S. HRG. 104–781

RENEWAL AND REFORM: U.S. INTELLIGENCE IN A CHANGING WORLD

HEARINGS

BEFORE THE

SELECT COMMITTEE ON INTELLIGENCE

OF THE

UNITED STATES SENATE

ONE HUNDRED FOURTH CONGRESS

FIRST AND SECOND SESSIONS

ON

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SEPTEMBER 20, OCTOBER 25, 1995
MARCH 6, 19, 27, APRIL 24, 1996

Printed for the use of the Select Committee on Intelligence

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[Established by S. Res. 400, 94th Cong., 2d Sess.]

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CONTENTS

Page

OPENING STATEMENTS

OPENING STATEMENTS

OPENING STATEMENTS

OPENING STATEMENTS

INTELLIGENCE COMMUNITY ROLES AND MISSIONS REDEFINING THE NATIONAL INTERESTS

WEDNESDAY, SEPTEMBER 20, 1995

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

The Select Committee met, pursuant to notice, at 9:41 a.m., in room SDG–50, Dirksen Senate Office Building, the Honorable Arlen Specter (Chairman of the committee) presiding.

Present: Senators Specter, Hutchison, Cohen, and Kerrey of Nebraska.

Also Present: Charles Battaglia, Staff Director; Chris Straub, Minority Staff Director; Suzanne Spaulding, Chief Counsel; and Kathleen McGhee, Chief Clerk.

Chairman SPECTER. The Intelligence Committee hearing will now proceed.

We have a very distinguished array of witnesses, panelists, this morning. We thank you all for coming. I have followed the lead, as you may have noted, of my distinguished Vice Chairman, whose leadership on taking off his jacket is commendable, considering the heat of the day and the longevity of the day which approaches. We have these Intelligence Committee hearings this morning, and at 2 p.m. we will reconvene Ruby Ridge hearings, and on into the evening we will be working on the Appropriations Bill. So we're conserving our energies at the very start of this process, with Senator Kerrey's leadership.

Today's hearing is the first in a series which the Intelligence Committee will be holding to examine how the Intelligence Community should respond to the demands of the post-cold war era. Throughout these hearings we will be focusing on a wide range of problems, and in conjunction with our colleagues in the House of Representatives and the Brown Commission, the committee intends to identify specific areas to improve and enhance the roles and missions of the Intelligence Community well into the next century.

This initial hearing will seek to identify how United States' national interests have changed in the post-cold war period, how they have affected policymakers' needs for intelligence. We will examine the priorities, the timeliness of intelligence, and try to move through to see exactly where we ought to be heading to cope with the very difficult problems ahead.

Now I turn to my distinguished colleague, the Vice Chairman, Senator Kerrey.

OPENING REMARKS BY SENATOR SPECTER

Today's hearing is the first in a series of hearings this committee will be holding to examine whether and how the intelligence community should be changed to reflect changes in the post-cold war world. Through these hearings, along with a well developed record by this committee, and an assessment of the efforts of the Brown Commission, the committee intends to identify specific areas to enhance the roles and missions of intelligence well into the next century.

The initial hearing will seek to identify how U.S. national interests have changed in the post-cold war period and how they have affected policymakers' needs for intelligence. We will also examine how the intelligence community and policymakers can improve the priorities and timeliness of intelligence. Additional hearings will be devoted to evaluation of the process used by the Director of Central Intelligence to identify priorities, resource needs and shortfalls. Perhaps most importantly, we will be examining whether the Director of Central Intelligence has the statutory authority to manage our Nation's intelligence structure in a cohesive and effective manner. Director Deutch has already indicated that he has concerns in this area. Finally, a series of hearings will focus on specific areas which may require modification of the intelligence community's organization, roles and missions.

Today's witnesses will address these changes in the U.S. national interests and threats and how they reflect these needs for intelligence. We will also look at how the intelligence community is meeting these needs: What is it doing well and how it may improve its support to policymakers and our national security.

We welcome today our distinguished panelists: Deputy Secretary of Energy, Charles Curtis; Under Secretary of State for Political Affairs, Peter Tarnoff; Under Secretary of Defense for Policy, Walter Slocombe and Deputy Secretary of the Treasury, Lawrence Summers.

Senator Kerrey.

Vice Chairman KERREY. Mr. Chairman, I will do the same, insert a longer statement into the record, and just say that I am glad to see General Hughes here back on duty, and I, as all of you know that at least I have talked to before on this, this is the start of a series of hearings that I hope will help those of us who have been elected to try to make decisions about what threats jeopardize the health and security of the United States of America, and how we should organize those threats, have a sufficient amount of input to make those kinds of decisions.

Clearly we want to prepare our warfighters so that they have battlefield superiority. That has been a dominant concern of the Intelligence Community for years, and quite properly so. Increasingly we see national threats and the need to provide policymakers, particularly in the diplomatic arena, with information upon which they can make decisions.

Perhaps some of the most notable uses of intelligence in the last 18 to 24 months has been intelligence that was provided to Ambassador Albright to notify the Security Council that the North Koreans had built a nuclear threat. Lord knows what would have happened had we not had the capacity to provide our Ambassador with

that information. Likewise, she was able to go to the Security Council and make sure that the Security Council was informed of Iraq, what it was doing, in order to maintain the sanctions upon that Nation, as well as providing, hopefully, our President with the information he needs to make a wide variety of complicated decisions about deployment of military, about diplomatic negotiations, about economic concerns, and about the need to protect ourselves from terrorists and from those who would sell narcotics on our streets.

So it is a very complicated and difficult question as to what the threats are, and I am looking forward to the beginning of this hearing, the beginning of a series of hearings that will help those of us, as I said, who have been elected to office to try to assess what those threats are and to assist the Executive branch in organizing their efforts to get that job done.

Chairman SPECTER. Thank you very much, Senator Kerrey.

[The opening statement of Senator Kerrey follows:]

OPENING STATEMENT OF SENATOR KERREY

Thank you, Mr. Chairman. This is a significant occasion, quite apart from the topic and the distinguished witnesses, because this is the first in a series of hearings which will culminate in the committee's recommendations to the Senate regarding the roles and missions of the Intelligence Community. Today we will hear from some of the principal customers of intelligence, who will tell us about U.S. national interests and their information needs to advance that interest.

In the coming year the Intelligence Community will see greater change than at any time since the passage of the National Security Act of 1947. Under your leadership, Mr. Chairman, this committee is ready to play a leading role in the process. From our daily task of intelligence oversight, the committee possesses a wealth of experience and insight into what in the intelligence business works, and what is broken. But, as in every business, there is no substitute for hearing from the customers, so I look forward to today's hearing.

As I expect we will learn in these hearings, intelligence produced by CIA and NSA has become much more useful and responsive to the deployed military commander than it used to be. Intelligence can always do better, and it will, but support to military operations has come a long way since General Schwartzkopf came home from Desert Storm and described its deficiencies to this committee. That is as it should be. Whenever U.S. military forces are put at risk, I can't think of a better return on our intelligence investment than to insure dominant battlefield awareness for our commanders, so they can achieve victory and save American lives.

There is another use for intelligence that is at least equally valid; To warn the President and his key policymakers about threats to this country and give them the knowledge they need to deflect and neutralize those threats without employing military force. Most of the time, our military is not in combat, thank goodness. But the job of intelligence continues in peacetime, making sure the policymakers have the dominant knowledge from which flows the right policy.

Intelligence for the policymaker is national intelligence. I fear we are paying less attention to national intelligence than we should. National intelligence puts images in the hands of Ambassador Albright so she can hold together a coalition of countries. National intelligence tells the President whether Russia is or isn't adhering to arms control treaties. National intelligence warns about strategic attack, and it also warns about threats for which there is no military solution. For example:

The Mexican peso crisis and the recession in Mexico have affected far more Americans than has the war in Bosnia. Our nation runs on computer networks that are vulnerable to criminals and terrorists as well as foreign adversaries. The world's dwindling fish stocks affect not only American fishermen, but all Americans as consumers. The theft of intellectual property, ranging from industrial espionage to computer software piracy, costs this country billions and threatens our competitiveness. Global climate change could profoundly alter American agriculture.

These are the kinds of threats we find in today's world. A government that doesn't protect its people and its industries against these threats isn't doing its job.

So I hope these hearings will explore the full range of what intelligence does and ought to do, in this profoundly changed world, to give policymakers what they need to do their job.

Thank you, Mr. Chairman.

Chairman SPECTER. Thank you very much, Senator Kerrey.

Senator Cohen.

Senator COHEN. Mr. Chairman, I would forego any statement. I might say this may be the first time in my career I am truly at the far right of the podium.

Chairman SPECTER. You're on the far left, Senator Cohen.

[General laughter.]

Senator COHEN. But I would forego a statement. I look forward to listening to the witnesses.

Chairman SPECTER. All right, thank you very much, Senator Cohen.

We are going to proceed in alphabetical order, so as to establish a policy here which will not impede upon protocol, since protocol is so hard to establish.

We would like you to limit your opening statements to 5 minutes, if you could. Your full statements will be made a part of the record. But we have found it is most productive to reserve the maximum amount of time for the dialog. If you need a little extra time, we will go along with that. But to the extent we can hold it to 5 minutes, we would appreciate it.

Now, as I say, alphabetically our first witness is Dr. Charles Curtis, Deputy Secretary of Energy.

Dr. Curtis, welcome.

Mr. CURTIS. Thank you, Mr. Chairman.

I will try and observe the committee's requirements and keep my remarks confined to 5 minutes.

[The prepared statement of Mr. Curtis follows:]

PREPARED STATEMENT OF CHARLES B. CURTIS, DEPUTY SECRETARY, U.S. DEPARTMENT OF ENERGY

Mr. Chairman and Members of the Committee, I wish to express my appreciation for this opportunity to discuss United States national interests and the role of intelligence in supporting national policies in pursuit of those interests. In particular, I wish to describe the intelligence priorities and requirements of the Department of Energy in the post-Cold War era.

At a time when all agencies are struggling to reconcile shrinking resources with burgeoning demands, the question of how policymakers can make most effective use of the huge amount of information available to them is critically important. As our national security challenges grow more complex, it is my conviction that intelligence—property collected, analyzed, and distributed—can play a vital role in meeting threats to our national security and the formulation of more effective policy. Moreover, intelligence priorities must be carefully and consistently reevaluated as the global security environment changes and evolves. I commend this Committee for its contributions to this process.

The Department and its predecessors have been both consumers and producers of intelligence for more than 50 years. During World War II, Los Alamos scientists analyzed the efforts by our opponents to develop a nuclear bomb. Throughout the Cold War, intelligence supported our primary mission of nuclear weapons development by providing assessments of foreign nuclear threats, especially from the former Soviet Union. Today, the Department and its National Laboratories are in the forefront of stemming the proliferation of nuclear weapons. Our accomplishments range from assisting the Russians to safeguarding their fissile materials to providing policymakers with timely assessments of rogue states' efforts to develop nuclear weapons or procure nuclear materials and technologies.

As U.S. national security priorities have evolved, so too have the Department intelligence requirements. Intelligence programs at the Department and its National Laboratories are solidly grounded in the President's *National Security Strategy of the United States* (February 1995) and his clear statement of priorities for the intelligence community.

First, we must continue to monitor developments in both Russia and China, however much we wish these countries well. Russia still retains a capability to inflict massive and unacceptable damage to the United States; meanwhile, China seems intent on modernizing and expanding its limited strategic nuclear arms capability. The safety and security of nuclear warheads, fissile materials, and expertise in Russia remain a priority issue for the Department. The Yeltsin government has made recent progress in this area, but much more remains to be done.

Second, the President has made the prevention of the proliferation of weapons of mass destruction a critical national security priority. Regional instabilities, the global explosion of information technologies which could facilitate the rapid transmission of nuclear know-how, the challenges to safeguarding fissile materials in Russia and other States of the former Soviet Union, the burgeoning global market in delivery systems, especially missiles, and the emergence of terrorists intent on inflicting mass casualties on innocent populations underscore the President's concern. The National Laboratories are the repository of world class expertise on nuclear warhead design, the nuclear fuel cycle, nuclear testing and stockpile stewardship, and manufacturing, weaponization and associated use control technologies. One of my main priorities is to ensure that this expertise is effectively harnessed to the nonproliferation mission in support of the Administration's objectives and the Defense Department's Counterproliferation programs.

Third, secure access to global fossil fuels remains a primary national security concern for the United States. Over the next 15 years, Persian Gulf oil producing states could provide as much as 80 percent of the anticipated increase in the worlds oil demand. These same forecasts show Persian Gulf nations accounting for 70 percent of world exports. If this occurs, we will in essence be increasing the transfer of wealth into this politically and stability challenged region by over $200 billion per year. As global energy market dynamics become more complex and interdependent, we need to monitor energy supply and distribution infrastructures throughout the world. In this regard, assessments of energy vulnerabilities and potential supply disruptions remain a vital intelligence information priority for the Department.

Fourth, as global interdependence grows, transnational threats have come to constitute an increasing priority for the United States. Environmental degradation does not acknowledge national borders; a new breed of terrorist and international organized criminals display a similar disdain for national boundaries and customs passport authorities. The Department's environmental remediation experience can and should be applied to the first threat; its expertise and technologies are also being

applied to the second area, especially to the prevention of the shipment of fissile materials across national borders. Should a terrorist threat involving nuclear devices emerge, the Department's nuclear terrorism response team, NEST, would be among the first on the scene. The Department is in the forefront of defining necessary information requirements and potential responses to these new threats.

Finally, all would agree on the importance of meeting the new economic challenges, which have materialized from different parts of the globe. Economic competitiveness and science and technology intelligence have emerged as areas in which the Department is playing an important role for the Administration and the intelligence community.

How to organize, posture, and fund an effective intelligence capability to meet these challenges is a question under active consideration within the Department, the Administration, in Congress, and in the public at large. I commend the committee for its contributions to this effort.

Let me offer a few observations based upon my own experience as a consumer of intelligence.

It is of course true that a much greater volume of information is available to the policymaker than probably ever before. Policymakers are often experts in their own fields, have had extensive contacts with their foreign counterparts, and can tap into a much broader information network than previously available. On the other hand, I must observe that much of the publicly available information suffers a number of shortcomings that can impair its usefulness to the policymaker. All too often such information is unfocused and can even be of questionable reliability with regard to its source or the motivations driving its publication. Frequently open source information is event-driven and lacks insight into mindsets or national cultural styles that form an essential component of the driving factors of policymaking in any state.

In my view, intelligence must remain focused on what should be of greatest import to the policymaker. Good intelligence analysis has always incorporated all sources of information, including open sources. But intelligence analysis must always have as its primary focus adding value to information regardless of its source. Moreover, much of the critical information required by policymakers is deliberately withheld and protected by foreign governments or groups; thus there remains a continuing requirement for covert access to such information sources.

This problem is compounded by the growing awareness of U.S. intelligence capabilities and resources by potential opponents and competitors. Despite the end of the Cold War and the supposed openness of formerly denied areas, we have witnessed growing sophistication in the worldwide use of denial and deception to protect sensitive information. Foreign governments and nongovernmental actors, such as drug cartels or terrorists, are exploiting information protection technologies to deny us access to critical information. I have concluded from this that the tasks confronting intelligence are more complex and perhaps even more difficult than ever before.

Finally, I believe that the benefits policymakers derive from intelligence can be enhanced by a greater awareness of three key factors.

- The first is accountability, that is, the direct link between the intelligence producer and his or her customers. Accountability implies the creation and maintenance of a focused body of expertise specifically dedicated to the requirements of policymakers, with analyst incentive and rewards systems geared to customer service and policy impact rather than quantity of production.
- The second is reasonable access for policymakers to intelligence information; that is, information which is both timely and useable. The provision of intelligence support to policymakers should mirror the policy functions, be designed to streamline the support process, and eliminate organizational distinctions of little importance to intelligence consumers. I am concerned that the system of disseminating finished intelligence from centralized intelligence organizations too often leaves analysts at these agencies to only surmise how policymakers can benefit from their work. I hope that the efforts of the Intelligence Community to exploit new information technologies will facilitate access among policymakers and intelligence analysts and accelerate the dissemination of finished intelligence.
- Third is the importance of integration; that is, the incorporation of intelligence throughout the decisionmaking process. To this end, for example, I have personally met with the leadership of both the Central Intelligence and National Security Agencies to encourage a shared understanding of the Department's intelligence requirements and the capabilities of these Agencies to meet those requirements. These Agencies have responded in admirable fashion; the implementation of our policy priorities would be far less successful without their support. Integration also includes leveraging nonintelligence resources more effectively in the analytical process. At the Department, for example, the National Laboratories contribute not only their unique intelligence perspectives, but can draw upon the greater laboratory popu-

lation for additional expertise. In this fashion, the labs are a *force multiplier* ensuring the full extent of unique Department and Laboratory expertise is brought to bear to support the policy process.

