism existed in OGI and in other parts of SOVA, calling on these components rather than the Soviet foreign policy shop to assess the papal assassination attempt was, according to Mel, "finding someone to do your bidding," a form of "politicization." Third, there is an implication that the Directorate of Operations, a repository of considerable knowledge and on-the-ground savvy about the Soviet Union, should be excluded from any role whatsoever in formal intelligence assessment. Apparently, this exclusion would extend to centers that bring DO operations officers and DI analysts together to work on such topics as terrorism, narcotics, and counterintelligence. Fourth, it would seem that National Intelligence Officers, senior substantive experts, would be under pressure not to put out interpretations at variance with those of the DI analytic unit controlling the turf.

27. I am not saying that I disagree with each particular Mel mentioned in laying out how he thinks the organization should conduct its business. For example, I don't think Estimates should be reviewed by the DCI or DDCI before community coordination. But there is also clearly a danger that by loading the definition of "politicization," one can control the analytic line and anathematize dissenters. And I believe that whatever processes we develop in the future should give play to a diversity of views from a diversity of components within CIA.

Conclusion

28. In conclusion I would like to say for the record that nobody—upstairs or downtown—asked me to make this statement. I have prepared it with no advance planning. Aside from defending my own work, I wanted to counter a parochial view of how the Agency should operate that, if not directly addressed, could make it difficult in the future for managers at CIA to conduct the sort of rigorous review of analysis essential to a quality intelligence product. The environment at CIA is not one in which truthseekers are pitted against politicizers, not one in which analysts seek to get brilliant papers through managers driven by a political agenda, not one in which a single orthodoxy is imposed from on high. Instead, analytic insight and flawed vision are found both within the managerial and analytical ranks. There are many orthodoxies at CIA, as various small units quite naturally develop their own analytical lines and vested interests in them. On important issues there are almost always elements of ambiguity. And managerial insistence on addressing questions asked by policymakers can easily be misconstrued as a desire to distort analysis. In this complex environment, our job as managers and analysts is to work together to produce the best possible analysis for policymakers—through fidelity to the data, vigorous intellectual debate, the provision of channels for the expression of dissenting interpretations, an effective quality control process, and respect for one other.

Chairman BOREN. As I indicated, we had a list which we discussed at our Members' meeting that contained four or five other names of people who had submitted statements that we were going to see if they wished to submit them in sworn form. When and if they do so we will receive those statements as well. There are varying points of view, I might say.

But we are not opening the record back to the next 100 people that wish to submit statements. That was a limited list and a balanced list, with both sides of the issues presented, that Members in our Members' meeting made a decision to accept into the record.

We may address written interrogatories to those individuals who submit written sworn testimony to also become part of the record.

In the morning, we will begin at 9:30 with the nominee, Mr. Gates, as our witness in open session. This is likely to be followed by some questioning of the nominee in closed session and also further discussion in closed session of the question of any intelligence gathered on members of the Congress or Congressional staffs.

Again, let me just express my appreciation to all of you. Having looked at the hour, four hours from the time we started at 7:30, which I estimated would take an hour, I recall my maiden speech in the Senate, which was to be 8 minutes long. I had rehearsed it at length. I had three logical points to make and to make, I thought, in a very straight-forward fashion. So I was just commencing my maiden speech. I believe it was Senator Russell Long, one of the Senators on my side, came up to me and said, David, can you stretch out your remarks just a little bit? It is a very close vote, you are the last speaker, and we have got four of our people coming in from the airport that are not here yet.

I was just getting ready to launch into my 8-minute speech and I said, Senator Long, how long do you think it will be before they get here? And he said, it will be about four hours. [General laughter.]

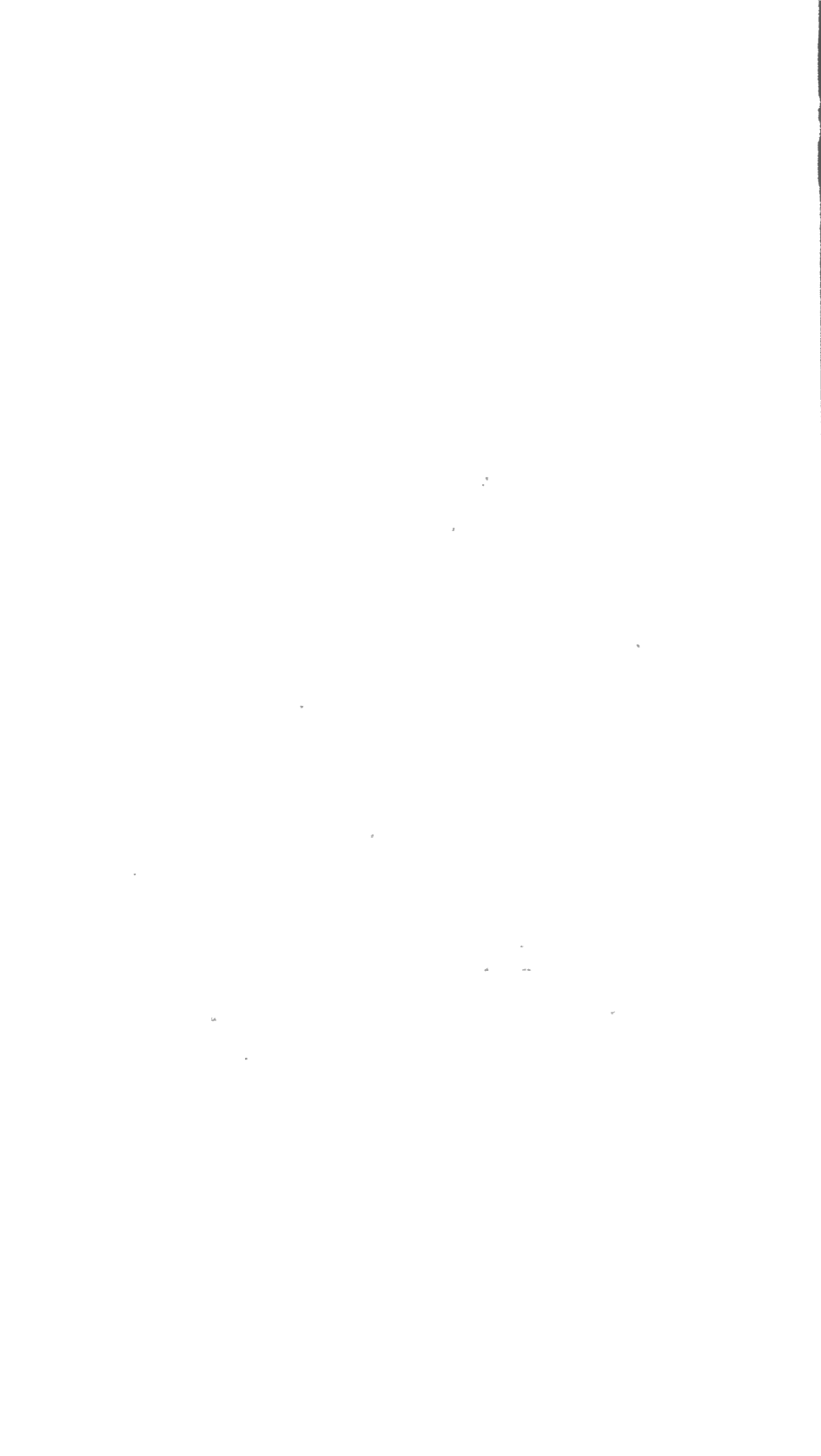
So I have learned that a necessary qualification for being a member of the Senate is to have about 8 minutes worth of logical points and to be able to stretch it to fill a 4-hour time period. We will allow no demonstrations of popular support from the audience. [General laughter.]

You have had an introduction to that. I apologize for keeping you so long, but your testimony has been valuable. I hope all of you leave here with a sense that you have made a contribution to our process. I assure you that, whatever the outcome of this nomination, the information, the testimony, the ideas and thoughts that you have given the Members of this Committee will be valuable to us as we deal with the changes in the Agency in the future, and we appreciate your being a part of this process.

Senator MURKOWSKI. I would certainly join the Chairman. On behalf of our side, why we are most appreciative of your presentations, your commitment to good government, and your willingness to come before us and spend an extraordinary amount of time. We are most appreciative. Thank you.

Chairman BOREN. Thank you. We will stand in recess until 9:30 in the morning.

[Whereupon, at 11:25 p.m., the Committee recessed, to reconvene at 9:30 a.m., Thursday, October 3, 1991.]



APPENDIX

NOMINATION OF ROBERT M. GATES TO BE DIRECTOR OF CENTRAL INTELLIGENCE

WEDNESDAY, SEPTEMBER 25, 1991

U.S. SENATE,
SELECT COMMITTEE ON INTELLIGENCE,
Washington, DC.

The Select Committee met, pursuant to notice, at 2:57 p.m., in room SH-219, Hart Senate Office Building, Hon. David L. Boren, Chairman of the Committee, presiding.

Present: Senators Boren, Nunn, Bradley, Cranston, DeConcini, Metzenbaum, Murkowski, Warner, D'Amato, Danforth, Rudman, Gorton, Chafee and Cohen.

Also present: George Tenet, Staff Director; John Moseman, Minority Staff Director; Britt Snider, Chief Counsel; and Kathleen McGhee, Chief Clerk.

PROCEEDINGS

Chairman BOREN. I want to go ahead and start making my opening statement to save time. This is just some background for Members of the Committee, not for the pride of authorship or for hearing myself speak.

This afternoon the Committee takes up the subject of whether Mr. Gates—as Deputy Director of Intelligence, Chairman of the National Intelligence Council, or Deputy Director of Central Intelligence—used his authority to encourage the politicization of intelligence.

The Committee has conducted an extensive review of specific allegation of politicization. This has not been easy because we lack even a consensus of opinion on a definition for “politicization.” What is to one individual “skewing of intelligence,” is to another “effective management review.”

However one chooses to define it, politicization of intelligence analysis is a very serious matter for this Committee and all those who care about the independence and integrity of U.S. intelligence. If analysis of intelligence information is slanted or misrepresented at the back end of the process, then what use are all the resources we commit to the front end—everything from human intelligence to satellite collection?

So as a result, the Committee has undertaken a very serious review of all credible allegations of politicization by the nominee, Mr. Gates. The Committee staff has conducted over 50 interviews,

reviewed dozens of intelligence products, tracked down several internal CIA memoranda and other documentation that might shed light on particular charges. Staff investigation has highlighted four cases that we hope to lay out for members today.

First is a 1985 special study, commissioned by Mr. Gates, that laid out the case for Soviet involvement in the 1981 attempt to assassinate the Pope. New evidence had come to light, and, although the Office of Soviet Analysis and the Directorate of Operations continued to believe the Soviets most likely were not involved, the objective of the fast-track study was to challenge the conventional wisdom and discover if a strong case for Soviet involvement could be made. The key issue for the Committee is why the one-sided case was ultimately represented by Mr. Gates to then Vice President Bush and a handful of other senior policymakers as balanced and comprehensive or if indeed it was so represented.

Second, a May 1985 memorandum to holders updating a special National Intelligence Estimate that had been produced in October 1984 is also at issue. The National Intelligence Officer who called for the update used, in his own words, "strong-arm" tactics. This which included citing support by Mr. Gates, who at that time was simultaneously chairman of the Council and head of all CIA analysis, to persuade CIA Soviet analysts not to formally object to inclusion of his view that the Soviets had "major opportunities in Iran." Some imply this estimate laid the predicate for the subsequent Iran initiative on the part of White House staff.

Third, a series of Inspector General reports in the late 1980's examined the flagship office of the Directorate of Intelligence—the Office of Soviet Analysis—and found that at least the perception of politicization was widespread. Staff investigation has also found considerable indications that morale in the Office of Soviet Analysis became a serious problem in the mid-1980s and continues to this day. The issue for the Committee is to what extent any of this was caused by actions or policies of Mr. Gates.

Fourth, a 1986 speech—and these matters have been largely touched upon, at least in passing, in the open sessions—by then-Deputy Director of Central Intelligence, Mr. Gates on "the Soviets and SDI" was largely based on an unofficial CIA working, or "white," paper that was produced over a week-end by a senior CIA directed-energy weapons analyst and quickly declassified and disseminated to senior policymakers by Mr. Gates. The author himself admits it was not comprehensive, not coordinated, and not even correctly edited. The speech openly supported the President's strategic defense initiative, which Mr. Gates admitted last week to us in open session under questioning by Senator Bradley, "probably wasn't a good idea."

We have assembled before us today five witnesses who have direct knowledge of these and other issues. At the suggestion of some Members of the Committee, other analysts to whom Members could direct questions were invited and are present.

First, Mr. Mel Goodman and Ms. Jennifer Glaudemans will lay out their evidence of politicization of CIA intelligence under Mr. Gates. I recommend that we let the two of them complete their statements before we begin questioning.

Senator WARNER. Would you introduce the others so that we will know who they are?

Chairman BOREN. Then we will have Mr. Hal Ford—Mr. Ford, would you identify yourself—who has some forty years of intelligence experience and who, from 1980 to 1986, served in various positions on the DCI's National Intelligence Council. He will discuss his evaluation of Mr. Gates from that important vantage point. Mr. Gates, for three of those years, was "dual-hatted" as the Chairman of the National Intelligence Council and Deputy Director of Intelligence. Many of the specific allegations relate to National Intelligence Estimates which were produced under NIC auspices.

Mr. Doug MacEachin—Mr. MacEachin, would you identify yourself for us—will be able to discuss his view of politicization, especially as it relates to the CIA's Office of Soviet Analysis, which became the focus of many, if not most, of the politicization charges. Mr. MacEachin was the Director of that office at that time.

Finally, Mr. Larry Gershwin is here today to provide his perspective on the issue of politicization as it relates to Soviet strategic programs. Mr. Gershwin has been and is the National Intelligence Officer for Strategic Forces. As I indicated, we have invited a number of analysts who are also here.

Some of those who are here are Mr. Dave Cohen and Mr. Lance Haus and Ms. Beth Segar from the office that had the lead in preparing the Papal assassination report; Ms. Kay Oliver and Ms. Mary Desjeans, who provided an input on the Soviets for the study; Mr. John Hibbetts, who was tasked by Mr. MacEachin to write a rebuttal to the report; and, Mr. McLaughlin, one of three members of the team commissioned by Mr. Gates that produced the so-called Cowey report which provided an after-action criticism of the process for producing and disseminating the report.

On the Iranian estimate, unfortunately, Mr. Graham Fuller—the NIO for Near East and South Asia who managed the production of this—is out of the country but our staff has talked at length with him by phone. He will return to the United States Thursday night should anyone wish to have any conversations with him.

Mr. Carlos Avery, the author of the CIA White Paper on Soviet directed energy that I mentioned a while ago is here.

Are there other analysts in the room that I have not introduced? Mr. Arwood, would you stand and introduce yourself?

I believe our understanding will be enhanced by hearing all three panels before we commence questions. We will have all three panels present their statements to us, and then I will have all five come back up to the table and we will begin the questioning.

Senator METZENBAUM. Mr. Chairman, may I ask a question?

Chairman BOREN. Yes, sir.

Senator METZENBAUM. I am not sure what the right procedure is, but at least I want to raise the issue. As I understand it, some of these witnesses are very supportive of Mr. Gates' leadership, and some of them are critical of his leadership.

Chairman BOREN. That is correct.

Senator METZENBAUM. That being the case, since if Mr. Gates is confirmed they are going to be working for him, I just put myself in their position and say, are we being fair to them, when they have enough integrity and courage to come forward, but then must

make their statements in front of enough people that it certainly will get back to Mr. Gates that John Smith said you were a so-and-so.

I do not know what the choices are, but I certainly have no doubt in my mind that by the close of this hearing Mr. Gates is going to know which ones testified against him and what they said.

Chairman BOREN. Well, if we are going to release declassified summaries, everyone in the country will know that has interest in it. I do not know of any way to avoid it. Senator Bradley and others have requested the other analysts be present today if anybody wants to add something or to respond to any additional questions.

I understand that Mr. Goodman and Ms. Glaudemans, who are here now, are two of the principal critics. I do not believe either one of you is any more in the Agency.

Mr. GOODMAN. Mr. Chairman, I am a member of the Department of Defense. I work at the National War College on the faculty. My name already has been attacked by CIA and I have received calls to that effect. So the problem has started already, Senator. I thank you for your remarks.

Chairman BOREN. Everyone has come voluntarily. Let me ask if there is anyone here involuntarily or anyone that feels they do not want to be part of the process. [General laughter.] I mean excluding members of the Committee and staff. [General laughter.]

I understand what you are saying, Senator Metzenbaum. Let me just say that if there is any person that feels that they are professionally discriminated against because of any testimony or expression of opinions that they believe to be true and in keeping with their own integrity, I would hope that they would let this Chairman and Members of this Committee know, because that is something that we would not tolerate.

But this situation is true for all the people we have talked to in this process. We have talked to people at the highest levels who will be remaining at the highest levels in the Agency, whomever the next Director is. I do not see how we avoid that.

Senator WARNER. Mr. Chairman, I think Senator Metzenbaum's point is well taken, and it might be incumbent on the Chair and the members of the Committee, when we have the opportunity to speak to Mr. Gates again, to bring up the sentiments that the Chair has just expressed, because this is the essence of democracy and government and the integrity of the Senate is on the line in these hearings. I do not think we could reach the conclusion which we must reach and do it well-informed without the contributions of the panel that will be forthcoming—several panels. So I think the point is well taken.

Chairman BOREN. I thank you, Senator Warner. I do not know either how we would reach conclusions on these issues without going to the people who participated in it and by not hearing from those who are strong critics as well as those who are supporters. We want to be balanced in our assessments.

But I would underline again what I said a moment ago and what Senator Warner and Senator Metzenbaum have said. I have indicated these feelings on other occasions in regard to witnesses who have come before our Committee on controversial things—people who took positions during the recent Persian Gulf conflict, for ex-

ample—that it would certainly not be wise, let alone appropriate, for anyone to attempt to take any kind of negative action against persons for being honest with this Committee. Anyone responsible for putting that kind of pressure on people would be accountable to this Committee.

Senator METZENBAUM. And we will be sure to bring them back from their next assignment in Pago-Pago. [General laughter.]

Chairman BOREN. We would indeed.

Senator WARNER. I think those of us who have known Bob Gates can rest assured that there will not be anything happen, irrespective of how this Committee and the Senate makes its decision.

Senator METZENBAUM. I was just raising the issue.

Senator WARNER. I think it is important that you did.

Chairman BOREN. I appreciate it. I will ask our first panel to proceed. You may want, as you begin your statements, to tell us a little bit more about your own professional backgrounds and your experience in the field to give us a little perspective as you begin.

Mr. Goodman, are you to begin first?

Mr. GOODMAN. Yes, sir.

Chairman BOREN. As we are in confirmation proceedings, I would ask all those who are going to give testimony, the five of you at least, at this time to stand and be sworn.

Would you please raise your right hand? Do you solemnly swear that the testimony that you will give in these proceedings is the truth, nothing but the truth, so help you God?

Mr. GOODMAN. I do.

Ms. GLAUDEMANS. I do.

Mr. FORD. I do.

Mr. MACEACHIN. I do.

Mr. GERSHWIN. I do.

Chairman BOREN. Thank you very much. The record will reflect that all five of the witnesses have been sworn and taken the oath and answered in the affirmative.

Mr. Goodman, we appreciate your coming in and you may proceed.

**TESTIMONY OF MEL GOODMAN, FORMER DIVISION CHIEF,
OFFICE OF SOVIET ANALYSIS, CENTRAL INTELLIGENCE AGENCY**

Mr. GOODMAN. Thank you very much, Mr. Chairman.

First of all I want to thank the Committee for the opportunity to address the issue of politicization.

In terms of my background, I'll be very brief. I was with the Central Intelligence Agency for nearly 25 years. I was sworn into the senior intelligence service by Mr. Bill Casey in the early 1980's. I held every major analytical and managerial position in the DI in terms of my work in Soviet foreign policy, particularly Soviet-Third World relations.

I traveled overseas very often in giving briefings and liaison missions overseas. I think I was a highly respected member of the DI. I am currently on the faculty of the National War College. I've written widely on Soviet foreign policy, including a recent book on Soviet policy in the Third World. I have lectured all over this country and in Europe on Soviet foreign policy. I am the chairman of

the Geostrategic program at the National War College, and I lead the National War College's annual trip to the Soviet Union.

I would like to say at the outset that I agree with an old friend of mine, John McMahon, who has said that the integrity and objectivity of intelligence is central to the mission of the CIA. And I would certainly agree with Bob Gates that to slant intelligence would transgress the single deepest, ethical and cultural principal of the CIA.

Indeed, I would argue that the CIA was essentially constructed in such a way to protect analytical independence. And I would certainly agree with the Acting Director of current intelligence, Dick Kerr, who has written that the CIA's strength is marked by its ability to produce estimates that represent views of the entire Intelligence Community.

It is because intelligence data is subject to interpretation and because policy agencies have their own intelligence bureaus that the CIA is the one place where objective analysis can be done without fear or favor.

That explains the separation of the Directorate of Operations and the Directorate of Intelligence. After all, the DO is part of the policy process. Covert action is a policy, it's operational policy. And the DO should never be allowed to slant intelligence of the Directorate of Intelligence.

Moreover, I strongly believe that to subvert the process of independent analysis, that is politicization, can lead to the loss of life, as it did in Vietnam; to national embarrassment, as it did in the Bay of Pigs; or to national tragedy which I consider Iran-Contra to have been.

I can understand this country's desire to put Iran-Contra in the background. I understand those desires. But it should never be forgotten that the actions and the policies of a very few people in this government, including the CIA, led to the sale of arms to the same Iranians who held American diplomats hostage for more than a year and were linked, and we know that from intelligence evidence, to the murder of more than two hundred Marines in Lebanon and to the savage bombing of our Embassy in Beirut.

One additional point before I begin. I have never said, and I have never claimed, and I will never write that Bob Gates politicized all the issues that the DI had to deal with.

Gates is essentially correct with regard to the work that many of my former colleagues did on the Philippines, on Lebanon, and on Soviet strategic forces. These issues after all meant very little to Bill Casey. And I know that from my discussions with Bill Casey.

Casey's concerns were essentially two. He was concerned with all of those intelligence issues that were connected to covert action. That is, operational commitment that Bill Casey himself had made. Essentially, I will be talking about Iran, Nicaragua, and Afghanistan. All of those issues were politicized.

Casey's other concern was his world view of the Soviet Union, which was essentially that the Soviets were responsible for all of America's problems.

That led to politicization of the Papal plot, of international terrorism, and in my own area, Soviet third world relations.

Gates' role in this activity was to corrupt the process and the ethics of intelligence on all of these issues. He was Casey's filter in the Directorate of Intelligence. Of course, his other contribution was to ignore, or as I think, suppress signs of the Soviet strategic retreat, including the collapse of the Soviet empire and even the Soviet Union itself. I will be addressing that in my conclusion.

Let me describe what I mean by politicization so I can give you some context for this charge because I still don't think it's properly understood. And then I want to give definite and direct example of Gates' role in politicization.

I am going to deal with five issues. One, the imposition of intelligence judgments without any evidence.

Two, the suppression of intelligence that did not support Casey's agenda or Gates' agenda.

Three, the use of the Directorate of Operations to control or to at least slant the intelligence of the Directorate of Intelligence.

Four, the manipulation of an intelligence process that existed at the CIA for nearly forty years.

And finally, the manipulation of personnel. What I call judge shopping in the courthouse. Finding someone to do your bidding. Finding someone to write the analysis you wanted. Finding someone to make the conclusions in this case Gates or Casey believed.

I will start with the use of the Directorate of Operations to slant the intelligence of the DI. And here I am making a very important charge. I firmly believe that the CIA was responsible for passing disinformation to the President of the United States. It is the most egregious example that I have and it makes me angry, Senators.

As you will know, George Cave, a retired DO official, joined Robert McFarlane on the trip to Iran. Upon return, he was allowed, by Bob Gates, to do several things.

One, he produced exclusive dissemination TDs, that is, DO reports, that were misrepresented. The misrepresentation was simple. The source line said that these reports came from a moderate Iranian with good access.

There was no such moderate Iranian with good access. These were George Cave's reports. George Cave's thinking. And George Cave's analysis.

He was then allowed to brief the NSC on the basis of these reports. Remember, we're talking about a retired DO officer.

And finally, what I consider most outrageous because I am an intelligence officer, he was allowed to prepare articles for the President's daily brief, the most sensitive journal that the CIA produces, on the basis of his own reports without coordination in the DI, without reference to sourcing.

Now frankly, I have always believed President Reagan when he said that he actually believed there was a group of moderate Iranians who wanted contacts with the United States. The reason why I believe that is that's what the CIA was telling him in the PDB.

What I am saying then, and this is what I find so egregious, is that the President of the United States was the victim of CIA disinformation.

I want to add a few other points in this charge. The CIA also used its counterterrorism center to prepare memos on the fact that

there were moderates in Iran who wanted contacts with the United States.

I'm going to get back later to the counterterrorism center because this is a problem that's going to continue whether Gates is confirmed or not.

There's a very dangerous trend that Casey and Gates started in the CIA which was to create joint DO-DI centers. One of their tasks was to prepare analysis on key subjects. The result of this was to create a DO slant on DI analysis.

This is surely true in the case of the counterterrorism center and I think this story can be well documented by others.

In addition to using the CTC, the counterterrorism center, the NIO for Counterterrorism, Charlie Allen, who has already, I think, told this Committee that George Cave worked in his office, briefed the NSC on the basis of Cave's disinformation. The DI was cut out of this process. The senior Iranian analyst, a colleague of mine, a former colleague of mine, had no knowledge in the beginning that this activity was taking place.

No agency in the Intelligence Community believed these reports. This was strictly a small group of men who had an idea, who went outside the system, a system that was designed to protect independent analysis who were allowed to brief the President and brief the NSC.

A friend of mine, who was Poindexter's lawyer during this period, a Navy Commander, and now a colleague of mine at the National War College, was the recipient of a lot of this reporting. He told me these reports were believed at the NSC. And he assumed these reports were believed by the President.

What I'm telling you I've told the IG, I told Dick Kerr, I told the DDI, and I told the ADDI. None of this will be new to them. But a brave analyst, when he learned about this wrote an eleven page memo to Dick Kerr explaining the corruption of the intelligence process.

Kerr managed to get, and it wasn't easy, an audience for this analyst with Bob Gates. Bob Gates listened to these charges, had no reaction, said very little, did nothing. His reaction after the fact I learned from a source inside the Agency was that that guy's a whiner. He's complaining because he is out of the loop.

That was Bob Gates' reaction to what I consider the most egregious use of the intelligence directorate that I've ever encountered in my twenty-five years at CIA.

In other words, Bob Gates, who wrote very eloquently in Foreign Affairs about the importance of CIA ethical principles was the one that was corrupting the process of the DI and the central mission of the CIA—that is, to present informed intelligence to policymakers, particularly the President of the United States.

I'd like to add one other episode. Alan Fiers has described before this Committee the fact that he had problems in briefing around town, to the Congress and to the NSC and to the policymakers. The problem was a simple one. He had one line on Nicaragua. The DI had another line.

He went to Casey with his problem. Casey said, go to Bob Gates. You can fix your problem there. Alan Fiers has told this Committee that Bob Gates was very effective in fixing the problem. I don't

believe there was any follow-up questioning to that anecdote. I would like to follow it up. I can tell you what happened.

An NIO for Latin America was assigned the task of working with one of Alan Fiers' people, a DO officer, John Armstrong, and they wrote for the National Intelligence Daily—what I consider the premier publication of the DI—a serialized publication. The PDB I consider our most sensitive and most exclusive journal. But to us the National Intelligence Daily is like the New York Times. It's our paper of record. It's important to us.

Eventually analysts complained when they learned about the work that was being done in the NID and the fallacious reporting. Again, Gates did nothing. There's only one difference this time. When William Webster came to CIA—and I consider Webster a man of great integrity—these charges were brought to him along with a lot of other charges. And I can explain Webster's attitude toward what was going on in the CIA if I'm asked, or I just may do so later.

The important thing is that Webster very quietly and very secretly asked the IG to prepare a special study not by the normal IG Staff but by the audit staff of the IG, to see if there was any validity in terms of these charges. The IG confirmed the charges with regard to the tendentious reporting on Nicaragua.

I now would like to go to my second charge—the imposition of intelligence without evidence. There are many I could cite. I'm going to stick to one—the worst example—the Papal plot, the case for Soviet involvement. John McMahan has told this Committee—I've known John for 15 years—that Casey wanted to find the Soviets guilty. That is true, he did. I know that firsthand. He also told this Committee that the CIA had no evidence linking the KGB to the plot. That is also true.

I might add that we did have evidence that the Soviets were not involved. And I can get to that later. Gates has told this Committee that the DO put little effort in collection on the Papal plot. That is false. He has also told this Committee that the DI was haphazard and cautious in its handling of the papal plot. That is also false.

The facts of the matter are that there was pressure throughout. For four years Casey wanted a document stating that the Soviets were involved in the Papal plot. There was pressure on me to write such paper. I stuck to the evidence.

The interesting thing to me here is four years later, 1985, an extremely weak report comes to the DO. DO officers have said—and you'll find this in the in-house studies—that the report was so bad that they wouldn't even have issued the report if it weren't for the sensitivity of the subject and the concern of Bill Casey. The history after that is well known and can be documented.

Casey went to Gates stating that he wanted paper making the case for Soviet involvement. Gates went to the head of the Office of Soviet Analysis saying, write the paper making the case for Soviet involvement. And the interesting thing is that it didn't come to the division that should have written that paper—my division, the division on Soviet foreign policy—because they probably knew what answer they would have gotten.

But they were told to prepare this study in camera. In other words, this was secret analysis in the CIA. In twenty-five years at

the CIA, I've never heard of intelligence analysis done in camera. It's unheard of. But that's how this memo was prepared. The fact that I found out about it was just fortuitous and serendipitous. But the fact is that I did.

Chairman BOREN. Explain what you mean by in camera.

Mr. GOODMAN. It was done in secret. It was done by three analysts who were under instructions to make sure that no one was aware of the fact that this paper was being done. And in twenty-five years, I've never heard of such an episode.

The assessment was abominable. The scenario that the drafters came up with was absurd. The analysis was tendentious. But I'll say one thing for the analysts. They did not give Gates everything that he wanted. In fact, one of the three writers on this particular paper once said I tried my hardest to give Gates what he wanted and it still wasn't enough. No, it wasn't enough for Gates.

So what did Bob Gates do? Bob Gates rewrote the key judgments. Bob Gates rewrote the summary. Bob Gates dropped a very interesting scope note that said, in trying to explain the methodology, that we only looked at the case for involvement. We didn't look at any of the evidence—and I might add very good evidence from very sensitive sources—that would have explained the Soviets were not involved. He dropped that scope note.

And what did he do. He added his own cover note that no one saw. The cover note on this particular memo—and remember, it only went to maybe, I've had estimates of anywhere six to twelve people, all principals, Secretaries of Defense and State—Ann Armstrong as head of the PFIAB. This note said, and I quote, "this is the best balanced and most comprehensive work we have ever done on this subject." That's totally false, and you don't have to depend on my testimony for that reading.

Fortunately, two in-house studies were done. Those in-house studies concluded the assessment was unbalanced. It noted the lack of no alternative scenarios, which Bob Gates claims was his contribution to the CIA—the writing of alternative scenarios. It concluded the analysts were manipulated by Bob Gates. It talked about an implausible scenario, and also I can independently talk about the trade-craft of the Papal assassination through my experience at CIA.

And it also noted that all of the relevant analysts in both the DO and the DI opposed the assessment. They noted the poor sourcing. They noted that Gates essentially overwhelmed the analytical line and manipulated the analysts themselves. Now Gates takes credit for the fact that there was an in-house study done on this assessment, and I think he's taken credit before this very Committee.

That in-house study, as far as Gates was concerned, was a CYA project because by then at least two people had gone to complain to Gates about the assessment and the fact that it had ignored very good reporting that said just the opposite what that assessment concluded.

Senator METZENBAUM. What does CYA—

Mr. GOODMAN. Cover your ass, sir. [General laughter.]

My third point—I'm sorry, but that is what it means.

Senator METZENBAUM. I'm glad I asked. It was very educational.

Mr. GOODMAN. We use it quite often at the CIA I assure you.

My third point deals with intelligence on Iran. In this case, Gates used every instrument of politicization to get out his view of the situation in Iran. I've already told you about George Cave and the fact this information went to the President of the United States.

I want to talk about the '85 Estimate, which I think you know well, but I may have a few inputs to make. And I also want to talk to Gates' role in trying to show that Iran had reduced its support of terrorism in this very sensitive period even though there was no evidence that would support any such conclusion.

The Estimate story is well known. What they did in the '85 Estimate was to reverse every analytical line my office had taken for a four-year period. I won't go into detail, but these lines were taken with very good evidence and fighting Bob Gates every step of the way, let me assure you of that.

Chairman BOREN. Is this the Estimate on Iran?

Mr. GOODMAN. The Estimate on Iran in 1985—the Memo to Holders. We argued that Soviet influence was plummeting in Iran; Soviet assets were disappearing in Iran; Soviet arms sales were going down in Iran. The evidence was overwhelmingly good. We also now have two histories that were done by Soviet defectors that essentially make the same story—the book by Gordievski and the book by Kuzichken.

What Gates has told this Committee is that he was unaware of dissent. No one told him about dissent. That's not true. The NIO for the Middle East, Graham Fuller, took his text on the Estimate, on the Iran Estimate, to Gates, and he took the language written by my former analyst on Iran to Bob Gates. And he said to Bob, which language do you want? No surprise here; Bob Gates took Fuller's language.

Fuller then came to the meeting and announced that Gates has chosen Fuller's language and that there will be no dissent and no footnotes. We already know—that Gates also made a call to another agency—I believe that it was the Director of the Bureau of Intelligence and Research, Mort Abramowitz—suppressing a dissent there.

I'm only recounting this because in 1987, Mr. Chairman, Bob Gates wrote a letter to you, and in that letter, you'll probably recall, he said there was no dissent from any agency on this Estimate. I quote again: "The integrity of the intelligence process was preserved."

This is an assumption of mine that I will make, and I will try to point to where I'm being empirical and where I'm making assumptions to the best of my ability. My assumption is this letter led Dick Kerry to write the memo to the National Intelligence Council about the integrity of the estimative process. I've known Dick Kerr for 25 years. I think he knows politicization when he sees it.

What is not known, I don't believe, and what has not been discussed before this Committee is that Gates also wanted to change the line that the Agency was taking with regard to Iran's support for terrorism. Now remember, we're talking about a very delicate period here; we're talking about November 1985 right before the delivery of the Hawk missiles to Iran.

And I would also remind the Committee that in 1987 Secretary of State Shultz told the Iran-Contra hearing that he had great doubts about CIA intelligence. In fact, I believe it as before this Committee that Bob Gates was asked if he thought he knew what Shultz was talking about, and I believe Bob Gates answered, yes, I think he was referring to the Philippines and to Lebanon and to issues like that. Well, there's no mystery because George Shultz said what he was talking about. He was talking about Iran and he was talking about terrorism. He said that in the Iran-Contra hearings, and I've seen it in declassified documents that he gave the same message to the President of the United States.

Chairman BOREN. Just so we are following you, the first item was the Papal assassination. Then you shifted. The second item was the question of Soviet influence in Iran.

Mr. GOODMAN. Yes, sir.

Chairman BOREN. And now we're into a third subject?

Mr. GOODMAN. We are now talking about Iran and its support for terrorism. I'm trying to develop that theme, yes, sir.

Chairman BOREN. All right, I just wanted to make sure we understood you switched from the first Iranian subject to second part of the Iranian subject.

Mr. GOODMAN. The second part of the distortion of the analysis on Iran, Yes,

You give me my segue. What Gates did was to write in the Washington Post in 1987, in Foreign Affairs in 1987, and in an in-house CIA journal called Studies of Intelligence in 1987—and he used the same language in all three of these journals and papers—that “few people in the CIA believed that Iran's support for terrorism was down, and no CIA publication ever said so.”

I have done just a cursory review of CIA publications, and I found three instances—November, 1985; January, 1986; May, 1986—where a CIA DI publication said that Iran's support for terrorism was substantially down, and that Iran was becoming more pragmatic. Believe me, the senior analysts on Iran did not believe this.

At the same time, the Counterterrorism Center, which I think was a tool used by Casey and Gates, was briefing the same message to the NSC, and the NIO for Counterterrorism, Charlie Allen who I do not consider a political analyst on the middle east; I must say that—also was taking the same message downtown. The important thing is that no intelligence agency supported this message, and the DI in the CIA did not support this message.

Chairman BOREN. What is the time frame again on this?

Mr. GOODMAN. November of 1985 to May, 1986.

The other important point I would like to make is the great anomaly here is that you had what some people call a swerve in the DI line. I would call it politicization in that from 1981 to May 1985 you had one CIA view of the situation in Iran. History has confirmed that that analysis was very good and right on the mark.

In May 1985, through November 1985 into 1986, you had very definite changes in the analytical line without supporting evidence, and this was done in the Estimate. This was done in the Fuller memo—a very corrupt and dangerous product because it was policy advocacy and never should have been permitted, but indeed was

encouraged by Bill Casey and indeed encouraged by Bob Gates and allowed by the NIC staff.

And you also had, after this sensitive period—that is, when the operation gets exposed—all of these lines return to the previous assessments. So you can call this an anomaly, you can call it a swerve. I happen to call it politicization. The analytical line over a 6-7-month period was politicized by certain officers in the DI, and this was encouraged by Bob Gates.

Chairman BOREN. There is a logical connection here assuming you are correct, that there was a pressure to turn it in a different direction for political reasons. Why was it that they wanted to deny that there was a decline in support for terrorism in Iran?

Mr. GOODMAN. I think the pattern is a very clear one in that they were trying to provide the intelligence analysis to the policymaker that would support the operational decision to sell arms to Iran. To do that, you had to do essentially four things. You had to say that there were pragmatists emerging in Iran, a moderate faction that wanted contacts with the United States. You had to show that Iran's support for terrorism was down because if it continued at high levels, which it had, that would create political complications for getting arms to Iran.

Chairman BOREN. They slanted it to say that—

Mr. GOODMAN. They slanted it to say that terrorism was down.

Chairman BOREN. I am sorry. I misunderstood you.

Mr. GOODMAN. I'm sorry. Maybe I confused that. The slant was to say that Iran's support for terrorism was down. One journal said "substantially down," one said the Iranians were becoming more careful, another said they were becoming more pragmatic.

But if you look at the three and the logic of the position, all were designed to argue that Iran was beginning to cool it.

Chairman BOREN. I am sorry. I thought you had said the opposite.

Mr. GOODMAN. I am sorry. I probably confused that.

Senator CRANSTON. I would like to ask one related question. How does that fit with the indications that you stated that they downplayed the Soviet connection and indicated that the Soviets were continuing to maintain a close relationship with Iran?

Mr. GOODMAN. I'm sorry. Again, I may have confused the issue. What I was saying is that from 1981 to 1985 we had a very clear analytical position that Soviet influence in Iran was down, assets were down, Soviet-Iranian relations were in a state of disarray.

During the period of politicization, they said the opposite, that there was a great Soviet threat to Iran.

Senator CRANSTON. If the objective was to portray Iran as more malleable to our needs, why would they portray them as playing to the Soviets?

Mr. GOODMAN. Because they had to convince the policymakers that if we didn't get in there with arms, if we didn't lift the arms embargo, the Soviets were going to get there first. The two Fuller memoranda basically provide the policy justification for the sale of arms.

I haven't seen those memos recently, and I must say, gentlemen, that I am relying on my memory of documents that I saw in 1985

and some I haven't seen lately. But I am confident of my recall on these matters.

The net thrust of the two Fuller memoranda was to say that the Soviet Union and the United States were essentially in a strategic race with each other for influence in Iran, which was this great strategic prize, and that if we didn't take some drastic action soon the Soviets not only were going to get there first but they were going to win this great strategic asset or strategic prize.

So this is in keeping with this one piece of fabric with regard to Iran that all of these areas of politicization fit into.

I'll just make the point that the important facts to me in all of this and my conclusions in all of this are rather simple. The swerve in the line, the politicization, was clearly timed prior to the delivery of HAWKS to Iran. It was interesting that they returned to the old line after all of this was exposed, and again there were a lot of CYA memos to explain all of this in 1987.

In fact, Gates was told in a memo of this swerve. But it's very interesting, if you look at his Foreign Relations testimony in 1987, he makes no mention of this anomaly whatsoever, even though I know a document was prepared for him explaining the shifts in the analytical position.

Let me make another point even though it's an assumption. Gates went public on a lot of this in 1987. He did a lot of public speaking. He did a lot of writing. And I think there was a reason. This was about the time that William Webster arrived at CIA. William Webster was quite aware, I believe, that the CIA was being politicized. He brought with him to the CIA two young men from the FBI. One was a lawyer, Mark Matthews; the other one may have been a lawyer, too. I don't know.

The important thing is that they were told very quietly to go out through the CIA and they were told to make sure that Bob Gates didn't know this.

Senator RUDMAN. How do you know that, Mr. Goodman?

Mr. GOODMAN. How do I know that?

Senator RUDMAN. What you just said.

Mr. GOODMAN. Because Mark Matthews made calls, including to me, whether I would talk to him or not about various matters, and I know people who have talked to Mark Matthews and I believe Jennifer can speak rather fully to Mark Matthews.

Webster also conducted, as I said earlier, the audit, the special audit, the IG study, and I know that Webster did not believe the conclusions of the Papal plot memo, and I know that Webster did not believe the results of the international terrorism estimate in 1981. And if you just look at Webster's public comments on these subjects it will show his dissociation from the conclusions of the CIA in that period.

So let me sum up so far. We have a DO officer fabricating intelligence that went to the NSC and the President. We have the DI falsifying evidence on Iran and terrorism. We have a phony estimate—I consider it a phony estimate—prepared in the NIC. And we have the Fuller memo, which is designed to get an end to the U.S. arms embargo against Iran.

You have the Counterterrorism Center making briefings on Iran. You have the NIO for Counterterrorism, Charlie Allen, doing the

same. And you have Gates using a terrorism branch in OGI, a group of people very junior, very inexperienced dealing with sensitive matters, dealing with terrorism.

Let me deal now with the suppression of intelligence. This is just as important as many of the other matters I have discussed because it deals with what intelligence—the kinds of intelligence that policymakers never got, the kind of data they never saw, with trends that were never reported—particularly the Soviet strategic retreat.

Again, I know this area better than others because it is the area of my own specialization. In 1982 I wrote an estimate that Bob Gates killed. In that estimate, which assessed the strengths and weaknesses of the Soviets in the third world, I concluded that there was tenuous evidence of Soviet retrenchment. And we were getting it in the early 1980's. I got a memo back from Gates. Basically it was a lecture, all the things I didn't know about Soviet, quote, "tactical creativity."

In 1982—1985, excuse me—I had my senior analyst on the Third World prepare another assessment on that same subject because by that time the data was getting very hard. We had trend lines. Soviet ship days in out-of-area waters were coming down. Soviet aid was beginning to level off. Soviet advisors were beginning to come down in certain places. So it was time to do another memo. He killed that one, too.

The point I am trying to make here is that he killed the paper in '82 and he killed the paper in '85. But in '86 he made his own contribution to the debate on Soviets in the Third World which appeared in the Washington Times, called "War by Another Name." Gates has told this group that whenever he submitted an article for print, he would always show it to the DI, he would always show it to the analysts, he would stick to the conventional wisdom, he would stick to the intelligence. He never went beyond it. He never tried to subvert it. "War by Another Name," believe me, did not come from the DI. There are no estimates in the article compatible with the thinking in the DI. It's your standard piece of agitation and propaganda. It talks about Soviet goals in the Third World. The oil in the Middle East. The Panama Canal. The mineral wealth of South Africa. It talks about Soviet links to the terrorist actions of Syria, Libya and Iran. Again, no evidence.

And in a piece of policy advocacy, which I think no CIA official at any level should ever get into, it advocates the U.S.—the use of U.S. military power, comparable to what we did in Grenada and Libya.

I will tell you one personal experience I had in this period. I was briefing on a fairly regular basis an aide of Chet Crocker. Chet Crocker is the outstanding State Department official who negotiated the cease fire and the peace in Angola. And I briefed the aide on why he could expect support from the Soviets on such an enterprise. And he expressed some wonder to me that how come you're telling me this when I read your publications and you are arguing just the opposite. And I said, we can't get that message out. I am telling you what I believe and I am telling you what I think, and I hope you pass it on to Chet Crocker. I'll understand if you don't.

One other thing. I believe it was last week someone asked Alan Fiers if he thought Gates was intellectually tough. Fiers didn't quite know what that meant and didn't respond to it. I would like to submit "War by Another Name" and a piece that was done by Bill Casey in the Wall Street Journal, 1983, on the Soviets in the Third World. The articles represent essentially the same argument. I don't consider this an example of intellectual toughness by any measure.

[The documents referred to follow:]

War By Another Name

An Address to the Commonwealth Club of California
by Robert M. Gates, Deputy Director of Central Intelligence
November 25, 1986

The most divisive and controversial part of American foreign policy for nearly four decades has been our effort in the Third World to preserve and defend pro-Western governments, to resist Communist aggression and subversion, and to promote economic development and democracy.

Our continuing difficulty in formulating a coherent and sustainable bipartisan strategy for the Third World over two generations contrasts sharply with the Soviet Union's relentless effort there to eliminate Western influence, establish strategically located client Communist states, and to gain access to strategic resources.

But while we may debate strategy and how to respond, the facts of Soviet involvement in major Third World conflicts are undeniable. Consider two very painful memories:

- It is clear that the Soviet Union, and Stalin personally, played a central role in prompting North Korea's invasion of the South in 1950, the cause of our

first great post-war strategic debate over strategy in the Third World.

- Although the strategic consequences of a victory by North Vietnam were hotly debated in the US, we now see the Soviet Navy well entrenched in the great naval base at Cam Ranh Bay, and Vietnam's economic and military dependence on the Soviet Union; we recall the Soviet military supplyline that made Hanoi's victory possible, and remember Soviet help in the conquest of Laos and Cambodia. The resulting human suffering in Southeast Asia was even more horrifying than predicted.

Somehow many Americans thought their first loss of a major foreign war -- Vietnam -- would have no important consequences, especially inasmuch as it was accompanied by so-called "detente" with the Soviet Union and the opening to China. Yet, it was in fact a major watershed in post World War II history, especially as it coincided with the collapse of Portugal's colonial empire in Africa; revolutions in Iran, Ethiopia and Nicaragua; and Congressional actions in the mid-1970s cutting off all US assistance to the non-Communist forces in Angola, thus signaling the withdrawal of American support for opponents of Marxist-Leninist forces in the Third World.

The effects of American defeat in Vietnam, the revolutions in Iran and Nicaragua, and the coming to power of bitterly

antagonistic and aggressively destabilizing governments in all three countries undermined the confidence of US friends and allies in the Third World (not to mention in Europe and Japan) and ensured that an opportunistic Soviet Union would see in the Third World its principal foreign policy opportunities for years to come.

And they moved aggressively to create or exploit such opportunities. Throughout the Third World, the Soviet Union and its clients for the past ten years have incited violence and disorder and sponsored subversion of neutral or pro-Western governments in El Salvador, Honduras, Colombia, various Caribbean States, Chad, Sudan, Suriname, North Yemen, Oman, Pakistan, New Caledonia, South Korea, Grenada, and many others. The Soviet Union has affixed itself as a parasite to legitimate nationalist, anticolonial movements or to those who have overthrown repressive or incompetent regimes and tried wherever possible to convert or consolidate them into Marxist-Leninist dictatorships as in Nicaragua, Angola, Ethiopia, and Afghanistan. And now these same regimes in the process of consolidating power are fighting their own people. Open warfare by invading Communist armies is being waged in Cambodia and Afghanistan. And in most instances of state support for terrorism, the government involved is tied in some way to the USSR.

These contemporary challenges to international order and stability -- and to democratic values -- certainly grow primarily out of localized and specific circumstances. To be sure, there are local economic, social, racial, human rights and other injustices. And many -- too many -- governments have demonstrated their capacity to inflict hardship and violence on their own people. But, that said, we cannot close our eyes to a common theme across the entire Third World and that is the pervasively destructive role of the Soviet Union and its clients.

In 1919, Trotsky said that, "The road to London and Paris lies through Calcutta." This conviction that the West could more easily and effectively be weakened and made vulnerable through the Third World than by direct confrontation remains central to Soviet foreign policy. And if you question how critical this is for Moscow, remember that the Soviets allowed detente with the US, which was highly advantageous to them, to founder substantially with successive Presidents in the 1970s because the USSR refused to moderate its aggressive pursuit of Third World opportunities -- in Angola, Ethiopia, Nicaragua and Afghanistan.

Subversion, Violence and Repression

In the mid-1970s, new Soviet tactics in the Third World, combined with historic events and opportunities, emerged to challenge Western presence, progress toward democracy and sound economic development in the Third World. The new tactics were designed to minimize the chance of a repetition of disastrous setbacks such as their expulsion from Egypt in 1972 and the ouster of a Marxist regime in Chile in 1973. The strategy had five parts:

- First, the cornerstone of the new Soviet approach was the use of Cuban forces to establish and sustain the power of "revolutionary governments". They first helped consolidate radical power in Angola. This was followed by the dispatch of thousands of Cuban troops to Ethiopia where that regime also became dependent on their support.

This tactic of using Third World Communist or radical states as surrogates in the Third World subsequently involved assisting Vietnam's conquest of the remainder of Indochina, Libya's designs in Chad and plotting against Sudan, South Yemen's aggression against Oman and North Yemen, and Cuba's support for regimes in Nicaragua, Grenada and Suriname as well as the insurgency in El Salvador.

- Second, when radical governments came to power without the aid of foreign troops, as in Nicaragua, Soviets directly or through their surrogates such as East Germany helped in the establishment of an internal security structure to ensure that any possible challenge from within would be stamped out.
- Third, the Soviets continued to supplement these tactics with more traditional offerings such as technical and political training in the USSR, the rapid supply of weapons, and the use of a wide range of covert actions to support friends and to help defeat or destabilize unfriendly challengers or governments.
- Fourth, the USSR proved in Afghanistan that it would still be willing to launch its own forces at targets on its periphery -- and perhaps elsewhere -- when and if circumstances are right.
- Fifth, and finally, the Soviets advised new radical regimes to mute their revolutionary rhetoric and to try to keep their links to Western commercial resources, foreign assistance and international financial institutions. Soviet ambitions did not cloud their recognition that they could not afford more economic dependents such as Cuba and Vietnam.

Soviet support for the radical regimes that it has helped established has been sustained. The Soviets and their East European allies have provided military and economic assistance to Nicaragua over the past five years approaching \$2.5 billion dollars. Compare this with the highly controversial \$100 million American program to assist the resistance in that country. The Soviets have provided a full range of military weapons and support and also have become Nicaragua's major source of economic aid. They are attempting to shore up a Nicaraguan economy rapidly deteriorating because of slumping industrial and agricultural production, falling export earnings and cutbacks in Western funding. The Soviet Union has replaced Mexico as Nicaragua's primary supplier of oil.

In Angola, total Communist military and economic assistance now stands at almost \$3.5 billion, most of it since 1984. Almost all of that assistance is military. The Soviets are not particularly generous, however, and because Angola in the past has had the ability to pay, the Soviets and Cubans have required payment for material and technicians in hard currency, thus adding to the country's economic problems.

It is in Afghanistan, however, that the full measure of Soviet ambitions in the Third World can be taken most clearly. More than 100,000 Soviet troops are in Afghanistan, with more than a million troops having served. The cost to Afghanistan

has been high. Some four million people, more than a quarter of the population, have had to flee their country. Thousands of children are being sent to the Soviet Union for education and ideological training. Yet, after seven years, the Soviets are still unable to create a regime that can gain public support -- and, in fact, just last week dumped Babrak Karmal, who they brought in from exile in Moscow after the KGB assassinated his predecessor. Afghanis drafted into government military service use the first opportunity to desert or defect, often to the Mujahedin freedom fighters. Despite horrendous losses and incredible suffering, the Mujahedin have fought the Soviets to a standoff over seven years and are daily increasing their military capability and the cost of the war to the Soviets.

Indeed, a new phenomenon that Soviets have faced in recent years is that they find themselves on the defensive, supporting high cost, long term efforts to maintain in power repressive regimes they have installed or coopted in Afghanistan, Angola, Ethiopia, Cambodia, Mozambique, South Yemen and Nicaragua. Taken together, nearly half a million resistance fighters have taken up arms against some 400,000 Soviet, Vietnamese and Cuban troops occupying these countries.

The Soviets' aggressive strategy in the Third World has, in my view, four ultimate targets -- first, the oil fields of the Middle East which are the life line of the West and Japan;

second, the Isthmus and Canal of Panama between North and South America; and, third, the mineral wealth of Southern Africa. Afghanistan, South Yemen, Ethiopia, Cam Ranh Bay in Vietnam, and Mozambique and Angola in Southern Africa bring Soviet power much closer to the sources of oil and minerals on which the industrial nations depend and put Soviet naval and air power astride the sea lanes which carry those resources to America, Europe and Japan. The fourth target is the West itself -- to use conflict in the Third World to exploit divisions in the Alliance and to try to recreate the internal divisions caused by Vietnam in order to weaken the Western response and provoke disagreement over larger national security and defense policies.

Terrorism

Let me now turn to terrorism. Terrorism, including state supported terrorism, is not a new phenomenon. Unhappily, it is a familiar fact of life in the internal affairs of too many countries -- as well as in nearly all wars. Even so, terrorist murder in peacetime of innocent bystanders -- men, women and children -- is very rare in the West and it is especially frightening when perpetrated by states and causes remote from us. And when it becomes the primary means of waging war for smaller states, it becomes a real danger. Growing out of the Lebanese Civil War and the overthrow of the Shah, support for terrorism by Syria, Libya and Iran became a significant and lethal component of international terrorism and an established instrument of foreign policy of those and other countries.

At the same time, looming in the background of Middle Eastern terrorism -- and terrorism elsewhere as well -- are the Soviet Union and the states of Eastern Europe. Let there be no mistake or ambiguity about it: the Soviet Union supports terrorism. It has directly and indirectly trained, funded, armed and even operationally assisted terrorist organizations such as Fatah, Abu Nidal and others. Nearly every terrorist group in the Middle East and many others elsewhere have links to the USSR or one of its clients. Just by way of example:

- In 1982 Israel found in the PLO camps in Lebanon nearly three dozen Soviet tanks, Soviet antiaircraft guns, armored personnel carriers, multiple rocket launchers, 1200 anti-tank weapons, and more than 28,000 small caliber weapons.

- In the 1970s, Turkish officials uncovered in the hands of Turkish terrorists thousands of Czech CZ-75 pistols, Polish submachine guns, Hungarian pistols -- and in 1981 they found Soviet bazookas, AK-47 rifles and F-1 hand grenades.

- Elsewhere, the M-19 terrorists who attacked the Palace of Justice in Bogota, Colombia a year ago were armed with US M-16 rifles which we left in Vietnam. Cuba was the source of the large quantities of weapons recently

found cached for terrorists in Northern Chile. Again, weapons we abandoned in Vietnam. And I could go on.

It is this umbrella of Soviet support, and the associated role of Soviet clients such as Syria, Libya, Vietnam and Nicaragua that allows large scale terrorist operations to continue. And, finally, in addition to their support of these groups, the Soviets refuse to play any role in international efforts to curtail terrorism.

It has not been lost on the Soviets that the practitioners of terrorism who make spectacular strikes against the West by bending or redefining the rules -- as in Lebanon -- are finding ways past the West's defenses, both physical and psychological. This has allure -- and is a good line of attack -- for Moscow in a world when nuclear and conventional military balances change slowly and where Soviet economic, political and ideological power is stunted. Such an attitude toward terrorism is not surprising given the fundamental role that terrorism played in the establishment of Soviet power and the conduct of its policy. As noted in a recent book, "Utopia in Power," one of those who led the revolution, Trotsky, said that the revolution "kills individuals and intimidates thousands" -- it is necessary to kill some in order shatter the will of the rest. No one in the intervening 65 years has found a better statement of the purpose of terror at home or abroad.

Conclusions: What is to be Done

As we reflect on the last forty years of war, subversion, instability and terrorism in the Third World, it is clear that the Soviet Union and its surrogates have played and are continuing to play a major role. Their involvement is a common feature as is their ability relentlessly to sustain their participation over many years. It is imperative that, at long last, Americans recognize the strategic significance of this Soviet offensive -- that it is in reality, a war, a war waged between nations and against Western influence and presence, against economic development and against the growth of democratic values. It is war without declaration, without mobilization, without massive armies. It is, in fact, that long twilight war described nearly a quarter century ago by President Kennedy.

What then are we to do? From Harry Truman to Ronald Reagan, our Presidents have recognized the importance of this struggle in the Third World -- some sooner than others. But public and Congressional understanding and support have waxed and waned. What we need is a vigorous strategy we can sustain in a struggle Secretary Shultz has said is "the prime challenge we will face, at least through the remainder of this century." I would like to suggest several steps, none of them new, and many of them in train now, that should be integrated into a

strategy to meet the long term Soviet challenge and promote democracy and freedom in the Third World.

1. First, Congress and the Executive Branch, Republicans and Democrats, must collaborate more closely in the setting of strategy. There seems to be more agreement on the nature of the threat than on what to do about it. Cooperation and support in recent years has been good in some areas; not so good in others. There have been close calls and too often prolonged delays in getting help to our friends. Too often in the past, opportunities to counter the Soviets have been lost by clashes between the two Branches, or by partisan politics. If common understanding of the Soviet challenge in the Third World cannot be translated into a program of action that can be counted on for more than a year at a time, if that, we will have little success. At the same time, those who would lay claim to a constructive role in protecting our interests and advancing stability and freedom in the Third World cannot oppose overt military action and covert action and at the same time also reject security assistance and economic assistance for key countries. The United States must have some means to help our friends in the Third World defend themselves and grow economically, and support for those means must be bipartisan and stable.