The Department of Energy is certainly not alone in having its own reservoir of unique technical expertise. For example, the Office of Intelligence and Research, at the Department of State, draws upon reporting by the diplomatic corps; Treasury benefits directly from reports by its financial attaches and international monetary analysts; and, the Commerce Department utilizes the National Institute of Standards and Technology.

In short, I welcome Director of Central Intelligence John Deutch's renewed emphasis on the joint operations of the various agencies. The task before the Intelligence Community, it seems to me, is to provide a high quality product, strip out obvious redundancies, while *retaining sufficient distributed capabilities* to ensure that policymakers' needs are effectively served.

In closing, I hope some of these thoughts will prove useful to the Committee as it pursues the best approach and structure for intelligence support to policymakers. Again, thank you for this opportunity to share my views on the future of intelligence requirements and needs.

STATEMENT OF CHARLES CURTIS, DEPUTY SECRETARY, DEPARTMENT OF ENERGY

Mr. CURTIS. I do appreciate the opportunity to be here before the committee to discuss U.S. national interests and the role of intelligence in supporting national policies in pursuit of those interests. And as requested, I will direct my testimony to the intelligence priorities and requirements of the Department of Energy in the post-cold war era.

Intelligence, properly collected, analyzed, and distributed, has and will continue to play an important role in discharging the mission responsibilities of the Department of Energy. Indeed, despite the sea of information available to policymakers, much of it from open sources, the role of classical intelligence activities and analysis has not been diminished. If anything, it has grown, particularly with respect to the nuclear proliferation threat.

The Department of Energy has historically been a major contributor to the Intelligence Community, and user of the Community's intelligence product. The Department's intelligence programs and its core competencies in nuclear materials and nonproliferation, energy security, nuclear energy safety and waste, and science and technology, are solidly grounded in the President's national security strategy. We continue to advise on nuclear weapon and nonproliferation matters in both Russia and China, and provide policymakers with timely assessments of rogue states' efforts to develop nuclear weapons, or procure nuclear materials and technologies.

The threat of the diffusion of weapons of mass destruction poses the most serious risk to our Nation's security today. From the advent of the atomic age, the Department of Energy and its predecessor agencies have been concerned with this threat. But today, that threat has taken on a new face, making the challenge more complex.

Concerns with nuclear materials security in the former Soviet Union are real, and serious. So, too, are concerns that former weapons scientists may transfer their expertise in the employ or service of proliferant states or subnational groups. One of my main priorities during my tenure at the Department has been to ensure that the intellectual capital and the technical tools of our national laboratories are effectively integrated into the Administration's non-

proliferation and counterproliferation missions, to stop and interdict illicit transfers of special nuclear material and information.

This expertise is also relevant to counterproliferation threats of other weapons of mass destruction—chemical and biological—and is now being more effectively brought to bear on these national security imperatives, under a structured work-for-others agreement with the Department of Defense.

Secure access to global fossil fuels remains a primary national security concern for the United States, and this concern, in my judgment, will most assuredly grow over time. In the next 15 years, the Persian Gulf oil producing States are expected to account for 70 percent of world oil exports, and provide as much as 80 percent of the anticipated increase in world oil demand, most of that forecasted to occur in non-OECD nations. This will mean an enormous pouring of wealth—an increment of $200 billion a year—into this politically unstable and insecure region.

As global energy market dynamics become more complex and interdependent, the Department's assessment of the global energy supply and distribution network remains a key element of intelligence analysis vital to our national security planning.

Finally, the importance of successfully meeting the challenge in new global economic competition is also an important national security concern. This Department is playing an increasingly important role for the Intelligence Community by monitoring science and technology developments around the world.

As the Congress and the Administration ponder how to organize, posture, and fund an effective intelligence capability to meet these challenges, let me offer a few observations from my own experience as consumer. As a threshold matter, I want to emphasize that I am an avid and generally satisfied customer of the product of the Intelligence Community. The CIA, NSA, and others, have served me and the Department well, and contributed significantly to our mission areas.

I believe that the benefits policymakers derive from intelligence can be enhanced by a greater awareness of three key factors. The first is accountability, that is, the direct link between the intelligence producer and his or her customers. Accountability implies the creation and maintenance of a focused body of expertise, specifically dedicated to the requirements of policymakers, with analyst incentive and reward systems geared to customer service and policy impact, rather than quantity of production.

The second key is reasonable access for policymakers to intelligence information, that is, information which is both timely and usable. The provision of intelligence support to policymakers should mirror the policy functions, be designed to streamline the support process, and eliminate organizational distinctions of little importance to intelligence consumers.

Third is the importance of integration. That is the incorporation of intelligence throughout the decisionmaking process. To this end, for example, I have personally met with the leadership of both the Central Intelligence Agency and the National Security Agency to encourage a shared understanding of the Department's intelligence requirements and the capabilities of these agencies to meet those requirements. These agencies have responded in admirable fashion.

The implementation of our priorities would be far less successful without their support.

What all this argues for, I believe, is the essential value of the Department of Energy's onsite intelligence capability.

Chairman SPECTER. Dr. Curtis, could you summarize, please.

Mr. CURTIS. Yes.

Just let me conclude by saying, as I argued for this onsite capability, that I welcomed Director of Central Intelligence John Deutch's emphasis on effectively and efficiently integrating the intelligence activities of the various agencies. As he put it recently, the problem is to make a symphony from the diverse instruments represented by the various agencies. Better mission and budget coordination, indeed, better harmony of effort in the Intelligence Community, is clearly necessary and desirable, and I'll be pleased to work with this committee toward those ends.

Chairman SPECTER. Thank you very much, Dr. Curtis.

General Hughes, I am advised that you do not have an opening statement but are here to respond to questions. Is there anything that you would care to say at this time.

STATEMENT OF MAJOR GENERAL PAT HUGHES, J-2, JOINT CHIEFS OF STAFF

General HUGHES. Only that the statement put forth by Admiral Owens, the Vice Chairman, Joint Chiefs of Staff, has been entered in the record. I will be glad to answer any questions on his behalf today, sir.

Chairman SPECTER. Fine.

Thank you very much, General Hughes.

[The statement of Admiral William A. Owens, USN, Vice Chairman, JCS, follows:]

STATEMENT OF ADMIRAL WILLIAM A. OWENS, U.S. NAVY, VICE CHAIRMAN OF THE JOINT CHIEFS OF STAFF

Thank you, Mr. Chairman, and distinguished members of the committee. I am pleased to have this opportunity to address intelligence in the post-cold war world. Timely, accurate, and actionable intelligence remains vital to our ability to effectively execute Defense Department missions in support of United States national security strategy and objectives. Your interest in the current organization, roles and missions of the Intelligence Community converges with similar ongoing assessments and self-examination within the Community and Department of Defense.

Today, I'd like to share with you some views that are emerging with respect to the ongoing revolution in joint military affairs and their impact on the nature and scope of intelligence support to military operations.

As I have testified previously, I believe that our armed forces are involved in three ongoing revolutions. The first stems from the revolution in world affairs, brought about by the demise of the Soviet empire and the end of the cold war. These events opened up new opportunities to our nation and, as you well know, an overwhelming number of new issues and international problems. This new and unpredictable world has brought about dramatic change in the way we in the Pentagon think about and plan for the use of military power.

We are involved in a related revolution, namely the reduction in the Department of Defense budget. Reductions began nearly a decade ago and accelerated with the collapse of the Soviet union. One of the most revolutionary aspects of the way we think about the Defense budget today is that we do not expect nor plan on any significant, rapid increases in funding. The critical issue today concerns whether our Defense dollars are being spent in the best way, given the profound changes in the world. This represents a significant philosophical change for our department; for nearly half a century we in uniform assumed the opposite. Our planning was tied to the threat posed by Soviet military capabilities, capabilities which carried a large threat to our nation and our national interests abroad. And because Soviet military

capabilities grew steadily, if incrementally, through the decades of the cold war, we assumed the military capabilities of the United States would have to expand and grow also.

The third revolution I believe we are witnessing is what some call the revolution in military affairs, or the military technical revolution. The Department of Defense is in the middle of this phenomena. We are achieving rapid improvements in our military capability, brought about by new technologies and the incorporation of these technologies into military doctrine, organization and operations. The United States leads all other nations in many of these technological developments. Arguably, we will be the first nation to pass through this revolution, emerging with qualitatively different strengths that can give us an edge across the entire range of contingencies against which the Nation may need to commit its military forces.

Each of the military services has wrestled with the implications of the revolutions I've just described, and the composite "vision" that emerges is a required capacity to use military force with greater precision, less risk, and more effectiveness. Our capability to do so rests in large part on three key requirements areas, and what is emerging from past and current investments in them.

The first general area is what we call "ISR," an acronym drawn from "intelligence, surveillance and reconnaissance." ISR involves sensor and reporting technologies associated with intelligence collection, surveillance, and reconnaissance, as well as the new means by which we are able to track what our own forces are doing. Because of the advances in this area, we are expanding quite dramatically our capacity to maintain real time, day or night, all weather awareness of what is occurring in a wide geographical area.

The second area is in command, control, communications, computer applications and intelligence processing. We refer to this as "advanced C4I." Advanced C4I rests on several technologies, in which digitization, bandwidth expansion, direct broadcasting, and computer processing are key. Together, these will be able to handle all the data provided by the expansion of sensors; sort out the important targets or forces from the less important; and transfer the information necessary to engage these targets successfully to the weapons or forces best suited for the engagement. In other words, advanced C4I is the realm in which the understanding of a battlespace is converted to missions and assignments designed to alter, control, and dominate that battlespace.

The third general area is that of "precision force use." Many tend to equate this with precision guided weaponry or munitions, which it certainly includes. It also includes, however, other ways of using force precisely—such as offensive information warfare. It is a subsystem in which the knowledge generated from the overlap of the first two areas leads to action.

ISR, Advanced C4I, and Precision Force Use, taken together, provide a qualitatively different military potential. One may argue it is the interactions and synergism between these three areas which constitute the new revolution in military affairs. What we are beginning to construct, under purview of the Defense Department's Joint Requirements Oversight Council, or "JROC," which I chair, is an emerging system of systems, a new broad capability that will be at the center of the emerging jointness in the United States armed forces. This new system of systems depends ultimately on contributions from all the Services, a common appreciation of what is emerging, and a common military doctrine.

In my view, intelligence, surveillance and reconnaissance, or "ISR," is the cornerstone of this system of systems. It is imperative that we ensure the right mix and structuring of intelligence collection, production, and dissemination resources to enable true "real time, day or night, all weather, continuous surveillance" in and over large geographical areas. Today, our capacity to do this is spotty. We have real time awareness of some things, not others; we have all weather awareness of some activities, but not others, and the geographical scope of our awareness is limited.

Our experience in Bosnia has demonstrated how difficult it can be to closely monitor a complex situation with our existing ISR capabilities. Nonetheless, I believe we are on the verge of a major leap forward in our intelligence, surveillance and reconnaissance capabilities. Emerging systems, such as unmanned aerial vehicles, will help the United States achieve unprecedented awareness—applicable across the entire range of military operations from peacekeeping to war.

By 2005, we could have the technical capacity of sensing roughly ninety percent of everything of military interest within a wide geographic area (for example, a 200 mile by 200 mile area). More importantly, when we combine this awareness with the data processing capabilities that are growing in the domain of C4I, we will achieve Dominant Battlespace Knowledge, a new concept in warfare that provides an understanding of the relationship of forces, based on comprehensive awareness

of locations, activities, and roles within friendly and enemy operational schemes, including accurate predictions of changes in the short run.

The effects of this system of systems capability are asymmetrical. The side that can use its forces with precision has a wide military edge . . . if it has enough weapons of this sort, knows where and how to use them, and has the battle awareness and advanced C4I to use them to their maximum potential. Again, this points directly to the critical need for quality ISR support to the military consumer, or "warfighter."

The warfighter must be considered the prime mover in terms of establishing the requirements for intelligence and related ISR capabilities. Our national interests require a flexible and selective engagement capability for our armed forces. In order for the United States to flexibly and selectively engage its military anywhere in the world, intelligence support must be timely, accurate and appropriately focused. There is also, as you are aware, the need to maintain the critical linkage between national or combatant command objectives and intelligence requirements. Only after intelligence requirements, or "needs," have passed this litmus test, will they be endorsed by the JROC.

The Joint Requirements Oversight Council, or "JROC" I've mentioned twice thus far, is a body established in the mid-1980's in the aftermath of, and in response to the Goldwater-Nichols Act. I believe that Act, now a part of Title X, has had the most significant organizational implications for the nation's military forces since the original unification efforts that followed World War II. Goldwater-Nichols not only created the position of Vice Chairman, it also required the Chairman of the Joint Chiefs of Staff to assume new responsibilities in establishing requirements for the nation's armed forces. Through the JROC, on which I and the Vice Chiefs of the four military services sit, we try to help him meet those responsibilities. It is designed to provide a senior military perspective on what our nation requires for national defense and, in particular, to judge whether various major weapons, weapon systems, and other military systems, including intelligence capabilities, are actually required.

The JROC considers underlying elements of future U.S. military functions and needs that are and will become the foundation for talking sensibly about military requirements. Since being appointed to my present position, I, the Vice Chiefs of the military services, and the Joint Staff have spent an unprecedented amount of four-star flag officer time working our joint warfighting capabilities within the JROC. We have engaged the Unified Commanders in our discussions, as well as the Chairman and other members of the Joint Chiefs. The JROC, in short, has become one of the real centers of thought, discussion, planning and debate with regard to what requirements for our nation's military forces ought to be over the foreseeable future.

The results of the JROC's deliberations about joint warfare capabilities, and its related visits to, and discussions with the Unified Commanders, are captured in proposed language for the Chairman's Program Assessment, or "CPA." The CPA, required under the provisions of the Goldwater-Nichols Act, provides the Secretary of Defense with the Chairman of the Joint Chiefs of Staff's personal recommendation on the future character of, and requirements for America's military forces within the framework of likely Defense budget constraints. The Chairman's Program Assessment thus represents the summation of ongoing joint warfare capabilities assessments and, most importantly, the best four-star judgment on how to best invest virtually billions of dollars in Defense budget to optimize our joint warfighting capabilities.

Much of the analytic work to support JROC decisionmaking, and input into the CPA, is conducted by nine Joint Warfare Capabilities Assessment, or "JWCA" teams. One of these teams, run by our Joint Staff Director for Intelligence, is examining future intelligence, surveillance and reconnaissance requirements to optimize ISR support to warfighting. This ISR JWCA team is focused on an end-to-end approach to evaluating warfighter-driven requirements for intelligence, the resulting ISR capabilities needed to best meet those requirements, and how those capabilities should be integrated with advanced C4I and precision force capabilities to meet the challenges driven by the revolution in military affairs I previously discussed.

As we continue to advance toward a synergistic system of systems, we are beginning to sense the need to assess the structure of our nation's intelligence organizations. Clearly some change is required. In particular, we must seek better definition and clarification of the roles and missions of the various entities within the Intelligence Community, to eliminate unnecessary redundancies, duplication of effort, as well as any inefficiencies.

As I mentioned in my introductory remarks, we are already undertaking a number of significant reviews and assessments of the Intelligence Community, its organization, roles, missions, and requirements, especially in light of the ongoing revolu-

tion in military affairs. Certainly, review processes under the auspices of the JROC, the Director of Central Intelligence, and the former Aspin, now Brown Commission, are already leading to change that will improve the quality of intelligence support to consumers; a case in point is the potential establishment of a National Imagery Agency, currently under review.

The process of change is ongoing, and has been for quite some time. The organizational restructuring and functional alignments brought about by the Defense Intelligence Reorganization Act of 1991 have greatly enhanced intelligence support to our combatant commanders. One of these developments, the establishment of Joint Intelligence Centers as the Unified Commands' focal points for intelligence support to warfighters, is paying high dividends today in better supporting operations and contingency planning for Bosnia in European Command's area of responsibility (AOR), and for Korea in Pacific Command's AOR.

The intelligence support currently provided to our Defense Department's leadership, to the unified commands, and to the military services is largely complete, precise, and a powerful force multiplier for the United States armed forces. We are heading in the direction where we will be able to provide the quantity, quality, and timeliness of intelligence support to warfighters needed to achieve the levels of Dominant Battlespace Knowledge I previously described.

Technological advances in the new Information Age provide more and more opportunities for the Intelligence Community to plan, collect, process, exploit, produce, and disseminate even more actionable intelligence for commanders in the field. Consistent with my earlier comments regarding the revolution in military affairs, we continue to exploit leading-edge technologies and are developing new and innovative joint operational and intelligence doctrine. While commanders will always have unfulfilled intelligence needs, the goal is to reduce risk by keeping the unanswered questions to a minimum.