2. Second, more must be done to educate the public, the Congress, and Third World governments about Soviet strategy in

the Third World. A continuing information program to inform and tie together developments in areas widely distant is needed and must be pursued over a long term.

3. We must, as a country, give priority to learning more about developments in the Third World and to providing early warning of economic, social, and political problems that foreshadow instability and opportunities for exploitation by the USSR or its clients. We should serve as a clearing house of information useful to threatened countries, for example, seeing to it that lessons learned in successful counterinsurgencies or economic development programs are shared.

4. The US must establish priorities in terms of major commitments. If our early help fails to prevent serious trouble, for which countries are we prepared to put our chips on the table? Also, I believe we should at least try to make such choices in consultation with key members of Congress so that their support at crucial moments is more likely. Great losing battles in Congress for foreign military sales or economic assistance for important Third World friends, played out on the world stage and at critical times, represent devastating setbacks for the US with ramifications going far beyond the affected country.

5. We must be -- and are -- prepared to demand firmly, but tactfully and privately, that our friends observe certain

standards of behavior with regard to basic human rights. It is required by our own principles and essential to political support in the US. Moreover, we have to be -- and are -- willing to talk straight to those we would help about issues they must address to block Soviet and other foreign exploitation of their problems -- issues such as land reform and corruption. We have a right and a responsibility to condition our support -- but must do so in ways that make it possible politically for the recipient to comply.

6. We need to change our approach to foreign military sales so that the US can provide arms more quickly to our friends in need -- provide them the tools to do the job -- and to do so without hanging out all their dirty linen for the world to see. It does not serve any rational purpose to humiliate those whom we would help.

7. Covert action can be used, as in the past, to create problems for hostile governments, and to provide discreet help to friendly organizations and governments. Indeed, at times it may be the only means we have to help them.

8. We must be prepared to use overt military forces where circumstances are appropriate, as in Grenada and Libya.

9. We must find a way to mobilize and use our greatest asset in the Third World -- private business. No one in the

Third World wants to adopt the Soviet economic system. Neither we nor the Soviets can offer unlimited or even large-scale economic assistance to the Third World. Investment is the key to economic success or at least survival in the Third World and we, our NATO allies and Japan need to develop a common strategy to promote investment in the Third World. The Soviets are helpless to compete with private capital in these countries.

10. Finally, we need to have a strategy supported with consistency through more than one Presidency. This Administration and Congress in recent years have gone further than any of their predecessors in developing and sustaining a coherent strategy. But more must be done, and it must endure. After all, we now face a Soviet leader who could be in power well into the 21st century.

We are engaged in a historic struggle with the Soviet Union, a struggle between age-old tyranny -- to use an old fashioned word -- and the concept that the highest goal of the State is to protect and foster the creative capabilities and liberties of the individual. The battle lines are most sharply drawn in the Third World. We have enormous assets and advantages in this struggle. We offer an economic model based on private enterprise for long term development, independence, stability, and prosperity. We offer a model of freedom and democratic ideals; we offer religious tolerance and spiritual values; and we have democratic allies willing to help. As the

President has said, we welcome the democratic revolution in the Third World and are committed to promoting national independence and popular rule. In contrast, the Soviet Union offers only a model police state, a new form of colonial subservience, the morality of the gun, and the austerity of totalitarian socialism.

Our experience over the last forty years makes clear that Soviet aggression and subversion in the Third World cannot be stopped by negotiation alone (if at all); it must be resisted -- politically, economically and militarily.

As a country, we must develop realistic policies, public support for those policies and make the long term investment essential to a constructive role in helping to bring peace, stability, prosperity and freedom to the Third World. The East-West struggle to influence the future of the Third World is a classic confrontation of the Soviet capacity to destroy arrayed against the democratic nations' capacity to build. Americans cannot and must not be indifferent to the outcome.

AL, FRIDAY, APRIL 22, 1983

Regroup to Check the Soviet Thrust

By WILLIAM J. CASEY

The effects of American defeats in Vietnam and Iran undermined the confidence of U.S. friends and allies in the Third World (and Europe and Japan) and ensured that the Soviet Union would see in the Third World its principal foreign-policy opportunities for years to come.

The Soviets themselves suffered setbacks in the 1960s and early '70s in the Third World. They suffered one setback after another in Africa. They saw their hopes in South America dashed by the overthrow of Salvador Allende in Chile and they were humiliatingly expelled from Egypt in 1972. When they turned again to the Third World in 1975, it was with a strategy designed to minimize the chance of a repetition of those setbacks. The strategy, enriched and strengthened over several years, is realistic and calculated to exploit effectively both events and opportunities.

First, shown the way by Castro in Angola, the Soviets helped him consolidate the radical power of the MPLA there, creating a government dependent on Soviet and Cuban support for survival. This was followed by the dispatch of thousands of "ban troops to Ethiopia. Unlike Sadat, neither the MPLA nor Mengistu could afford to order the Cubans and Soviets out.

In the new strategy, the principal, obvious role in Third World countries would be played by another Third World state—Libya, Vietnam, Nicaragua. No superpower would be seen to be guiding or arming or directing the radical forces at work; the host government would be maintained by foreign advisers and troops who couldn't be expelled in the event of a change of heart. Additionally, it was a strategy that made (and makes) any direct response by the West appear neo-imperialistic.

Second, when radical governments came to power, the Soviets directly or through their surrogates helped establish an internal-security structure to ensure that any challenge from within would be stamped out. There would be no more Allendes. Sometimes it worked, as in Ethiopia and Angola, and sometimes there was not enough time, as in Jamaica.

Third, the Soviets supplemented these tactics with their more traditional offerings, such as technical and political training in the U.S.S.R., the rapid supply of weapons and the use of propaganda and subversion to support friends or help destabilize unfriendly governments.

Launching Its Own Forces

Fourth, where a vacuum existed or the costs and risks were low, the U.S.S.R. proved itself willing to launch its own forces

of effort could count the following achievements by the end of 1982:

- Victory in Vietnam and Hanoi's consolidation of power in all of Indochina.
- New radical regimes in Ethiopia, Angola and Nicaragua.
- Possession of Afghanistan, a Russian goal for over a century.
- Cuban control of Grenada (and new military facilities there for support of further subversion).
- An active insurgency in El Salvador, where U.S. support of the elected government has rekindled old Vietnam memories.
- Nicaraguan support of revolutionary violence in Honduras and Guatemala, as well as El Salvador.
- U.S. expulsion from Iran, which, though not through any Soviet action, represented a major strategic gain for the U.S.S.R.
- Rapid progress toward Cuban control of Suriname, the first breakthrough on the South American continent.
- Pro-Western regimes under siege in Chad and the Sudan.

Beyond these successes, the Soviets could see opportunities, actual or potential,

Any effort to counter the Soviets in the Third World will fail unless Congress is a party to the executive's thinking and planning—all along the way.

to achieve their objectives in many other places.

The U.S. needs a realistic counter-strategy. Many components of that strategy also are familiar, though they must be approached and linked in new ways. The measures needed to address the Soviet challenge in the Third World have the additional appeal that they represent also a sensible American approach to the Third World whether or not the U.S.S.R. is involved:

1. We have too often neglected our friends and neutrals in Africa, the Middle East, Latin America and Asia until they became a problem or were threatened by developments we considered hostile to our interests. The Third World now buys 40% of our exports; that alone is reason enough to pay greater attention to the problems of the less developed countries (LDCs) before we confront coups, insurgencies or instability. The priority of the Third World in our

ahead of time and in consultation with key members of committees of Congress so that their support at crucial moments is more likely. Great losing battles for foreign military sales and economic assistance, played out on the world stage and at critical times, represent devastating setbacks for the U.S. with ramifications going far beyond the affected country.

We Need a Constant Policy

3. We must be prepared to demand firmly but tactfully and privately that our friends observe certain standards of behavior with regard to basic human rights. It is required by our own principles and essential to political support in the U.S. Moreover, we have to be willing to talk straight to those we would help about issues they must address to block foreign exploitation of their problems—issues such as land reform, corruption and the like. We need to show how the Soviets have exploited such vulnerabilities elsewhere to good effect to make clear we aren't preaching out of cultural arrogance but are making recommendations based on experience.

4. We need to be ready to help our friends defend themselves. We can train them in counterinsurgency tactics and upgrade their communications, mobility and intelligence services. We need changes in our foreign-military-sales laws to permit the U.S. to provide arms more quickly. We also need to change our military procurement policies so as to have stocks of certain basic kinds of weapons more readily available.

5. We must find a way to mobilize and use our greatest asset in the Third World—private business. Few in the Third World wish to adopt the Soviet economic system. Neither we nor the Soviets can offer unlimited or even large-scale economic assistance to the LDCs. Investment is the key to economic success or at least survival in the Third World and we, our NATO allies and Japan need to develop a common strategy to promote investment in the Third World. The Soviets are helpless to compete with private capital in these countries.

6. Finally, the executive branch needs to collaborate more closely in the setting of strategy with key members and committees of Congress. Too often opportunities to counter the Soviets have been lost by clashes between the two branches. The independent stand of Congress is a fact of life, and any effort to counter the Soviets in the Third World will fail unless Congress is a party to the executive's thinking and planning—all along the way. Support for a

Third World. They suffered one setback after another in Africa. They saw their hopes in South America dashed by the overthrow of Salvador Allende in Chile and they were humblingly expelled from Egypt in 1972. When they turned again to the Third World in 1975, it was with a strategy designed to minimize the chance of a repetition of these setbacks. The strategy, enriched and strengthened over several years, is realistic and calculated to exploit effectively both events and opportunities.

First, shown the way by Castro in Angola, the Soviets helped him consolidate the radical power of the MPLA there, creating a government dependent on Soviet and Cuban support for survival. This was followed by the dispatch of thousands of Cuban troops to Ethiopia. Unlike Sadat, neither the MPLA nor Mengistu could afford to order the Cubans and Soviets out. In the new strategy, the principal, obvious role in Third World countries would be played by another Third World state—Libya, Vietnam, Nicaragua. No superpower would be seen to be guiding or arming or directing the radical forces at work; the host government would be maintained by foreign advisers and troops who couldn't be expelled in the event of a change of heart. Additionally, it was a strategy that made (and makes) any direct response by the West appear neo-imperialistic.

Second, when radical governments came to power, the Soviets directly or through their surrogates helped establish an internal-security structure to ensure that any challenge from within would be stamped out. There would be no more Allendes. Sometimes it worked, as in Ethiopia and Angola, and sometimes there was not enough time, as in Jamaica.

Third, the Soviets supplemented these tactics with their more traditional offerings, such as technical and political training in the U.S.S.R., the rapid supply of weapons and the use of propaganda and subversion to support friends or help destabilize unfriendly governments.

Launching Its Own Forces

Fourth, where a vacuum existed or the costs and risks were low, the U.S.S.R. proved still willing to launch its own forces at targets on its periphery—Afghanistan, and perhaps elsewhere when and if circumstances seem right.

Fifth, the Soviets advised new radical regimes to mute their revolutionary rhetoric and to try to keep their links to Western commercial resources, foreign assistance and international financial institutions. Moscow's ambitions did not cloud recognition that it could not afford more economic dependents such as Cuba and Vietnam.

This strategy has worked. A Soviet Union that had found itself in 1972 without major successes—except for the survival of the Castro regime—and with many failures in the Third World after two decades

- An active insurgency in El Salvador, where U.S. support of the elected government has rekindled old Vietnam memories.

- Nicaraguan support of revolutionary violence in Honduras and Guatemala, as well as El Salvador.

- U.S. expulsion from Iran, which, though not through any Soviet action, represented a major strategic gain for the U.S.S.R.

- Rapid progress toward Cuban control of Suriname, the first breakthrough on the South American continent.

- Pro-Western regimes under siege in Chad and the Sudan.

Beyond these successes, the Soviets could see opportunities, actual or potential,

Any effort to counter the Soviets in the Third World will fail unless Congress is a party to the executive's thinking and planning—all along the way.

to achieve their objectives in many other places.

The U.S. needs a realistic counter-strategy. Many components of that strategy also are familiar, though they must be approached and linked in new ways. The measures needed to address the Soviet challenge in the Third World have the additional appeal that they represent also a sensible American approach to the Third World whether or not the U.S.S.R. is involved:

1. We have too often neglected our friends and neutrals in Africa, the Middle East, Latin America and Asia until they became a problem or were threatened by developments we considered hostile to our interests. The Third World now buys 40% of our exports; that alone is reason enough to pay greater attention to the problems of the less developed countries (LDCs) before we confront coups, insurgencies or instability. The priority of the Third World in our overall foreign policy must be raised and sustained. The executive branch must do more to educate the public, the Congress and Third World governments about Soviet strategy in the LDCs generally.

2. The U.S. must establish priorities in major commitments. President Nixon went to rely on key regional states as bulwarks for stability and peace. There are some dangers in this approach (Iran was to be the key state in the Persian Gulf), but it is generally sensible. If our early help fails to prevent serious trouble, for which countries are we prepared to put our chips on the table? We should choose

4. We must be prepared to negotiate firmly but tactfully and privately that our friends observe certain standards of behavior with regard to basic human rights. It is required by our own principles and essential to political support in the U.S. Moreover, we have to be willing to talk straight to those we would help about issues they must address to block foreign exploitation of their problems—issues such as land reform, corruption and the like. We need to show how the Soviets have exploited such vulnerabilities elsewhere to good effect to make clear we aren't preaching out of cultural arrogance but are making recommendations based on experience.

4. We need to be ready to help our friends defend themselves. We can train them in counterinsurgency tactics and upgrade their communications, mobility and intelligence services. We need changes in our foreign-military-sales laws to permit the U.S. to provide arms more quickly. We also need to change our military procurement policies so as to have stocks of certain basic kinds of weapons more readily available.

5. We must find a way to mobilize and use our greatest asset in the Third World—private business. Few in the Third World wish to adopt the Soviet economic system. Neither we nor the Soviets can offer unlimited or even large-scale economic assistance to the LDCs. Investment is the key to economic success or at least survival in the Third World and we, our NATO allies and Japan need to develop a common strategy to promote investment in the Third World. The Soviets are helpless to compete with private capital in these countries.

6. Finally, the executive branch needs to collaborate more closely in the setting of strategy with key members and committees of Congress. Too often opportunities to counter the Soviets have been lost by clashes between the two branches. The independent stand of Congress is a fact of life, and any effort to counter the Soviets in the Third World will fail unless Congress is a party to the executive's thinking and planning—all along the way. Support for a Third World policy must be bipartisan and stable.

Without a sustained, constant policy applied over a number of years, we cannot counter the relentless pressure of the U.S.S.R. in the Third World. It is past time for the American government—executive and Congress—to take the Soviet challenge in the Third World seriously and to develop a broad, integrated strategy for countering it. It will be the principal U.S.-Soviet battleground for many years to come.

Mr. Casey is director of the Central Intelligence Agency.

Mr. GOODMAN. One other item I would like to mention—maybe several, and I'll be quick—on suppression of intelligence. Over a one year period I wrote or one of my analysts wrote several items dealing with whether or not the Soviets would send MIG aircraft to Nicaragua. All of these items were killed by Gates. We could never get that message out. I don't have to remind you that the Soviets never sent MIGs to Nicaragua.

But the important thing is that following the most serious work we did on the subject—an assessment that examined all of the scenarios, had all the alternative language—I got back a note from Bob to me saying that he may agree with me on this particular issue, but quote, "it would be very unhelpful to lead with our chins on this issue." Imagine a CIA that can't lead with its chin.

We wrote a very good paper on the military limitations of the mujahadeen in Afghanistan. We couldn't get that out. Got back a note saying it was much too journalistic. Two weeks later another agency did an outstanding study, reached the same conclusions, used some of the same evidence, talking about all the limitations of the mujahadeen.

In 1981, when Gates was the NIO for the Soviet Union, he had a senior analyst prepare an assessment on the Soviets in Africa. The assessment was outrageous. I was the representative to the meeting that would discuss the assessment. And I thought it was only fair to go to the writer, Grey Hondnett, the drafter of that particular assessment and tell him I had problems with it and I was going to be raising these problems at the meeting. I was trying to be fair, give him some warning. This analyst—a senior person, I'm not talking about a junior person—said to me, your problem isn't with me. What do you mean it's not with you, I replied. He said, I am just a hired pen in this enterprise. Who hired you, I asked? Bob Gates.

At the meeting with Gates I raised all the problems I said I would raise. And finally, I guess after 30 minutes of conversation and discussion around the table, Bob Gates became impatient and he looked at me—but I think the message was for everyone in the room, I didn't take it personally—look, this is the assessment that Casey wants and this is the assessment that Casey is going to get. That was in 1981.

I now would like to turn to my fourth charge, manipulation of the system. In 1987, Gates gave a speech at Princeton, and he said that estimates were never seen by the DCI before they were published. That's false. It was true until 1981. It was false in the 1980's.

What Casey and Gates did was to introduce unprecedented measures to change the system. For the first time, we had to clear terms of reference and drafts before they were coordinated with the DCI. We were told we could not take footnotes as an institution. And of course, as you know, Gates chaired both the DI and the National Intelligence Council. This is clearly one reform that the CIA needs. This should never happen again.

Essentially all intelligence was filtered through Bob Gates. This was one of the major problems, by the way, in the international terrorism estimate, but I am not going to get into that because it deals with substantive issues that are controversial and it would

take up too much time. The point I want to make, though, is that the final draft, which George Shultz never accepted and never introduced into his briefing books—the estimate outraged him—was done in this case by a writer who had arrived at the CIA only weeks before he was given the assignment, and the manager of the product was an official who had arrived at the Agency maybe several months before he was given that assignment. So the manipulation of the system is a very important part of my charge with regard to politicization.

My final charge, and I'll be quick, is personnel. I am not going to spend time on this because I just encourage you to read any of a number of IG reports done in this period and MAG reports, Management Assessment Groups, that talk about the pattern of politicization, of manipulation, of abuse. The greatest problems were in Soviet policy, in Central America, in the Middle East, and the Office of Global Intelligence.

I only want to add two things to that. Every time you had an example of abuse in that building—and I consider politicization abuse—the message got around to the analysts that, you must be careful when you deal with certain themes. These themes are not going to sell on the seventh floor. Casey is not going to buy it. Gates is not going to buy it.

The result of this was a simple one. People began to censor themselves. You didn't have to censor analysts, even though analysts were censored. They began to watch what they wrote, for very good bureaucratic reasons.

The other thing I want to mention—and I have a chart here I could give out if you're interested—is that the senior analysts began to leave. They began to look for a way out. You know, you can just deal with this kind of abuse just so much. You get tired. If you take it seriously, you get weary. And you wonder about the waste and abuse in terms of government resources that went into training these senior people. The area I know best is Soviet foreign policy. And I'll show you where all the Soviets analysts, with all of their experience, are now. They're not working on the Soviet Union in terms of foreign policy. I believe there is one analyst left in the Soviet foreign policy shop. Everyone else has either left the Soviet area completely, left the CIA completely, or in my case I resigned because of politicization and I now teach at the National War College.

Now, what are the implications of all of this? And just give me two more minutes.

Senator METZENBAUM. Can we have that chart put in the record, please?

Mr. GOODMAN. Yes.

[The chart referred to follows:]

SOVA: 1985

TWAD*	Years Experience	Left	Current
Mel Goodman, Chief	18	1985	WAR COLLEGE
Bob Korn, Dep Chief	18	1985	PRES DAILY BRIEF
Lyn Ekedahl, Sr. Analyst	23	1985	GEORGETOWN UNIV
<u>FAR EAST BRANCH</u>			
Tom Bjorkman, Chief	13	1986	STATE
Dick Topping	22	-	SOVA/FOR POLICY
Mary Jo Roos	22	1986	SOVA/INTERNAL
John Hibbitts	15	1988	SOVA/INTERNAL
Nancy Simon	4	1985	OEA
<u>ME/LA/AF BRANCH</u>			
Wayne Limberg, Chief	12	1986	STATE
Henry Bradsher	25	1988	CIC
Peter Clement	8	1986	SOVA/INTERNAL
Brian McCauley	7	1988	ACIS
Maria Sanchez	6	1986	STATE
Jennifer Glaudemans	2	1989	STATE/RESIGNED
Larry Stollar	2	1986	SOVA/INTERNAL
<u>US-SOVIET RELATIONS</u>			
Doug Garthoff, Chief	18	1985	CRES

SOVA: CURRENTFOREIGN POLICY DIVISION

Mark Miller, Chief	No background in Soviet foreign policy
Tony Williams, Deputy	No background in Soviet foreign policy

THIRD WORLD BRANCH

Steve Rys, Chief	No background in Soviet foreign policy
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US-SOVIET BRANCH

Charlie Summerall, Chief	No background in Soviet foreign policy
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EUROPE BRANCH

Renita Fry, Chief	No background in Soviet foreign policy
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*THIRD WORLD ACTIVITIES DIVISION -----

Senator METZENBAUM. Why don't you pass it around so we all may peek at it.

Mr. GOODMAN. I find this history distasteful. My own recollections I find distasteful. And I don't want you to think that I get any satisfaction out of bringing any of this to you. I have spent my entire professional life in government service, nearly 30 years—in the United States Army, the State Department, the Central Intelligence Agency, and the Department of Defense. I learned the cultural and the craft of intelligence from people I took very seriously—people I respected. Sherman Kent; Ambassador Llewellyn Thompson; Bill Hyland, the editor of Foreign Affairs. They were my mentors in the mid-60's. I firmly believe that intelligence has a very special role to play in our government. I firmly believe that intelligence had an ethical compass. I believe intelligence makes a very unique contribution with regard to independent analysis that is done without fear or favor.

The fact that has been expressed here by some of you that Gates lacks strategic vision in his own area of expertise and that he missed the retreat and missed the collapse of the Soviet Union is important. I'm not gainsaying that. That's very important. The fact that policymakers missed data and they missed analysis on trends and may have missed an historic opportunity with the Soviet Union and that it may have led to a misguided venture in Iran, that's extremely important.

But I guess what I find most important and most offensive is that Casey and Gates arrogated to themselves the power to make intelligence judgments; that they had contempt for a process that was designed to allow independent analysis; that they damaged the integrity of that process and the credibility of the Central Intelligence Agency where I have spent 24 years; that they ignored long established ethics and morality of an intelligence officer; and that even the President of the United States was given falsified reports and uncoordinated analysis.

I worry about the signal that would be sent in returning Gates to the environment he created. But I guess what shocks me more than that is that so few people at the CIA could create such an environment, and they could do that so easily. And I think it is for that reason that I have sense of shame.

Thank you for your attention.

Chairman BOREN. Thank you very much, Mr. Goodman.

Senator NUNN. Mr. Chairman, may I ask one procedural question?

Chairman BOREN. Yes.

Senator NUNN. What that we have heard while Mr. Goodman is here is highly classified or even classified? It seems to me that 98% of what I have heard is not classified.

Mr. GOODMAN. I have never said, Senator, that any of this was classified. I purposely wrote it in such a way, and my testimony, 17 pages, is written in such a way that I consider it totally unclassified and I think should be part of the public debate on the CIA.

Senator NUNN. Well, that is my exact point. I don't understand—I don't see how this Committee can deal with what I consider the most serious charges against intelligence agency or any agency that I have heard since I have been in the United States

Senate, by a credible witness with a lot of credentials. Now, Mr. Goodman's credibility will certainly be challenged by others and so forth and so on, but I don't understand how we can deal with this nomination and not have this testimony or large parts of it in the public debate.

Chairman BOREN. I would assume that that's exactly what will happen. That's been our intent. Not being able to predict what will be said in these sessions, we thought it best to go in this format. Obviously we did this morning in intelligence sharing touch on things that are sensitive. But our aim is to declassify as much as possible and, if possible, everything.

Senator BRADLEY. Mr. Chairman, but I think the point is, why shouldn't Mr. Goodman give this testimony in public session.

Senator NUNN. That's my question.

Senator METZENBAUM. I would agree totally, Mr. Chairman.

Senator NUNN. I don't know how our colleagues can judge this nomination or how anybody can judge this nomination without having this testimony in front of them.

Chairman BOREN. The indication to me from the staff was we were dealing with classified intelligence estimates that are still classified. Are none of these things classified?

Mr. GOODMAN. May I make one statement here?

Chairman BOREN. I have before me the memos that have been referred to and are still all stamped classified. Some are codeword and some are stamped top secret. For example, here's this scope note classified secret. Here's the transmittal letter classified secret. These have not been declassified.

Senator BRADLEY. He refers to the scope note.

Chairman BOREN. Exactly.

Senator BRADLEY. You don't have to read the scope note. You can read that in—

Chairman BOREN. Yes. But my assumption is that if members want to question these witnesses on matters that are classified, this is the forum in which we should have an opportunity to do it. I don't want to see us get into a situation where we have to say, well, you cannot quote from the scope note to question Mr. Goodman because it's classified. I mean, there is certainly no intention on the part of any member of this Committee or the staff of this Committee to do anything but have a full airing of all this. I wish we could conduct everything in open session. Obviously we couldn't have this morning. I keep being handed documents as they are referred to by the witness that are all still classified.

We do not have the ability to do that without going through a declassification process which it's my intention to try to do. The Members have wanted to be totally candid and to ask any question about any document. I don't have the personal power to say this is no longer a classified document.

Senator METZENBAUM. Mr. Chairman, I don't think that is the relevant point, because the references he made to some of those classified documents are de minimus in contrast to his entire statement. And I would just say, Mr. Chairman, that—

Chairman BOREN. Well, if the members want to shut this down and go out in public and have this hearing, and—

Senator METZENBAUM. I would say, Mr. Chairman—

Chairman BOREN [continuing]. And have the questions all asked out there and then have us have to come back to follow up on detail about classified documents, I am at the leave of this Committee. We'll do whatever the majority of the Members of this Committee want to do. But you know, I—

Senator METZENBAUM. Mr. Chairman, it would be irresponsible of us not to.

Chairman BOREN. Pardon?

Senator METZENBAUM. It would be irresponsible of us not to do as the ranking member on the Democratic side has indicated. This is devastating testimony from a very credible witness. I never heard of this man before today. But I'll tell you this, I am just shocked.

Chairman BOREN. Senator Metzbaum, I have not I don't believe met Mr. Goodman before. Maybe he's appeared before this Committee. I certainly have not heard or seen his testimony before you heard it. So I don't—

Senator NUNN. I am really asking for an analysis of it. What I am saying is that I think we have to have this testimony in public except what is classified, and I guess I do not have a sense of what is classified in what we have heard.

Senator RUDMAN. Mr. Chairman, with all due respect to Senator Metzbaum, we have heard one side of the story. I know of Mr. Goodman, a highly respected man. I have been reading the back-up documents as he's been testifying, and I frankly would enjoy cross examining him in public on some of the accusations he's made based on his analysis and his characterization of documents. For instance his—and I am going to get a copy of the transcript—his comment about leading with our chin. You really have to read that whole thing to understand what Mr. Gates was writing.

Now, he may have some good points, I don't know. But you cannot possibly—you cannot possibly allow someone to go and give an unclassified statement containing allegations publicly without the ability to cross examine publicly on the documents on which he is making his allegations. These documents are classified. I agree with Senator Nunn completely. I would like to get every one of these declassified and do it in public. But you can't have the accusations made in a generic way in public and be unable to cross examine in public without using the documentation that the witness is making his allegations upon.

So I don't know what you do. You're really between a rock and a hard place.

Chairman BOREN. Let me make this suggestion. Every Member of this Committee, as I have indicated, is going to have an opportunity to ask any question they want to in public or private. Now, if it is classified matters on which people want to ask questions, we have to ask them in a forum where we can deal with classified questions.

Now, we've heard one of our witnesses. I think one of the things that's quite clear in any institution of this kind is you're going to hear other competing points of view here about the same matters. That's what we've endeavored to do, to hear all points of view about this and expressed as strongly and as openly as they could. I think you can certainly tell from Mr. Goodman's statement that if there is any desire of anybody trying to structure these hearings so

as to not hear strong statements from those with opposing views, I don't think we would have invited Mr. Goodman to come testify. We want to hear every point of view, just like we want to hear Mr. Goodman's point of view and the point of view of our next witness. There are other analysts who are here who have participated in some of these events. You many well want to question them. They may well want to add something, which they are invited to do.

My suggestion is we listen to the five witnesses so that we have heard the competing points of view. We will know what each side is saying and can put these differences of opinion at play. We will then ask our questions. If it is appropriate for us, after we have had a chance to ask questions about classified documents and read from classified documents, if Members want to in questioning these witnesses, then if we want to take any of these witnesses out into public hearing, we can do so.

Senator BRADLEY. Mr. Chairman.

Chairman BOREN. We can then decide whether to have Mr. Goodman or any of the other witnesses present in open forum most of their testimony or parts of their testimony. We certainly intend to release the transcripts anyway. But if we feel that we need the testimony live in public as opposed to just a transcript and the Committee Members want to do that, as far as I am concerned, that is what we ought to do.

Obviously we'll also be questioning Mr. Gates. That's one of the reasons we wanted to have him back. Not only to answer questions about what we have already heard in the public hearings, but to join with him these issues as well. I would think that would be the way to proceed.

Senator METZENBAUM. Mr. Chairman.

Senator BRADLEY. Mr. Chairman, I think it would be a real mistake not to hear from people today. People have things to say to the Committee, and I think you're right on target, we ought to hear what everybody has to say today. And then we will make a decision about a public session. You know, I tend to think that some of the things that were said are important and they have not been heard.

Chairman BOREN. Everything that I have heard has been important. And indeed, if they stand as fact, it would be an extremely serious matter to this Senator and I suspect to every member of the Committee. That is the reason we want to hear Mr. Goodman. That is the reason we want to hear all of those with viewpoints about this.

Senator NUNN. Mr. Chairman.

Senator METZENBAUM. Are you intending to release a transcript, an exact copy of Mr. Goodman's statement? You've said a transcript. That, I understand—

Chairman BOREN. Senator Metzenbaum, what we release from this Committee is not the decision of the Chairman. Just as every single thing we have done in this Committee has not been the decision of the Chairman. It has been the decision of the 15 Members and the 15 staff members of this Committee. Every procedure and every single step we have taken has been an action of all 15 Members of this Committee. Whatever we release to the public will be

the decision of all 15 Members of this Committee and all the staff members of this Committee just like every other decision has been.

Senator METZENBAUM. I was only asking you, Mr. Chairman.

Chairman BOREN. Well, that's the answer.

Senator METZENBAUM. Well, I—

Senator CHAFEE. Mr. Chairman?

Mr. Chairman, I want to say I think your decision is a Solomon-like one. I think it would be a great mistake just to go charging out there in public with this, because sure, this is powerful stuff, and alarming, these charges—

Chairman BOREN. Absolutely.

Senator CHAFEE. But at the same time, like any case, I think people want to know both sides. And to let this go out as it were unrebutted, if there are rebuttals—and who knows—I think would be a mistake. Because, you know, charges of politicization of intelligence estimates are relatively easy to make and very, very hard to rebut. And so I think you are going down the right track, to let us get more familiar with not only Mr. Goodman's side, and maybe others will reiterate the points he's made, but I think then we'll be hearing the other side and can look at some of the documents and have a chance to absorb this.

Senator NUNN. Mr. Chairman, could I raise another matter. I don't object to going forward and doing this and then making a judgment. But we're not in control of testimony that witnesses give that is not classified.

Chairman BOREN. No.

Senator NUNN. Mr. Goodman would have every right, I assume, unless somebody on this staff classifies it, to give out his statement.

It seems to me we've got all sorts of witnesses that are hearing other witnesses. Normally in a closed session you would not have one witness being listened to by everyone else.

I don't understand the procedure because there is no way to protect information when you have a multitude a people beyond the Committee, that we don't control, that are hearing this testimony.

So it just seems to me that we've got to make some decisions because there is no chance that we won't be reading about this tomorrow morning in the paper.

Senator CHAFEE. Well, I didn't think he had a printed statement.

Senator METZENBAUM. Sure he does.

Senator NUNN. We've got it right here.

Chairman BOREN. Is that the same that was delivered or is it somewhat different?

Senator NUNN. We better assess where we are because this is going to be out there without the benefit of it being able to be properly assessed. I don't think there's going to be any other way.

Senator CHAFEE. If he's got a statement, he didn't honor me with one.

Mr. GOODMAN. I presented a copy to the staff with the understanding that every Member would get one. They've had it for weeks.

Chairman BOREN. I think it is before you.

Senator BRADLEY. I've read it.

Chairman BOREN. My assumption is that until we complete this session, we won't know what's classified and what isn't.

I don't know that Mr. Goodman's statement has been submitted to determine whether it is classified or not.

Mr. GOODMAN. I wrote the statement in such a way that I consider it unclassified.

Chairman BOREN. I understand but it does reference classified information, doesn't it?

Mr. GOODMAN. It makes a reference to classified documents.

Chairman BOREN. Right.

Senator WARNER. Do we have a right to respond to a classified statement?

Chairman BOREN. The staff has indicated to me that any statement by CIA officials or former CIA officials related to the time of their employment must be submitted to the CIA for declassification before release. This is a statement relating to the time of employment. So we are obligated to submit Mr. Goodman's statement before it is publicly released for declassification.

So it is not subject to being released nor will any of the other testimony because all of the people who are testifying today are either current employees or former employees of the Agency during that period of time.

That is standard operating procedures and the law under which we are operating.

Now, if we have any problems with the declassifying of something that the Members of this Committee feel shouldn't be classified, you can be assured we will adjudicate those matters very, very forcefully.

Senator NUNN. Mr. Chairman? One other question on that.

Chairman BOREN. So there should not be anything released until the Committee releases it. That's the long and short answer.

Senator NUNN. What do we do with Fiers testimony and Kerr's testimony? Did the CIA clear that?

Chairman BOREN. No, those were given in public session.

Senator BRADLEY. Did they make reference to anything that was classified?

It seems to me that we did.

Senator NUNN. I don't see how—it doesn't seem to me that we've had that kind of procedure. If we had, I—

Chairman BOREN. Well are you suggesting, Senator Nunn, that we should just dispense with this and go into open session?

Senator NUNN. Not, but we just had a whole week of three or four days of testimony by present CIA officials. And I didn't know anybody cleared it.

Senator CRANSTON. Present and past.

Senator NUNN. Present and past.

Chairman BOREN. Oh no. Obviously that's not been cleared because it was an open session.

Senator BRADLEY. Mr. Chairman, my—

Senator NUNN. Well, are we going to have closed session testimony that is deemed to be unclassified cleared by the CIA, and yet have people testify in open session with uncleared testimony?

Senator BRADLEY. I mean I think if you check Mr. Gates' own testimony, he refers to certain classified materials. And so you know—

Chairman BOREN. Well, I've suggested what I think is the fair procedure. If the Members of the Committee wish to say that we should go out in open session and then say we have to go back into closed session to question witnesses on the underlying classified documents, that's the problem that we've had. For example, when we got into questions of Iraq and what information did we share, and the Chair wasn't trying to keep anyone from asking a question, the Chair was obligated to say that we have to pursue that in closed session.

And so then, you know, we get the articles saying that discussion was shut off. Well, it wasn't shut off. The discussion was allowed to be carried on but in classified session.

Now, as far as I know, we have not been frustrated in release of anything in recent times that this Committee felt should be released to the public. If we have any problem like that, we will cross that bridge when we come to it. The Senate has the power to vote to authorize something even if the CIA refused to declassify it. We have the right to exercise that.

Senator NUNN. I would just suggest we get Counsel to huddle about the legal position we are in. Because I do not see how we will be in a plausible position of taking testimony that is highly critical of any agency and saying it's got to be cleared by the CIA.

Chairman BOREN. Well let me ask Counsel, Mr. Snider, to comment on this.

Senator BRADLEY. Mr. Chairman? Whenever it gets rough, call the lawyer.

Chairman BOREN. I am ready to hear advice from my lawyer at this point.

Mr. SNIDER. It really is pretty simple there, Mr. Chairman.

Chairman BOREN. Those are preliminary words that are bound to lead to difficulty and complexity.

Mr. SNIDER. Mr. Goodman is obligated by his agreement with the Agency to submit any statement he plans to publish for security review.

That is public, you know, to make it public. He is not doing that here. He is testifying in closed session.

Chairman BOREN. So he is free to tell us anything he wants to in closed session but not in public session?

Mr. SNIDER. Yes. If he were to release it, he is under contractual obligation with the Agency to have it reviewed before he goes public.

Senator WARNER. But if he were testifying in open session, that's not under contract?

Mr. SNIDER. If he were testifying in open session, he would still have to have his statement reviewed.

Senator CRANSTON. Did Alan Fiers go through that process? Gates didn't.

Senator BRADLEY. Neither did Gates. Gates and Fiers didn't have their testimony cleared by CIA before they gave it?

Chairman BOREN. Of course, none of these people did, I would think, for open session.

Senator METZENBAUM. Mr. Chairman? We have forty people or more in this room.

Chairman BOREN. Yes.

Senator METZENBAUM. And what this man said here today, as Senator Nunn has pointed out—

Chairman BOREN. Very serious allegations.

Senator METZENBAUM. Will be in the paper tomorrow. And you may bet all the tea in China that this Senator will not have a darned thing to do with it. As you know, I have never violated a confidence; but it will be out there.

I can only say to you, Mr. Chairman, that my opinion is that with the strength of these allegations, if we don't make them public, it will be a reflection on the Committee.

Regarding this question about classification, I think the others have already spoken. Previous witnesses have testified without being cleared with the CIA, and I don't see why you have to clear this man.

Chairman BOREN. Well let me ask this question of the other witnesses. Ms. Glaudemans, is your testimony such that you do not refer to or reveal any classified material in your statement?

Ms. GLAUDEMANS. When I submitted it, I informed the Committee that I did not feel I was in a position to state that. I don't believe I have intentionally included classified material, but I do talk about certain classified papers. The titles themselves may be unclassified, but I don't know. I don't think I am in a position to answer that with any confidence. I have no authority to.

Chairman BOREN. Will the three other witnesses please stand and let me direct the same question to them?

Mr. Ford?

Mr. FORD. I'm Hal Ford. The prepared statements that I will make are fairly brief. I purposely made them unclassified.

Now, after you've heard them, you can make your own judgments. If we get into questions or if we get into details about this or that or past systems, then we might get into classified things. But I think my prepared remarks will be unclassified.

Chairman BOREN. Do you think we might get into classified material under cross examination of you?

Mr. FORD. If there are follow up questions.

For example, more about the Iran estimate or the Mexico estimate.

Chairman BOREN. The underlying cases are still classified.

Mr. FORD. If we get into specifics, then you are getting into classified material. But mine is general and generic.

Chairman BOREN. What about your opening statement?

Mr. MACEACHIN. Well, I'm in somewhat the same situation, Mr. Chairman.

Chairman BOREN. I can't hear you.

Mr. MACEACHIN. The statement which I gave staff ahead of time which I will submit formally, I very specifically prepared as an unclassified paper, reserving any classified examples and detailed discussion for oral discussion today. And the questions which the Committee indicated they might have to ask me, I would expect to have to go into some detail to explain the circumstances.

Chairman BOREN. Would those be classified?

Mr. MACEACHIN. The eventual document for formal submission that I was going to make I did write as an unclassified statement.

Chairman BOREN. Mr. Gershwin?

Mr. GERSHWIN. The formal statement that I prepared for the Committee was classified secret. I would have to review it to see what, if anything, I would want to delete from it. I don't think I would have to delete very much from it to be able to recommend that it would be unclassified. Any discussion that I was going to have here to back it up I presume would get into classified issues.

On the extent of our intelligence knowledge of Soviet military systems and so I would have expected that.

Chairman BOREN. That's what I don't understand. How can we get into whether or not there was a substantive basis for arguments raised by each side, say on a Soviet estimate, without the analysts arguing from classified estimates?

Senator RUDMAN. Mr. Chairman?

Chairman BOREN. Yes.

Senator RUDMAN. Mr. Chairman, we must really drop back here and think this out very carefully. We are really between a rock and a hard place.

Chairman BOREN. Very difficult situation.

Senator RUDMAN. And I've just been listening and looking at these documents, and I'm just going to say something here. I think this Committee is going to have to give this serious thought. You may want to deliberate with Counsel. You may want to call in the CIA General Counsel, again. And I mean you may want to talk to Members.

You've got a confirmation process here which demands public scrutiny as much as possible under the traditions of the Senate.

Chairman BOREN. Absolutely.

Senator RUDMAN. That was Senator Nunn's point. And he is quite right.

On the other hand, you have five witnesses here, two of whom have statements to make which are very negative to Mr. Gates, particularly Mr. Goodman. And three others, two of whom I would characterize who disagree with Mr. Goodman and one I haven't been able to get through yet.

Chairman BOREN. One sort of in the middle?

Senator RUDMAN. Right.

Chairman BOREN. I think we have about three different perspectives here.

Senator RUDMAN. I have now reviewed Mr. Goodman's five points and seven subpoints. Each one of those needs to be adequately examined—to give due process to Mr. Gates and accurate information to the public. They must be done on the basis of cross examination from documents, several of which I have in front of me and are Secret No-for.

Now, that is an impossible situation in which to be. You cannot allow someone to make charges against Mr. Gates and you can't allow people to make testimonials to Mr. Gates without using information that each Member of this Committee might want to question them about. I mean this is not a question of just Mr. Goodman, it's a question of all of these witnesses—every one of these witnesses.

Senator BRADLEY. Would the Senator yield on that point?

Senator RUDMAN. It would be the height of irresponsibility to let these five witnesses go to the public—let's assume we can get their

statements sterilized—and they go out and they all give their statements.

Chairman BOREN. We've got all their opening statements?

Senator RUDMAN. Right. They all make opening statements.

Chairman BOREN. Public.

Senator RUDMAN. And then we go into a closed session, based on those statements, and that's an impossible situation.

Chairman BOREN. It's questionable.

Senator RUDMAN. And the leader—I am not in the leadership of this Committee, but the leadership of this Committee had better start giving this some very serious thought because I see us coming to a real crisis here. And I'm talking about a major problem with this nomination unless we find a way to figure this out.

Now, I don't know how you figure it out. Maybe every one of these will be declassified over night. And that's fine with me. But if we can't get that done—and some of this is so current and so sensitive regarding Iraq and regarding the Soviet Union.

Mr. Goodman made an accusation against Mr. Gates. I think there are documents here which frankly rebut that totally, but I can't ask him about that in public. Not unless these documents are totally declassified. And we certainly can't let the public hang on Mr. Goodman's words based on his opinion without him being subject to cross examination. That also goes for the other three witnesses—for people that disagree with them.

So we better think carefully before we start talking about going to some hybrid public session. We've got ourselves in a jam.

Chairman BOREN. Let me suggest this. I'd like to ask that all of our guests and witnesses leave at this point. I'd like to have the General Counsel, the Majority and the Minority Staff Directors stay here with us for a moment. The rest of the room to be cleared. We'll discuss this further.

Senator NUNN. You are talking about temporarily leaving, right?

Chairman BOREN. Temporarily leaving. Please do not leave for good. And please do not hold press conferences until these matters are determined. Please do not distribute your statements yet.

The Recorder should stay. This should be an on-the-record session with Members.

[Whereupon, the Committee proceeded to the consideration of other matters, subsequent to which the following was had.]

Chairman BOREN. Are we all back in?

Let me say that the Committee has come to a very strong consensus about how to proceed. It is unanimous and I think the most important aspect is that we must go public at some point with this testimony. There are some differences of opinion on exactly when and how we do that. But we have a strong consensus on how to proceed.

We have decided that we will hear the other opening statements tonight. We've heard Mr. Goodman's opening statement, and I believe he has concluded his opening statement. Is that correct?

Mr. GOODMAN. Yes, sir.

Chairman BOREN. We will hear the other four witnesses' opening statements tonight, and not ask any questions tonight. We will allow the same people who heard the testimony of Mr. Goodman to hear the opening statements of the other four witnesses tonight.

We feel, after consideration, that the nature of this testimony should be conducted in a public hearing. This means that the witnesses will be given another opportunity. We will all be given another opportunity to hear your opening statements once again in open session.

We wanted to hear all of them tonight before close of business tonight in this closed format so that we have a more complete picture of what is being said across the spectrum. This will also serve the purpose of trying to determine, between now and the time we begin our public sessions, what questions we have that might cause us to make a reference to a classified document. This will give us a chance to try to deal with the Agency to get some of this material declassified so when we do go into the questioning in public session, we will have an opportunity to go as far as we possible can in referring to the underlying documents.

Now I think all of you understand that we are trying to be as fair as possible in this process. As I've said in the beginning when we first started, our aim is to arrive at the truth to allow a sound judgment about this nominee, wherever the truth takes us and whatever the sound judgment turns out to be after we've heard everyone.

We've endeavored to get a good cross section of opinion on all points of view about the nominee. Friend and foe. Supporter and opponent. Alike.

The other thing that we've tried to do, in addition to being thorough, is to be fair. I think all of you understand that if there is a great deal of discussion in the media based upon what each of us might report. We all see this through our own individual filters. Mr. Goodman obviously agrees with his own testimony and will probably not agree with some of the others and vice versa. Members of the Committee will view it differently.

If all of that is out in the public domain before the people have a chance to hear each witness directly in his or her own words, I think that creates a situation of unfairness to the nominee and indeed, to both sides.

I ask the Members of this Committee, the staff, the witnesses and others who have heard the testimony today, to agree that we will not discuss this testimony publicly. Everyone will have an opportunity to get his or her point of view heard by us as well as seen and viewed by the American people on television. There will be then questioning in open session at that time.

Do any of the witnesses, any of the Members, staff or any of those who heard the testimony have any problem with a ground rule that any summary of, any characterization of, any discussion of this testimony by any of the five will not be discussed with the public, the media or anyone else until it is given in public next Tuesday morning?

Well, I would ask you really to abide by that because it is a matter, I think, of trust and fairness on the part of all of us. The Committee has made a decision to hear all five opening statements tonight without interruption and as expeditiously as possible. If any of you can save any words and still get your points across, please do.

We will question you then in public. There may be some instances in questioning where we get into classified material and the Chair will attempt to judge that. And let me say to the witnesses, if any of you have any question as to whether or not we're treading into sensitive information we shouldn't discuss in public, please alert the Chair.

Senator Rudman?

Senator RUDMAN. Mr. Chairman, I just wanted to put the witnesses on notice that we have some analysts here and I've got some information on each of them. They are very senior people with the Agency. I think it is possible that I will want to question them at the conclusion of Tuesday's session, if we get through this.

Chairman BOREN. Yes.

Senator RUDMAN. I might wish to call one or more of them. I'm just not sure which person. But I just think it's very important—

Chairman BOREN. To give testimony.

Senator RUDMAN. But I think it's very important to talk to the people who do the work and who were there. That's the best evidence as far as influence is concern. So I just might want to do that. And I'm just stating that to them.

Chairman BOREN. I think that's—

Senator BRADLEY. Will this be in public session?

Senator RUDMAN. You're right.

Chairman BOREN. I think that's fine and let me say if there are any of the analysts who have a problem with that, please let us know.

Senator DECONCINI. Mr. Chairman I have no problem with it. I think it is a good idea. I might quarrel with my friend from New Hampshire that that's best evidence. It's evidence in my judgment. I don't know what the best evidence is yet.

Chairman BOREN. What we will do is recess until 7:30. I apologize to all of you who had plans tonight.

Mr. Goodman we invite you back to allow you to hear the others just as they've heard you, if you wish to be here. And the others and the analysts that are here are also welcome.

We will try to proceed as quickly as possible. As I've said, I have no idea how long the opening statements are. But I wouldn't think in total we would be taking more than maybe a couple of hours. So, hopefully, we will finish at a reasonable hour.

We're going to restrain ourselves and not interrupt the flow of your statements. The Chair will restrain himself. Then it will be announced to the press, that we have decided this is a matter of important public policy that should be heard in public session to the degree possible.

Let me ask again, does anyone in this room have any problem with agreeing not to discuss this with the media and with others outside this hearing room until the public hearing?

All right. I appreciate that very much. I think we all want to be fair to the nominee and everyone involved in the process.

So we will stand in recess until 7:30. We invite everyone back at that time.

And I apologize. We're breaking new ground here in terms of our procedures and having to make the precedents as we go.

[Thereupon, at 5:40 o'clock p.m., the Committee was recessed, to reconvene at 7:30 o'clock p.m. the same day.]

EVENING SESSION

Chairman BOREN. We are going to resume. I appreciate our witnesses and the others coming back with us tonight. We will try to move with dispatch. The Chair will rap the gavel on anyone that attempts to interrupt and I will allow the Vice Chairman to rap the gavel if I interrupt.

I might say that in your opening statements, I think you should feel free if you want to add any comments on the testimony that's been given this afternoon.

To the Members of the Committee, while you were gone over to vote, I did discuss this with all of the witnesses, and other observers tonight. All have agreed that they will not discuss their testimony with any one prior to giving it in public next Tuesday. That way we are fair to everyone. The Members of the Committee, staff, witnesses, and observers will all endeavor not to discuss the substance of testimony, to characterize or comment on anyone else's testimony until it's given in public.

Senator MURKOWSKI. Mr. Chairman, if I could make just one point. I assume that in that conversation, you addressed the appropriateness of sanitizing any sensitive information that may be in this statement that may have to be cleared or addressed in some other manner prior to the Tuesday open session.

Chairman BOREN. Right. Some of you have indicated that in your prepared statements that you will give tonight, you might have a few sentences that touch on classified information and that you could adjust your statements. So we want you to go ahead and give them in open session basically as you give them tonight, or this afternoon. Obviously if you think there is a classified, sensitive reference, use your own editorial judgment before we go into open session.

I think we have also indicated to the other analysts who are here, there is a possibility that we may want to ask some of you to testify as well, not tonight, but after we have completed the testimony of the other four witnesses.

Senator RUDMAN. I have a question Mr. Chairman. Could the Chairman advise if he knows, or if not, could the witnesses advise if he knows, or if not, could the witnesses advise the Chairman about time; certainly nobody is in any hurry that I know of, but I would just like to know how long we will be here.

Chairman BOREN. Do each one of you have a possible estimate of how long your opening statements will take. Mr. Gershwin?

Mr. GERSHWIN. My guess would be about 15 minutes.

Chairman BOREN. Mr. Ford?

Mr. FORD. About 15 minutes.

Chairman BOREN. About 15. Ms. Glaudemans?

Ms. GLAUDEMANS. About 15 minutes.

Chairman BOREN. About 15. And Mr. MacEachin?

Mr. MACEACHIN. About 15 minutes.

Chairman BOREN. About 15. So we're roughly an hour. Now if that, that's an estimate by analysts. If this had been a panel of

Senators, the answer each one of you had given would mean that we would be here until about 3 in the morning. [General laughter.]

That's a senatorial 15 minutes is at least an hour.

Senator WARNER. Mr. Chairman, these are the only witnesses you are anticipating calling tonight?

Chairman BOREN. Tonight yes.

Senator DECONCINI. The analysts that you are suggesting—

Chairman BOREN. Would be after we have commenced the public session.

Senator DECONCINI. Because if we get into the analysts and I think we have to get into the operation people that were involved in—

Chairman BOREN. Oh yes. And we may eventually want to have Judge Webster come in and comment on some of these matters as well. So we will commence and I believe Ms. Glaudemans has a—

Senator MURKOWSKI. I have one more observation. It might be helpful to the committee if it is your intent, any one of you, to depart from your prepared text that you identify that your departure in order to alert us that this is something arising as a consequence of an afterthought or a previous witness, or whatever. So I would just ask you indulgence.

Senator RUDMAN. I hope some of the witnesses do not feel that they are confined to what they have written in what they want to say to us.

Chairman BOREN. Of course not.

Senator RUDMAN. I hope they will feel free to use their written statements or not to use their written statements or say whatever they want to say.

Chairman BOREN. Obviously, tonight we are not concerned about classification, because we are in closed session. So there should be no hesitation about giving the full comments.

Senator MURKOWSKI. The only advantage you have is that we have pledged not to question you tonight, so far. [General laughter.]

Chairman BOREN. Ms. Glaudemans, why don't we begin with you. Perhaps you might state for the Members of the Committee your own professional background so we know something more about you as you begin. We appreciate you being here and as a fellow Cherokee, we always welcome these words of wisdom from other members of the nation.

Senator MURKOWSKI. I hope we won't offend you by eating in front of you. [General laughter.]

Chairman BOREN. That is the last comment I am going to allow. [General laughter.]

Other than from the witness. Thank you for being here.

Ms. GLAUDEMANS. Thank you very much and good evening, Senator.

Chairman BOREN. You have to pull these microphones really close, otherwise they don't pick up.

**TESTIMONY OF JENNIFER GLAUDEMANS, FORMER ANALYST,
OFFICE OF SOVIET ANALYSIS, CENTRAL INTELLIGENCE AGENCY**

Ms. GLAUDEMANS. It is an honor to be here before you tonight. I will tell you first a little bit about my background. I worked for the Central Intelligence Agency in the summer of 1982, while a graduate student at Princeton University under a program called the Graduate Fellowship Program. I went back to school and got my degree and then returned to the agency in the Fall of 1983, where I spent approximately a year in the Career Training Program, which is a program aimed primarily for case officers, but DI analysts were incorporated into it to get a year's review of the entire intelligence process before entering into a staff position.

I then went to the Office of Soviet Analysis where I worked in the Third World Division. My specific area of responsibility was Soviet policy toward the Middle East.

In January of 1988, I entered the Strategic Forces Division, where the US-Soviet branch was located, primarily because of the predominance of arms control issues.

I left the CIA in November of 1989 on leave without pay status until my paperwork was processed at the State Department. When that was completed in March 1990, I entered the Bureau of Intelligence and Research, where I continued to work as a Soviet analyst, exclusively on arms control issues.

I left in June to move to Connecticut with my family.

Senator MURKOWSKI. In June of 1990?

Ms. GLAUDEMANS. 1991.

Senator MURKOWSKI. I stand corrected.

Ms. GLAUDEMANS. While it is indeed an honor, it is not a pleasure coming before you under these particular circumstances.

I take no satisfaction in sharing with you the basis of my conviction that Mr. Gates politicized intelligence analysis and is responsible for an overall degradation of the analytical process.

During a period when American policymakers deserved and demanded honest and unbiased analysis about Soviet policy in the third world, I believe they instead received distorted studies. Tragically, these studies became the foundation upon which executive and legislative branches deliberated momentous foreign policy issues. Unfortunately for the CIA, another result has been the continued exodus of many good Sovietologists, and the loss an esprit de corps that can only exist in a culture devoted to the highest standards of excellence.

Senator METZENBAUM. Can you bring the mike a little closer?

Ms. GLAUDEMANS. Yes.

Chairman BOREN. A little closer. You almost have to put it within 2 or 3 inches of your mouth or it won't pick up very well.

Ms. GLAUDEMANS. Let me be clear. I am here today at your request. As you may know, I walked away from this mess nearly two years ago and I moved to Connecticut this summer.

I find the re-examination of old scars and the publicity surrounding these hearings personally difficult. Until several weeks ago, I had expected someone else would be testifying in this seat. So I hope you understand that I am not motivated by some overwhelm-

ing desire to bad mouth the Central Intelligence Agency or anyone personally.

When I left the Agency, I did not write a book, nor go to the media, nor did I solicit this Committee. And I do not intend to talk to the media after these hearings.

I find the prospect of re-hashing these painful and embarrassing memories over and over again too nauseating. Nor do I wish to bad mouth the Agency in general. There are still too many people there whom I respect a great deal. In fact, I take comfort in the offers of support I have received from a number of analysts, young and not so young, who have offered their support to me. But they do not feel that they are at the liberty themselves to talk before you.

I also believe that my perspective is somewhat different from other witnesses, that from the lowest rung on the totem pole. As an analyst in the trenches I experienced, observed, and participated in the analytical process from the beginning to the end. While I am not always able to speak of direct contacts with Mr. Gates, I can speak to the times when his name was invoked and the perceptions of those who felt the impact of his influence.

I would not characterize these perceptions as stemming from either the sour grapes of analysts who did not always get their views accepted, or from jealousy over Mr. Gates' rapid rise to senior management. I think such accusations are unfounded and make it all too convenient to dismiss what I and many still in the agency believe is a real credibility problem.

Such perceptions stem from the belief that the analyst credo to seek the truth was violated. That rigorous and judicial weighing of raw intelligence no longer mattered. That our integrity was compromised.

I believe in the oversight process and it was with a sense of obligation to you, to myself, and to my friends still at the agency that I accepted your request to testify.

I am convinced that whatever the outcome of these hearings, if they serve to sensitize this Committee, senior Agency management, and the Intelligence Community in general to the greater need for intellectual honesty and analytical rigor and to how easily these values can be lost in the daily compromises of Washington debate, then believe that these hearings will have been a success.

Much of what I describe in my written testimony which speaks primarily to the impact and the atmosphere surrounding this issue, resulted as much from careless and perhaps potentially deliberate inattention to the maintenance of a culture devoted to truth as it did from a calculated effort to advance views known to be consistent with the preconceptions of senior policy makers.

When an unsubstantiated 7th floor rationale did not appear to be the result of policy bias, it appeared the result of a bureaucratic reflex, discarding difficult analytical rigor and playing it safe by only worst-casing the Soviet policy. I do not believe one can be seen as less troubling than the other. Together they continue to contribute to a culture of fear and cynicism among front line analysts. Solving one, without solving the other, solves nothing.

There was and apparently still is an atmosphere of intimidation in the Office of Soviet Analysis. Many, including myself, hold the

view that Mr. Gates had certain people removed because of their consistent unwillingness to comply with his analytical line. Even today, I am aware of a perception in SOVA that managers could risk their positions if they are not sufficiently pliant.