The Chairman's Readiness System, including the Unified Commanders' Joint Monthly Readiness Reviews, provides continual updates and assessments of the commands' critical intelligence needs. The Director of Central Intelligence's national intelligence needs process is another powerful mechanism to address warfighters' intelligence requirements. As part of this process, my J2, Major General Pat Hughes, is the issue coordinator for Support to Military Operations. His annual Strategic Intelligence Review captures the core intelligence issues and critical intelligence needs of the unified commands and military services. This document is one of the strongest statements of our operational intelligence needs. The critical gaps identified serve to focus the Intelligence Community's collection and production entities on satisfying the warfighters' most critical information needs.

Our J2 also recently chaired the Support to Military Operations Intelligence Program Working Group. This working group gave program managers an opportunity to describe how their fiscal 1997–2002 Program Objectives Memoranda respond to the critical intelligence gaps identified in the Strategic Intelligence Review. The working group took this data and presented recommendations to the DCI's Intelligence Program Review Group. The DCI and SECDEF co-chaired Expanded Defense Resources Board is now making decisions on recommendations presented through the Intelligence Program Review Group to refine the President's fiscal 1997 budget submission to Congress. As I mentioned earlier, however, it is the Chairman's Program Assessment that remains the capstone input to the SECDEF concerning joint warfighting requirements. The CPA, which represents the consensus of the JROC and the four-star warfighting commanders, impacts virtually tens of billions of dollars in military programs, including required intelligence, surveillance and reconnaissance capabilities.

In addition to the variety of intelligence organization, roles and missions, and requirements review processes ongoing, we continue our work to develop and refine joint intelligence doctrine, tactics, techniques and procedures to meet the demands of the changing world environment and the ongoing revolution in military affairs. There are, however, also serious challenges posed in today's uncertain and dynamic world to the type of information needs identified by our military consumers of intelligence.

Information on the intent, will and capabilities of the so-called "rogue states," and precision targeting data represent some of the operational community's most significant intelligence information needs. In addition, imagery-derived data furnishes the bulk of support to the commander's most pressing requirements, and is a primary contributor to the targeting process. However, imagery collection has far outstripped existing processing and exploitation capabilities to support total requirements. Future imagery collection capabilities will not allow the imagery analyst workforce to meet the expected exploitation workload. Automated target recognition offers a potential technological solution to the five-fold increase in collection capability we an-

ticipate over the next 10 years. A National Imagery Agency, if established, must also begin addressing these and related problems.

Since Operation DESERT STORM, much of the Intelligence Community's attention has focused on the capability needed to support the two nearly simultaneous major regional contingency (MRC) scenario. However, our forces continue to be committed to the lower end of the range of military operations. This has included peacekeeping, peace enforcement, peacemaking, counterterrorism operations, humanitarian assistance, disaster relief, drug and strategic contraband interdiction, and noncombatant evacuations. This environment brings with it a distinctive set of intelligence priorities. Commanders' priorities for information, focused on such factors as culture, history, religion, economics, demographics, and leadership personalities, take on increased importance. In these scenarios where military personnel will come into extensive contact with a local foreign populace, there is a critical need for, and reliance on well-trained human resource intelligence, or "HUMINT," and counterintelligence specialists. The Intelligence Community lacks the quantity and quality of analytical and linguistic expertise to cover all the possible contingencies we are called on to support around the world. Since contingency operations are not all lesser-included cases of MRCs, they present different challenges across the non-technical, lower end of the spectrum of ISR capabilities. The JROC and its ISR JWCA are assessing these issues as well.

Today, I have briefly described an emerging system of systems, a new and broad capability which carries the American revolution in military affairs. All nations have or can buy at least some of the technologies on which battlespace awareness, advanced C4I, and precision force use are founded. The United States, however, leads the rest of the world both in robustness of the systems that carry these new technologies, and in the systematic effort to build the interactions required among those various systems. Consequently, the U.S. will pass through the revolution in military affairs sooner than any other nation; doing so could give our nation great leverage.

I'm of the opinion that this transition is inevitable. The speed at which it will occur depends greatly on innovative defense planning and programming decisions over the next several years, and the support of the Congress. The transition also demands smarter investment in, and improved structuring and operation of those intelligence, surveillance, and reconnaissance organizations, systems, capabilities, processes, and people that form the foundation for the revolution in military affairs. I believe we are headed in the right direction, and certainly our Joint Requirements Oversight Council will have a role in shaping our future ISR structure and capabilities to ensure we retain an intelligence support force that remains second to none.

Thank you.

Chairman SPECTER. We now turn to the Under Secretary of Defense for Policy, Mr. Walter Slocombe.

Welcome, and the floor is yours.

Mr. SLOCOMBE. Thank you, Mr. Chairman.

[The prepared statement of Mr. Slocombe follows:]

PREPARED STATEMENT OF WALTER B. SLOCOMBE, UNDER SECRETARY OF DEFENSE FOR POLICY

Mr. Chairman, members of the Committee, it is a pleasure to be with you to discuss threats to U.S. national interests in the post-cold war world and to address the intelligence needs of senior U.S. policymakers responsible for addressing them. The issues which you will be discussing over the next several weeks are critically important to ensuring a secure and stable future for America and her allies.

Our interests must be protected against a broad range of threats and with all the varied instruments of national power. It is, of course, protection of the Nation by military means, and chiefly against military threats, that is the function of the Defense Department. So it is from that perspective that I will discuss national interests and intelligence requirements today.

POST-COLD WAR SECURITY ENVIRONMENT

United States National Interests

The fundamental nature of our basic national security interests has not changed—to protect the safety, freedom and well-being of American citizens. Some threats—notably those of weapons of mass destruction—have the potential to jeopardize the very survival of the nation. But there are many other national interest

whose protection, if not in the literal sense immediately vital, is nonetheless highly important to our continued freedom, prosperity, and security. These include:

—sustaining stability in regions of importance to the United States against continuing threats as well as the range of new challenges that seem to have been unleashed by the end of the cold war, including ethnic and religious rivalries, economic disputes, quests for local hegemony, and internal conflict;

—assisting countries whose security and freedom is important to our own;

—preventing the spread of weapons of mass destruction and the means of their delivery, especially to nations prone to aggression and international troublemaking;

—protecting freedom of navigation and, more generally, the free flow of commerce;

—advancing values such as democracy, the rule of law, and human rights;

—dealing with humanitarian problems, such as mass starvation or mass migration, which can present both moral challenges and practical problems; and

—maintenance of the prestige and credibility of the U.S., its key alliances, and major multinational institutions.

Because most of these interests are not ours alone, their protection is not our task alone. Rather, defending our own interests will often require that we join with other nations with parallel interests in protecting our common security interests.

Potential Threats to our Interests

Of course, the security environment has changed dramatically in recent years, and with it the nature of the principal threats to our interests. With the collapse of the Soviet Union the direct threat to U.S. posed by the massive Soviet conventional capability and nuclear arsenal has receded and the era of bipolar superpower rivalry around the world has ended. But although those massive, single threats have receded, others have become more salient, some new challenges have emerged, and uncertainties attend many of the favorable developments.

The new, independent states that replaced the Soviet Union are experiencing difficult political and economic transitions, as are many new democracies in Central and Eastern Europe. While our relations with the other great powers are as constructive as at any point in this century, that situation is not necessarily permanent. Russia's transformation will proceed along a difficult path and we must both support that transformation and hedge against its failure. Similarly, we seek to build a solid strategic relationship with China as that country assumes a more important economic and political role in global affairs, even as it goes through its own transformation, both political and economic.

The spread of weapons of mass destruction poses serious threats. The collapse of the Soviet Union, while an overall security boon, left behind the challenge of assuring responsible control of its massive arsenal and technology for weapons of mass destruction. We need to see to the implementation of arms control agreements that, if complied with, will institutionalize the reduction in the threat. We also need to assist in meeting the challenge of maximizing the security and control of the large nuclear arsenals—and pools of raw materials and knowhow from which nuclear weapons can be built—that will remain in Russia in any case.

As technology relevant to weapons of mass destruction becomes more available—and as rogue states devote more resources and effort to acquiring such weapons and the means of their delivery, we face new threats to our security.

While we no longer face a worldwide conventional threat, the post-cold war world is characterized by many potential local or regional problems that could endanger our interests. Violent extremists threaten fragile peace processes in many parts of the world. Worldwide, there is a resurgence of militant nationalism as well as ethnic and religious conflict. Recent years have seen a proliferation of conventional weapons technology that, although less cataclysmic in its potential than nuclear proliferation, poses ample challenges.

Finally, in the new environment, challenges are by no means limited to states in the traditional sense. Transnational problems such as terrorism, narcotics trafficking, environmental degradation, natural resource depletion, rapid population growth and refugee flows also have security implications for both present and long term American policy.

ADVANCING U.S. INTERESTS

To protect our national interests in the current international environment, our national security strategy focuses on three primary objectives the President has stressed: Enhancing Our Security; Promoting Prosperity at Home; and Promoting Democracy. These objectives obviously are linked; security, prosperity and democracy build on and reinforce one another. But in the Defense Department our pri-

mary concern is with the first objective, enhancing our security. As such, we are concerned with:

• Deterring and Defeating Aggression in Major Regional Conflicts. Our forces must be able to help offset the military power of regional states with interests opposed to those of the United States and its allies. To do this, we must be able to credibly deter and defeat aggression, by projecting and sustaining U.S. power in more than one region if necessary. Specifically, we must be able to fight and win two nearly simultaneous regional conflicts.

• Countering Weapons of Mass Destruction. We are devoting greater efforts to stemming the proliferation of weapons of mass destruction and their delivery means, but at the same time we must improve our capabilities to deter and prevent the use of such weapons and protect ourselves against their effects. We are acutely aware that there can be no more important national security goal than preventing the reemergence of the cold war nuclear threat to the United States, and no more important military task than dealing with such threats if they emerge.

• Providing a Credible Overseas Presence. U.S. forces must also be forward deployed or stationed in key overseas regions in peacetime to deter aggression and advance U.S. strategic interests. Such overseas presence demonstrates our commitment to allies and friends, underwrites regional stability, gains us familiarity with overseas operating environments, promotes combined training among the forces of friendly countries and provides timely initial response capabilities.

• Contributing to Multilateral Peace Operations. When our interests call for it, the United States must also be prepared to participate in multilateral efforts to resolve regional conflicts and bolster new democratic governments. Thus, our forces must be ready to participate in peacekeeping, peace enforcement and other operations in support of these objectives.

• Supporting Counterterrorism Efforts and Other National Security Objectives. A number of other tasks remain that U.S. forces have typically carried out with both general purpose and specialized units. These missions include: counterterrorism and punitive attacks, noncombatant evacuation, counternarcotics operations, special forces assistance to nations and humanitarian and disaster relief operations.

INTELLIGENCE NEEDS FOR DEFENSE

Needs

The mission of the policymaker in the Department of Defense is to decide how to engage our substantial but limited resources most efficiently and effectively to protect against threats to our interests in the new international security environment. Secretary Perry likes to observe that our approach to conflict management is three fold: first, to help prevent conflicts from arising that could tempt any party to the use of force against our interests; second, to deter the use of force against our interests where conflict does arise; and third, to defend our interests successfully if the use of force is necessary. It is, of course, the last aspect of the mission that is the defining focus of our work at DOD: to have the capability—in every sense of that word—to apply military force decisively if necessary.

Intelligence plays an indispensable role in fulfilling each part of that approach. The bipolar world of yesterday is gone. Gathering, evaluating, and disseminating intelligence will be no less important than it was during the height of the cold war, and the overall demand for these services—as evidenced by U.S. military commitments worldwide—is unlikely to diminish. I would argue, in fact, that U.S. policymaker demands for intelligence since the end of the cold war have imposed a greater challenge for the Intelligence Community.

Obviously, our highest priority in DOD with respect to intelligence is to assure that, when it comes to fighting, the warfighter has the information needed to prevail. It is hard to exaggerate the degree to which modern warfare, as practiced by the United States, demands timely and comprehensive information about the actions, capabilities, and intentions of the enemy. Maximizing our ability to apply our technology will, in almost all cases, require information in a level of detail and timeliness that only careful prewar preparation and planning—as well as investment in equipment, people, and training—can provide.

But DOD is also a major client of the intelligence community in peacetime as well. The information we receive from it is essential as we address major national security issues. Intelligence is employed as we formulate foreign policy, both in the immediate sense of responding to crises and in the longer term sense of trying to shape and anticipate events.

My own role as the Under Secretary of Defense for Policy can serve as an example. I rely heavily on intelligence to help me understand and manage challenges to the national security. Together with senior members of my staff, I start each day

by receiving an intelligence briefing. I receive, and read, a daily package of worldwide intelligence reports collected from across the intelligence community. Interagency meetings on specific problems, crises, or hot-spots—and also on long-term planning and strategy—normally begin with a report from the intelligence community. The Secretary and Deputy Secretary, and my colleagues in OSD—as well as, I know, the Chairman and Vice Chairman and the Joint Staff—rely to a similar extent on intelligence product.

The broad topics on which we need current, reliable and specific information about foreign governments and their military forces include, simply as examples, information about:

- current military activities in areas of concern;
- impending movement of military forces that could require a U.S. response;
- development or transfer of new weapons systems;
- actual and potential programs to develop or acquire weapons of mass destruction;
- positions that foreign countries may take in negotiations with the U.S. or in which the U.S. has an interest;
- decisions of foreign governments, and their military leaders, on courses of actions with implications for U.S. interests;
- possible manmade or natural disasters that could present a call for U.S. military assistance;
- the personalities and policies of foreign leaders with whom DOD representatives deal;
- arms control compliance;
- basic background on long term problems; and
- the political dynamics and economic and security perspectives of nations and leaders with whom we deal.

Of course, defense policymakers get information from a variety of sources, including the media, diplomatic reporting, and reporting from the operational commands, as well as the contacts they and their staff have with foreign officials and outside experts. But accurate and timely intelligence provides senior decisionmakers with unique insights and understanding, because the intelligence community has both special sources—technical and otherwise—and a special focus on analysis and presentation of information, as contrasted to performing other functions, notably policymaking, diplomatic representation, or military operations.

Of course, pure information is not enough. The senior policymaking leadership needs analysis supported by evidence, rather than piles of raw data or unsubstantiated, ex cathedra prognostications. We depend upon talented and motivated analysts to make a clear picture out of the fragments of what our case officers and technical collectors put on the table. Preserving this base of analytical ability is critical to having the necessary flexibility in the intelligence system to react to a changing environment.

Finally, no matter how good the information, or how skilled the analysis, it does little good if it does not reach the consumer in a timely and focused form. This can be as important in the policymaking arena as in the area of military operations. Therefore, we need to continue to invest in the capability to deliver intelligence effectively to the end user. We also need to make sure that information is not so highly classified or compartmented that it does not reach the policymaker or warfighter who needs it.

Intelligence priorities

From my perspective in Policy, I relate to the intelligence community largely as a consumer, not a manager. However, I am well aware that intelligence—especially of the kind we most need and can get only from the intelligence system—costs lots of money. There have to be priorities; we cannot collect and analyze everything. We cannot afford every potentially useful satellite or other source.

Accordingly, there is a substantial system for matching policy concerns and the application of intelligence resources.

The guidance for these priority decisions comes from the President. Earlier this year, President Clinton signed a Presidential decision directive that established what he most wants the Intelligence Community to focus on—priorities that will remain under constant review, but that serve to guide allocation of intelligence resources. The details are, for obvious reasons, classified, but in broad outline the system of priorities is this:

- The first priority is to support the needs of our deployed military forces. This is, of course, a principal concern in the Department of Defense.
- The second priority is to obtain political, economic and military intelligence about countries hostile to the United States. This includes all-source information on

major political and economic powers with weapons of mass destruction who are potentially hostile to us. In practice, of course, we also need information about the actions, capabilities, and intentions of countries that are not necessarily hostile in general, but with whom we may have conflicting interests, or simply whose actions are relevant to our own.

• Third, the President cited intelligence about specific transnational threats to our security—issues such as weapons proliferation, terrorism, drug trafficking, organized crime, illicit trade practices, and environmental issues of great gravity.

Because needs will change frequently as world events change, it is imperative that our intelligence capability be global, flexible, and adaptable so that it can rapidly transition from peace to crisis to war and back again, and to new regions, countries, and issues. It must also be able to respond to new issues and changing priorities—with the understanding that increasing efforts in one area will probably result in decreased efforts in another.

John Deutch, in his new capacity as DCI, is committed to making the intelligence product and intelligence priorities more responsive to the changing needs of decisionmakers—from the President to the field commander. No doubt partly because of his long experience in DOD, he has worked especially hard to improve the responsiveness of the intelligence system to DOD's needs, both operational and more long term. Several of the management and organizational initiatives that the committee will, I am sure, consider at later stages of its analysis relate to this objective. The Intelligence Community is generally doing a good job of positioning itself to better serve the ever-changing needs of policymakers.