There were times when insufficient evidence was irrelevant as long as a judgment was consistent with what Mr. Gates wanted. As in the case of the 1985 Iran estimate memorandum to holders. That this had tragic consequences, I cite Mr. Gates' testimony to the Senator Foreign Relations Committee. On January 21, 1987, Mr. Gates said, and I quote, "It is our understanding that this threat"—referring to the Soviet Union—"was in fact one of the animating factors in the Administration's decision to sell arms to the Iranians." There were heavy handed and underhanded efforts to reverse or to impose analytical conclusions not reflected by regional offices' analyses, or to misrepresent the DDI's view as the DI's view or the Intelligence Community's view. This is not what I would call editing. Nor was it the suppression of dissent. As I recall the dissent was located on the 7th floor, not in the regional offices.

There was the bitter disappointment that no one in CIA who was aware of, or involved in the arms sales to so-called Iranian moderates, ever bothered to ask the Office of Near East and South Asian Analysis about these so-called moderates, who they were, or how reliable they might be. Instead, they recklessly relied on information from people with dubious motives. Why were you spending so much of our tax payers dollars on expanding the DI's budget to increase personnel, education, and training, money for contracts, and money for travel, when the appropriate DI office was not even going to be consulted in such critical matters as who these so-called moderates were?

I also do not understand how a separate channel for finished intelligence could bypass the Office of Near East South Asian Analysis during this period, without compromising the integrity of the Directorate of Intelligence. And certainly the perception is that that compromise was done for political purposes.

There was the unambiguous signal sent when Mr. Gates stormed down into an analyst's office, criticizing a paper he had written that said economic sanctions against Libya were unlikely to be effective. The analyst's justification was that the value of Libyan crude is so high that they could always sell their oil on the open market; therefore economic sanctions were not likely to inhibit Qadhafi's actions. In front of not only an analyst, but in front of a branch in a division, Mr. Gates yelled, how can you say this when this is inconsistent with Administration policy.

Moreover, the use of alternative scenarios, often cited as an analytical innovation of Mr. Gates, were believed by many in SOVA to have become a perverted forum for unsubstantiated postulations rather than an honest quest to explain inconsistencies in evidence.

I can speak most directly to the 1985 Iran estimate and my perception that it was an example of politicization in two cases. One—and we didn't know this at the time—there was a memo written by the NIO for NESAs to the NSC that laid out the justification for selling arms to Iran on the basis of a race between the United States and Soviet Union. The memo stated that whoever got there first would win everything, that the Soviets had all the cards, and

that this risk was quite likely in 1985. And I think the timing of that memo with the coming out of the estimate and the fact that the estimate did not reflect the views below the 7th floor is an example.

Two, after the Iran-Contra hearings became public, I was asked to go back and provide for Mr. Gates' testimony on what analysis had been done in SOVA regarding Soviet/Iranian relations. I went back to 1980, the period of the revolution. I just simply reported—we had this paper that said X and this paper that said Y and it is clear that there was a line beginning—my recollections around 1982—that the Soviet position toward Iran had considerably toughened. It was getting tougher in 1985 and while the door was not closed, we could not believe the statement that the Soviets viewed Iran as an area of major opportunity in 1985 was sustainable by the evidence.

This compilation was sent up and then was not used in Mr. Gates' testimony on this question. That precipitated a memorandum for the record to just make clear what SOVA's analysis was. I believe our analysis was misrepresented in his testimony because there was a line that you could document on what the Office of Soviet Analysis was saying and there was a major swerve in the May '85 estimate. And I don't think that was appropriately reflected in the answer to the question we were given to answer.

I believe that the atmosphere has worsened over the last couple of years. The nature of politicization has become more blatant and I think the analysis more cynical. As bad as things might have been in the old Third World Division, I do not believe I have ever heard such a bitter cry for greater integrity than I have heard recently coming from my colleagues in SOVA. And here I would urge you to consult some of the recent Managerial Advisory Group surveys. They are called MAG surveys on the Office of Soviet Analysis. And I can relate one anecdote to you that there is a perception that maybe the office would do better to hire more secretaries and get rid of the analysts, because secretaries take better dictation.

I think this is reflective of a very sick atmosphere. And that is one of the reasons I feel compelled to talk to you about it.

I cannot emphasize enough that these experiences were upsetting, particularly so because they ran counter to what the agency was teaching the people in analyst courses. I can testify that what I saw going on in the office was not what I was taught by the agency itself as to the role of analysis, the role of the analyst to weigh evidence. There was a wide chasm between principals and reality.

I think they were also frightening experiences. Because the fear of being accused or being labeled a Soviet apologist sharply inhibited analytical initiative and bureaucratic assertiveness. I understand that you have heard from other witnesses that in the early 1980's the 7th floor believed SOVA had too benign a view of the USSR, which they were trying to correct.

I believe these statements—that there was too benign a view and that it needed correcting—confirms that the 7th floor was imposing its own biases on analysis. I heard terms such as soft on the Soviets, and Soviet apologists thrown in certain people's direction and in an environment such as CIA's where employees must pass a

polygraph question about their loyalty to the United States, that can be an extremely inhibiting managerial tool.

I believe SOVA's foreign policy analysts represented a critical mass of some of the best and most perceptive Sovietologists that no university could match. Though they often debated the interpretation of evidence, they were seeing cracks, tensions and weaknesses in Moscow's third world policy. I recall as an analyst myself on Soviet foreign policy in the Middle East being constantly amazed by evidence that indicated how little influence the Soviets had in this region given their high point in the early 1970s.

In 1985, a GSA-15 senior analyst and a visiting scholar in-residence were asked to do an appraisal of the USSR's performance in the Third World. When they presented their research of various indicators such as aid, advisors, out of area sea days, the paper was killed. By this time—in 1985—there was already this legacy of perception that SOVA was too soft on Soviet policy, so I think it was understandable why that paper was killed at the time. Moreover in 1986, Mr. Gates, suspecting that Soviet assistance in the Third World was increasing, asked SOVA to examine the issue over a weekend. When figures were collected they indicated that at best the Soviets were holding even and in some cases the figures were declining. I was told by the person involved in the project that when Mr. Gates received the paper, he threw it away and said he didn't want to see it again.

The Soviets themselves were keenly aware that they could no longer sustain the burdens of their empire. They saw their own weaknesses and vulnerabilities and that is why we got new thinking in Soviet foreign policy in the mid-80s. And glasnost proved the Soviets saw much of their foreign policy as a net loss, and not worth the benefits they were getting. The decisions to deploy SS-20's in Europe to invade Afghanistan and to subsidize other discredited regimes in the third world were publicly criticized in the Soviet media and in the parliament. I think it is a pathetic shame that analysts had this story to tell in 1985 and 1986, but could not get it out.

I think it is even more shameful because this was not just some academic debating society of a bunch of Sovietologists, it was the US government and our audience was U.S. policymakers at the highest levels.

I think the CIA in the 80s lacked a sense of where it was. While I suspect that Mr. Gates genuinely held the views that he publicly espoused about the Soviet Union and was probably eager to support the late Director Casey's views, I also think that he was too busy looking backward, fighting the agency's critics of the 70s rather than asking the pertinent questions of where is the Soviet Union now and where is it going tomorrow.

While commentators have characterized much of the 1980s as a search for simple answers, I do not believe you or US policymakers in the Executive branch deserved simple analysis. You are entitled to a realistic appraisal of Soviet policy, one that exposed limitations as well as threats. I know of no one in SOVA or elsewhere in the agency who refused or would refuse to examine any given intelligence question, provided they were allowed to come to a conclusion without prejudice. But the atmosphere in SOVA was political-

ly charged. We were all keenly aware of what Mr. Gates and the DCI were saying publicly about Soviet policy in the third world, most of which was at variance with the intelligence. Not only could we feel Mr. Gates' contempt, we could sense his party line. I don't believe anyone in SOVA was a Soviet apologist, but the atmosphere created by all of his made SOVA an extremely difficult place to work in.

Because his views were so public, I believe Mr. Gates had a special obligation to uphold and protect the integrity of CIA's analysis. His objectivity never came through. Moreover, I believe he had an obligation to clearly distinguish his personal views from the Agency or the Intelligence Community's views. As his cover memo in the papal assassination attempt indicates, this didn't happen. The degree to which he neglected to maintain a clear and unwavering commitment to analytical rigor and objectively for the DI and his failure to reconcile this view once it became known to him—which I believe was at least by one of the IG reports on SOVA—suggests that there was a lack of wisdom not becoming of a DCI.

The means by which this politicization occurred is not readily documented. There is little paper to evidence the continual and subtle pressures applied to analysts to make them comply. Because it is virtually impossible to collect a paper trail, evidence quickly becomes one person's word against another's. But let me suggest to you that politicization is like fog. Though you cannot hold it in your hands, or nail it to a wall, it does exist, it is real, and it does affect people's behavior.

The pervasiveness of people's perception that analysis was and still is politicized as a result of Mr. Gates' influence, and the accumulation over time of incidents where it is charged to have occurred, lends tremendous credibility to your concerns here today.

No one is accusing Mr. Gates of politicizing every Soviet issue that came across his desk, but I do believe that there are sufficient instances of politicization to raise serious doubts. I also know that many analysts out at Langley today are pleading to you primarily for a higher standard of excellence and integrity. Thus, the questions are how many instances are acceptable, and is the detrimental impact that this has on the integrity and the health of an institution acceptable. If it's not acceptable, do you want this problem solved by the person who is believed responsible for creating it in the first place. I believe these too are the burdens of your decision, and I hope to exhaust all of your questions as you seek to understand. And I genuinely thank you for asking.

Chairman BOREN. Thank you very much for your testimony and for being with us tonight. I appreciate it very much. Mr. Ford, I believe we had you scheduled to be the next speaker. Will you begin by telling us a little bit about your professional background and experience, refreshing our memories of that as you commence your testimony.

Mr. FORD. After I was born in a log cabin. [General laughter.]

Chairman BOREN. I've changed my slogan in politics from youth, vigor and enthusiasm to maturity and experience. You've got to be flexible on these matters.

**TESTIMONY OF HAROLD FORD, FORMER DEPUTY DIRECTOR,
NATIONAL INTELLIGENCE COUNCIL**

Mr. FORD. Thank you, Mr. Chairman. I welcome the opportunity to modify my prepared statement which you have. In fact, I'm going to depart quite a bit from it so you can tear it up. I make these changes in the light of the testimonies and the facts and the depositions that have appeared since I wrote that statement two weeks ago, and in the light of further conversations I've had during this interim period with additional CIA colleagues. My remarks here today, however, are wholly and totally my own.

First a word about where I'm coming from and about my knowledge of Bob Gates. Following service as a naval officer in World War II—that's World War II. [General laughter.]

And a freshly won Ph.D. in graduate work, I joined the CIA in 1950. I served there in Operations including a tour as a chief of a major station abroad. I was also an analyst of intelligence for some years and a manager of intelligence for many years. I've also been a critic of intelligence including four years duty with this Committee, at which time I was the senior staffer concentrating on intelligence analysis. That was from the Committee's inception in 1976 until 1980 when CIA asked me to come back. Now in semi-retirement, I've been a lecturer on intelligence analysis at the Defense Intelligence College. I am an historian of intelligence with the CIA part time, and I am an outside author and lecturer on intelligence analysis, including a national prize winning monograph on intelligence estimating, which I will not ask to be put into the record.

I served four years in CIA's DO and four years in their DI, but most of my Agency duty concerned the national estimates business—first in the old Office of National Estimates, and then with its successor the present National Intelligence Council known as the N-I-C or the NIC, where my last duty was that of Acting Chairman and from which I retired on 3 September 1986, just in time, for reasons of health. I honestly didn't have a clue about all these things going on down the hall. My friends told me I got out just in time. That was early September of '86, for reasons of health.

Discerning what is the skewing of intelligence—

Chairman BOREN. I notice you left out one item in your biography and that is that you were once professor to Mr. Tenet. But many of us would understand why you chose to omit that.

Mr. FORD. Well, you win a few and you lose a few. [General laughter.]

And as Charlie Brown once said, gee, wouldn't that be great.

Discerning what is the skewing of intelligence and what is not is a very tricky business, but from my four decades of experience in and around intelligence I think I can help the Committee thread its way through the differing kinds of pressure which Bob Gates did or did not bring on intelligence analysis.

It is my view, in short, that some of his pressures were justified as he sought to sharpen analysis and its usefulness to decision makers. Secondly, that some of the pressures he brought simply reflected differing professional judgments, and some of the allegations that he skewed intelligence analysis doubtless have arisen from analysts whose pride was damaged by his revisions.

Thirdly, however, as I am prepared to discuss at greater length, it is my view, based on the confidence of CIA officers whose abilities and character I respect, that other of Bob Gates' pressures have clearly gone beyond professional bounds and do constitute a skewing of intelligence.

I first met Bob Gates in 1980 when I returned to the CIA from this Committee. I had some contact with him, on and off, for some three years. Then considerably more contact with him after he became Chairman of the NIC in 1983, at which time I was one of his National Intelligence Officers—the title was NIO at large, seized mostly with global issues. I had still more contact with him from January to September 1986, during which time he was my immediate superior, first as his senior deputy in the NIC and then after he became the DDCI in April when I succeeded him as Chairman of the NIC in an acting capacity. During those months of 1986 we saw quite a bit of one another on questions of personnel, procedure and substance. In many of those meetings Director Casey was also present. Many of my other meetings with Bob Gates were one on one. Our relationship throughout was cooperative. He awarded me increasing responsibility, and he and Mr. Casey awarded me the National Intelligence Distinguished medal, which is the highest such award for non-operational performance—non-operational in the field performance.

During my relationship with Bob Gates, I admired his efforts to make intelligence estimates shorter, sharper and more relevant to the needs of our policymaking consumers. As I say in my prepared statement—as I said, during those eight months of 1986, I recall no instance where he tried to skew the NIC's intelligence analysis in any way. Regarding pre-1986 months in the NIC, however, I would modify that earlier prepared statement to indicate that I now know that Bob Gates did lean heavily on the Iran-Iraq estimate in 1985, insisting on his own views and discouraging dissent. In 1985 I was not in that particular loop. I have some knowledge of that 1985 estimate, however, and of subsequent and more correct Iran-Iraq estimates prepared in 1986 when I was in the loop, and we backed away from what Mr. Goodman called a 1985 swerve. I am prepared to testify at greater length concerning those Iran estimates if you so desire. Also, I am prepared to clarify and to correct some of the testimony you have received concerning the famous or infamous estimate on the Soviets and international terrorism in 1981 and on the Mexican estimate in 1984—with both of which I was closely associated.

Now in summing up I have some very difficult things to say, but I feel I must say them. In brief, my message is that I think it will be a mistake to confirm Bob Gates as DCI. This is a difficult task for me in part because I am still a part-time employee of the CIA. It is also a painful task for me. It is painful to be negative about someone who has been my colleague—a relationship where there was no bad blood whatsoever between us—a supervisor who was good to me. Furthermore, Bob Gates is extremely able and has had clearly a unique experience at both ends of intelligence production and consumption. For me this is a case of conflicting loyalties. As an indebted colleague, I should loyally support his candidacy. But I

also have loyalties to the Agency and to our country's need to have DCIs of the finest make-up possible.

I know I am not as well known as the witnesses who have urged this Committee to confirm Bob Gates, but I do bring certain credentials as someone still in the intelligence analysis business, who has been there longer than any other officer I know—someone who has had the pleasure of knowing and working for DCIs of stature—General Bedell Smith, Alan Dulles, John McCone, Dick Helms—and someone who has been awarded respect within CIA, within this Committee years ago—and in the outside world of scholarship in the fields of international affairs, of intelligence, and of ethics and public affairs. I've written and spoken in all these areas.

Why then do I volunteer my belief that Bob Gates should not be confirmed? Several scores, very briefly. First, my views on the nomination have become more critical since the confirmation hearings began. I've become more critical because of the depositions, the documents and the testimonies that have come to light. And I'm including in that that of Tom Polgar whose detailed knowledge of the Iran-Contra record should be considered I think with respect.

Secondly, because of the testimony of Bob Gates himself. For me, the word that captures his testimony is clever. The forgetfulness of this brilliant officer—he of photographic memory—does not to me wholly instill confidence.

Thirdly, to develop the finest U.S. intelligence possible, the DCI Gates would have to attract and recruit the best brains in the country. I fear he would have some difficulty doing so because many would shy away from serving a DCI about whom some serious questions had been raised.

Fourthly, there should also be reservations about Bob Gates' analytical style and judgment. Over the years, the best analytical results in U.S. intelligence has resulted when the DCI attracted the best analytical talent he could find, then listened to those judgments—ground in his own judgments and then presented their collective views to the senior policymakers. Many will share my view that Bob Gates has often depended too much on his own individual analytic judgments, especially on questions of political analysis, and has ignored or scorned the views of others who did not accord with his own. This would be okay if he were all seeing. He has not been. Most importantly, he has been wrong on the central analytic target of the past few years—the probable fortunes of the USSR and the Soviet European bloc. He was wrong concerning the Soviet threat to Iran in 1985. Overly certain earlier that the Soviets ran international terrorism. Overly certain that the sky would fall if we did not bomb Nicaragua—we didn't and it didn't. And this is to say nothing of the wisdom of his recommendation that we use bombing in Nicaragua. To me, the U.S.A. deserves a DCI whose analytic batting average is better than that, especially if that DCI tends to force his judgments on CIA and the intelligence community, and especially at a time when U.S. intelligence and U.S. policy face a far more complex world than the one we have known.

Lastly, I have some hesitancy concerning Bob Gates' determination to be a fiercely independent voice of U.S. intelligence. I agree with Admiral Inman's testimony that there will not necessarily be dancing in the streets in CIA if Bob Gates becomes DCI. I do feel,

however, that Admiral Inman may have left a mistaken impression with this Committee—that the reason CIA senior analysts and officers might not wholly welcome a DCI Gates is because they are simply set in their ways and wouldn't want to change.

I would stress that there is another element present among them which deserves emphasis. And that is the strong tradition among older CIA officers who laid stress upon the need for integrity of judgment. A generation of officers raised on the need for strict independence of judgment—of a premium on telling it like it is, so going where the evidence takes one, and then candidly so telling the policymakers, whether they find such judgments congenial or not—the aim being to enlighten them about the true shape of the world, not to please them or to cater to their preconceptions.

I do not see Bob Gates as a strong example of that tradition. For U.S. intelligence to be worth its keep, worth all the money, talent and effort involved, we citizens must be confident that a DCI will independently and fiercely stand his ground with his boss, the President, in cases where their views might differ on the particular intelligence judgment at hand. In my view, which I'm sure many CIA officers share, there would not be such confidence concerning the Bob Gates who served in CIA. And it seems to me it would be even more difficult for him to develop such fierce independent integrity of judgment and action now after having been a close key member of the President's policymaking team for some years.

Thank you, Mr. Chairman, for permitting me to make this comment.

Chairman BOREN. Thank you very much, Mr. Ford. We appreciate your testimony very much. I have forgotten whether it was Mr. Gershwin or Mr. MacEachin who was to go next. All right, Mr. Gershwin, we'll proceed with your testimony. Again, we appreciate you staying over this evening to be with us at this time.

TESTIMONY OF LAWRENCE GERSHWIN, NATIONAL INTELLIGENCE OFFICER, FOR STRATEGIC PROGRAMS

Mr. GERSHWIN. Just a couple of notes on my background. I have been at the Central Intelligence Agency for ten years. October 1981 is when I showed up. I've been in the same job all that time as a National Intelligence Officer for Strategic Programs. Before that I worked at the Pentagon and before that at the Rand Corporation also on issues of Soviet Strategic Forces. I have a Ph.D in Physics from the University of California at Berkeley.

Just a couple of comments before I go into my prepared statement. A remark was made by Mr. Goodman earlier that the DCI and, I'm not sure if he meant Bob Gates, but in any case, there wasn't a lot of interest in Soviet strategic programs. These guys were all focused on the third world and foreign policy and things like that. That's just flat out wrong. And I know first hand from my work with those—the DCI and Bob Gates—that they were extremely interested in strategic programs—so was Admiral Inman, so was John McMahan, and we spent a great deal of time on that. There were many issues: Arms control, the Soviet strategic force build up of the late 70's, early 80's. It wasn't just because of the SDI program. It was because it was a real problem and everyone

knew that. And I must say that what I have heard described about Bob Gates in terms of the Third World, the political area and so on and the DCI, Bill Casey, has nothing to do whatsoever with the world I saw in strategic forces where these people were extremely fair, extremely interested, where the analytic process worked very well. I know that from my own experience, and I'm not aware of any serious charge anywhere that any of the analysts in the strategic forces area had any problem with Bob Gates other than his being a tough reviewer and with Bill Casey, I'd certainly be happy to go into more detail on that, but at least in the area that I've been responsible for, that world does not resemble the world that I heard Mr. Goodman describe.

I worked closely with Bob Gates from 1981 to 1989 in all of his various roles. His standard for quality work and the need to lay out the evidential basis for judgments and estimates were commendable, and I supported those fully. He could be a sharp critic of work that in some way did not fully deal with or neglected key available evidence, or work that did not lay out the assumptions leading to its conclusions. Thus, he was a tough reviewer and everyone knew it, but I believe that he was fair.

His efforts to impose higher standards of quality on the reports issued by the Directorate of Intelligence and by the National Intelligence Council gave, in my view, a very positive boost to the credibility of the intelligence product we provided throughout the 1980s to the Executive branch and to the Congress. At least in the area I am familiar with, the strategic forces, the finished products of the National Intelligence Council and the Director of Intelligence were prepared and produced in a highly professional manner with complete integrity, and were perceived as objective and balanced by policy consumers who held a wide range of views.

Having been intimately involved in this process, I am confident that there is no basis for any allegation that either Bob Gates, or anyone else, sought to distort intelligence judgments in the area of Soviet strategic forces and strategic defenses suit the desires of the policy community. And I have a number of examples to the contrary if anyone thought that those were true. Nor did he or anyone else within the Intelligence Community try to override the views of the Intelligence Community analysts in these areas. National Intelligence Estimates on strategic forces are written by first laying out all the details. After extensive review and coordination by the Intelligence Community analysts, then we prepare the Key Judgments and Summary—including those issues we judge to be of the greatest significance to policy officials. This is a bottom-up approach, in which the judgments result from the analytic effort, rather than a top-down approach where the judgments are first formulated and then the supporting analysis is written.

In my view, the approach we use on these types of estimates guarantees the most objective judgments, fully consistent with the evidence. We never had a situation where Bob Gates either stated or implied how he would like to see our judgments come out, before we gave him the Community's views. Sometimes he would ask for clarification or amplification, or suggest that the section for highest policy officials was too long or too complicated, and he was very comfortable with and promoted the presentation of multiple, alter-

native views in these Estimates—including views from his own Directorate of Intelligence when he was Chairman of the National Intelligence Council. This desire to display the various views in the Community, in fact, has been characteristic of all of the DCIs, DDCIs and Chairmen of the National Intelligence Council under whom I have served for ten years.

The ultimate purpose of our work in preparing judgments on Soviet strategic forces is to support the needs of our many consumers. As you well know, I have often briefed Congressional committees and staffs, as well as policy officials at all levels in the Executive Branch. We who are responsible for formulating and presenting our intelligence judgments are well aware of the impact our judgments can have on policy and U.S. force acquisition considerations. We often receive recommendations from outside the Intelligence Community on research projects that are needed to assist the decision making process. We are highly responsive to these requests because our work is not done as an academic exercise—it is done to support the needs of our consumers.

Under Bob Gates' leadership and encouragement, we all made new concerted efforts to meet with policy officials to ascertain their intelligence needs, and then to brief these officials on the results of our work. We often listen to criticisms of our analysis or our judgments from policy officials, as might be expected. And some of those criticisms were very intense. Policymakers, however, often have useful insights based on their personal interactions and experience. Where valid points are raised, we might go back and re-examine our work, even improve it sometimes.

However, this type of interaction with policymakers is not politicization of intelligence. None of us should be so confident of our work that we refuse to consider the views of those who differ with us, whether they are within the Intelligence Community or outside of it. Note that Bob Gates, as Director of Intelligence, strongly encouraged closer links to the academic community and the business community as a way to get more inputs for the intelligence products and more external review of our analysis.

Clearly, each of us responsible for the production of intelligence must have the integrity to resist any pressure to modify intelligence analysis or judgments because the views are inconvenient or even apparently undermine a particular policy effort. In my area of Soviet strategic forces, I am confident that we have never allowed our judgments to be influenced by such political considerations, and we have had the full support of Bob Gates and others in maintaining the integrity of our process.

Let me now address the circumstances leading up to the speech by Mr. Gates in November 1986 called *The Soviets and SDI*. From the 1970s on, Soviet efforts in ballistic missile defense and directed energy weapons research have been major topics for our classified collection and analysis. The possibility of a Soviet technological breakthrough involving directed energy weapons has been noted all along. I remember explicitly highlighting that in my first NIE published in 1982. The topic has been treated for many years as a high priority for collection because of our major uncertainties about the technical achievements and programs and plans associated with the strong Soviet effort. Because of the high interest in these

issues, we published an NIE in 1982 on the Soviet ballistic missile defense program that laid out all the evidence in extraordinary detail. The Soviet potential for deployment of a widespread ABM system was also an arms control compliance concern, so that there was tremendous demand for information and intelligence judgments on these issues.

With the announcement of the U.S. SDI program in 1983, there was even greater interest in the Soviet programs and potential Soviet responses to the U.S. program. We continued to devote considerable research and analysis effort and coverage in my NIEs to those topics, as well as throughout the Intelligence Community. We participated in the preparation of Joint Net Assessments on strategic forces with the Secretary of Defense in 1983 and 1985 in which detailed comparisons were made of the U.S. and Soviet strategic defense programs. In 1985 DCI Casey asked me to prepare a publication on Soviet ballistic missile defense, drawing on all of our coordinated intelligence work, that he could provide to the President. He was concerned that the totality of the Soviet effort was not coming through in our routine annual NIEs. Furthermore, we published an NIE on Soviet responses to SDI in 1986, which took note of the, again, of the extensive Soviet strategic defensive program.

That's the classified background to that speech. The major initiative in the early 1980s to provide unclassified information on Soviet military forces, including strategic defenses, came from the Pentagon in the form of the annual publication Soviet Military Power.

By late 1984, the various officials of the Executive Branch were asking for more unclassified information on Soviet strategic defenses that could be used with the public because the Soviets were carrying out an aggressive public campaign against the U.S. SDI program and would not admit to any such activities of their own. By early 1985, these requests were increasing.

In addition, members of the Legislative Branch were urging the Administration to declassify the findings of our National Intelligence Estimate on Soviet strategic forces, NIE 11-3/8. Bob Gates and I testified together in open session in June 1985 on that NIE, in the process providing a great deal of declassified material on Soviet strategic defenses.

In March 1985, one of CIA's analysts, who had been providing intelligence support on Soviet directed-energy weapons research to U.S. policy officials, prepared an unclassified piece on these Soviet programs. This piece, the so-called CIA White Paper, was sent by Bob Gates, at the time the Deputy Director for Intelligence, to the White House, State, and Defense for their use in public discussion.

In June 1985, Ambassador Paul Nitze gave a speech entitled "SDI, the Soviet Program," in which he drew heavily from the CIA White Paper. In October 1985, the Defense Department and the Department of State published an unclassified report entitled "Soviet Strategic Defense Programs," which drew on the CIA paper as well as providing a great deal more on Soviet defensive programs.

The 1986 edition of Soviet Military Power, published in March 1986, used much of this new material in amplifying its discussion of Soviet strategic defenses.

Despite all of these publications and speeches, it was still the case that in the fall of 1986 the national debate on the U.S. SDI

program was not taking much note of the Soviet strategic defense efforts. I think it was in this context that you have to look at Bob Gates' November 1986 speech, in which he reiterated the Soviet efforts and noted the Soviet desire to kill the U.S. program, in part because they may have believed we could accomplish the goals of the program.

Giving such a speech, I believe, is a legitimate role for a senior intelligence officer in support of U.S. policy, so long as the intelligence is not skewed and sources and methods are not compromised.

My own role in the preparation of the speech was primarily as a reviewer, although I had spoken with Bob many times about the issues reflected in that speech. I received a draft of the speech about two weeks prior to its delivery. It was customary for NIOs and other senior officers to see copies of drafts of speeches that had material in our area in order to make sure it was unclassified and to provide advice on the content of the speech.

My inputs, which he mostly accepted, were of that type. In some cases, I suggested that the wording be modified to conform precisely to the testimony that he and I had given in 1985, or that some unclassified judgments be updated. In other cases, I made technical fixes to make sure that the material was consistent with our classified judgments.

I was supportive of his statements and gave him some suggestions on the ideas that the Soviets were seeking to preserve an advantage in strategic defenses, which everyone agreed they had, and that the Soviets were fearful that we could achieve the goals of our SDI program.

In summary, the speech accurately reflected our intelligence analysis and judgments at the time as well as being fully consistent with the other unclassified material that was available. [Deleted.]

The material that was in that speech was based on what we had already published in the community. It was most assuredly not a driver of our intelligence judgments, nor did it affect our judgments in subsequent classified publications. Rather, any changes that took place in our classified judgments in 1987, 1988 and beyond were based on new evidence and analysis, not on unclassified statements.

The CIA assists other agencies in the publication of unclassified intelligence information on various subjects, including Soviet military issues, and that has been a long-standing tradition. On occasion, the CIA has prepared an entire document for publication by others. I think it was entirely appropriate in 1985, therefore, for the CIA to prepare the White Paper on Soviet directed-energy programs, just as I think it has been appropriate for the CIA to collaborate with the Defense Department in the preparation of Soviet Military Power and to be forward-leaning in providing a new unclassified writeup for that publication on some important issue.

Our key concerns are to make sure that the sources and methods are protected and to make sure that the material is an accurate and consistent reflection of our classified judgments. We have worked hard at this, and I believe we have been successful.

You also asked for my perspective on the May 12, 1987, memorandum from DDI Kerr to the Chairman of the National Intelligence Council on the integrity and objectivity of National Foreign

Intelligence Estimates. Having been an NIO for ten years, I feel qualified to judge that the process of producing National Intelligence Estimates has been carried out with very high integrity and objectivity on the part of the NIOs, the Chairman of the National Intelligence Council, and the DCI and DDCI.

There are always improvements that can be made in how this process works and in the quality and utility of our work. Kerr's memo provides various suggestions for how this can be done, some of which I agree with, some of which I differ with. For example, I disagree with the memo on the specific recommendations regarding the role of an NIO in the process. I would be happy to go into detail if we need to.

In the last several years, the National Intelligence Council has taken a number of steps to improve the process and the product. We have created new types of publications in an effort to be more responsive to the need of policymakers. I should note that we have always stressed the importance of representing multiple views in these estimates and not stifling dissent.

Those of you who are familiar with my work and that of other NIOs know how conscientious we are in representing alternative views in our written products as well as our briefings. I should note that we often have to encourage the formulation of alternative views when we become aware of differences on some key issues, and we assist agencies in expressing their views so the policy reader understands the differences and the reasons for them.

Just as a note, I suspect that in this area there is a lot to be said for agencies that are sometimes unwilling to express their own alternative views, for whatever reasons, and the importance of the NIOs themselves in ferreting out those views and, if they are deemed important enough to bother somebody with, trying to help those agencies say it in a way that's actually intelligible and useful to the policy process.

These are judgment calls, and that's what we are paid to do, rather than to just simply staple it all together, and that is a very important role and I think some of the issues that we have heard discussed fall into that area.

Nevertheless, as noted in Kerr's memo, we always need to work hard and probably harder to make sure that no agency's views are submerged or glossed over by reaching sloppy or ambiguous judgments that people can live with—and that is a perennial problem for us to try to make sure that people aren't just living with it because it doesn't say anything and that we have something sharp to say and, if necessary, a sharp alternative view to go with it.

The last issue you asked me to address was my perspective on the overall atmosphere within the Directorate of Intelligence during the years Bob Gates occupied the senior leadership positions at CIA. In my view, the morale and esprit d'corps was excellent among those analysts working on Soviet strategic forces. I have insufficient personal perspective on the morale of analysts working other areas, so my remarks are confined simply to the strategic forces area.

We were addressing some very exciting issues in the 1980s—a robust Soviet strategic force program, intense negotiations with the Soviets on arms control, major U.S. weapons acquisition program

for which intelligence inputs were of critical importance. The analysts had extraordinary access to U.S. policymakers, providing frequent inputs in both verbal and written form.

As I noted earlier, these contacts are strongly encouraged by Bob Gates and were a major contribution, I think, of him and Director Casey to changes in the way we did our work.

The flip side of this was that the judgments reached by the analysts were scrutinized carefully because the issues were so important and our products were taken so seriously by those to whom we delivered them. Bob Gates and those below him in the chain reviewed the work of analysts carefully and asked tough questions. Bob often asked for the judgments to be better supported by the evidence, or to make a clear distinction between those judgments for which we had supporting evidence and those which were based more on inference or belief.

In the strategic forces area, these distinctions could generally be made fairly easily because we acquired a great deal of hard evidence. I do not think that requests such as these caused great difficulty and I think it made for better analysis and more credible judgments.

Regardless, it was both proper and essential that any report going out as a product of the Directorate of Intelligence be clear as to what assumptions or evidence were used in reaching the conclusions. If an analyst or his office could not support the judgments adequately in this way, than I think there is a serious question as to the wisdom of publishing the report. I think some of the issues that you've heard, not in my area but in others, fall into again this category.

Some people may say this is interfering with the right of the analysts to make their views known. I do not agree. I think it is a matter of imposing higher standards on the analysis and the product. Analysts all grouse about having to respond to the comments of the reviewers, myself included, including those up the chain. But we must all recognize the need to provide a convincing argument to justify our judgments. These judgments are important.

In conclusion, I believe that Bob Gates' emphasis on substantive credibility and quality was one of his key contributions to the analytic process in the intelligence community. I am not aware of any personnel or morale issues associated with analysts in the Soviet strategic forces are that can credibly be attributed to Mr. Gates or the standards he imposed on the analytic process.

Thank you, Mr. Chairman.

Chairman BOREN. thank you very much, Mr. Gershwin. We appreciate again your staying with us to be here tonight to give your statement.

Mr. MacEachin, we would be glad to hear from you at this time.
[The prepared statement of Mr. MacEachin follows:]

PREPARED STATEMENT OF DOUGLAS J. MACEachIN

Mr. Chairman, before taking up the specific questions your letter asked me to address, I would like briefly to describe a number of factors which I think are relevant to, and provide important background to, the generation of allegations of "politicization" of intelligence.

The first, which I note simply for the record since I know the Committee is fully conscious of it, is that for a large part of the major policy issues, the information from which intelligence judgments must be drawn does not permit unambiguous conclusions. Far more often than we would like, the evidence is quite legitimately subject to different interpretations. Sometimes one alternative stands out relatively clearly as most likely and the others are more on the order of "possibilities." Other times, two or more interpretations seem to fit the evidence equally well. This is especially so when we are trying to look ahead--when we are often dealing with decisions that the foreign governments or actors have not yet made themselves.

Secondly, in the intelligence consumer population, there are few neutral readers. Where there are, they are usually people not involved or without a major stake in the particular policy issue on which the intelligence bears. If an intelligence product tends to point to a particular line of policy, it will be welcomed by those who support that policy and seldom welcomed by those who oppose it and favor another policy. This is the case across the board--in security and military issues, economic and trade policies, and in the broad spectrum of foreign policy.

Please do not interpret this characterization as a complaint--it comes with the territory. Frankly, it is what makes intelligence challenging.

Soviet issues are particularly highly charged. The number of people with a position or interest in a particular policy cuts a wide swath.

And even those not directly involved usually hold strong views on what the Soviet Union is all about. For me, and I think for most of us, one of the constants in life from childhood to the present has been the centrality of the Soviet Union to our perceptions of external threat to our security, and to our perceptions of political and philosophical competition. Questions on the size, nature and form of that threat and how best to deal with it, and the moral confrontation with the issues emanating from Soviet political philosophy, have been central politically defining factors of American political life for at least as long as I personally can remember. Intelligence assessments that bear on these questions, and decisions pursuant to them, can potentially affect significant elements of the U.S. economy and political activities.

The intelligence analysts and managers are no different than anyone else. We are a product of the same political and social system, and have views and outlooks formed by the same process. We also have, however, a professional responsibility to make every effort to ensure that these views, no matter how strong, do not get in the way of the objectivity of our analysis, or in the balance of the presentation. Given the nature of human frailty, we doubtless slip, but we must always be conscious of this obligation and try to meet it.

None of this is new.

A new element, however, which I believe has evolved over the past decade or so, is the extent to which the intelligence products of the CIA and other parts of the Intelligence Community have been scrutinized by a much wider audience--including Congress and outside experts--and have had to contend with challenges from these sources, challenges which are often in the media. The consumer has become increasingly aware of and made use of sources of alternative views. In effect, for those in the intelligence production business, the consumer population has become more demanding and the market more competitive.

This is partly an outcome of the evolution of our role in the policy process. But we need to confront the fact that at least to some extent, we have brought it on ourselves. We have had some significant failures in our analysis, and breakdowns in process.

I can remember being part of a group of middle grade officers meeting with Mr. Colby--some 18 years ago--when he told us that we had to recognize and adapt to the increasing accountability that our open democratic society would demand of its intelligence organization.

What this meant for the intelligence agencies is that we have had to become ever more diligent in demonstrating the worth of our product.

For analysis, the first and foremost requirement for meeting this challenge is the need to lay out in as much detail as possible all the evidence we have bearing on the question at hand. A corollary to this is the need to make explicit what is evidence and the source of that evidence, and what is judgment, inference, and opinion.

When the evidence is conflicting, it is imperative that this be described explicitly.

Where there can be alternative interpretations, those alternatives must be explicitly described. That includes

not only alternative views from within the CIA or the Intelligence Community, but alternative views held within the consumer community. You cannot persuade a consumer who holds strong and contradictory views to accept instead the intelligence view by simply presenting the intelligence view and brushing aside his or her alternative.

This does not mean we cannot or should not come down strongly with a judgment--when the evidence merits it. Indeed--this has to be our prime objective, both for guiding collection and pushing analysis. But the reader needs to know what the alternatives are and why we think the evidence does or does not point to one as more likely. If policy makers are going to base decisions on intelligence--which is what all intelligence officers hope--then these policy officials need to know what they are working with.

When the evidence does not favor one alternative over another, we need to make that clear. I recognize that this runs the danger of producing "wishy-washiness." But there has to be--and certainly can be--a proper balance between that and misleading the consumer as to how good the information is. The policy implementor does not lack for opinions; he is bombarded with them. He hopes to get a little more from us--something with evidence. That is, after all, why so many resources are devoted to collection.

And it is just as important to describe for the consumer what we do not know as it is to describe what we do know. And to the extent possible we need to make clear how the unknowns affect the strength of the judgments, or how the missing information would affect the judgment as to which of the alternative interpretations of the conflicting evidence we do have is more likely. This also is a critical factor in the interaction between collection and analysis, and if we don't do one, we can't do the other.

In addition to being essential for the consumer, these professional standards and procedures are essential to protect us from ourselves, and to avoid any appearance that our product reflects a particular outlook--either the consumer's or our own.

In sum, Mr. Chairman, I think that this tougher market made us do things that we should have been doing, that we professed to be doing and were doing to some extent but not consistently enough or rigorously enough. But we still need to be more conscious of this need and still do better.

I should also emphasize that nothing I have said is meant to constrain speculative pieces. I frankly think we should find more room for them. But I think also that those who--and I would count myself among them--do want to go out on a limb from time to time--should identify the personal

and speculative nature of those views. And we do after all have the right to offer up such products.

There are times when the policy community needs to be told of something which might not necessarily be likely, but for which there is enough evidence or factors that could cause it to happen--and its potential consequences are of sufficient magnitude--to warrant serious consideration of its implications--including what we should do in the event it does happen, and whether there are steps that--even if we think the chances of its occurring are not high--can nevertheless be taken to be sure it won't happen.

In a perverse way, Mr. Chairman, I think the tendency to avoid detailed, explicit treatment of alternative views--and the reluctance of many in the Community to share a minority position on the stage--is a constraint on the kind of bold leaps that often are needed. I think we would have avoided some of our failures if we had been more willing to forego insistence on consensus in the face of potentially ominous situations, or treating one answer as "right" and the others as "wrong."

At the same time, Mr. Chairman, I believe the consumer community has to look to itself--to the way speculative pieces or analyses that take distinctly minority views are treated--to see if that is not a factor in the hesitance of intelligence agencies and even individual analysts to go out on a limb.

As a caveat to all this, I should stress that we need to avoid carrying the process to an extreme--the "covering all bets" syndrome. But it is something we should work harder at, and I believe going out on a limb now and then is not only compatible with the principles I described above, but also all the more necessary in the environment I described. And frankly, it can't be done properly if we cannot clear the atmosphere of "politicization" charge and countercharge.

And I want to state for the record, Mr. Chairman, that Mr. Gates pressed the principles and procedures I described above more vigorously than any DDI I had served under before that time. He also repeatedly initiated reviews of our products to see where we slipped in our own adherence to them. And he continually created opportunities for us to consult with and test our analysis and judgments against outside experts who differed with us, even--often by design--outside experts known to hold strong views or to be especially critical of our product. And I would also note, Mr. Chairman, that in my experience Mr. Gates has been a supporter of going out on a limb, even when he disagreed, as I can testify from personal experience.

Mr. Gates did indeed have his own views. One could not, with his background, simply shut down his analytic faculties. But in my experience, he always made it clear when he was expressing his views, and he was a stickler for evidence, was open to good cases, and did not impose his views in opposition to evidence and good analysis. On the contrary, when the case was made he would either adjust his views or--even if he still remained unconvinced--see to it that the case got full treatment.

In what I have said so far, Mr. Chairman, and in the remainder of this statement I have avoided use of specific examples. I would be happy to cite such in the context of questions from the Committee, but here I want to avoid the temptation to get sidetracked on the rightness or wrongness of individual substantive cases and concentrate on process as it relates to politicization. I would also like to keep this formal submission out of classified areas.

With regard to the questions I was asked to address, I would like to deal with those pertaining to the IG reports and with the overall atmosphere in SOVA during the Gates years as a package at the end of this statement.

As regards the question on my previous testimony on aspects of Soviet analysis, particularly a session on 7 December 1988, in which I was asked to comment on future challenges to intelligence analysis--since the transcript of that session is available for the record, I won't attempt to repeat it in great detail. I will of course be happy to address any questions from the committee on specifics.

The main point I would make here is that I believe a reading of the complete transcript will show that I said then most of what I have already said here today.

I described what I believed then and have described today to be the demands for rigor imposed by the much wider exposure of the intelligence product. Twice within about 3 minutes (two pages of transcript) I specifically referred to the increased scrutiny of Congress and the media and the competition of outside experts as having placed much more stringent demands on us in the formulation of our products. I noted that the readership was often hearing contrasting views from other respected sources--sources that had access to the media in a way we did not and should not.

I also characterized the centrality of perceptions of the Soviet Union as a factor in American political attitudes, and the implications of such for the consumer's perceptions of the intelligence product, in much the way I just did today.

I said then we were trying and should continue to try to deal with this challenge through rigorous adherence to the standards and procedures I described today.

I made all of these statements in addressing the question that had been set as the agenda for that particular session--namely, the challenges to intelligence analysis for the future. In the earlier parts of that session, my colleagues had already described some of the specific substantive challenges. What I was trying to do in my remarks was to describe what I thought were the less obvious but nonetheless real challenges for the intelligence analyst in producing a credible and influential product, and point out why I thought this would become even more so in the future.

And in this context, another point I sought to make then, and for which I tried to use the other points as background, was that our challenge had another dimension--the fact that we had been dealing with a Soviet Union that had been going through dramatic changes that contradicted all of the paradigms people had grown accustomed to in framing views of Soviet intentions and likely courses of actions. And I was sure that more dramatic changes were in the offing. We would--I thought--as a consequence be presenting judgments that many would find hard to believe, and we would find that making the case convincing would be an increasing challenge.

Frankly, it may turn out that the events of the last month or so have produced a breakthrough that alleviates at least some of the concerns I expressed then.

I believe it is clear from a complete reading of the transcript in the December 7, 1988, session that I was not talking about these issues in terms of what is being described here as politicization--the alteration of views to conform to particular outlooks--but to a different problem--namely, that the more open exposure of the intelligence product within the body politique had placed exceptional demands on the formulation and presentation of intelligence products.

In fact, I explicitly stated in that testimony that I thought politicization as so defined was not the issue. It was rather the way the intelligence process had, in a sense, come out of the cold. It was a new world and we had to learn to work in it. I even gave a specific example of a flap that careless wording had caused in one case. These are the same points I have tried to make here today, Mr. Chairman. On that occasion, I did not have a prepared text, but was engaged in a more free wheeling give and take, on ideas I had been developing and was still trying to sort out.

And then as today I did not do this as a complaint against the greater demands imposed by this process. I said then what I said today--I thought we were better because of it.

Now I would like to turn to the question on my January 21, 1987, memo to then DDI Kerr on "DDI Analysis of Soviet Intentions Toward Iran,"--actually, my memo was not the one which the Committee apparently has, dated 21 January, but one written later and sent on 28 January. The background is as follows:

I am not certain exactly through what medium or when I learned of the issues surrounding the May 1985 Memo to Holders of SNIE 34-84, but I think it was from press reports in early to mid-January 1987. I know that I had no knowledge of the Memo to Holders before then. I had not read the draft, and as it was described it did not sound like the views we had been disseminating from SOVA--both before and after the May 85 date of that Memo to Holders.

When I queried the analyst who had participated in preparation of the Memo to Holders, I was told that it had been prepared by the NIO for the Near East/South Asia (NIO/NESA Graham Fuller), and that as a result of insertions of material by the NIO, the characterization of Moscow's efforts and likely actions differed from what SOVA analysts believed and had described in their initial contribution. I was also told that the SOVA analysts were not very successful in getting the NIO to change his wording. The SOVA analysts claimed they did not come to me with the issue because they believed there was little prospect of getting DDI dissent to a NIC product.

As far as I was concerned, Mr. Chairman, that decision was my responsibility; regardless of the substantive merits of the case, I considered it to be a breakdown in the process, for all parties. I was angry with the NIC for not seeking a fair resolution, but I also was angry with the SOVA people who decided on their own not to inform me.

I could not undo the past, and we already had put out subsequent papers and a new Memo to Holders which gave the SOVA view. The only thing I could deal with then was the process.

I therefore told the Chief of the Division which had the substantive account for Soviet activities in the Middle East to have prepared for me a Memo for the Record (MFR) describing the events surrounding the 1985 product, and to collect the Key Judgments or Summaries of all SOVA products--our own or our contributions to NIC products--from 1980 to the present. I told him I wanted this put together in a

package for which I would write my own cover memo and send to the DDI.

The draft MFR was sent to me on January 22, and the final package, with my own memo and all the attachments, was sent to the DDI on January 28. I understand a copy of this package has been sent to this Committee, but if Members have not seen it, I have copies with me.

As to the source of the piece of paper with the January 21 date, it apparently is the first draft done by the analyst who was tasked with the job; he had been the SOVA representative at the original 1985 meetings with the NIO/NESA. He apparently mistakenly drafted it as a memo for my signature, but that was corrected immediately, and the corrected draft was sent to me the next day--January 22.

Your letter also asked my views of Mr. Kerr's May 12, 1987, memo to Chairman NIC. Frankly, I simply viewed that as an effort to deal with the process to ensure breakdowns of the nature described in my 28 January package did not occur again.

On your question on my views of the role of the NIC, it seems to me to be rather straight forward. Each NIO is to see to it that the resources of the community--for both collection and analysis--within his or her particular substantive area of responsibility are brought together to provide the intelligence needed by the policy community. There may be more elegant or detailed definitions, but I look upon it essentially as the "C" in the original concept of the 1947 Act that created the CIA.

One point I would like to elaborate on a bit, Mr. Chairman, concerns the responsibilities of the NIOs in advising the DCI. While it is true that they have to coordinate the Community products, and ensure that all agencies' views are presented, they cannot become simply process managers. The DCI is responsible for the product. The NIOs sit astride a substantive slice of the entire Community. They have an obligation to advise the DCI on how they think the process is working, and if they see problems with a Community product--even if all agencies agree--they have an obligation to so advise the DCI and help him resolve it. Somebody has to perform an ombudsman role. The institutional position which seems best suited to do this now is the NIC. I personally see no necessary conflict between this and the Community role I just described. I continue to find occasion in which I am struck with how much grief we could have avoided if we had challenged our own consensus. We need to learn to do this without inflaming ad hominem attacks and charges of "politicization."

As to double hatting the Chairman NIC and the DDI, I think the only person to have been double hatted as such will be the first to agree it is not a good idea.

Finally, Mr. Chairman, as your letter requested, I will address the three Inspector General reports on SOVA, and try to address your question on the overall atmosphere in SOVA during the years that Bob Gates was DDI.

It seems to me that all of this boils down to the reported allegations, in some cases passionate convictions, among some analysts that Bob Gates deliberately politicized the intelligence product.

I would like to preface my remarks in this regard with two points. One is that although I was Director of Soviet Analysis in the DDI for only two of the four years that Mr. Gates was the DDI, I served the preceding three years as Deputy Director and Director of the office (CPAS) responsible for the final review and dissemination of the principal current intelligence publication--the National Intelligence Daily. As a consequence, I got to deal with Mr. Gates on a wide range of substantive issues. Secondly, since I was responsible for the SOVA product during part of Mr. Gates tenure as DDI, any charge of skewing SOVA products to suit alleged consumer biases gets absorbed into my consciousness as charges--not in a legal sense perhaps; as a non-lawyer I would leave that to experts--but in a moral sense--that I was an accessory if not a co-conspirator. So I ask indulgences if I reflect some sensitivity.

This entire matter is a source of great personal disappointment--that's about as mildly as I can state it. I will try to list the factors which, I think, in synergistic combination have contributed to it, factors which I believed to have been in play at the time I arrived in SOVA in March of 1984, and which I tried but obviously failed to overcome.

One central ingredient was the more competitive and demanding intelligence production environment that I have already tried to describe in my earlier remarks today, and which I also tried to characterize in my December 7, 1988, testimony to this Committee's Soviet Task Force.

Another factor, I believe, is that CIA analysis on the Soviet Union had been under public criticism in the late 1970's. It is not that criticism is new or even unwarranted. But the particular focus of much of the criticism we were hearing then alleged that CIA's Soviet analysts had a "slant toward the benign" when it came to assessing such things as Soviet objectives in foreign policy--particularly in the Third World--the size, capabilities and goals of Soviet military programs, and Soviet involvement in "dirty tricks"--terrorism, subversion,

disinformation and propaganda. There were also continuing charges that we were underestimating the share of Soviet GNP devoted to the military, and that we tended to downplay Soviet non-compliance with arms control treaties.

Some of the criticisms were overdrawn, some were unfair, in my view, and some were naive. But it was also true that we had had some rather spectacular failures. After all, by this time, we had experienced situations in which, in 1967, 1968, 1973, 1978, and 1979, one or more nations had mobilized and deployed large and threatening military forces, but we judged either that those nations would not launch a military attack or intervention, or that such a step was the least or lessor of the available interpretations. And in every case the military attack or intervention was launched. And frankly, in hindsight nearly every review showed the process was as much at fault as the evidence and analysis.

Many of the people who had expressed such criticism of our Soviet analysis moved into policy positions in the 1980's. Indeed, Mr. Casey made no secret of the fact that he had some of these same criticisms of CIA products--as did many CIA professionals.

Consequently, I think there was an expectation on the part of many of the analysts who had worked these issues during the 1970's that they would come under attack from the new CIA management of the 1980's. And with this outlook, demands for rigorous adherence to procedures I outlined here today and in my December 1988 testimony--explicit distinction of evidence from inference and conclusion, careful detailed examination of alternative interpretations--and yes, a consciousness of the fact that in the eyes of consumers who held different views, any other approach could destroy the credibility of the product by appearing arrogant, assertive, and dismissive--the insistence on this approach was seen by many as fulfillment of their fears.

It is also worth noting that most disagreements on Soviet foreign policy intentions and likely actions hinged on the extent to which individuals believed Soviet ideological factors influenced Soviet actions. While it would be an oversimplification to claim analysts subscribed unequivocally to one or the other paradigm, as a general rule they broke down into those whose conclusions or interpretation tended to be influenced mainly by assumptions of what was politically "logical" and those whose interpretations tended to be influenced more by what they thought were the dictates of Soviet ideology. Thus most substantive disputes were encumbered by one side's viewing the other as being driven by bias toward one or the other of the paradigms.

I think a review of many of our failures would show the dominance of one or the other of these paradigms. The better products are those that try explicitly to sort out how political logic and ideology play off against each other in the specific situation at hand.

For example, Mr. Chairman, our failure in the case of all those military crises I just mentioned resulted, in my view--others may disagree--from too much reliance on the "political logic" paradigm. The May 1985 Memo to Holders appears--at least in hindsight--to have been influenced too much by what many viewed as Soviet expansionist ideology. I am not setting up this for debate, but merely as a proposition to frame the question--why was one judgment slanted and others not?

I also believe--although many, perhaps most, of my colleagues disagree--that at least some small part of the problem was the dominance of the current intelligence approach to much of our foreign policy analysis throughout the 1960's and 1970's. There was a culture that put a premium on a short report of information, accompanied by an "explanation" of what it meant. In this culture, treatment of alternative interpretation was not the norm; it was more a matter of "win-lose" in getting a certain interpretation accepted as "the" interpretation.

Unfortunately, Mr. Chairman, I have to say that--in my personal opinion at least--all these factors came together in ways that made it easier for analysts--who possessed great communication skills and education and intellect--to perceive criticisms and demands for more explicit treatment of evidence or more thorough examination of alternative interpretations which they personally didn't share--to view all of this as a reflection of bias on the part of senior management.

I hasten to add, that this is a minority of the analysts--although that minority will I am sure believe otherwise. But it only takes a few to poison the atmosphere. It is particularly so when many of these are experienced veterans who become role models for young, new, impressionable officers. In fairness, the DI culture was and remains one of "publish or perish." When an analyst finds a product rejected or challenged, that challenge affects what is seen as the career lifeline.

Unfortunately, the very steps that were intended--and which I at least believed offered the best hope--to strengthen some of the credibility that had been eroded by our own mistakes and the wider exposure of the product to outside scrutiny and criticism, have been instead cited by some as efforts at politicization.

Yes, the audience was filled with people holding strong views. Yes, even senior Agency management held some strong views. And this, in my career, has not been unique to Mr. Casey or Mr. Gates. But this is supposed to be the big leagues--not academia.

One last and unfortunately sour note, Mr. Chairman. One of the IG reports--the follow-up of March 1989--contains a paragraph that has infuriated me since the day I first read it. I wrestled for a long time over whether to file a formal protest, (or take more direct action) and decided that anyone who could have written such a distortion would not be moved by anything I could write, and for others I frankly did not want to appear to be a whiner.

The paragraph purported to describe an interview with me on my last day in SOVA before moving to my current assignment. I had said the same things to the IG team that I said here: it's a tougher world for intelligence to maintain its place, and we had to deal with it in the ways that by now the Committee is probably tired of hearing me repeat. But in the IG report, my characterization of the need for treating alternative interpretations was characterized as QUOTE analysts opinions and judgments were sometimes packaged as one of a number of alternatives to make the product more palatable to D/SOVA's superiors. UNQUOTE And my description of the need for QUOTE extra rigorous analysis and an extraordinary amount of supporting evidence [for] unpopular judgments UNQUOTE is portrayed as hinting at something which is being forced on us by senior agency management. Frankly, my wonder that I should have felt a need to make such an obvious point is exceeded only by my wonder that someone saw it as sufficiently noteworthy to record in a report. What would the IG suppose--that for unpopular judgments, we need just routine analysis and a modest amount of evidence? And I did not tie all this to strong views by the senior Agency managers but to the strong views of the audience at large, not just within the Agency. But even that should make no difference--the issue is whether the views skew the judgments.

My bottom line on that portion of the IG report, Mr. Chairman, is that it reflects on the part of the authors the very virus that they sought to condemn.

TESTIMONY OF DOUGLAS J. MacEACHIN, FORMER DIRECTOR,
OFFICE OF SOVIET ANALYSIS, CENTRAL INTELLIGENCE AGENCY

Mr. MAC EACHIN. Yes, sir, Mr. Chairman. I see it is——

Chairman BOREN. This panel has already done a far better job than the members of this Committee would have done in terms of time estimates. So don't feel that you are under constraint.

Mr. MAC EACHIN. I have actually sent a statement down which was somewhat longer and more detailed than I had planned to give tonight. As I said, I wrote that unclassified, saving any reference to classified material. And I have a copy which I can officially submit, I guess, here for the record.

Chairman BOREN. That would be fine.

Mr. MAC EACHIN. I had planned to do another statement, somewhat shorter. In light of the events, I think I want to depart somewhat from that, but I will also submit that one for the record.

Chairman BOREN. That will be fine. We will receive both for the record, and please proceed.

Mr. MAC EACHIN. As far as my own background goes, it's fairly boring. I spent some time in the Marine Corps, and then in academic pursuits, teaching economics, was actually hired by the Agency in the mid-1960's when paramilitary operations were kind of a cottage industry. They discovered I could read and write and I caught on on the analytical side and have been the beneficiary of the greatest string of good luck of any person I think who has worked in the analytical division.

I found myself in the 1967 Middle East Task Force, the 1968 Task Force for Czechoslovakia, the 1973 Task Force for the Middle East War. I found myself in the strategic warning staff at the Pentagon at the time of the Soviet invasion of Afghanistan, and in the mid-1980s I found myself as the Director of the Office of Soviet Analysis at the time of the greatest changes in that political body, I think, since the 1918 period.