As a step to ensure the Intelligence Community is well postured to support the policymaker as a consumer of intelligence, the new "National Intelligence Needs Process" was approved by the DCI in March 1994. Administered by the National Intelligence Council and Community Management Staff, it is designed to give consumer communities a single focal point ("Issue coordinators"); trace major resource decisions to customer priorities; integrate needs of policymaker and warfighter; guide decisions on what we must *stop* doing; and enhance cross-discipline synergism. I believe this effort is responsive to our needs.

I cannot tell you that the policymakers' insatiable appetite for intelligence is always satisfied, however. Inevitably, there will be intelligence data that cannot be discovered and projections that prove incomplete or incorrect. Furthermore, with budgets and personnel levels declining over the coming years, and with more problems seemingly arising every day to which intelligence is relevant, we are all challenged to gain maximum use from all available intelligence resources—to do more with less. I am confident, however, that we have the mechanisms in place.

All of this translates into a clear role for intelligence in supporting both the senior policymaker and the warfighter. Intelligence must provide senior policymakers with information about the cross-currents, pressures, plans, and aspirations of foreign governments and foreign forces in order to allow us to craft and implement the most effective policy possible.

The United States, if it is to successfully manage the challenges to its national security in the current environment, has no choice but to be engaged, and to lead. Those of us who are charged with managing American power in this process have, and need, many assets—including a military that in its readiness, effectiveness and quality is second to none; allies and friends to support and share the burden of defense of common interests; and domestic support for the national security mission. But none of this can be used effectively without intelligent guidance, and that is impossible unless timely, focused, and accurate intelligence reaches the policymaker.

STATEMENT OF WALTER SLOCOMBE, UNDER SECRETARY OF DEFENSE FOR POLICY

Mr. SLOCOMBE. In my statement I address the issue raised in the committee's background materials for this session about what our national interests are from a defense perspective in the very changed world. But I want to focus during the time for the oral part on intelligence needs for defense.

Obviously, the mission of the Department of Defense is to decide how to engage our substantial but limited resources most efficiently and effectively, to protect against threats to our interest in the new international security environment.

Secretary Perry likes to say that our approach to conflict management is three-fold. First, to help prevent conflicts from arising. Second, to deter the use of force against our interests. Third, to defend our interests successfully if the use of force is necessary. It is the last aspect of this mission that is the defining focus of our work at the Department of Defense: to have the capability, in every sense of that word, to apply military force, decisively if necessary.

Intelligence plays an indispensable role in fulfilling each part of that approach. Obviously, our highest priority at DOD with respect to intelligence is to assure that when it comes to fighting, the warfighter has the information needed to prevail. It is hard to exaggerate the degree to which modern warfare, as practiced by the United States, demands timely and comprehensive information about the actions, capabilities, and intentions of the enemy. Maximizing our ability to apply our technology will in almost all cases require information at a level of detail and timeliness that only careful pre-war preparation and planning, as well as investment in equipment, people, and training can provide. I commend to the committee's attention Admiral Owens' statement developing in some detail the revolution in military affairs and its connection to intelligence.

The Department of Defense is also a major client of the Intelligence Community in peacetime as well. We rely heavily on intelligence as we formulate national defense policy, and it is a constant interaction between us as consumers at all levels in the Department of Defense, both on the civilian and the military side, and the producers.

The broad topics on which we need current, reliable, and specific information include, for example: information about current military activities; movement of forces; the development and transfer of weapons systems; actual and potential programs to develop or acquire weapons of mass destruction; the positions that foreign countries may take in negotiations with the United States; the decisions of foreign governments and their military leaders on courses of action with implications for the United States; the possible man-made or natural disasters that could present a call for U.S. military assistance; personalities and policies of foreign leaders with whom the Department of Defense representatives deal; arms control compliance; the basic background on long term problems; and the political dynamics and economic and security perspectives of nations and leaders with whom we deal.

Of course, we get information from a variety of sources. But accurate and timely intelligence provided by sources unique to the Intelligence Community provides a special contribution. This is because the Intelligence Community has both special sources, technical and otherwise, and a special focus on analysis and presentation of information to support policymaking.

Of course, pure information is not enough. What we need is analysis supported by evidence, not piles of raw data or unsubstantiated prognostications. We depend on talented and motivated analysts to make a clear picture out of the fragments of what our case officers and technical collectors put on the table. Preserving this base of analytic ability is critical to having the necessary flexibility in the intelligence system to react to a changing environment.

Finally, no matter how good the information is, how skilled the analysis, or how clever the connection, it does little good if it does not reach the consumer in a timely and focused form. This can be as important in a policymaking arena as in the area of military operations. Therefore, we need to continue to invest in the capability to deliver intelligence effectively to the end user. We also need to make sure that information is not so highly classified or compartmented that it does not reach the policymaker or warfighter who needs it.

From my perspective in the policy office, I relate to the Intelligence Community largely as a consumer, not as a manager. However, I am well aware that intelligence, especially the kind we need most and can get only from the intelligence system, costs lots of money. There have to be priorities. We cannot collect and analyze everything. We cannot afford every potentially useful satellite or other source.

Accordingly, there is a substantial system for matching policy concerns and application of intelligence resources. In my statement I outline briefly how that works.

John Deutch, in his new capacity as DCI, is committed to making the intelligence product and intelligence priorities more responsive to the changing needs of decisionmakers. No doubt partly because of his long experience at DOD, he has worked especially hard to improve the responsiveness of the system to the Defense Department's needs, both operationally and more long term.

I cannot tell you that the policymaker's insatiable—or the warfighter's insatiable appetite for intelligence is always fully satisfied. Inevitably, there will be data that cannot be discovered, projections that prove incomplete, and there are certain things that we would like very much to know that are in some sense fundamentally unknowable.

Furthermore, with budgets and personnel levels declining, and with more problems seemingly arising every day, we are challenged to get maximum use from the available intelligence resources, and to recognize that normally more attention to one subject must necessarily mean less to another.

All of this translates into a clear role for intelligence and intelligence priority setting in supporting both the senior policymaker and the warfighter.

I look forward to discussing these issues in response to your questions.

Thank you.

Chairman SPECTER. Thank you very much, Mr. Slocombe.

We'll now turn to Mr. Lawrence Summers, Deputy Secretary of the Treasury.

Welcome, Mr. Summers, and the floor is yours.

[The statement of Mr. Summers follows:]

PREPARED STATEMENT OF LAWRENCE H. SUMMERS, DEPUTY SECRETARY OF THE TREASURY

INTRODUCTION

Mr. Chairman, Members of the Committee, thank you very much for the opportunity to appear before you. Two of the most urgent imperatives facing us today are the need to meet changing national security challenges overseas, and the obligation to impose strict budgetary restraints during this era of dwindling resources here at

home. Re-engineering the Intelligence Community to meet these twin objectives is a pressing task. I'd like to say a few words about how we at Treasury see national security needs evolving over the coming years, and how the Intelligence Community can modify its work to meet those challenges as efficiently, and as cost-effectively as possible.

ECONOMIC SECURITY ISSUES TO THE FORE

If one looks at the matrix of national security concerns as they have evolved over the past decade, an important pattern emerges. Military, terrorist, and criminal threats to our national security remain paramount. Nonetheless, a number of global changes have served to push the sorts of economic issues with which we at Treasury deal to the fore.

First, the abandonment of socialism and embrace of market-based democracy by formerly communist countries means that scores of nations in Eastern Europe, Asia, and elsewhere are now undergoing difficult economic and social transitions. Ensuring that this process succeeds in strategically sensitive regions is one of the most important tasks we face.

The rise of emerging markets generally has been a second critical development. Developing countries have become our fastest growing export markets and have become critical for our prosperity. They now take some 40 percent of our exports, and support roughly 4 million U.S. jobs. As with the former communist states, sustained economic growth in sensitive regions of Latin America, Asia, and Africa—coupled with an expansion of our own economic ties—can serve as an important stabilizing force.

Third, a rapid increase in the speed and integration of global financial markets is one of the defining events of this era. This has brought great economic benefits to much of the world's population, including our own citizens. But it has also meant that events in one corner of the globe can spill over rapidly to affect other markets and economies, threatening our jobs and financial security at home.

Mexico's financial difficulties and the ensuing reactions on financial markets as diverse as Argentina's, South Africa's, and Thailand's, offered a vivid example of the possibility for such spillover and contagion effects earlier this year.

Fourth, the vast expansion of global commerce means that our prosperity depends more and more on the matrix of trade, tax, financial and other agreements which govern our international economic relations. Support for these negotiations must be a high priority.

Designing appropriate policies to meet these economic security issues requires a complete understanding of the economic, social, and political forces at work in the countries with which we deal. Precise, accurate, and focused information from the Intelligence Community can play a critical role in helping us perform our missions.

POTENTIAL FOR ECONOMIES AND SAVINGS

That intelligence objective might not seem to square with the wish to conserve resources and ensure fiscal responsibility here at home. The two objectives, however, can be comfortably met. Realization of any potential economies that do exist, and honing by the Intelligence Community of its work to fit client needs, can maximize savings while increasing the precision and relevance of the Community's product. As John Deutch has very accurately stated, a "consumer focus," rather than a "supply focus," must now become the guiding principle for all the Community's work.

THE INTELLIGENCE COMMUNITY'S ROLE

Secretary Rubin and I have already met with Director Deutch to communicate Treasury's thoughts on how this process should move forward. Let me offer a number of principles which I believe can accomplish this objective of conserving resources and achieving economies, while ensuring that the Community maintains a "consumer focus" in its work.

First, the Intelligence Community must concentrate limited resources on the kinds of information gathering and analysis that it does best. A major difference between economic and military information is that the former is widely and publicly available, while the latter is often available only through intelligence operations. It is difficult to see how the Intelligence Community can add much value to reports on European Government finances—whether generated by U.S. Government economists or Wall Street analysts based on public information—or for that matter, how the Community can improve on analyses of emerging market economic prospects. Any wasteful duplication should be eliminated, *vis-a-vis* both what private sector analysts are doing, as well as the work being performed within other government agencies.

Second, even in those analytic activities where the Intelligence Community can play a value-adding role, the Community must rely more on what outside information exists, in addition to non-public sources. As many societies become increasingly open, more and more information about them becomes publicly available. Drawing on reliable public information ensures that the Community uses the best ingredients for its products, at the lowest possible cost.

That is not to say that widely available information will always be adequate. Political and economic developments in many of the key countries with which we deal—those undergoing transition, as well as important emerging markets—are not fully transparent. Yet these are often the very societies in which political and economic forces may be most volatile, and for which an understanding of the interaction between economics and politics is critical, if we are to design appropriate United States policies. The Intelligence Community can best fulfill its function by providing Treasury with information drawn from all possible sources on economic issues and the social contexts in which they are unfolding.

Third, the financial problems which pose the most significant risk of contagion, and which therefore pose the greatest threat to our national financial security, can erupt as a result both of purer economic factors, as well as the more subtle interplay of economic, social, and political causes. It is tempting to believe that sufficiently detailed analysis can give us the capacity to predict such crises. That is obviously not the case. Nonetheless, information that is geared toward trying to foresee potential problems can serve to warn us of incipient crises, in time to design more effective responses. The Community must assimilate that early-warning objective into all its thinking.

Fourth, the Community should become more receptive to studying low probability events. In my experience, analyses produced by the Community tend too often to reproduce mainstream, middle-of-the-road views, without sufficiently considering extreme, if relatively unlikely scenarios. Whether the issue is the potential collapse of a nation like the Soviet Union, or financial crises erupting in important U.S. markets, the Community must be more sensitive to the possibility that low-probability events with large consequences may occur, and analyze these possibilities with greater rigor.

Fifth, the Intelligence Community must better target information in support of specific diplomatic objectives. As complex commercial and financial agreements become ever more important, the need to understand political and economic developments in the nations with whom we are engaged in discussions becomes essential. That can help assure the successful outcome of our negotiations.

In addition, many of the issues, which are now the subject of international economic discussion are highly complex, with specific facts and assertions that are difficult to verify. For example, talks on trade barriers which exclude U.S. products may depend on a full understanding of the many subtle ways in which a country may subsidize its industries, or otherwise discriminate against foreigners. Agreements that protect U.S. intellectual property may require verification of approaches taken by foreign governments, or even of criminal activities that occur overseas. It can be difficult to monitor implementation of complex accords once they are reached. The information necessary to accomplish these verification objectives can be difficult to gather and analyze. The Intelligence Community can play an important role in providing it.

Sixth, the Intelligence Community can play a role in detecting foreign attempts to seek an unfair advantage over U.S. businesses through industrial espionage. The United States rejects any effort at assisting our own businesses through the use of intelligence operations to steal intellectual property or any proprietary information from foreign entities, whether public or private. Such a practice is abhorrent, and we will not tolerate it. Unfortunately, there have been past instances in which foreign governments have used industrial espionage to seek an unfair advantage for their own firms.

LAW ENFORCEMENT

While I have addressed economic security so far, I would like to touch on another, equally important area of work in which there may be room for improvements in how the Intelligence Community and other agencies, including Treasury, interact: law enforcement.

Enhanced law enforcement agency use of Intelligence Community skills and resources can ensure that those resources are used to their fullest potential. We at the Treasury have moved with the Intelligence Community in this direction for nearly a decade, and are beginning to see the fruits of heightened cooperation. Since the early 80's, the Customs Service has increased its use of intelligence information

to track drug traffickers and other smuggling and fraud operations. Several major recent drug seizures have resulted directly from information provided through such intelligence channels.

The Secret Service has reported improvements in the quality and relevance of intelligence traffic received through the Community. Investigation of the World Trade Center bombing marked a watershed in cooperation among the ATF, the Secret Service, the FBI, other enforcement agencies, and the Intelligence Community in tracking foreign terrorist cells.

The Joint Intelligence Community Law Enforcement Working Group (JICLE), which joins all the principle intelligence and enforcement agencies, has stepped up its efforts to smooth out procedures for cooperation and joint work. In addition, the number of law enforcement officials now on detail to Intelligence Community counter-terrorism and counter-narcotics units has risen slowly but steadily over the past 5 years. These and other forms of cooperation should increase, so that our enforcement agencies can get maximum utility from existing Intelligence Community resources.

CONCLUSION

To conclude, let me say that the evolving complexities of the global landscape make the need for accurate, relevant, and timely economic information from the Intelligence Community more, rather than less pressing. The fall of communism and embrace of market forces have widened the range of possible economic outcomes for the United States, for the emerging market countries which are important to us, and for the global economy as a whole. The vast increase in international trade and investment mean that prospects for our own and global prosperity are far more intertwined than they were before. Carefully honed, efficiently derived reporting from the Intelligence Community is critical, if we are to design appropriate policies that address the challenges we face, and anchor the establishment of prosperous, market-based democracies worldwide.

STATEMENT OF LAWRENCE H. SUMMERS, DEPUTY SECRETARY OF THE TREASURY

Mr. SUMMERS. Thank you very much, Mr. Chairman and Members of the committee.

I welcome your initiative in holding this hearing. At a time of global change, with the end of the cold war, and increasingly severe budget constraints, re-engineering the Intelligence Community is obviously a high priority.

In my statement I discuss a number of changes in this era. The fall of communism, the rise of prosperity in emerging markets where three billion people live, the tremendous speed of financial markets, the tremendous pace at which global commerce has increased—much more rapidly than the sum total of incomes.

What I would like to do in my brief presentation this morning is highlight the principles that I think guide intelligence in the economic area. As DCI John Deutch has very accurately stated, in this era, it is crucial that intelligence have a consumer focus rather than a supply focus. Secretary Rubin and I have already met with Director Deutch to communicate Treasury's thoughts on how this process should move forward.

Let me highlight six principles which I believe are important for economic intelligence gathering in the years ahead.

First, the Intelligence Community must concentrate its limited resources on the kinds of information gathering and analysis where it has a clear comparative advantage. The major difference between economic and military information is that the former is much more widely and publicly available, while the latter is available only through intelligence operations.

It is frankly difficult to see how the Intelligence Community can add much value to reports on European government finances, whether generated by U.S. Government economists or Wall Street analysts based on public information. Or for that matter, how the community can, in many cases, improve on analyses of emerging market prospects. Any wasteful duplication should be eliminated vis-a-vis both what the private sector analysts are doing as well as the work being performed within other government agencies.

Second, even in those analytic activities where the Intelligence Community has a crucial value added role, the community must rely more on what outside information exists in addition to non-public sources. As many societies become increasingly open, more and more information about them becomes publicly available. Drawing on reliable public information ensures that the community uses the best ingredients for its products at the lowest possible cost.

This is not to say that widely available information will always be adequate. Political and economic developments in many of the key countries with which we deal—those undergoing transition, as well as important emerging markets—are not fully transparent. Yet these are often the societies in which political and economic forces may be most volatile and for which an understanding of the interaction between economics and politics is critical if we are to design appropriate U.S. policies.