In the last two years, I've been the Chief of the Arms Control Intelligence Staff, where I think I broke a record. I participated in the completion of three treaties; however, two of them have yet to be implemented.

Senator CRANSTON. Would you move the mike a little bit closer?

Mr. MAC EACHIN. Yes, sir. What I think I have to do here is at least make a couple remarks in response to the testimony that's been given, so for that reason I'm going to have to walk a little away from my prepared oral statement.

I don't believe it would be appropriate, based on the rules that have been outlined for me, to go into all of the statements that have been made, and indeed I could not possibly do it here this evening or in one evening. We have had a great number of statements made about things which I have to scratch my head and ask myself where I was. In fact, as the Director of the Office of Soviet Analysis under the conditions described by Ms. Glaudemans, I guess I am a co-defendant.

However, I would point out that we have heard about evidence which was suppressed without hearing what that evidence was. We have heard about assertions and judgments that were made without understanding why those assertions were wrong and the ones

that were suppressed were right. So I hope that some time is spent on that subject, because I'm going to talk a little bit about some of the things I think are the standards for intelligence, and I think the application of those standards to some of these things that were stated here tonight would be in order.

I also have to say that a large part of what Mr. Goodman said caught me rather by surprise in terms of, A, how he knew about it, and it was sort of areas where I wasn't concerned. In a couple of areas, there are some flat simple first-order factual mistakes which, if you like, I could at least put on the record.

For example, the Office of Soviet Analysis was not commissioned to do this paper. The Office of Global Intelligence was commissioned to do this paper. The Office of Soviet Analysis was asked to do a section, originally started out as separate, on sort of the internal political atmosphere and institutions in the Soviet Union which might bear on how the KGB could carry out this operation.

Chairman BOREN. That is, the Papal assassination?

Mr. MACEachin. Yes, sir. Would the senior political leadership necessarily have to know about it or not? That was, therefore, assigned to the branch chief who had the account for those kinds of internal political affairs and who I thought was in the best position to do this, and who was given special access to material, which I think has been described as in camera.

I know we will be talking much more about this, but when I look at those certain things that I do know about, I have to at least ask myself. I have to go back and find out about those things that I do not know about, because there seems to be some informational disconnect. That is all I wanted to say about the testimony tonight, except one or two references as I move along here.

The whole issue of intelligence in the modern Washington political environment has been one which I will tell you I have personally grappled with and thought about a great deal because I have lived through a lot of changes. Mr. Ford, when I came to work, was an exulted senior analyst in the CIA and, 25 years later or 26 years later, he still is. But otherwise many other things have changed.

In the 1980s, the late 1970s or 1980s, there is just simply no question, as I have said in testimony in front of this Committee on other occasions, as I said in the statement which I submitted, as I am reminded I said at a CIA managers convention or conference in the fall of 1988, intelligence product today is exposed to a much greater readership, Congress among it.

Outside experts. The policymaker is bombarded with opinions and experts and pressures and criticisms of the intelligence and alternative views from every quarter. They don't have to solicit them; they get them for free. I once commented that the great advantage in being the Director of the Office of Soviet Analysis was all the voluntary assistance that I got, ranging from a professor at the finest university to the guys in the neighborhood bar, and in some cases the guys in the neighborhood bar had it right when the others didn't. [Laughter.]

Mr. MACEachin. In that environment, the need for a rigorous treatment of evidence and an honest, not a pro forma treatment of competing judgments, is all the more important because—I will make an assertion—I don't think you can put out an estimate on a

major Soviet issue, on particular Soviet issues, in Washington today without running cross-ways from somebody—and that somebody will be a person of consequence, a senior figure of some sort. That person will have access to alternative views and analysis.

I want to say right now I'm not saying it as a complaint. That's why we're here. That's why we came to this job. If we want to go expound our personal views, there are many avenues for that. If we want to stay in and try to get the CIA to publish views, then we have to deal with the situation. And the way to deal with it is not to adopt a defensive posture and say I'm being coerced.

The way to deal with it is to get your evidence together and get your analysis together, and if you don't think you can stand up to a competing viewpoint, then maybe you don't have it. As I say, I would be happy to go into much more of this in detail later when it comes to the perceptions.

I also want to make clear, make another assertion—this may be challenged by some in this room, not too many, I don't think, and not too many back in my building—that in terms of having head-to-head confrontations on judgments with the senior management of CIA, from the early 1980s until recently—and now I'm having confrontations with junior management in CIA very recently, in which I was accused of politicizing a product—I think my number of trips to the ring is close to the tops of the building.

I have never been afraid to go in there, and I don't think any of the people here who are critics or supporters of this will say anything different. So I'm not coming in saying everything is always wonderful. This is a tough, tough business. I don't think it's any controversial statement to say that when Mr. Gates, at the time he became DDI, CIA's analysis had undergone criticism from many quarters, from the outside and from the government.

I don't want to get into the issue of the validity of that criticism. I think some of it was naive, some of it was just flat wrong, and some of it was off the mark. But just to cite one example, Mr. Chairman, by 1981 our critics could look at a record that began in 1967 and again in 1968 and again in 1973 and again in 1978 and again in 1979—and, by the way, we run tests in our building; if you can fill in all the blanks, you get an A.

We saw the massing of military troops and it looked for all the world like an invasion was about to take place. We will get lots of argument on it, but I will let the record speak for itself. In virtually every case, CIA had given a strong argument as to why said invasion wouldn't take place, and in every case it did take place.

Now, we were accused of having a benign, rational actor model for our Soviet analysis. That may not be true, but our critics had plenty to point to. I don't think—this is my personal view—we had fostered a very good tradition in the 1970s and before that for alternative, competing viewpoints. I think that we operated on a win-lose internal proposition.

We argued it out, and somebody's views prevailed as the institutional views, and somebody else's didn't. And I didn't hear "politicization" then. But clearly there was, as far as my perception is, a certain unwillingness to say we don't know how this thing is going to come out. They have a whole lot of troops there. We know there's an internal debate in that country about whether they

should invade or not invade. We don't know how that debate will come out because it hasn't come out yet.

On the one side, there will be these people; on the other side there will be those people. And get the paper down to the policy-maker to tell him here's a situation in which we don't know the outcome. You might be able to influence it if you move now. But if you move after the tanks are on the way, you're not going to have much change and we need to get off the dime and stop our internal arguments and get the papers out.

That was the situation that existed. I'll share with this Committee one small point which I think illustrates this. This is classified—well, maybe it isn't as of this week. I'm having trouble tracking what's classified and not any more; that's part of the modern world.

Senator MURKOWSKI. So do we. [Laughter.]

Mr. MACEachin. I had a chance in the late 1980s to read a raw debrief of [deleted] the highest-ranking official KGB defector we've had, and he was discussing the internal debate in the Soviet Union before the invasion of Afghanistan. The KGB opposed it, and the Foreign Ministry opposed it. And he gave their arguments. Those were exactly our arguments for saying why they wouldn't do it.

But, he said, you know, those gorillas in the Central Committee, those ideologues, they won the day. All I'm saying is that when someone tries to say, in addition to using your rational actor model, let's at least examine the implications of the other model, I don't think that's politicization.

I'm going to say I have this problem. That's probably what got me here tonight and got me into this trouble. I think that very often the debates in the intelligence community over Soviet actions, intentions, ended up in two camps. The one camp saw itself as rational and understanding real political decisions, and the other camp was viewed by them as a bunch of knuckle-dragging ideologues and commie-bashers.

On the other side, the group saw itself as hard-nosed realists and the other guys were wimpy com-symp. That's colorful language, but I think people, if you can find honest people out where we work, they will tell you that's not too far off. In the early 1980s, the hard-nosed realists were after the pinko-commie wimps and com-symp, and that was the case, and that was the case publicly and that was the case everywhere that we read.

We had to deal with that problem. It's also no secret that in the early 1970s Mr. Gates had launched many of the criticisms that I have described today, and it was no secret that many of his criticisms were being stated on the record by a great number of these people who were taking senior positions in the incoming administration. There was an expectation that we were going to get it.

It was widely perceived that with all the criticism that had been levied at the CIA's production that there was going to be, at least by those who had sort of dominated the analysis up until that time, that there was going to be trouble.

Mr. Gates undertook, forcefully, explicitly, with no holds barred, to lay down some rules. Those rules I think are unassailable. In today's world, you have to lay out the evidence. You have to make absolutely clear what you know, what is fact, what is inference,

what is judgment. You have to give an honest treatment of a competing alternative, not, well, I've reached my conclusion, but I've got to give some treatment to this other guy's crazy idea.

This is not just in order to make the product credible with the consumer; I think that our analysis needs to get to its judgment by testing the evidence against those competing alternatives.

Now we've heard about papers that were rejected when they had sound evidence, and other views which prevailed when there was no evidence. I have been in this business for 25 years. I know Harold has been here much longer. I have heard for 25 years that same story. Whether it's true or not true I think needs to be investigated, but it can't be settled on assertion. I would like to see that process followed if this issue is going to be raised.

Mr. Chairman, I'd like to just list a few examples of the positive side where I think that following these rules at least did get our papers and products that were anathema. In my carrier, as I advanced in age, I discover trying to remember things that happened in 1985 to come this Committee impressed upon me how old I was.

But I get to seminars and I am asked what are the projects which I have been personally involved in which caused the most controversy, the most heated feedback, and I very easily name two. [Deleted.]

In both of those cases—well, I illustrate those, A, because they are over a decade apart and, B, one has an increase and the other was a decrease. So there isn't any safe way to know. It depends on where you run into the policy vector.

That chemical weapons paper, when we had briefed it before it came out, there were interventions made at the highest level of CIA to have the paper killed. I'm not sure I want to say that in open testimony, Mr. Chairman. But Mr. Gates was away at the time the interventions were made. There was some blinking going on, and I remember taking the analyst to lunch to Wolf Trap Deli in Vienna, Virginia, and saying, well, you know, there's one way to avoid all this problem; just write a paper on a subject no one cares about and that doesn't bear on any critical issues and you will not have any problems.

But if you're going to write on important things, we're going to fight this one through. And we fought it through, and Mr. Gates did not hesitate for a second. He said that paper will be published. And I will say that he had lots of help if he didn't want to publish it, because it was followed by a national estimate in which every single intelligence agency in the community opposed us.

So I don't know anything about our being forbidden to take footnotes, because we clearly were the isolated view on that one. I can tell you I personally got a footnote, one that I wrote myself, on an estimate about 1986 having to do with Soviet doctrine, having to do with the new thinking that Ms. Glaudemans just talked about.

I could list a number more. I would just like to list one or two others. In the case of Soviet—well, Soviet defense spending was probably my next greatest source of misery in my entire tour as Director of Soviet Analysis. Every year that we came out with an estimate that the procurement spending was probably flat or probably not going up, we got memos from the Secretary of Defense and various people, and I even got to personally meet him in his office

and brief him—a meeting that was arranged by Mr. Gates in which, quite frankly, we had a chance to lay out the evidence and we didn't leave the Secretary happy but we left the Secretary understanding.

I've read and watched hearings and heard about our great failure in not seeing the Soviet cutbacks in the military forces, unilateral reductions. As some members of this Committee know, I began to believe about 1986 that this would happen. I didn't have much evidence. I had some political debates that I could read, some essays. I was once an economist. I was doing some analysis of the economy.

I saw things in the military forces. I had a hypothesis. Mr. Gershwin thought I was nuts. Mr. Gates thought I was nuts. I never quite understand where the Committee members to whom I briefed this came out on that issue. [Laughter.]

Chairman BOREN. We were right on that question. [Laughter.]

Senator MURKOWSKI. Don't check the record. [Laughter.]

Mr. MACEACHIN. I worked very hard for a long time trying to build this case. We did not publish a hardcover document on it until June of 1988, but that was six months before he announced them. And when that paper was published, it gave as much evidence as I could muster, the arguments that we could put together. It gave complete treatment, I believe, to the arguments why they would not.

But that paper reached a final conclusion in the final statement of the key judgments that said there is a good chance that the Soviets will undertake significant unilateral cutbacks before the end of the decade—a little sooner than maybe I thought. But no one had suppressed that view.

On one occasion in November of 1988, Mr. Gates and I were together here and we contradicted each other in our opinions on that matter. He gave one view and I gave another. He gave his first. I said I disagree. I wasn't sure about my next paycheck. Of course, that's a joke, but no, if I had been worried about politicization or snuffing, I certainly wouldn't have done that. Mr. Gates let me go off to Europe and brief that theory to many of the NATO representatives at the MBFR talks and at the SCBM talks.

My personal experience led me to believe the truth of what Mr. Gates characterized and the way he characterized himself in one of the hearings I watched in front of this Committee. He said he holds strong views. I would describe it somewhat differently. He's a very strong personality who holds views. And that I think is part of the problem.

But, he said, he could be persuaded by evidence and analysis. In all the cases where I was able to get the evidence and lay out the analysis and show that I had looked up the alternative views, he was—I found that to be the case.

There are a number of cases where people would say we didn't get what we wanted, but I think in those cases, if that's going to be made, we need to get the evidence out and see what it was.

I think I'll stop. Mr. Chairman, what led to all of this is a combination of all of these things. It was a combination of the criticisms that were being levied at us. It was a combination of Mr. Gates' vigorous pursuit of principles which, frankly, I believe in then and

I believe in today. I found Mr. Gates, by the way, more willing to look at competing alternative interpretations and judgments than many of those who are castigating him.

The fact that he held strong views. I find it absolutely remarkable that one should find it surprising that when you go to your boss and say either here's a view that is contrary to yours or here's a view that will make your boss mad at you, that you have to get your evidence together and you have to have your analysis together, and you have to have laid out the alternatives.

My brother-in-law works for General Motors. He tells me he has the same problem there. And these are fairly weighty issues. There may have been some things that I don't know about, Mr. Chairman, but all I can testify to is my own experience.

When I arrived in SOVA in 1984 I found this perception. I think I made many mistakes. I tried to put myself in between these arguments too often. I tried to be the one that dredged up the alternative when I couldn't get the analytical force to do it. I wanted to try to create an atmosphere where we said our job is to get about our business a get the product better and prove our critics are wrong, not because our answers are always right or wrong, but because we have a demonstrate credibility in the way we do our analysis and the way we foster the evidence.

In what has been the best career anybody could have ever asked for, as I said, and the luckiest break, I've always been in the right place at the right time, except for Wednesday, the 23rd of September, this is the greatest sadness and my greatest failure. But I'll stop there.

Chairman BOREN. Mr. MacEachin, I thank you for your testimony. I think that from listening to all of you sincerely present your views, we appreciate that it has not been easy for any of you to participate in these proceedings, nor will it be easy to share your views with us in open session.

But I think you can see by the cross-section of views that we have heard tonight, we take our responsibility very seriously to try to reach the right result. As I said when we began, I was determined that, whatever the result of the votes taken by this Committee on this nomination, I hope that the Members of this Committee will feel and others will judge our efforts to be both thorough, fair and unbiased in trying to reach the best judgment.

And that is exactly what we are going to try to do. It is a heavy responsibility but hearing from all five of you tonight will help us in that process. We value your input and we appreciate your willingness to come forward and share your views with us.

I can only say that I hope you will be as candid in the public sessions as you have all been in the private session because this in many ways is a unique opportunity for the American people to have a better understanding of what the Intelligence Community and its mission is all about.

I have had people come up to me on the street and say this and people who call me on the telephone and people when I was at home this weekend mowing my front yard stop to tell me that they have found what they have been watching very enlightening. They have learned more about this whole process than they have ever known before.

I just hope we can present a very fair and accurate picture. I know the Members of this Committee very well. I want each one of you to know that I think the Members of this Committee will listen to each and every one of you and take your comments very seriously. This group of people does not make decisions on a kneejerk basis but try to really think it through.

We appreciate the fact that you have all come to be part of this. Let me again appeal to you all and to everyone in the room that none of us discuss the content of this testimony until it is heard in public session. Piecemeal disclosure will absolutely work against our ability to be fair as a Committee because whatever happens to get in the media with the most emphasis, pro or con, will tilt the debate in a selective way.

Senator Metzenbaum.

Senator METZENBAUM. Mr. Chairman, in the event the CIA raises questions or creates problems with respect to the ability of these people to testify, will you be good enough on Monday to let those of us who are on the Committee know?

Chairman BOREN. Certainly. We are going to leave this up to the individual judgements of the five witnesses to the degree in which they feel any obligation to have this matter taken up with the CIA. That is a matter of their own reading and understanding of their agreements.

I would just say to any of the five of you to come to us with any difficulty whatsoever or any questions. Our hope is that you will be able to give most as you have given it to us tonight in open session. We will do our best to see if additional documents that might relate to underlying issues can be declassified. Maybe some can, maybe some cannot. We might have to have additional questioning in closed session.

Mr. Ford?

Mr. FORD. Mr. Chairman, I would imagine that all of us will feel that our prepared remarks could be put together rather easily and that if we submit them to CIA they would be okayed rather easily. I think we should all anticipate that when we get into open hearings that when questions come on specifics then there may be a number of occasions where we will have to say—

Chairman BOREN. You will have to defer. As I have said, I hope that each of you as witnesses, will help me with that responsibility. There may be moments for all of us in a public forum where there is some tension and pressure. You are concentrating on an answer or we are concentrating on asking you a question and some of us or some of you may momentarily forget that we are getting into an area that we should not discuss in open session.

It is absolutely proper for any of the witnesses, if any of the members of this Committee, including the Chairman, ask you a question that inadvertently asks you for classified information, to remind the questioner of that.

Senator MURKOWSKI. Mr. Chairman, I wonder if you would respond to a situation where a member of this Committee may ask a question in open hearings that would result in a reference made at this closed hearing. In other words, how will we deal with the fact that the witnesses may give testimony at the open hearing a little different than we heard it tonight. If a question is posed relative to

a situation discussed tonight and not discussed in the public hearing, I think it is appropriate for the Chair—

Chairman BOREN. The same rules would prevail. For example, we took Mr. Kerr's deposition in closed testimony. In open session, in asking several questions of Mr. Kerr, I referenced back to the deposition which had been taken in this Committee. So as long as we are not talking about classified sensitive information that has to remain classified, I do not see anything wrong with anyone saying, I did not hear you say today but I recall your saying such and such in closed session.

Senator DECONCINI. Well, Mr. Chairman, if I could—and I hate to prolong this; I know everybody wants to go home—it seems to me it would be worthwhile to look at these statements and pick out what is classified and what is not.

Chairman BOREN. I do not believe we have heard anything classified.

Mr. MACEachin. Mr. Chairman, with the exception of the comment I made on Gordievski, I did not say anything that was classified.

Chairman BOREN. With the reception of the one comment on that specific individual.

Mr. MACEachin. Excuse me, Mr. Chairman. I would like to reinforce a bit what Hal Ford has said. So much of what was laid out here tonight hinges on whether or not the evidence was treated properly.

Chairman BOREN. Yes.

Mr. MACEachin. But this is going to be a problem for us because we cannot—I do not really want to respond to just another set of assertions.

Chairman BOREN. I understand. I think it is still good to make the assertions. If you get to a point where you want to say, Mr. Chairman and Members of the Committee, I simply do not believe that those with the opposing views have treated the underlying evidence right. I would like to have an opportunity in closed session to specifically go into some classified details that I think contradict their conclusions.

I would anticipate that when we get through with the open session there are probably going to still be at least some questions and perhaps some additional responses that you are going to want to make that we will have to come back in here and listen to you.

Mr. MURKOWSKI. I think you should be prepared to recognize that we basically had your written testimony submitted, which some of you departed from substantially, and you may depart even further. So you should be prepared for questions from us on any of these.

Chairman BOREN. We will make a transcript. We will take out the classified portions of anything that was said tonight and make this public.

Mr. WARNER. Would the other witnesses give their opinion as to whether or not their statements contained classified material?

Chairman BOREN. Anything else that you can think of? Mr. Gershwin, did you?

Mr. WARNER. Well, Mr. Gershwin obviously may have.

Mr. GERSHWIN. There was probably not much classified in mine. I would have to look and see. There were some allusions to how we declassify information and things like that, but not much.

Mr. FORD. I do not think anything of ours.

Ms. GLAUDEMANS. I think there may be a distinction between my oral remarks this evening and what is in my written statement, so I have some uncertainty on the written statement but not on the oral.

I do have a question, because I agree about Mr. MacEachin's point about evidence. I don't think it's possible in many cases to discuss the evidence of a lot of these topics or issues without very quickly going into classified material.

Chairman BOREN. Getting into classified matters. Well, I think you should not hesitate to say so. If you start to answer a question and say, you know, I do not think I can fully make that case without getting into some classified information. I would like to have the opportunity in the follow-on session to be able to pursue that with you. We will just make a notation to come back to that.

So not only will we give Members an opportunity to pursue additional questions, we will also give our witnesses the opportunity when we go into that part of it to make additional comments about classified information that came up in the course of the hearing.

I think it is unavoidable. We debated that question among ourselves. Do we start and do everything in closed session, including questions, and then go out and try to resummairize and to have some partial testimony in public? Or do we start in public which is, in essence, what we are going to do Tuesday, and when it becomes obvious in public that we cannot complete some things, we will have to come back and complete them in closed session.

So we decided that we would start in public and then go back into closed if necessary.

Senator BRADLEY. Mr. Chairman?

Chairman BOREN. Yes, sir.

Senator BRADLEY. I would just like to thank the witnesses for sharing as fully as you did tonight with us. I think it is very helpful. It is not easy and I appreciate your willingness to do that. I think it is enormously helpful.

Chairman BOREN. Thank you all very much. Members of the Committee, the first vote on the Senate floor is at 10:30 tomorrow and we will resume at 9:30 a.m. Tuesday morning in the public hearing room.

[Whereupon, at 9:41 p.m., the Committee adjourned.]

Testimony of Melvin A. Goodman to the Senate Select
Committee on Intelligence

Secretary of State George Shultz told the Irancontra hearings in 1987 that he had "grave doubts about the objectivity and reliability" of intelligence from the Central Intelligence Agency long before the controversy over the arms sales and the diversion to the Contras. Earlier he had told the president that the White House was getting incorrect information from the agency, both on Iran and the issue of terrorism. Shultz's criticism was aimed directly at William J. Casey and his deputy and protegee, Robert M. Gates.

Several years later, Senator Daniel Patrick Moynihan, the former vice chairman of the Senate Select Committee on Intelligence, wrote that the CIA had greatly overestimated the size of the Soviet economy and underestimated the impact of the Soviet defense burden. Senator Moynihan described CIA's inability to anticipate and record dramatic developments within the Soviet Union in the 1980s as a significant intelligence failure and asked, "What else are we getting wrong?"

I believe CIA got a great deal wrong during the 1980s, primarily because the analytical output of the directorate of intelligence was systematically politicized. In the process, the agency's fundamental mission to provide objective analysis to the policymaker was compromised and the professional integrity of its

analysts undermined.

POLITICIZATION OF INTELLIGENCE

The politicization of intelligence was institutionalized during Casey's tenure as DCI (1981-1987) and Gates' tenure first as deputy to Casey and then as deputy director of intelligence (1981-1987). Casey brought to the CIA a strong policy agenda based on his conviction that the Soviet Union was intent on destroying the West and was responsible for most of the world's problems. Gates understood the intelligence process and knew how to ensure its responsiveness to Casey's policy interests. Both men were determined to bolster analysis that emphasized the Soviet threat and to inhibit analysis that emphasized Moscow's problems and declining international position.

The issue of politicization is a difficult one, but the problems created by flawed intelligence are significant enough to require serious and concentrated attention. Politicization should not be confused with policy relevance. The latter ensures that the policymaker is informed about situations he or she is facing; it requires steady communication between the intelligence and policy communities. Politicization, in contrast, is the systematic slanting of analysis to serve policy interests.

Politicization can be imposed in various ways:

- * imposition of intelligence judgments not supported by evidence,
- * suppression of intelligence that does not support

the policy agenda,

- * manipulation of the analytical process,
- * misuse of the directorate of operations to influence the analytical work of the directorate of intelligence, and
- * personnel management that ensures responsiveness to policy interests.

I will provide examples of each to illustrate the key role played by Robert Gates in the politicization of intelligence.

* IMPOSITION OF INTELLIGENCE JUDGMENTS: Casey and Gates believed that the Kremlin was behind Ali Agca's attempt to assassinate the Pope in 1981. They tried unsuccessfully for several years to get the DI to find the "smoking gun" to establish Soviet complicity. On the basis of a new report in 1985 from second and third-hand sources as well as interested subsources, Casey instructed Gates to prepare a DI study to show Moscow's direct involvement in the assassination attempt. Gates ordered that the study be prepared in camera and that there should be no attempt to examine evidence that documented Soviet non-involvement. Three analysts with limited experience in Soviet foreign policy were given the task, and Soviet experts on the topic were excluded from preparation and review of the assessment.

Even with such rigid ground rules, the analysts could not document Soviet involvement, and noted various inconsistencies

and anomalies in the key judgments and summary of the assessment. Gates personally rewrote the key judgments and summary, removing all references to inconsistencies and anomalies and dropping a "scope note" that stated the paper made no attempt to examine counter-arguments against Soviet complicity. Gates unambiguously stated in a covering note to the assessment, unknown to the authors of the study, that the Soviets were "directly involved" and portrayed his own views as a CIA consensus. Thus he manipulated both the evidence and the analysts responsible for the assessment.

An internal CIA study, commissioned by Gates after severe criticism of the paper, concluded that the assessment was poorly sourced and lacked balance, and that the "seventh floor" (i.e., Gates) had stacked the deck and "overwhelmed" the analytical line of the assessment. The directorate of operations concluded that the study was "not professional" and conceded that it was based on reporting that would not have been released if there had not been high-level interest. Neither DO nor DI experts on the subject agreed with the paper and, over the past ten years, no reasonable evidence has linked the Soviets to the attempted assassination.

Other judgments that Gates introduced into agency publications without supporting evidence were Soviet use of lethal chemicals in Afghanistan, economic ties between drug dealers and international terrorists, state-sponsored terrorism, a reduction in Iranian support for terrorism in 1985-1986, and

increased Contra successes between 1984 and 1986.

--Casey and Gates wanted an intelligence product that linked drug dealers and international terrorists. The task was given to a senior analyst who concluded that no such link existed and who then refused Gates' pressure to reach a different conclusion. The analyst was replaced by another intelligence officer, who complied with the request.

--In response to Gates' pressure in 1985-1986, the DI began to allege that Iran was becoming more pragmatic and substantially reducing its support for terrorism. Gates has denied in The Washington Post and Foreign Affairs that the agency view of Iran's support for terrorism changed in this period but, in three formal DI publications from November 1985 to May 1986, the DI reported Iranian support as less active. There was no evidence to support this abrupt departure in the DI view on Iranian support for terrorism, which coincided of course with the period of the Hawk shipments to Iran.

--In 1985, Gates wanted an agency document to assert that Syrian, Libyan, and Iranian support for state terrorism was coordinated by Moscow. Despite the objections of senior Soviet analysts, he endorsed an estimate and a monograph by an independent contractor to accuse the Soviets of coordinating terrorist activities. There was no reliable evidence of such Soviet involvement.

* SUPPRESSION OF INTELLIGENCE: Gates displayed great

intolerance for judgments that did not support Casey's view of the Soviet Union and often blocked circulation of such ideas. In 1982, he killed an estimate draft on the Soviets and the Third World that argued there would be fewer opportunities for Moscow in the 1980s and more problems in areas of Soviet influence. Subsequent events showed that these views were correct, but Gates said the draft lacked any sense of the dynamics of Soviet involvement in the Third World and ignored Moscow's "tactical creativity."

His own views were recorded in the Washington Times in 1986, when he argued without any evidence that Moscow's targets in the Third World included the oil fields of the Middle East, the Panama Canal, and the mineral wealth of South Africa. In that article, he became a policy advocate and called for a "vigorous strategy" in the Third World, including use of military force. Before presenting his views, he blocked a DI memorandum that showed indicators of Soviet activity in the Third World either stagnant or declining; the paper cited reduced Soviet ship days in out-of-area waters, stagnant military and economic aid, and fewer advisors abroad.

--In 1984, Gates stopped several articles that concluded Moscow would not ignore U.S. injunctions and deliver MiG fighter aircraft to the Sandinistas. Gates sent a note explaining that it would be "unhelpful" to "lead with our chin" in making such a prediction. As a result, U.S. policymakers were not exposed to analysis of the constraints on Soviet actions in Central America.

--Gates blocked a major research effort in 1984 that documented insurgency failures against Soviet forces in Afghanistan, dismissing the effort as "journalistic." Other intelligence agencies were producing assessments on the military limitations of the mujahideen, but agency efforts were killed. Gates' personal view that the military successes of the mujahideen would lead to more dramatic Soviet actions served to block analysis that documented mujahideen shortcomings and Soviet limitations.

--In 1985, Gates often rejected DI analysis that carefully and comprehensively documented Soviet problems in Iran and pressed his own view that exaggerated the extent of Soviet involvement and the nature of the Soviet threat in Iran. He was personally responsible for the inaccurate assessments in the special estimate that was delivered to the White House in 1985.

--The DI significantly inflated Soviet aircraft losses in Afghanistan over a three-year period, ignored indicators of the Soviet decision to withdraw, and underestimated Najibullah's ability to survive the Soviet withdrawal. These views supported Gates' views on Soviet losses in Afghanistan and Najibullah's political longevity. Much of the finished intelligence on Afghanistan (and Nicaragua) was driven by the need to support CIA covert action programs. In sum, Gates' ability to block analysis that indicated Soviet weakness or constraint had been institutionalized.

* USE OF THE DO TO MANIPULATE ANALYSIS OF THE DI:

In two prominent cases, Gates allowed the operations directorate to influence analytical judgments of the intelligence directorate. In doing so, he undermined the credibility and integrity of both the operational and intelligence directorates.

--The most dramatic and damaging episode occurred in 1986, when a retired DO officer, George Cave, traveled to Iran with Robert McFarlane and prepared his own reports on the political situation in Iran. These reports were given to the NSC, with the source described as an Iranian moderate with good access. Cave was permitted to submit his analysis of his own reports to the most sensitive product of the DI, the President's Daily Brief, without coordination and without the knowledge of DI analysts. When this matter was brought to Gates' attention, he dismissed the complaint and stated that the analysts were merely upset at being "out-of-the-loop." The purpose of this exercise was to exaggerate the political influence of so-called Iranian moderates and thus justify the arms sales. In the process, US policymakers--including the President of the United States--became the recipients of CIA disinformation.

--In order to exaggerate the success of the Contras, Gates allowed a DO officer to take part in the drafting of current intelligence on Nicaragua. DI analysts eventually filed a formal complaint with the Inspector General (IG) regarding the inaccurate and tendentious analysis that was being produced from

1984 to 1986 as a result of DO involvement. DCI William Webster commissioned an IG study in 1989 that confirmed the charges.

During the Casey-Gates era in a departure from previous practice, DO officers contributed to analytical products dealing with countries where CIA was involved in covert action. Casey and Gates created joint DO-DI centers that prepared analysis on terrorism and Nicaragua, thus violating the independent analytical function of the intelligence directorate. Gates also ordered that articles on Nicaragua in the National Intelligence Daily--the DI's premier publication--were to be coordinated for substance with the DO.

In the cases of Afghanistan, Iran, and Nicaragua, for example, where Casey was personally and politically committed to a specific outcome as a result of operational programs, Gates made sure that finished intelligence was responsive. In my twenty-five years of agency experience, I cannot recall any other example of using the DO to institutionalize control of intelligence production.

In another departure from practice, Gates ordered the Office of Soviet Analysis to prepare exaggerated assessments of the Soviet threat that the McFarlane delegation would pass to the Iranians. The director of the Office often chortled that he painted the Soviets "ten feet tall and four feet wide." Disinformation efforts, of course, are prepared in the DO, never until then in the DI.

* MANIPULATION OF PROCESS: The initial National Intelligence Estimate on Soviet involvement in international terrorism in 1981 could not support Secretary of State Alexander Haig's charges that Moscow assisted and directed such international terrorist organizations as the IRA, the Red Brigade, Baader-Meinhof, and the Japanese Red Army. Haig had read the manuscript of a book by Claire Sterling which implied that Moscow was directing and supporting European terrorist groups, and he wanted the documentation to prove it. The estimate concluded that Moscow supported such organizations as the PLO, the ANC, and SWAPO that resorted to terrorism as one element of their policies, but had not assisted European terrorist organizations.

These views were unacceptable to Casey. Gates was instructed to rewrite the Key Judgments and change the text of the estimate to show extensive Soviet involvement in international terrorism. Gates altered the text by highlighting ambiguous reports in the annex that suggested more extensive Soviet involvement. His conclusions went beyond the documentary evidence, and the DO protested the misuse of its reports.

Casey and Gates then ordered a rewrite of the estimate, expanding the terms of reference to include "revolutionary violence," a more ambiguous concept that widened the scope of the paper. The final draft, despite evidence to the contrary, implied Soviet support for European terrorist groups. Secretary of State Shultz ignored the conclusions of the estimate; his

briefing books on the subject concluded that neither the U.S. nor its European allies had "evidence of a centralized control or planning mechanism nor of a direct Soviet connection with terrorist groups."

In the wake of the terrorism estimate, Casey took unprecedented steps to control the estimative process that had prided itself over the years for its institutional independence and analytical objectivity. With the help of Gates, Casey introduced the following unprecedented measures:

--terms of reference and estimate drafts had to be cleared by the DCI before coordination with other agencies,

--the positions of the DI and Chairman of the National Intelligence Council were combined, with Gates heading both organizations, and

--Gates no longer permitted DI analysts to take footnotes in national intelligence estimates, including the important estimate on Iran in May 1985 that exaggerated Soviet influence in Tehran and ignored the innerent limits to the Soviet-Iranian relationship. These steps enabled Gates to control all lines of intelligence analysis in the CIA and weakened the agency's ability to produce objective intelligence estimates.

* PERSONNEL POLICY: Personnel management is the most effective way to ensure consistent production of a desired intelligence line, and Gates' personnel policies produced a steady erosion of CIA's analytical mission. Replacing

intelligence experts with people willing to cooperate became a vital element in Gates' approach to intelligence management, and the effects of this policy continue to hinder the production of quality intelligence. Junior analysts became responsible for analysis on Soviet domestic and foreign policy as senior analysts sought other positions inside the intelligence community and elsewhere. Nearly every senior analyst on Soviet foreign policy eventually left the Office of Soviet Analysis, and management positions that were once held by professionals with more than fifty years of collective experience currently are occupied by intelligence officers with virtually none. The picture for Soviet domestic policy is similar, with the departure of most senior analysts and the introduction of managers with virtually no experience in Soviet domestic politics. The same pattern dominated the assignments of intelligence officers who covered the Caribbean and Central America. Bill Casey gave cash awards to officers linked to Irancontra such as Dewey Clarridge, Alan Fiers, and Clair George in 1986. In similar fashion, Gates' intelligence directorate used incentives to honor and promote managers and analysts who adhered to the company line.

POLITICIZATION AND INTELLIGENCE ON IRAN

All the tools of politicization were brought to bear during the crucial period in May 1985, when the CIA prepared a special national intelligence memorandum on Iran as well as two memoranda on Iran by Graham Fuller, the National Intelligence Officer for

the Near East and South Asia. From 1981 to 1985, DI analysts had resisted pressure from Casey and Gates and argued that Soviet efforts to gain influence in Iran had failed, that Soviet-Iranian relations were severely strained, and that Moscow did not expect to gain influence in Tehran as long as Khomeini remained in power. These well-documented conclusions were radically altered in 1985, however, without any change in the evidentiary base.

The special estimate, entitled "Iran: Prospects for Near-term Instability," concluded that Moscow was well positioned to increase its influence in Iran, that Gorbachev saw Iran as a key area of opportunity, and that Moscow would show flexibility on arms sales to Iran. These views were introduced without consulting Soviet analysts in the DDI. Prior to preparation of the estimate, Gates ordered that the senior intelligence officer for Soviet foreign policy be removed from the Office of Soviet Analysis (SOVA). The conclusions of SOVA analysts, that Moscow was skeptical about Khomeini's intentions and was unlikely to sacrifice ties with Iraq for uncertain gains in Iran, were ignored.

In a departure from past practice, the NIO for the Near East drafted the key judgments and did not vet them with the intelligence community until the first coordination meeting. The NIO's views had been vetted with Robert Gates, however, and the NIO informed those at the meeting that the draft had Gates' approval and could not be changed. This episode is particularly

important in view of Gates' letter to Senator David L. Boren in 1987, stating that there were "no dissents to the Estimate from any agency" and that the "independence and integrity of the intelligence process were preserved throughout." In fact, only one Soviet analyst from the intelligence community attended the meeting; his arguments were virtually ignored and Gates' policy of permitting no footnotes prevented DI's views from being expressed.

Subsequent intelligence estimates on Iran returned to the assessments expressed in past publications, that as long as Khomeini remained at the helm, Moscow was "unlikely to offer significant gestures to improve relations." Gates, in his testimony on Iran and the Soviet position on Iran to the Senate Foreign Relations Committee in January 1989, did not refer to the anomalies in the Iran estimate of May 1985--even though SOVA's contribution to his testimony highlighted the episode.

IMPLICATIONS OF POLITICIZATION:

The politicization that took place during the Casey-Gates era is directly responsible for the CIA's loss of its ethical compass and the erosion of its credibility. Sherman Kent and other intelligence theorists have argued that there must be interaction between policy and intelligence if each is to be effective, but this can be accomplished only with objective intelligence. The imposition of intelligence judgments or the repression of information deprives policymakers of important and

timely information. The creation of joint DO-DI centers--which are susceptible to high-level manipulation--violates the basic rationale for the CIA's existence--to provide objective intelligence, independent of policy bias.

A HPSCI study, entitled "U.S. Intelligence Performance on Central America: Achievements and Selected Instances of Concern," discovered some of these problems nearly ten years ago. With regard to agency analysis, it recorded the absence of "rigorous evaluation of contradictory evidence...in products whose primary function is to reinforce policy rather than inform." It concluded that the "consumer's desire for 'ammunition'," moreover, had a "costly" effect on the intelligence product. A comparable study on intelligence regarding the Soviet Union would have similar conclusions.

Within the intelligence directorate itself, issues of politicization have caused serious morale problems among analysts and even some managers as their professional ethic has been eroded. Numerous IG reports--and Management Advisory Group (MAG) surveys over the past ten years have described the malaise and anger among many analysts over the corruption of the intelligence process. These reports confirm that, with each episode of politicization, analysts learned the lesson that, if the Soviets were not painted--in the words of one senior manager--"ten feet tall and four feet wide"--there would be no audience on the seventh floor. As a result, analysts began to censor their own work, which helps to explain why DO field assessments reflect a

better understanding of political issues than DI intelligence.

* * * * *

During my twenty-five years of experience at the CIA, I observed examples of institutional bias and intelligence failure. Nevertheless, when DCI John McCone disagreed with an estimate on the eve of the Cuban missile crisis in 1962, he carried the analysis of the intelligence community to the White House and presented his personal dissent to the president. When DCI Richard Helms was troubled by CIA analysis on Vietnam in the 1960s, he too delivered the analysis to the NSC along with his personal views on the subject. Indeed, until the era of Casey and Gates, the problem of systematic politicization was unknown to the agency.

There is no question that intelligence officers will differ over evidence that is subject to interpretation. The intelligence process was structured to ensure that these differences could be aired. Competing offices were established to ensure coordination sessions and the right to express dissent. The DI and the DO are separate in order to protect independent analysis. The office of national estimates and the intelligence directorate should be separate for the same reason. Casey and Gates closed down these traditional practices for expressing differences and arrogated powers of judgment to themselves, thus corrupting a process that intelligence officers take seriously.

Casey and Gates, moreover, introduced a pattern of imposing judgments without supporting evidence and suppressing other lines

of analysis. They made assumptions that ignored evidence and circumvented intelligence procedures; in at least one case, the papal plot, they fabricated the conclusions of an assessment. They systematically created an agency view of the Soviet Union that overemphasized the Soviet threat, ignored Soviet vulnerabilities and weaknesses, and failed to recognize the pluralistic political culture that Gorbachev developed in a relatively short period of time. In doing so, alternative views of the USSR and information useful to the policymaker were suppressed.

In sum, and to answer Senator Moynihan's important question regarding "what else are we getting wrong," the policy community, the Congress, and the country failed to receive significant information on the Soviet Union and the Third World from 1981 to 1988. William Casey wanted intelligence products that supported his view of the Soviet threat, and Robert Gates manipulated the intelligence directorate to achieve the desired line. The fact that the CIA missed the most important historical development in its history--the collapse of the Soviet Empire and the Soviet Union itself--is due in large measure to the culture and process that Gates established in his directorate. As a result, the agency contributed to the narrowing of policy choices for U.S. policymakers in dealing with the USSR during a period of historic opportunity.

Melvin A. Goodman

Written Statement of Jennifer Lynn Glaudemans
for the
Senate Select Committee on Intelligence

September 20, 1991

Background and Intelligence Experience

I received a Liberal Arts degree from the University of Texas at Austin in 1981 and a Masters in Public Affairs from the Woodrow Wilson School of Public and International Affairs at Princeton University in 1983.

In the summer of 1982, I was a graduate fellow in SOVA's Policy Analysis Division, working on Soviet foreign policy toward the Third World.

I entered the Career Training Program in October 1983. In addition to class study, I worked in NESAs, Soviet Reports in the Directorate of Operations and the State Department's Bureau of Intelligence and Reports (INR).

In January 1985 I entered SOVA's Third World Division to work on Soviet policy toward the Middle East.

In January 1988 I began working in the Strategic Forces Division on Soviet policy toward the United States.

I left in November 1989 on leave without pay status until my paperwork was processed at the State Department.

I worked at INR's Office of Soviet and East European Analysis from March 1990 until mid-June 1991 when I and my family moved to Connecticut.

My Perceptions of Politicization

(1) As a graduate fellow in the summer of 1982, I entered SOVA on the heels of the terrorism estimate controversy. While I knew nothing of the substantive merits at the time, I can tell you that the repercussions were clear. Though more senior analysts and managers did not discuss it, the topic was of intense interest among the analysts I encountered. They were fairly uniform in their interpretation of that incident: Then-Director Casey and Mr. Gates had outright refused to accept anything other than an estimate that supported the conclusions of the author Clare Sterling.

While striking me as a bit bizarre, this particular incident did not discourage me from rejoining the Agency after graduate school. The issue of politicization was, however, something I was aware of from my earliest days at the agency. It was also, I believe, an institutional learning experience.

(2) Shortly after I joined SOVA's staff, there was a controversy over an estimate called Iran, Libya and Syria: The Triple Entente regarding a judgment that the USSR was somehow coordinating and directing the sinister activities of these countries. Not only did SOVA analysts vehemently argue the substance of this issue, particularly with regard to Moscow's abilities to direct Iran, they were most galled that they had been told there would be no footnotes.

(3) Shortly thereafter, the Third World division chief was removed. It was widely viewed in the division that Mr. Gates wanted him out of the way because of his unwillingness to fulfill or satisfy the DCI's analytical agenda. At a conference in Warrenton, Virginia shortly after his removal, SOVA management did not deny this, when asked why he was "fired." In fact, it was said that the division's analysis was going to have to change. I remember at the time, the chilling effect this had. A year later, a new division chief reiterated that point in a 20-page memorandum to the division. Again, this was a signal to analysts that our product was displeasing the seventh floor. In retrospect, I think the quality and the accuracy of SOVA's analysis reflects well on the CIA:

I also recall that two other division chiefs were removed at the time, and that it was fairly well known within SOVA that all three were removed at the request of Mr. Gates. One for being "too soft" on Soviet policy in the Third World, one for being "too soft" on Soviet arms control and US policy, and the other for being "too bleak" about the Soviet economy. Moreover, they were replaced by people who had little, if any, substantive experience in these areas. I later had a conversation with Mr. Gates' successor as DDI, who also confirmed for me that the removal of the Third World division chief was for "political" reasons. The DDI said that the the Division Chief had been removed "not for what he said, but for how he said it." I could not find that credible. First of all, the CIA, and SOVA in

particular, has some of the best editors around. If it was genuinely a presentation problem, these editors could have easily handled it. That office directors and other managers had to suffer so much anxiety over *how* to present analysis convinces me that the problem was in fact the message itself.

For me, the removal of the Third World Division Chief and the prior inability to take a footnotes set the stage for the 1985 Iran estimate.

(4) As you know, that estimate included the judgment that the USSR viewed Iran as an area of major opportunity in 1985. No one in SOVA could substantiate this assertion with evidence. There was none. In fact the evidence indicated that the Soviets assessed their chances of gaining influence in Iran as slim-to-none until Khomeini died. There was the repression of the Tudeh Party, the revolutionary fervor for Islam that made the atheistic communists "the second devil," and defector reporting. Soviet academics were reevaluating the Iranian revolution and cautioning of its inherent dangers to Soviet interests, despite benefits of Iran's anti-Americanism. Moreover, Soviet efforts to court Iran had only soured relations with Iraq. These arguments were forcefully made at the coordinating table, but the NIO for NESAs claimed that he had already shown this judgment to Mr. Gates and that the DDI/Chairman of the NIC preferred it to the original SOVA draft. He also said that the NIO for the USSR had agreed to the judgment. I think the futility of seeking an appeal is obvious.

By this time, people in SOVA had grown accustomed to losing in these situations and, at some point, you know the best you can do is argue at the table but that to go further would only make you a "problem" to managers on up the line. I think the best way I can describe it is that it was like being a member of an opposition party in Mexico or Japan. You just knew you were going to lose. It did not matter how overwhelming the evidence was in your favor or how lacking in evidence the "seventh floor" was.

That this was a case of politicization was made most clear to me after the Iran-Contra story broke and we learned that the NIO for NESAs had written, and Mr. Gates had approved, a memo to the NSC at the same time as the Iran estimate, with

the same erroneous judgment and with no evidence whatsoever cited in the memo (or the estimate for that matter) which could justify such a conclusion. That this was a case of politicization because SOVA did not take a footnote is more subtle. People had been beaten and intimidated to the point where they stopped fighting losing battles. This is the nature of the politicization beast and the degree to which analysis was being corrupted; analysts and mid-level managers anticipated Mr. Gates' reaction and began censoring themselves.

Compounding SOVA's problem was that estimates touching upon Soviet policy toward the Third World were usually written under the NIOs for the various regions, such as the NIO for NESAs, so the DI representative would be from that NIO's respective office, not SOVA. Thus, pleading for a footnote required the support of another office. I cannot remember one incident where another DI office was willing to fight SOVA's battles with Mr. Gates. Also, at a coordination meeting, the other agencies' representatives were from their regional offices, leaving the SOVA analyst alone at the table to argue issues of Soviet policy.

I worked on 13 estimates while on the Soviet-Middle East account. Let me assure you that the analyst went to coordinating meetings alone. I always believed that the coordination meeting was the last place to argue SOVA's case. I understood that there was no appeal. That a footnote was never seen as a realistic option, I believe, confirms the atmosphere of intimidation.

I have been told that the only DI footnote under Mr. Gate's double tenure as DDI and chairman of the NIC had to do with a military/technical issue and not one of political analysis. I do not know if this is true, but I can state most unambiguously that as far as Soviet policy in the Third World was concerned there was strong pressure against footnotes.

(5) In September 1985 there was an estimate on the Arab-Israeli peace process and the question of Soviet-Israeli relations became a disputed issue. The NIO for NESAs, and eventually the NIO for the USSR, were the only two participants in the estimate who supported a conclusion that the USSR was likely to reestablish diplomatic relations with

Israel within the next 18 months. Everyone else, including SOVA's analysts argued that it was indeed unlikely, citing Soviet concerns about angering Arab friends and not getting anything in return from Israel (namely agreement to an international peace conference). Ultimately, the text included both views. But the estimate cited no evidence or support for either case.

Simultaneously, I and a colleague were writing a paper examining the prospects of Soviet-Israeli relations that included a large body of evidence, much of which had not before been published. Mr. Gates' response, however, was that though the paper was good, it should not be disseminated. To this day, I do not know why he did not want to publish a paper because it happened to substantiate one view in an estimate. I do not know if he disagreed with the conclusion, or simply, if he was reluctant to issue a paper that suggested the Soviets were unlikely to do something (i.e. reestablish full diplomatic relations with Israel) which might complicate US peace efforts.

The implications of this event, however, went far beyond anything Gates probably intended, but it demonstrates the kind of atmosphere he was capable of creating and did nothing to fix. Mid- and lower level managers interpreted his killing the paper to mean that he disagreed with the judgment and it became a tortuous effort to write anything on the subject of Soviet-Israeli relations again.

(6) During the Libyan crisis in the spring of 1986, a colleague in NESAs was asked to write a paper assessing the likely impact of economic sanctions on Libya. When the analyst concluded that, because Libyan crude is of the highest quality and value and can easily be marketed, sanctions were unlikely to deter Qadafi, I was told, that Mr. Gates rejected the paper on the ground that it was inconsistent with US policy. As you know, this has been corroborated by the analyst himself.

(7) Also in the spring of 1986, there was a typescript memorandum on the collapse of the Hussein-Arafat Accord. It was a joint paper between NESAs and SOVA, and NESAs took the lead. The basic conclusion was that although the Soviets were opposed to the accord (because it threatened to exclude them

from the peace process), the accord collapsed because of strong opposition to it within the PLO itself. At DDI review, Mr. Gates reversed that judgment so that it said the Hussein-Arafat Accord collapsed as a result of Soviet pressure. I tell this first as an example of Mr. Gates' imposing his predictable views on analysis (which ignored the abundant evidence of the pressures Arafat was under from his own forces). But I also tell it as an example of what happened when a SOVA manager sought to take issue with Mr. Gates. The Branch Chief, convinced of the inaccuracy of the judgment, went to Mr. Gates' office to argue on behalf of the original analysis. That branch chief was successful that time, but he was also gone from SOVA shortly thereafter. That this branch chief's analytical track record was outstanding was irrelevant, unfortunately. It was the clear perception that this branch chief was removed because he had challenged Mr. Gates too often. This was confirmed to me, when a senior manager said in the context of the Branch Chief's removal that "this talking back to Gates" has to stop.

(8) In June and July of 1987, we were working on a SNIE regarding the Persian Gulf and the reflagging of Kuwaiti ships. I was a co-author of the estimate, the other co-author was from NESAs. One judgment in the estimate stated that a US refusal to reflag or escort Kuwaiti ships, while disappointing Kuwait and other GCC states, would not likely spur them to seek closer relations with the USSR, which was already reflagging some Kuwaiti ships. This was the consensus of the intelligence community and the estimate made it up to the NFIB meeting, which I attended.

I was told on the way to the meeting that there was some cause for concern because Mr. Gates, then the DDCI, had called General Odom of NSA to get his support in killing the estimate. They apparently did not want to publish an estimate that could reassure some in Congress who were opposed to reflagging and escorting that the political repercussions would probably be minor. The estimate was killed at the NFIB, despite vigorous defense from the Assistant Secretary for INR and the NIO for NESAs. In discussing a post-mortem with other participants in that estimate, there was a consensus that this was indeed a case of suppressing a community judgment for fear of its implications on policy, in this case legislative debate.

(9) From April 1986 until August 1987, I had four different branch chiefs and from April 1985 until August 1987 I had four division chiefs, and I never changed jobs. With few exceptions, each successive reorganization brought in less experienced managers. When I worked on Soviet policy toward the United States from January 1988 until I left in November 1989, I also had four different branch chiefs, two division chiefs and two group chiefs.

SOVA was created in the 1981 DI reorganization. It was then reorganized in March 1984, and to varying degrees in 1985, 1986, 1987, and 1989, and I believe there has been some more since then. Some of this personnel turmoil was, I believe, the result of satisfying Mr. Gates' personnel preferences. Some may justifiably reflect the needs of an institution to adapt to the changing situation in the USSR. I believe most of this turmoil, however, reflected an institutional inability to come to terms with conflicting demands: one, which required substantively qualified managers who could successfully lead a bunch of analysts, and the other, which required managers to be sufficiently pliant as to not "rock the boat" with too many unwanted papers that cited too much unwanted evidence. One of the major impacts of this personnel turmoil was to put a break on the flow of papers getting out of the SOVA third World Division. I think this, too, is credible evidence of politicization. If Mr. Gates was having a difficult time getting the analysis that he wanted, then slowing down the process was a second best solution.

(10) In the fall of 1987, the CIA Inspector General's office conducted an investigation of SOVA. (I had heard that Mr. Gates had successfully put off prior attempts to investigate SOVA, with the excuse that a particular reorganization had yet to "settle.") When the results were concluded, I also heard that there was one paragraph which said that there was a perception in SOVA that analysis had been politicized by Mr. Gates and that the Inspector General's office gave an oral briefing of its report that went into greater detail than the written report. I myself have never seen the IG Report, but if what I have heard is true, then I do not understand why senior agency management took no action to dispel this perception. As you all well know, the perception that analysis is politicized widely persists within SOVA to this day.

(11) Finally, I wish to address the legacy of Mr. Gates in SOVA today. I do so by describing events surrounding my last paper in that office. As you are probably aware, a shift occurred by the spring of 1989 in the debate among Sovietologists, at least among those within the government. Between the March 1986 Party Congress and December 1988 this debate focused on the sincerity of Gorbachev's reform policies. Was Gorbachev a genuine reformer? Was perestroika for real? Was New Thinking in foreign policy just an attempt to dupe the West until the USSR had regained some economic strength? Obviously some concluded there was a genuine reform movement (within the Communist Party itself) sooner than others, but by the December 1988 unilateral cuts announcement this debate was pretty much settled. It then shifted to whether or not the reform process, and Gorbachev in particular, could survive. Mr. Gates' article in the spring of 1989 on the lessons of Khrushchev's overthrow marks a good beginning to this debate.

It was also in March of 1989 that Mr. Kolt became director of SOVA. In all due respect, I cannot tell this story without bluntly stating that everyone I know in SOVA, including myself, believes that Mr. Kolt was Mr. Gates' choice for head of SOVA and that Mr. Kolt has used SOVA's analysis to support Mr. Gates' position in this debate. Having also worked in the State Department, I can tell you that this perception also exists outside of SOVA. For example, I recall that Mr. Kolt, in a personal memo to the director warned that Gorbachev could well be overthrown at the April 1989 plenum. Again that summer when the coal strikes first began, he was predicting the end of Gorbachev. He also said, at a briefing at the State Department which I attended, that there was a better than even chance of this at the September 1989 plenum.

Thus, in August 1989, I was asked to write a paper on the implications for Soviet foreign policy should Gorbachev be gone. Initially, I was not told what the answer was supposed to be, but that became apparent in the "review" process. My (and my branch chief's) analytical approach to this hypothetical scenario was to examine how factors, such as *when* and *how* Gorbachev might be gone from the scene, would determine the outcome. The original outline suggested that should

Gorbachev die unexpectedly from a heart attack or even an assassin, it was quite likely that the reformists could hold the center of power at least over the short term. If such event occurred after a sufficient period of time for glasnost and democratization to become more institutionalized and rooted, the longer term prospects for reform were fairly good. Should he be ousted, the outcome would depend on who in fact ousted him. Quickly, we were not even allowed to consider a political threat from the left, representing those who were dissatisfied with the slow pace of reform. At that time at least, the Yeltsin alternative could not be considered in the hypothetical. Mr. Kolt flat out rejected it. The only ouster scenario we could consider was one from the hard right; from those who wanted a return to Neo-Stalinism.

(I would like to tell you that at this time, SOVA went through a linguistic nightmare. The political terms "reformers and conservatives" in the Soviet context referred to reformers and hard-line communists who were opposed to reform. The Soviets use the term "conservative" to refer to these hardliners. Because the Soviets use the term, Sovietologists use the term. But because in the American political context the term "conservative" is affiliated with the current administration, concern was raised that the use of the word conservative might somehow offend the sensitivities of the President. Thus, we were all forced to call Soviet conservatives, orthodox (which made them sound religious) or traditionalists (which made them sound like pro-tsarists). It was silly and bizarre, but I tell it as a demonstration of the degree to which SOVA is willing to be politically sensitive.)

When the first draft of the paper was sent to Mr. Kolt (having gone through a branch chief, a deputy division chief, a division chief, and a group chief), he edited it down to one scenario: Neo-Stalinists were likely to either oust Gorbachev or replace him, if he died unexpectedly, and sent it in draft to the DDI. It then took another 8 weeks to get the paper out. Ultimately, it included a scenario whereby reformers might hold power over the short-term, but in the long-term the Neo-Stalinists would emerge.

In the meantime, caveats to the hypothetical were deleted, such as one in the introduction which stated

"Although it is likely that Gorbachev will still be in power in 1990, his unexpected demise is possible and thus we are considering its implications." I was told, "we are not being asked to predict Gorbachev's longevity, so why should we," as if writing a paper about the implications of his departure would not raise such questions. Most offensively, however, I was told by one in my chain of command that because this paper was going to Mr. Gates at the NSC, it was necessary to delete the name of my co-author because if he saw it, he would never read the paper. Thus would I mind taking my name off the paper as well. I had never seen this done before on this type of memo, but because I was utterly embarrassed and ashamed by the paper anyway, I agreed.

I also left SOVA. I no longer believed there was any intellectual honesty or rigor left in the analytical process and I did not want to be a part of such blatant pandering to one ideological viewpoint. I wish to emphasize, however, that I left disappointed, not embittered. While I had my first serious doubts about a career in the Agency in May of 1986, I waited for three and a half years for things to improve. I believe they have only gotten worse.

If you find merit and credibility in what I have told you, then I suggest that the prospect of restoring an institutional sense of analytical integrity at the CIA would be in jeopardy if you approve Mr. Gates' nomination. In any event, for the sake of national security and for the organization, I hope you continue to monitor this issue closely until all allegations of its existence are removed.

Thank you for the opportunity to share these views with you.