The Intelligence Community can best fulfill its function by providing Treasury and other economic agencies the information drawn from all possible sources on economic issues and the social contexts in which they are unfolding.

Third, the financial problems which pose the most significant risk of contagion and which therefore pose the greatest threat to our national financial security, tend to erupt as a result of both pure economic factors and to an even greater extent the interplay of economic, social, and political causes. It is tempting to believe that sufficiently detailed analysis could accurately predict these crises. That is obviously not the case. Nonetheless, information that is geared to trying to foresee potential problems and give early warnings is particularly important in serving to identify incipient crises. I believe that the Community must, to a greater extent, assimilate that early warning objective into its thinking.

Fourth, the Community should become more perceptive about the possibility of low probability events outside of mainstream thinking. In my experience, analyses produced by the Community have a tendency to reproduce mainstream, middle of the road views, without sufficiently considering extreme, if relatively unlikely, scenarios. Senator Moynihan has, of course, stressed this problem in connection with the community's assessment of where Russia and the Former Soviet Union and the communist states of Eastern Europe were going during the 1980's.

Fifth, the Intelligence Community must better target information in support of specific diplomatic objectives. As complex commercial and financial agreements become ever more important, the need to support our negotiating efforts becomes a particularly high priority. Many of the talks which are now the subject of international economic discussion are highly complex and involve facts and asser-

tions that are difficult to verify. The intellectual property area, where verification of approach is taken by foreign governments is particularly important.

Sixth, there is a role for the Intelligence Community to place in detecting foreign attempts to seek an unfair advantage over U.S. businesses through industrial espionage. We reject an effort to assist our own businesses through the use of intelligence operations to steal property or proprietary information from foreign entities, whether public or private. There is certainly a need for counterintelligence in this area.

Let me say finally, Mr. Chairman, that I have concentrated my statement on the area of economic intelligence. There is a second crucial area of interaction between the Intelligence Community and the Treasury, and that, of course, is in the work of the Treasury's law enforcement agencies. I am pleased to say that cooperation in recent months has increased quite substantially. The Secret Service, in particular, has reported improvements in the quality and relevance of intelligence traffic received through the community investigation of, for example, the World Trade Center bombing, the investigation of which marked a watershed in cooperation between the various enforcement agencies and the Intelligence Community.

Let me finally say, as has often been said before, the world is very different from the way it was before the cold war ended, but it remains a dangerous world in which the United States has crucial security interests, increasingly of an economic nature. We believe the Intelligence Community has an important role to play in supplementing our efforts to confront those threats to our security.

Thank you.

Chairman SPECTER. Thank you very much, Mr. Summers.

We now turn to the Under Secretary of State for Political Affairs, Mr. Peter Tarnoff. Welcome, Mr. Tarnoff, and the floor is yours.

Mr. TARNOFF. Thank you, Mr. Chairman and Members of this committee. As was the case with my colleagues, I have a substantially longer statement which I have submitted to the committee for its records, but I will try to summarize these longer statements in a few remarks.

[The statement of Mr. Tarnoff follows:]

PREPARED STATEMENT OF PETER TARNOFF, UNDER SECRETARY OF STATE FOR POLITICAL AFFAIRS

Mr. Chairman and Members of the Committee. I appreciate this opportunity to discuss how intelligence supports American foreign policy in the post-cold war world. The Clinton Administration has crafted a foreign policy that promotes our prosperity, maintains our security, and is faithful to our fundamental democratic values. The intelligence community plays an important role in pursuit of these policy goals.

The Department of State is pleased that the Senate Select Committee on Intelligence has asked us to contribute to its review of how the intelligence community supports the conduct of foreign policy. As the Department is not only a principal "producer" of U.S. Government intelligence products, but also a principal intelligence "consumer," we welcome the opportunity to assist your efforts.

I will emphasize three key issues today:

First, timely and accurate intelligence must serve our diplomatic efforts in pursuit of our national interest in the same way that it serves our military efforts.

Second, timely and accurate intelligence is particular crucial to achieving our political, economic and security priorities.

Third, the State Department must have resources adequate to its responsibility as a leader within the intelligence community, and a "platform" for overseas intelligence operations.

This last point bears special emphasis. Resources touch on all aspects of how intelligence supports diplomacy. As spending declines for the non-military aspects of our foreign affairs, we need to preserve both our policymakers' and diplomats' access to timely and accurate intelligence. We also must guarantee the Department of State's own critical role in coordinating, gathering and analyzing information. State Department generated intelligence is the fuel on which the intelligence community runs. Whether through our foreign service reporting, or through the trusted analysis of our own Bureau of Intelligence and Research (INR), or through the global intelligence "platforms" of our embassies, the Department of State must continue to provide the information required by our policymakers.

I. INTELLIGENCE IN SUPPORT OF DIPLOMACY

Intelligence informs the conduct of American foreign policy, and enables decisionmakers to develop political relations, formulate economic policy, and conduct military plans and operations. The Department feels strongly that policymakers must take the lead in tasking and using intelligence. Intelligence is not an end in itself. Rather, it is a very powerful instrument for the policymaker, the diplomat, and the soldier to help strengthen our political, economic, and military security—what I would like to refer to as the "triad" of our security concerns.

There should be no competition between intelligence serving the military and intelligence in the service of diplomacy. Successful diplomacy—whether focused on political, economic, or strategic issues— is our "first line of defense." There will never be headlines about the war not fought, the economic sanction not imposed, the boycott not levied, the sensitive technology not stolen, the trade war averted, the American citizens not kidnapped, the aliens not smuggled, the waste not dumped, the fishing resources not stolen, the environmental disaster averted, or the terrorist act avoided, but the successes of diplomacy are just as real as the victories of the soldier. Neither the diplomat nor the soldier can succeed without the guidance of accurate, timely, and appropriate information.

Diplomatic access to intelligence is as critical to saving lives and resources through preventing conflicts as it is in the conduct of military operations—if not more so. Intelligence helps the war fighter prepare for combat. This is a crucial function. Just as important, intelligence serves the diplomat in many ways, from verifying agreements on limiting arms, to understanding the motives or plans of hostile governments, to persuading allies of the danger posed by states who would threaten U.S. interests. Our colleagues in the armed services use intelligence to play for the possibility that two or more major military regional conflicts might occur. Every day, we at the Department of State need intelligence to help protect U.S. interests abroad and to prevent literally dozens of potential conflicts from becoming the major crises for which our colleagues in arms dutifully plan.

A simple catalog of today's diplomatic crises should be enough to display the breadth of the Department's intelligence needs. As Under Secretary of State, every day I need to know about the military and political developments in all corners of the former Yugoslavia, about the stability of the regime in North Korea, about the origins of the latest terrorist bomb in France, about the possible outcome of elections in Haiti or Russia, about potential starvation in the Sudan, and about Iran or Iraq's latest attempt to circumvent sanctions. I use this intelligence to avoid or contain crises and conflicts and it guides our strategy and negotiations just as military intelligence guides the battlefield commander.

At the Department of State, we use high-quality intelligence and research to develop both our diplomatic strategy and tactics. To develop a diplomatic strategy, we need thorough background analysis of regions and countries, as well as instant and accurate information on developments in negotiations or on the ground. In managing negotiations, we need all the information given to the generals planning a military campaign—the broad landscape of different theaters, the capacities and intentions of both our adversaries and allies, and the immediate details of any particular development. Tactically, every early warning of potential problems, impending violence, and new activities by terrorists or narcotics traffickers contributes to the efficacy of timely diplomatic intervention. Timely, all-source analyses of the likely consequences of an official demarche, a proposed sanction, or a sudden troop movement can be vital to containing or averting hostilities, which can save U.S. lives and resources.

The intelligence tools available or existing within the community are versatile, capable of serving both soldier and statesman. The satellite that monitors tank move-

ments on the battlefield can first monitor troop movements or weapons positions before the fighting starts, informing the President and Secretary of State whether time exists for diplomacy and negotiations.

Our efforts in Bosnia offer prime examples. Like the bomber pilot over Pale, our diplomats on the ground also need to know the positions of heavy guns and munitions dumps, so that they can press the Bosian Serb leaders to pull back, or verify if they have done so. But the diplomat needs more. Does Milosevic speak for the Bosnian Serbs? How strong is the Bosian Federation? Will Croatia exercise restraint in Eastern Slavonia? Will Serbia? Will Russia remain with the Contact Group consensus? To gauge the possibility for a peaceful resolution of any given crisis, diplomats must know at a deeper dimension what is politically possible for another leader or another country.

On the economic front, diplomats and policymakers also need something more. Well-targeted economic sanctions might pressure a regime to change its egregious behavior in a region where American interests are considerable, but only if we know which sanctions are appropriate and whether we can gather the support of other countries to make them enforceable.

II. PRINCIPLES AND OPPORTUNITIES FOR POST-COLD WAR FOREIGN POLICY

For the last 50 years, our intelligence collection was overwhelmingly directed at interpreting how the Soviet Union and other Communist states threatened our interests worldwide and how to counter such threats. To a great extent, the source of danger was clear, and the intelligence community was largely tasked with learning how these regimes functioned at home and how they acted abroad.

The world is different now. The United States faces a range of challenges in the post-Cold War world. We must adjust our intelligence collection priorities accordingly. The international challenges we face are fluid at a time when resources at our disposal are shrinking. The sources of security threats have increased in number, become more complex and are harder to identify. The traditional focus on military threats from adversaries, both old and new, has not disappeared. But in addition to the threats of state aggression, the post-Cold War policymaker must focus on a variety of challenges whose complexity—on issues as diverse as theft of intellectual property and combating international terrorists—can be traced to the explosion of global communications and transportation. Just as these challenges are more complex, the collaborations and negotiations needed to deal with them are also more protracted, complex and multilateral. All of these challenges demand innovation in the way we gather and use intelligence.

In the face of a variety of challenges and pockets of disorder that confront us, Secretary Christopher has enumerated enduring principles that guide our foreign policy, and near-term opportunities for protecting American security and well-being. The Department will take the lead in ensuring that intelligence supports each of them.

A. FOUR PRINCIPLES

Four abiding principles guide our efforts: Leadership, engagement, cooperation, and democracy. Leading allows us to shape the future in our interest, either by forging strategic partnerships where we can, or by acting alone when we must. Engaging with the world's great powers is central to ensuring American security and prosperity. Building lasting cooperative institutions gives structure and legitimacy to the great international undertakings of our time. Promoting values of democracy and individual liberty helps protect the successes made during the Cold War from the dangers of ultra-nationalism, intolerance, and violence.

1. *Leadership.* American leadership, when supported with adequate intelligence, has reduced threats from new and remote sources. As frustrating as the strife in the former Yugoslavia has been for us all, our recent efforts—from NATO air strikes to end Bosnian Serb attacks on the U.N. safe areas to the diplomatic jump-starting of negotiations which have a real chance for success—have displayed the importance of American action. Progress has depended on accurate information and analysis, as well as on the strong reputation for quality intelligence which we have earned from the other nations involved. When we have stood up to Iraqi aggression, limited North Korea's nuclear program, restored democracy in Haiti, and brokered important agreements on everything from limiting arms to expanding trade. American leadership has made our country and the world safer.

2. *Engagement.* Intelligence also has been crucial to our continued engagement with the world's great powers. We continue to share intelligence with allies and friends in support of our broader foreign policy goals as a way of protecting all of our interests.

3. *Institution Building.* We also use intelligence resources when building and maintaining strong international institutions, in everything from assessing the possibilities for stronger cooperation to monitoring compliance with international agreements. The success of NATO bombing raids around Sarajevo would not have been possible without accurate intelligence based on a long-term relationship between the foreign policy and intelligence communities of many countries and the United Nations. We will continue to share intelligence with these institutions when it is in the *national interest* to do so.

4. *Democracy Building.* Intelligence also assists us in supporting democracies around the world. General political and economic reporting—particularly by Foreign Service Officers—alerts us to problems as developing nations make the often painful transition to more open systems of government.

B. OPPORTUNITIES AND CHALLENGES

With these enduring principles in mind, our greatest security challenges can be—in some cases—our most promising near-term opportunities. Though the collapse of Communism has meant that the world's great powers no longer have nuclear weapons targeted at one another, it also has raised the importance of limiting the proliferation of weapons of mass destruction as a critical task for American diplomacy. We also are strengthening Europe's security architecture to help us prevent, manage, and resolve regional conflicts. We continue to pursue aggressively peace in the Middle East, and to confront the enemies of peace from that region. In addition, we are vigorously confronting the new security threats posed by the spread of narcotics trafficking, crime and terrorism. Moreover, fundamental to all our efforts is strengthening the international system by integrating the expanding the world economy. Finally, we are fighting the environmental and developmental challenges that threaten long-term security and prosperity around the world.

1. *Non-Proliferation.* Diplomatic efforts to halt the proliferation of weapons of mass destruction depend greatly on technical intelligence to help verify and document threatening or illegal activity, and analytical assessments to help draw foreign governments' attention to the need for export regimes on the whole range of proliferation issues—chemical and biological weapons, missiles, technology transfer, nuclear, and arms trade.

2. *European Security Architecture.* Intelligence has also been crucial to our building a new European security architecture. This century's two world wars showed us clearly that Europe's security and prosperity are vitally linked to our own. Intelligence provides indispensable assistance to us as we take the lead in helping make NATO responsive to the new post-Cold War Europe, and in adapting to the new European and global power structure.

3. *Middle East.* Our third area of opportunity, advancing peace and security in the Middle East, offers the paradigm for the importance of intelligence in the support of diplomacy. Timely intelligence has made possible a range of diplomatic actions, from stopping aggressive activity to moving forward dramatically in the peace process. We could not have established the coalition of nations that won the Gulf War in 1991, prevented renewed aggression by Iraq in 1994, or maintained economic sanctions against Iraq for more than 5 years without credible information and analysis about Iraq's regime and military. In the process, we have earned a reputation in the region for high-quality intelligence information and analyses, which has been an indispensable confidence-building component of the peace process.

4. *New Security Threats.* The intelligence community has been at the forefront in assisting us in seizing the fourth area of opportunity: combating international outlaws. Among recent successes was the arrest, supported by U.S. intelligence and law enforcement agencies, of six of the seven top leaders of Colombia's Cali drug cartel. This move against the Cali organization, which some experts estimate controlled about 80 percent of the world cocaine market and perhaps as much as one-third of the world's heroin, will bolster many countries' war on drugs.

The intelligence community also is helping to identify the new terrorist organizations and criminal networks which have emerged in the post-Cold War period, and has initiated procedures for sharing key information about suspected terrorists in order to prevent their easy movement among countries. "Tipoff", a counterterrorism tool developed and maintained by State's Bureau of Intelligence and Research, uses sensitive intelligence and law enforcement information to detect terrorists as they apply for visas or attempts to enter the United States. Since its inauguration in 1987, Tipoff has identified several hundred terrorists seeking entry in the United States to whom visas or entry were denied.

Likewise, providing for the safety of American citizens abroad is a primary responsibility of the Department's Bureau of Diplomatic Security, which relies on in-

telligence to provide threat assessments for traveling officials of other U.S. Government agencies or members of Congressional delegations, and to warn American citizens about unstable or threatening situations in places where they may travel.

5. *Promoting Economic Interests.* The fifth opportunity of opening markets and expanding economic integration worldwide also requires strong support from our intelligence resources. Assessments of global, regional, and national economies, particularly identifying potential shortages in key agriculture and energy sectors, helps policymakers understand the major factors affecting any policy. Diplomats must know about unfair trade practices and non-compliance with established global agreements.

6. *Sustainable Development.* Finally, our sixth area of diplomatic effort—promoting sustainable economic development—is assisted by estimates of population growth rates, environmental damage, and local political and economic stability. In the short term, intelligence has called policymakers' attention to questionable logging practices and fishing methods which would damage the livelihood and health of Americans, enabling the Department to use diplomatic efforts to stop the harmful activity.

I should note that Foreign Service reporting and analysis is a principal provider of the intelligence which guides our pursuit of America's economic opportunities abroad, as well as for all monitoring and encouraging sustainable economic development that benefits everyone. All our other foreign policy opportunities require good information and intelligence support ranging from Foreign Service reporting to open source information, multi-source intelligence. Trained analysts sort out the important, urgent pieces for immediate analysis and briefing. They also monitor the issues over the longer term, placing pieces of information into perspective and providing the policymaker with value-added insights. Both collection and analysis matter. Both require adequate resources.

III. MANAGEMENT AND RESOURCES

If we are to face increasingly complex and diverse challenges with declining resources, we must:

- Take steps to ensure we set priorities for intelligence collection which closely support our national security policies;
- Ensure that our numerous agencies, including intelligence collectors, act in coordinated fashion overseas; and
- Preserve the ability of the Department of State to participate in and provide information to the intelligence community.

A. SETTING PRIORITIES

The Administration has taken steps to ensure that policymakers at the White House, and the Departments of State, Defense and Justice work closely with the CIA to set priorities by forming an inter-agency working group which recommends these priorities to the President. This system has the benefit of flexibility and responsiveness.

In response to the telecommunications revolution and surges in the news-media's attention to events, issues ebb and flow more quickly. Growing economic and strategic interdependence means that country-specific analyses must also discuss regional and global implications of various policies. Intelligence must support diplomacy through an interactive process.

A newly formed State Intelligence Board (SIB) will provide an opportunity for the Department to review in a structured way the implications of intelligence activities and programs and to consider how changes in Department operations affect intelligence programs overseas. We will be able to provide coordinated Department positions on intelligence activities having major implications for foreign affairs and to help ensure that intelligence serves our national diplomatic and foreign policy objectives.

Department policymakers and the Chiefs of Mission also need to take the lead in tasking and evaluating overseas reporting. In tasking human intelligence—or "HUMINT"—policymakers have an important role—as both consumers and producers of intelligence—in determining what is needed, when it is needed, and how it can be most effectively packaged. They have the tools to balance competing priorities. They help balance available resources with the need for surge attention in specific crisis areas. Watching the "big picture" and viewing U.S. priorities on the wide screen, they can see if the various pieces of intelligence collection are consistent with our foreign policy principles and opportunities.

B. ENSURE CLOSE COORDINATION OVERSEAS

Despite cuts, embassies remain the center focus of activities abroad and ambassadors must maintain their lead role in coordinating overseas activities. On behalf of the President and the entire Executive Branch, the Chief of Mission manages the embassy—a "ground-based collection platform"—in pursuit of common U.S. Government objectives. The Chief of Mission coordinates all the tools available in his mission for shaping foreign policy—the diplomatic, intelligence, law enforcement, defense and commercial components. Chiefs of Mission should be aware of all activities emanating from their "platform." He or she must set priorities, balance competing demands, and ensure that the embassy speaks for the United States with one voice.

Chiefs of Mission lead and cooperate with the other government components working from their platforms. They also use frequent mission-wide and Washington-to-post dialogues to determine division-of-labor issues and refine policy priorities. Intelligence can alert the Chief of Mission to emerging problems and potential issues; the Chief of Mission and Washington can help focus the collection effort and help shape the finished intelligence product according to policy and resource priorities.

C. PRESERVING THE DEPARTMENT'S ROLE AS PRODUCER AND CONSUMER

If the Department is to fulfill its role in communicating policy priorities and providing the raw material the intelligence community runs on, the Department of State's own resources for gathering and analyzing intelligence—either as a platform for other agencies or as the intelligence producer of first resort—cannot be further eroded.

I want to stress, again, that resources touch on everything we do. Prudent and effective application of intelligence is crucial at a time when we all are trying to do more with limited means.

Intelligence in support of diplomacy is not an "extra", but an essential element of the conduct of our foreign diplomatic and security policy. Not only should diplomats lead in tasking out intelligence missions and sharing in the products of various intelligence resources, but the Department's own role in gathering and analyzing information—largely through Foreign Service reporting and the work of our own Bureau of Intelligence and Research—must be preserved.

As the Department of State continues its efforts to operate more efficiently, we must ensure that our savings are reinvested in human and technical resources—the Foreign Service and the Department's infrastructure abroad—to preserve the most flexible and effective reporting system in the world. Deep cuts in the Department of State budget will harm not only our diplomatic capabilities, but also our intelligence resources. It is not too much to say that we are gambling with national security itself.

1. Foreign Service Reporting

The greatest danger of budget cutbacks would be in forcing a reduction in the number of Foreign Service reporting officers abroad. Should this happen, a key source for the intelligence community's analyses would be disabled. The Foreign Service is a primary collector and producer of diplomatic and other overseas reporting. As I am certain representatives of all of the foreign affairs agencies and Department's would confirm, diplomatic reporting has long been widely recognized to be of consistently high quality and reliability. It bears repeating that Foreign Service reporting accounts for a significant majority of whatever goes into national intelligence production, particularly in the political and economic legs of the triad, whose importance have grown so dramatically. We will make both false economy and create false security if we cut this capacity.

2. Dedicated Intelligence Support

Department principals need and want an in-house intelligence bureau. The Secretary wants analysts dedicated to producing information tailored precisely for his needs. Policymakers want rapid turn-around and unvarnished oral and written analysis which tells the bad news as well as the good. The Bureau of Intelligence and Research has the Secretary's needs as its first priority. Such tailored support must remain a critical element of any reorganization of the intelligence community.

Similarly, the Department and our Chiefs of Mission must have timely news on what the intelligence community itself is doing. Policymakers must understand sensitive intelligence operations to ensure that intelligence and foreign policy are harmonized. The Department also has a fundamental interest in ensuring that intelligence and counter-intelligence activities are consistent with and do not pose unacceptable risks to United States foreign policy goals. INR also provides a liaison with the Intelligence Community so the Department's policy needs are well served and

its interests protected when major intelligence policy issues arise. INR must continue to provide this essential service to the Secretary and our Ambassadors overseas.

In both of these important functions, INR's output and impact are disproportionately large in relation to its small size. In part this is possible because the intelligence community is designed to work together; one component's expertise complements or strengthens the work of others. The whole is, I believe, even greater than the sum of its parts; therefore, reorganization ought not involve lopping off parts without a thorough appreciation of the impact on the entire community.

IV. CONCLUSION

The broad principles and concrete objectives that I have outlined today reflect the Administration's deep commitment to furthering American prosperity and security. Today's environment of new dangers and opportunities, as well as shrinking resources, requires us to rethink and revitalize how intelligence can best serve diplomacy and our foreign and national security policies. We encourage and appreciate the broader intelligence community's efforts also to serve these ends, and to serve our Department in developing effective foreign policy goals.

Intelligence and diplomacy have worked together closely since our nation founding. I am confident that under the President's leadership, foreign policymakers will continue to work closely with the intelligence community to succeed in safekeeping our nation's interest.

STATEMENT OF PETER TARNOFF, UNDER SECRETARY OF STATE FOR POLITICAL AFFAIRS

Mr. TARNOFF. I appreciate this opportunity to discuss how intelligence supports American foreign policy in the post-cold war world. The Administration has pursued a foreign policy that promotes our prosperity, maintains our security, and is faithful to our fundamental democratic values, and the Intelligence Community plays an important role in the pursuit of these policy goals.

On the issue of intelligence in support of democracy, let me say that intelligence informs the conduct of American foreign policy and enables decisionmakers to develop political relations, formulate economic policy, and conduct military plans and operations. Policymakers must take the lead in tasking and using intelligence. Successful diplomacy is our first line of defense.

Diplomatic access to intelligence is as critical to saving lives and resources through preventing conflicts as it is in the conduct of military operations. Every day, Mr. Chairman, we at the Department of State need intelligence to help protect U.S. interests abroad and to prevent literally dozens of potential conflicts from becoming the major crises for which our colleagues in arms dutifully plan.

On the issue of opportunities for post-cold war foreign policy, the United States faces a range of challenges in the post-cold war world. We must adjust our intelligence collection priorities accordingly. The sources of security threats have increased in number, become more complex, and are harder to identify.

There are four abiding principles that guide our efforts in this respect: leadership, engagement, cooperation, and democracy.

Leadership. Our recent efforts from NATO air strikes to end Bosnian Serb attacks on the U.N. safe areas, to the diplomatic jumpstarting of negotiations, have a real change for success, and have displayed the importance of American action.

Engagement. We continue to share intelligence with allies and friends in support of our broader foreign policy goals as a way of protecting all of our interests.

Institution building. The success of NATO bombing raids around Sarajevo would not have been possible without accurate intelligence based on a long term relationship between the foreign policy and intelligence communities of many countries, and the United Nations.

Democracy building. Intelligence also alerts us to problems as developing nations make the often painful transition to more open systems of government.

On the question of our highest challenges. Our greatest security challenges can be, in some cases, our most promising near term opportunities.

They are, for example, limiting the proliferation of weapons of mass destruction as a critical task for American democracy.

No. 2, strengthening Europe's security architecture.

No. 3, pursuing aggressively peace in the Middle East.

No. 4, vigorously confronting the new security threats posed by the spread of narcotics trafficking, crime, terrorism.

And No. 5, integrating and expanding the world economy.

I could provide many details of how intelligence has served the purposes in these high priorities, and in his opening statement, the Vice Chairman of this committee cited the intelligence value with respect to the North Korean nuclear activities.

One example I will use here, however, relates to the Middle East, where timely intelligence has made possible a range of diplomatic actions, from stopping aggressive activity to moving forward dramatically in the peace process. We could not have established, Mr. Chairman, the coalition of nations that won the Gulf War in 1991, prevented renewed aggression by Iraq in 1994, or maintained economic sanctions against Iraq for more than 5 years, without credible information and analysis about Iraq's regime and its military.

Also, back at the State Department, TIPOFF, a counterterrorism tool developed and maintained by State Department's Bureau of Intelligence and Research, uses sensitive intelligence and law enforcement information to detect terrorists as they apply for visas, or attempt to enter the United States. Since its inauguration in 1987, TIPOFF has identified several hundred terrorists seeking entry into the United States to whom visas or entry were denied.

At the same time, Foreign Service reporting and analysis is a principal provider of the intelligence which guides our pursuit of America's economic opportunities abroad, as well as for all of the monitoring and encouraging that we do with respect to sustainable development that benefits everyone.

On the important issue of management and resources, let me say that if we are to face increasingly complex and diverse challenges with declining resources, we must take steps to ensure that we set priorities for intelligence collection, which closely support our national security policies; ensure that our numerous agencies, including intelligence collectors, act in a coordinated fashion overseas; and preserve the ability of the Department of State to participate in and provide information to the Intelligence Community.

On the key issue of setting priorities, the Administration has taken steps to ensure that policymakers at the White House and Departments of State, Defense and Justice, work closely with the

CIA to set priorities by forming an interagency working group which recommends these priorities to the President.

On the matter of ensuring close coordination overseas, policymakers have an important role as both consumer and producers of intelligence in determining what is needed, when it is needed, and how it can be most effectively packaged to serve policy ends.

On the question of preserving the Department's role as producer and consumer, if the State Department is to fulfill its role in communicating policy priorities and providing the raw material the Intelligence Community runs on, the Department of State's own resources for gathering and analyzing intelligence, either as a platform for other agencies, or as the intelligence producer of first resort, cannot be further eroded.

On Foreign Service reporting, the greatest danger of deep budget cutbacks would be forcing a reduction in the number of Foreign Service reporting officers overseas.

Now, on the matter of dedicated intelligence support, let me say, Mr. Chairman, in addition, the Department's principles need and want an in-house intelligence bureau, the Bureau of Intelligence and Research, which has the Secretary's needs as its first priority. Such tailored support must remain a critical element of any reorganization of the Intelligence Community.

By way of conclusion, let me say that intelligence and diplomacy have worked together closely since our Nation's founding. I am confident that under the President's leadership, foreign policymakers, in conjunction with our very useful conversations and consultations with the Congress, will continue to work closely with the Intelligence Community to succeed in safekeeping our Nation's interest in a vastly changed world.

Thank you, Mr. Chairman.

Chairman SPECTER. Thank you very much, Mr. Tarnoff.

We will have 10 minute rounds from the panel of Senators on the committee.

I begin with an inquiry on an issue which is confronting the Intelligence Community today, and I deal with it on the level of generalization, about using sources of information which are tainted, where the sources of information may have records as terrorists, may have records in organized crime, may have records as human rights violators. The Intelligence Community confronts a very practical problem: that key inside information doesn't come from members of the local choir; that the people who have access to the information may have records and backgrounds which are unpalatable. As is frequently the case, those backgrounds surface and pose an issue of embarrassment.

The question is, how important are such sources of information? What is the morality in using those sources? How much embarrassment is there if, as and when those contacts come to light?

One example of a phenomenal turn about is Chairman Yasser Arafat of the PLO. A terrorist, condemned, implicated in the murder of the U.S. chargé in The Sudan in 1974; implicated in the murder of Mr. Klinghofer on the Achille Lauro. Now an honored visitor at the White House, September 13, 1993, and respectively someone who will be at the White House, perhaps even this week, for a signing ceremony—perhaps not, perhaps at some later date.

Recently Senator Brown and I visited with Chairman Arafat in Gaza. There is an illustration of someone who is a known terrorist coming to the highest levels of honor in the peace process.

So my question is, let me start with you, Mr. Tarnoff, what do you think? How important are such sources of information? Is it appropriate for the U.S. intelligence to deal with them, and how adverse are the repercussions when those dealings come to light?

Mr. TARNOFF. Yes, Mr. Chairman, that certainly is an issue which we pay close attention to on a daily basis.

Let me begin by saying that the Director of Central Intelligence, Dr. Deutch, has also addressed that issue from his perspective, which is very close to our's, and that is to recognize that certain sources of information, certain of the contacts we have, either through diplomatic or other channels, are people with questionable or even tainted—tainted records. I think we have to be increasingly mindful of the fact that these sources and—the sources of our information are credible to the extent that we are aware of their backgrounds, and we take into account not only their records, but their vested interests in sharing with us certain information. We take into account whatever the nature of the relationship is with us——

Chairman SPECTER. Well, aside from the question of their credibility, should we deal with them?

Mr. TARNOFF. And—but I would say that if we are mindful of the fact that they can provide information of importance to the U.S. national interest, we should not turn our back on these sources of information. But I would like to——

Chairman SPECTER. Should we pay them?

Mr. TARNOFF. I think that is an intelligence policy issue that I would rather not comment on in this setting, Mr. Chairman. But even diplomatically we have dealings with people in public who have the kinds of reputations and backgrounds that you—that you described earlier, and as long as we are aware—fully aware, aware as we can be, of their own situation, of the vested interest that they may have, we would not want to preclude ourselves, at least in the Department of State, from having some limited circumscribed and well conceived dealings with these people who may be of—may provide information to us of value.

Chairman SPECTER. Mr. Hughes, what is your view?

Mr. Summers, what is your view, then we will come to you, General Hughes.

Mr. SUMMERS. I would rather not comment on that issue which I think is primarily one that lies outside of the area of economic intelligence. I would say from the perspective of Treasury's law enforcement bureaus, that it is very important that we get the most accurate information that we can, particularly in cases relating to terrorism. I would want to draw the lines in a way that assured that we did not forego opportunities to increase our effectiveness in arresting and apprehending those who have been involved in terrorist activities.

But on the specific questions of intelligence policy, I would rather not comment in this setting.

Chairman SPECTER. General Hughes, would you care to comment, please?

General HUGHES. I am commenting as a practitioner of the intelligence discipline, and we have two tenets in human intelligence I think are operable here. The first is placement, and the second is access. We can't gain human intelligence derived information in many cases without dealing with people who are placed properly and have the right kind of access that we can exploit. That means that on occasion, with total foreknowledge and full vetting and appropriate legal issues being attended to, we are going to have to deal with some people who have this kind of knowledge. We just can't gain it in any other way. We should do it within appropriate controls and within appropriate system of cross checking and ensuring that we understand ahead of time what it is we are getting into. But my personal belief as a practitioner of intelligence is, we must do it in the future. Don't have any choice.

Chairman SPECTER. Mr. Curtis, let me shift to picking up on your comment about the importance of Persian Gulf oil in the future, the high percentage you cite—70 percent. In intelligence gathering, it is not a trade secret to know that when you have relations with a country, it is easier to gather intelligence. We have refrained from having any direct relations with Iran. Looking to the future of Persian Gulf oil, how helpful would it be to have greater access—and a good bit of intelligence gathering is not necessarily covert or secret, but is open—how helpful would it be on gathering intelligence if the United States had a direct relationship with Iran?

Mr. CURTIS. Mr. Chairman, I think that understanding the dynamic of both—both the political dynamic as well as the physical circumstance of the oil productive capabilities of the Persian Gulf nations is a very important contribution to our strategic planning. It is obviously easier to acquire intelligence information if one has full diplomatic relations with a country than if one does not have diplomatic relations with a country, because the interactions in that society, in the case of full diplomatic relations are many times greater.

However, I do not believe that intelligence gathering capability should be a driver in deciding whether we maintain diplomatic relationships with Iran.

Chairman SPECTER. Should it be a factor?

Mr. CURTIS. That is a much more significant relationship question for our government.

Chairman SPECTER. Well, Mr. Slocombe, let me turn to you for a final question on my round. The question of nuclear proliferation is perhaps the No. 1 topic of concern in the world today as the major world threat.

As we look to try to see the destruction of the nuclear capability of the former Soviet states, there has been a certain division of responsibility, and perhaps Mr. Curtis will have a chance to comment on that, if not in this round, in the next round. Both the Department of Defense and the Department of Energy have roles to play in that. Would our policies be better implemented if that were under one department rather than divided between the two?

Mr. SLOCOMBE. I don't think so. Nor, of course, is it just the Department of Energy and the Department of Defense that have responsibilities in this area. I think they are separate programs that

are very closely coordinated. I think the working relationship is very good.

Chairman SPECTER. Well, how many other departments have an immediate hand in that area?

Mr. SLOCOMBE. Well, the Department of State is very much involved in any negotiation or political aspect of it. There is a broader relationship with Russia on a whole variety of fronts that is central to keeping this effort going. The actual programs are in Defense and Energy.

Chairman SPECTER. Well, all right. I am going to come back and pick that up on my next round.

Now I turn to the Vice Chairman, Senator Kerrey.

Vice Chairman KERREY. Thank you very much, Mr. Chairman.

Mr. Summers, in your testimony you talked about looking ahead and trying to sometimes forecast worst case scenarios, even though it may not likely occur, I'd like—and again, what I am focusing on is the question, how do we allocate our resources, where do we want to put our money and what kind of organizational structure is best so that the customers can get the information that they need. And just, I'll pull three examples out, one past, one I believe that is still current, and one that might be out there in the future.

The past one is Mexico, and their peso devaluation. The current one where it seems to me you all deserve a great deal of credit is in the devaluation of the dollars versus the yen. The future one is the Turkish desire to get into the Customs Union. I mean, just pick three that are on the table.

The question that I have got in all three is do you and if you do, how do you use our intelligence resources to help you make those kinds of decisions?

Mr. SUMMERS. Senator, you will appreciate that there are limits to what I can say in this setting, both because of the intelligence aspect and because some of these subjects are market sensitive.

Let me just say that in the case of Mexico——

Vice Chairman KERREY. Let me just help you a little bit on that, because in your testimony you put a pretty heavy emphasis on making sure that we do those things that we do well. It seems to me saying pretty directly that sometimes open source information is just as valuable, that you may get as good of information talking to a currency trader as you would talking to somebody over at DI. So I just—that is the kind of sort that I am looking for, where—are we doing the job that you need in order to do the job that you have been assigned to do. I mean, are there areas where we could be doing a better job than we are?

Mr. SUMMERS. I think there are two—with respect to situations of the kind that you described, Senator, I think there are two areas where there is scope for improvement, although I would say that during my 2½ years in government, we have seen very substantial improvement. Certain kinds of analyses that frankly were repetitive of things that you could read in newspapers have been scaled very substantially back, and certain types of higher priority work have been undertaken. So I think we are seeing very desirable changes.

I would highlight two things. One is information that pulls together the political dimension and the economic dimension. Analy-

ses that focus on the nature of decisionmaking processes in governments of particular concern and seize the political scenarios that are likely to be behind the economics are helpful in thinking through the levels of influence. This is something that—which is something that——

Vice Chairman KERREY. You say you need more of that?

Mr. SUMMERS. We need more of that, because that is something that is more difficult to extract from the kind of economic analyses that are regularly being done.

Vice Chairman KERREY. Can I open that up just slightly—and I am actually—I want to make sure General Hughes is alert to this as well, because I have specific concern about personnel policies inside the military, and in this regard, yesterday we had a hearing and a discussion—actually a discussion about satellites, how do we construct and what kind of satellites do we build for warfighters as well as for diplomatic and economic and law enforcement efforts.

It is very clear when you are building hardware that you've got a 15-year lead time. You're looking out there in the future. It seems to me the same is true with people, that you've got a—you know, you've got a 10- or 15-year lead time. You can't all of a sudden say gee, I need a certain kind of person, and let's go out and train them and get them ready in 30, 60, 90 days. I'd like you, if possible, to talk about the kind of people that you need in order to merge that. Somebody that can merge and think about politics as well as economics is someone that is going to need a special kind of training, are they not? I mean, this is basically a human analysis that you are asking for.

Mr. SUMMERS. I think that's right, and I think—I come, Senator, from an academic background and I think the kinds of analysis that are most useful for policymakers are not the kinds of analysis that we are training students to put them in a position to provide. So I think this question of developing the capacity to do two things, to bring together the political and economic dimension, and also to focus on the low probability but possible scenario would be very, very valuable. I think that, had there been an intelligence report in the mid-1980's that raised the possibility that Gorbachev's fall would usher in a period that would lead to the dissolution of the Soviet Union, a report that would have raised that as even a possibility, I think that would have been very, very valuable. I think that people who are prepared to articulate and think through scenarios that are possible if not probable, and therefore broaden the range of outcomes that policymakers consider would be a kind of exercise that would be very, very—it seems to me would be very, very valuable.

Mr. SLOCOMBE. Senator, could I comment on that?

Vice Chairman KERREY. Yes.

Mr. SLOCOMBE. I think one of the biggest problems——

Vice Chairman KERREY. Could both of you—I mean, you are making very erudite statements and they are very clear, but understand that what I am trying to do is convert what you are saying into some kind of policy judgment, and it's—and the more that you can help me specifically say, you know, here's where we're short on personnel, here's where our organizational structure is inadequate to do the work, whether it has to do with the Mexican situation or

the dollar-yen situation where it seems to me you have been very successful. The more you can help us say, you know, here's an area where we need be alert that we are short people, we are short skilled people, or our organizational structure is inadequate to get a decisionmaker like myself the information at the right time in the right forum so that I can make the right decision.

Mr. SLOCOMBE. Senator, one of the things I am struck by is how important it is to have people who really understand the countries at which they are looking. Partly that is a matter of training, often it is a matter of language skills, of experience in the country, and also of a period of time working on the problem. You know, we are now very interested in the former Yugoslavia. Ten years ago, who cared about the former Yugoslavia? That wasn't where the action was. Yet fortunately we had a stable of people in the Intelligence Community—military intelligence as well as in the Agency and other places—who devoted a substantial part of their careers to developing the language. That is the kind of thing we have to preserve.

Vice Chairman KERREY. Particularly, Mr. Slocombe, aren't you talking about people who not only have an understanding—you can send somebody to 6 years of school and they can get the understanding of China, let's say, and maybe even acquire the language. But they may not—but they will not have the relationships with the economic, the political, the military players as a consequence of being on the ground for a longer period of time. That is what I am talking about. I am very much aware of that in the military where sometimes personnel policies conflict with the desire and the need to build people that have that relationship experience. I mean, if I need somebody that has relationship experience with leaders in any one of the areas that you have identified, it seems to me that we have got to have personnel policies that make sure that we are building people with that relationship experience.

Mr. SLOCOMBE. I agree.

Mr. SUMMERS. If I could make one perhaps slightly more concrete suggestion, I have been struck that some of the people whom I have found most valuable in the Intelligence Community have been people who have come into the Intelligence Community for a time in their careers, but whose entire career have not been spent in that community. They often are able to bring a set of relationships from their prior experiences and a set of perspectives on, for example, how the currency markets work, that are difficult to acquire in the context of a career spent in the Intelligence Community. I think as we move more to the economic area, and this is a respect in which the economic area probably differs very much from some of the security areas, there is much more scope for cross fertilization between the work of the Intelligence Community and the work of people who think and analyze these questions on the outside. If there was a little more two way flow, I think that would help.

Vice Chairman KERREY. For the record, Mr. Summers, I just want to give you an opportunity, without getting into specifics, to answer the question, did you—did you use intelligence assets to make decisions in Mexico, to make decisions with the dollar-yen, to make decisions in such things as the Customs Union with Turkey?

I mean, I am not talking about a covert operation here, I am just talking about raw intelligence that we are providing you.

Mr. SUMMERS. The flow of information that has come from the Intelligence Community has certainly been a significant input to the decisionmaking processes in those areas, yes.

Vice Chairman KERREY. Mr. Chairman, I have got a question I am going to ask that would drag me into the yellow light, so I am going to yield and let other Members get some questions.

Chairman SPECTER. OK, thank you very much, Senator Kerrey. Senator Cohen.

Senator COHEN. Thank you, Mr. Chairman.

Gentlemen, if I could, one of the perennial debates that we have on the Hill, in this committee and also on the Armed Services Committee, is that the—Mr. Summers, you can still stay, I'm not——

Mr. SUMMERS. That's all right. I had told the Chairman that I had an appointment I have to keep.

Chairman SPECTER. Mr. Summers, we wanted to ask you, we understand you have to leave—Senator Cohen, do you have something you want to ask Mr. Summers right before he departs or as he walks out?

Senator COHEN. No.

Senator HUTCHISON. Could I just quickly ask a question, if you don't mind?

Chairman SPECTER. Would you yield to Senator Hutchison, Senator Cohen?

Senator COHEN. All right.

Senator HUTCHISON. I would just like——

Senator COHEN. On her time.

Senator HUTCHISON. Yes, on my time, of course.

I would like to follow up just for a minute on what Senator Kerrey was suggesting, and that is the subject of intelligence as it relates to the Mexican peso crisis. Do you feel that you had everything that you needed on a timely basis, or could you have had more that would have helped us foresee this coming and perhaps averted it?

Mr. SUMMERS. I think there is no question that in a very broad community that goes beyond the U.S. Intelligence Community, people did not foresee the kind of pressures as they were going to play out and people did not foresee the way that crisis would evolve. Certainly if there had been more accurate forecasts, that would have been—and they had been made in a convincing way—that would have played a very, very important role in our thinking and would have been very, very desirable.

On the other hand, I think the world is a very, very uncertain place, and it's very, very difficult to make predictions. So I certainly would have liked to have received more accurate predictions. Those in the financial community, in the trade relations, in the trade community, others made judgments about what was likely to happen in emerging markets that didn't prove to be correct. I would not say that it would be fair to fault those who did not provide those predictions, who in a sense, provided reasonable predictions on the basis of the information that was available to them. But there's no question that better information could have been very, very valuable.

Senator HUTCHISON. One of the things that we know we didn't have was enough public information about the financial standing of Mexico, and that, I understand, is being corrected. But in the learning experience category, do you feel that you could make suggestions for better intelligence gathering for other potential financial crises that we could put into effect?

Mr. SUMMERS. I think the most important change, Senator, is the——

Senator HUTCHISON. I don't mean Mexico alone, I meant in other countries.

Mr. SUMMERS [continuing]. In Mexico is that their economic and financial information is now available on the Internet.

Senator HUTCHISON. I understand that.

Mr. SUMMERS. And that other countries are moving to emulate that practice under pressure from the IMF, that we have helped to generate.

I do think there are steps the community could take to increase its capacity to provide early warning, and many of those are underway, and we have been in discussions with members of the community about the importance of that kind of early warning information.

Senator HUTCHISON. Thank you Mr. Chairman, and thank you, Senator Cohen.

Thank you.

Chairman SPECTER. Senator Cohen.

Senator COHEN. Mr. Chairman, thank you.

I would like to go back to the point that we sometimes find ourselves in conflict between the Intelligence Committee and the Armed Services Committee, because in the wake of the collapse of the Soviet Union, we have to downsize our military, and therefore, some advocate a corresponding percentage reduction in intelligence. Many of us feel that that is inadequate reasoning on our part. We talk about force multipliers.

Clearly, if you have intelligence without power, you've got a country that is wise and weak. If you've got a country that has power without intelligence, then you've got a country that is strong and dumb. We have to have the right combination of the two—we need brains and brawn—and inevitably, we come into a decision regarding how much brawn, how much brain. If we were to study Sun Tzu, we would probably want more emphasis on the brain rather than the brawn.

General Hughes, Mr. Slocombe, how would you make this kind of a tradeoff? As we are downsizing our military, would you put greater emphasis on the need for more intelligence gathering and analysis rather than less, or should we fall victim to the percentage reduction that as we downsize, we must also downsize the intelligence side as well?

Mr. SLOCOMBE. I don't believe you should have a mechanical rule, that because we have cut the size of the Army by X percent in terms of men, you should cut the size of even military intelligence by the same percentage.

Intelligence in the most concrete sense, where is the target, what are the movements of hostile forces—has an immense potential to be a force multiplier. So that is one area where you can in fact use

better information to compensate for a smaller number of platforms and then ultimately people in the force.

Up to a point that is also true even of political intelligence. The fact that the Soviet Union has collapsed doesn't mean that we can cut the defense budget by a lot or that we need fewer embassies to monitor the rest of the world and fewer people in a variety of agencies looking at events. I think on the whole probably the opposite is true, that we are no longer able to concentrate our efforts singularly on a particular area.

Now, all that said, intelligence is like life insurance. You can't buy all of it you would like to buy, and therefore there are obvious tradeoffs. As I say, I am not an intelligence manager, but I know enough about the system to know that you have got to look critically at the idea of buying another satellite so that you'll get the pass 20 percent faster or something like that. That's a resource tradeoff that you have to look at.

Senator COHEN. You made the statement in your opening remarks that you have to have all of these pieces of the intelligence puzzle but you have to have them put together by the analysts for the policymakers.

Admiral Owens, in a prepared statement, with reference to the Goldwater-Nichols Act, which some of us had a lot to do with, said, "This has had the most significant organizational implication for the Nation's military forces since the original unification efforts that followed World War II." I assume, General Hughes, Mr. Slocombe, you would agree with Admiral Owens?

For the record, General Hughes is shaking his head yes. Mr. Slocombe——

Mr. SLOCOMBE. I have had the unique experience of having been in quite similar jobs at different levels in the Office of the Secretary of Defense, both before and after Goldwater-Nichols.

Senator COHEN. Do you agree with that assessment?

Mr. SLOCOMBE. Absolutely.

Senator COHEN. OK.

Mr. SLOCOMBE. I mean, it is one piece of social engineering legislation that Congress passed that really worked.

Senator COHEN. I would like to point out that that one piece of social engineering, micromanagement, so-called at the time, came over the very strong objection of the Department of Defense, lobbied very heavily against that. Since that time, ever General Powell, who has testified before various Committees, had indicated that DOD was wrong, that the strengthening of the Chairman of the Joint Chiefs was indispensable to the effort that was made and has been carried forward.

The question—I am using this obviously as a leading question, and do you think we need the same sort of Congressional micromanagement of the Intelligence Community? You have talked about the need to put the pieces together. Should we have a reorganization that gives the DCI more organizational power and management and control over the budget of the various components that make up the Intelligence Community?

Mr. SLOCOMBE. Senator, I really have to defer on that to people in the department who are much more involved in the management of intelligence resources than I am. I can give you a non-responsive

answer, but can we just treat that as read, and refer you to the people who really work on these issues in detail?

Senator COHEN. Is that General Hughes?

General HUGHES. My reply to this, first of all, is that Goldwater-Nicols is an excellent piece of legislation, and I am a product of it and proud to be. I think that my time out of the Army mainstream and in the joint world has been the right thing for me to have done in my life and my work as an intelligence officer of the Department of Defense, and I believe that it, the joint service activity, does work very well now.

I will tell you that with regard to managing the Intelligence Community in the same way with the same kind of legislation is a much broader question. You're mixing several departments in that mix, including the Central Intelligence Agency, the National Security Agency, the Department of State, Department of Defense, and others. So I don't believe that I can give you an answer specifically as to whether or not I think it is a good deal or a good idea to treat all of that collectively the same way you treated the Department of Defense in earlier legislation. I think it deserves study, sir.

Senator COHEN. I would like to pursue this with you in some detail when I am not limited to 10 minutes, but we will come back to it in later hearings.

Everyone here at the table has indicated how important intelligence is. It is critical to our interests. The question then becomes what kind of intelligence, namely an assessment of capability versus that of intent. Every time there is a, quote, "intelligence failure" the Intelligence Community is blamed. For example, we failed to anticipate that Saddam Hussein would move into Kuwait, or we had failed to anticipate that—what North Korea might be doing with its nuclear program. Or Libya was building a—was it a chemical weapons plant or was it a pharmaceutical plant? We had a great debate—Mr. Slocombe, I believe you were involved in this—the debate over Krasnoyarsk. There were many of us on the Armed Services Committee who took the position that it was a battle management installation. The Soviets claimed it was simply a radar satellite tracking system. We found out years later, of course, that what they had in mind was battle management and not satellite tracking.

But it seems to me that every time we fail to predict intent, we get criticized. I would say from—I would assume General Hughes, from your point of view, it is far more important to gather intelligence about capability as opposed to intent—that you need—you can follow, for example, the movement of Saddam Hussein's forces, whether they are going across the line or not, you need to have the capability to determine do they have the weaponry to conduct such a movement. That is important from a military point of view. The intent may be less important in terms of whether you get it right on a given day or not, but it seems to me that you would come down in favor of assessing what the capability is first. Intent is important, but of secondary importance in terms of your position.

Am I wrong on that?

General HUGHES. Generally speaking, sir, I would put them on a par. Intent is at least as important to me as their capability. Ab-

sent capability, I am less interested in intent, of course. But if the military force that we are studying has substantial capability——

Senator COHEN. If Qadhaffi is building a plant and there is a question as to whether it is for pharmaceutical development or chemical weapons, I assume that the intent would not be of interest to you at the moment, but rather the capability is there. Therefore, you would want to focus on that particular development, would you not?

General HUGHES. In that example, I would agree.

Senator COHEN. OK.

Mr. SLOCOMBE. Part of it, though, depends on what you mean by intent. Saddam Hussein today has a very substantial military capability. We can't, as a practical matter, take necessary action unless we pick up signs of intent, not necessarily what goes on in his brain, but what he is doing. So they really are not completely separate issues.

Senator COHEN. They are not completely separate. I will get into this perhaps in the second round.

One final question. I see the yellow light is on. I would like to talk just for a moment about information warfare. It seems to me we have a two-edged sword involved where we are becoming more and more reliant on more and more sophisticated technology. Because it is so sophisticated, it gives us certainly greater capabilities from greater distances. It also is a more fragile system that we have come to rely upon. We have precision guided munitions, for example, and they replaced dumb bombs. So we have fewer bombs that are needed, they are more accurate, but they are also more susceptible to disruption. We have greater and greater reliance upon computers and communications. They also are more vulnerable to software glitches and interruptions.

So the question I would have is are all of you satisfied that we have the necessary protections against countermeasures to information warfare? Is it realistic to believe that the so-called, what the Army or the military calls dominant battlefield awareness" can permit smaller U.S. forces to defeat larger adversaries in distant theaters?

General HUGHES. Two questions there, sir, and the first is on information warfare. I believe it is an emerging issue and we're working on it, but I cannot assure you that we have all the protection in place that we need, nor can I assure you that we have all the offensive capability in place that we need. But we are beginning to develop what we do need.

The second question is with regard to dominant battlefield awareness, it will certainly assist in any future military actions to—for us to be able to have better knowledge and better awareness of what goes on on the battlefield than anyone else. It's not the ultimate answer, however. We still have to have capable combat forces that can close with and defeat the enemy no matter how good their advance knowledge is.

Senator COHEN. Thank you, Mr. Chairman.

Chairman SPECTER. Thank you, Senator Cohen.

Senator Hutchison.

Senator HUTCHISON. Thank you, Mr. Chairman.

We have been talking for a long time about overlap and the duplication of efforts among the intelligence agencies and cooperation, or the body of cooperation between intelligence agencies and law enforcement agencies, and I would just like to ask each of you, particularly as it relates to military intelligence versus the CIA and its intelligence gathering, if you think that we do need another reorganization and if so, what do you think our structure should include. Or if you don't think we need to reorganize, are there some areas that you think we could improve to avoid duplication or overlap?

General HUGHES. Well, I would like to say we are—we have been and continue to be—studied in a significant way by many outside interests with regard to our structure and our organization. As you know, the President's intelligence group is looking at us with some degree of detail.

I would say that our current structure has been tried and tested for some time and appears to me to be adapting to the new world order in the post-cold war era. I believe that our current structure is essentially what we need. There will be some adjustments to it in the future. One of those is the National Imagery and Mapping Agency, or the National Imagery Agency, however it turns out. There should be an attempt to put that discipline into its own agency structure and to modify the Intelligence Community and the Military Intelligence Community as a subset in the process. So I think we are making adjustments and adaptations. There is no reason for me to believe that a major reorganization is either necessary or appropriate at this time.

Senator HUTCHISON. So you don't think that there is overlap or unnecessary duplication?

General HUGHES. In day to day work, ma'am, I see synergy, good coordination and cooperation, and I do see the power of independent judgment and independent viewpoint exhibited in the Central Intelligence Agency, in other intelligence agencies, and specifically in the Department of Defense military intelligence organizations, on a variety of viewpoints. I believe that that is both good and appropriate for the people who make decisions and the people who employ military force, to have viable, competing, intelligence assessments and estimates.

Mr. SLOCOMBE. I concur in that, and I think that obviously there are places where you can make sure that when the same technical function is being performed, it's only being done in one place and so on. I don't think it's a parochial remark to say that at the Defense Department we have to focus on making sure that if it comes to conflict, the warfighter is adequately supported. That requires the development of resources and skills, distribution systems, even analysis, which are in many ways quite different from what is required for the sort of day-to-day run of general political intelligence. And I, as a civilian in the department, I am struck by the fact that when it comes to actually using military forces, the intelligence requirements become very different, very much more concrete in a practical sense.

I mean, today what difference does it make if you don't know but every couple of weeks when something has happened? In a warfighting environment, you want to know not just yesterday, but

three or four times today and if we can have it three or four times, why can't we have it six or eight times, and a lot of that is stuff which you don't need on a day-to-day basis, and I want to be clear. I think it is very important that in any reorganization we make sure that the potential demands of the warfighter, which are often of this long term, we don't need it today kind of character, get properly recognized. It is not to say that there aren't plenty of things that could be done to restructure the community. But we think it is important to keep a focus on that requirement.

Senator HUTCHISON. And you feel that the structure we have now is working in that regard?

Mr. SLOCOMBE. I, as a consumer, it works quite well. As I say, I do not hold myself out as an expert and my responsibilities do not include the management of resources. I recognize that resources in intelligence, like in everything else, are finite and have to be allocated.

Going back to the question about Goldwater-Nicols, I mean, in Goldwater-Nicols, we greatly increased the power of the Chairman and the Joint Staff, but we didn't abolish separate services. We also made sure that the CINCs got a prominent role as the operators. So one of the reasons Goldwater-Nichols worked was that it recognized that what used to be called the unification in the kind of caricature form was not the solution to the problem.

Personally, I have never been a great fan of reorganizations as solutions to real problems.

Senator HUTCHISON. Let me say, I agree with you. I believe that you have to factor in that the upheaval that reorganization can cause in and of itself, and that has to be considered.

I have visited a number of our offices around the world, and I can tell the difference between offices involved in regions of conflict versus the others, and I would agree with your assessment. It seems that the morale of our intelligence agents in the field is very high and people are satisfied. Our Defense intelligence people in the field are very effective from everything I have been able to tell.

Mr. Tarnoff.

Mr. TARNOFF. Senator, I would only add that absent the wholesale reorganization of the Intelligence Community, there are substantial changes taking place. Let me say very briefly what they are from our perspective.

First of all, working with the Director of Central Intelligence very closely, Secretary of State Christopher has established a much better sense of what the intelligence priorities are and how they relate to the foreign policy priorities of the Administration. They meet on a regular basis. We discuss with Director Deutch and his senior associates these issues, and therefore, we have the impression that especially in recent months the needs and the priorities of the policymakers are being better understood, better appreciated by the people who are making the decisions in the Intelligence Community. That is very important.

The other part of the equation which I think is working infinitely better is consultation on resources. We are mindful of the fact that constraints exist. We are mindful of the fact that in the State Department, not to mention in our relations with the Intelligence Community, we have very detailed discussions with others in the

Intelligence Community, especially with Director Deutch and his staff, about where we think the resources should go.

At the same time, as I indicated in my brief statement and amplified in my longer statement, we think it is very important that the top policymakers in any administration not be the recipients of a single stream of intelligence or analysis. Some of the proposals for consolidation, for centralization, would, in our view, homogenize the product in ways that would not serve the policymakers interests.

Mr. CURTIS. Senator, I think that there is room for better coordination of both mission and budget in the Intelligence Community. Director Deutch has focused very much on that and that will both improve the product and it will improve the utility of intelligence to policymaking.

The customer focus that John Deutch has brought to this process, reinforced by a community-wide priority setting process, I think will get, for the American people, a better and more economic intelligence process. I think that is the most secure path to where the Congress wishes to go rather than trying to effect a reorganization of the structure at this time.

Senator HUTCHISON. Thank you.

Thank you, Mr. Chairman.

Chairman SPECTER. Thank you, Senator Hutchison.

We'll have a second round of 5 minutes. Let's see how that goes. If members need a little more time, we'll be flexible on it.

Mr. Slocombe, coming back to the question which I had started to ask you about the destruction of nuclear weapons in the states of the former Soviet Union, and the coordination between the Department of Defense and the Department of Energy, and how effective the whole process is going and what is the quality of our intelligence on our ability to be as sure as we can that all of the weapons are being destroyed and that there is not a black marketing, when you come to the overall bureaucracy on the proliferation issue, it is really overwhelming. Something that we are spending a lot of time on in the committee.

A chart has been prepared which shows 81 separate boxes on the bureaucracy on nuclear proliferation. My staff took a—handled a chart last year on health care, and it was more complicated than this, but not much. That health care plan didn't succeed, and we are looking at ways to try to simplify that.

The principal responsibilities, as I understand it, and I checked with staff here since I asked you the first question, was that destruction is pretty much in the hands of the Department of Energy and monitoring in the Department of Defense and the staff isn't even sure as to exactly how that breakdown goes, and I wonder if we really know, and if that division—and I will be interested in Mr. Curtis's view on this—is really functioning as efficiently as it could if we were under one umbrella, at least as to the destruction or monitoring of these nuclear weapons and our intelligence capability to know whether we are really getting all of them or there is a problem or a significant problem on some going through the black market.

I would be interested in your comments on that, Mr. Slocombe, and then you, Mr. Curtis.

Mr. SLOCOMBE. There are different parts of the program, and traditionally in this country the strictly nuclear part of nuclear weapons has been in the Department of Energy and in some sense that is also true with our assistance——

Chairman SPECTER. Why should that be? Why wouldn't it all be under the Department of Defense? It seems to me that Defense has a much more paramount concern than Energy.

Mr. SLOCOMBE. You mean why historically has that been the case in the United States? It goes back to the original decisions to create an Atomic Energy Commission, and the Department of Energy is the successor in interest of the Atomic Energy Commission.

Chairman SPECTER. Well, some of history can be changed. At least the bureaucracies of history can be changed, perhaps.

Mr. SLOCOMBE. I understand that.

But with respect to the Russian side, much of the fissile material work is in the hands of Energy. The so-called Nunn-Lugar Cooperative Threat Reduction Program is almost entirely administered by the Department of Defense, and that involves providing things like machinery and equipment to help the Russians move weapons, get them into positions for dismantling.

The part of the record that I think we ought to keep more in mind is that this process of dismantling the Russian nuclear establishment down to a considerable point is really going remarkably well. There is a steady flow of missiles out of Ukraine. We have been able——

Chairman SPECTER. Is the intelligence sufficient to give real assurance that there is not black marketing of those missiles and nuclear weapons?

Mr. SLOCOMBE. I think there is no question that there is no black market in Russian ICBMs in finished missiles. We are very concerned about——

Chairman SPECTER. How about lesser aspects.

Mr. SLOCOMBE. We are very concerned about, and indeed, as are the Russians, about the potential for a black market in everything beginning with rather low level stuff coming out of scientific laboratories, but with some potential application to a proliferation, to, at the ultimate extreme, weapons grade material, and conceivably even weapons. That is one of the highest intelligence priorities. That is obviously, the monitoring of that is largely in the hands of the Intelligence Community, not either Defense or Energy.

Chairman SPECTER. How good is that monitoring, in your opinion?

Mr. SLOCOMBE. I think it is quite good, but it is inherently a very difficult thing to keep track of. In an important sense, it is a law enforcement function. It is a law enforcement type monitoring. We are not looking at huge fields of ICBM silos which take years and years to build and follow an established pattern. We are looking at least potentially for rather small quasi-criminal activity. It's a hard thing to keep track of.

One of the things which we've tried to do, and it is part of what both intelligence liaison relationships and diplomatic relationships and military relationships are important for is broadly speaking, this is a common interest of all the governments that are involved, trying to exchange information—it involves customs because the

stuff has to go through commercial channels, it involves conventional law enforcement. I am sorry, I can't see the chart from here, but I am sure it does look complicated because it is inherently——

Chairman SPECTER. We'll get you a copy.

Mr. SLOCOMBE. I'd like to look at it.

It is inherently a problem which involves lots of different kinds of functions and indeed, probably the chart is not complicated enough, because I doubt if it shows all the interactions with foreign governments on the problems. But that is essential to make the system work.

Chairman SPECTER. If you can make the chart more accurate, we'd appreciate it.

Mr. SLOCOMBE. I'll be glad to have people take a look at it.

Chairman SPECTER. Comment, Mr. Curtis?

Mr. CURTIS. Sure, Mr. Chairman.

First of all, let me describe what—how I would characterize the organization of the initiative with respect to the Russian Federation on safeguarding against the proliferation of weapons and nuclear material security.

The Department of Defense is essentially in charge of the interactions with the Ministry of Defense in the dismantlement and the destruction of weapons. That is where their particular organizational relationships occur, interactions that take place and involve many more things than just these issues. It is also, of course, where the Department of Defense's particular expertise lies.

In the area of securing nuclear material that is weapons capable, that in the Russian Federation, reposes in a civilian agency, MINATOM, that is very much like, in its responsibilities, the Department of Energy. Therefore, we have organized the responsibility for interactions with MINATOM and our program to obtain improved safeguarding of nuclear material security with the Department of Energy, because that is where the expertise lies in our government to bring about that improvement in safeguarding, namely in the national laboratories of the Department of Energy.

The capacity to create the inventory and technical applications that we associate with material protection, control, and accounting are Department of Energy assets, and that is why that responsibility reposes in the Department of Energy.

Another aspect of this initiative involves government to government related permissions to provide for material protection, control, and accountability throughout the former Soviet States, and also engagement of Russian scientists who were engaged in the weapons programs, to try and translate their expertise into peaceful commercial applications. That government to government interaction, quite understandably, reposes with the Department of State.

So that's how we're organized, and that's why Mr. Slocombe said basically the three agencies have a role, a role that is defined in terms of the expertise and capabilities that are present in each of those agencies. We coordinate that very carefully in an interagency process.

The intelligence component that serves this policy is common, however. That is a common ingredient in the policy decisionmaking

of all three agencies, and in the case of State and the Department of Energy, is supplemented by our in-house capabilities.

Chairman SPECTER. Thank you, Mr. Curtis.

Senator Kerrey.

Vice Chairman KERREY. Thank you, Mr. Chairman.

I am not going to ask the question again, but I just want to alert, particularly General Hughes, I'll talk to Secretary Perry about it, but I am very much aware that when we make decisions about hardware, we set our sight out there 10, 15, 20 years sometimes even, to make sure that we are doing the R&D and developing the technology. We try to assess what our needs are going to be out there in the future and we develop accordingly, and I am very uncomfortable that we are not doing that on the personnel side. Particularly as I said in that relationship area.

Very often when a diplomat, let us say Secretary Holbrooke right now is over in the Balkans or on his way back now from the Balkans, I mean, his capacity to put together an agreement is very often developed upon—based upon not just his relationship, but preexisting relationships lower-level personnel have established over the years. So I hope that we're able to kind of think through what our 15-year needs are going to be for personnel and make sure, whether it's military policy or State policy or Treasury policy or whatever the agency is, that their personnel policies are adjusted accordingly so that promotions can occur so that people can get rewarded for making the effort that is needed.

Mr. Tarnoff, I would like to kind of describe my view of the world and have you respond to it, but critically, if you like. I think the view of the world is very critical, very important, because it does determine the policy, and I am very concerned that in America today we have not built a new consensus after the cold war about what that world is. It has a very big effect on our ability, for example, to hold on to free trade. Free trade is very much under assault in this Presidential campaign. A lot of our international policies are under assault. You know, we have to debate these ideas and we win these ideas or lose these ideas on the floor of the Senate or in the House of Representatives.

So my own view is that during the cold war we were dominated not only by nation-states—we negotiated and we dealt with nation-states, which had most of the power—but we also had a division that roughly went along the lines of largely industrialized or a relatively small number of largely industrialized and free economies, First World. Second World, the communist nations. And the Third World were those who were developing and largely non-aligned.

Now that we have moved, if you look at the world today, not only do you see a decline in the power of the Nation States, an increasing amount of power, multinational corporations—I hate to put it in the same category, but it is, you have another category of terrorist organizations. You have organizations as well of criminal cartels, whether it's in Russia or in Colombia. These other entities end up very often with more power than the Nation and the government. We go to negotiate—I can go negotiate with the President of Colombia, but the President of Colombia may not have as much power as the criminals in Cali.

Likewise, we are seeing a dissemination of power in many other nation-states, including very often in the United States. I mean, if you ask people in America today, who has more power, a multinational corporation or the Congress, it's jump ball. You know, it's jump ball at times.

So you are seeing a dissemination, a movement of power away from the nation-state, and it seems to me as I look at the world, no longer do I see first, second, third. I now see a much larger group of nations that are market economies, relatively prosperous, enjoying either growth, or when they don't have growth, they are disappointed.

There's a lot of pressure on politicians in Europe, politicians in Japan, because they are not matching the growth rate and the economic development rates of the United States.

Second group are countries that are in transition, and they may or may not be successful, and it's very important for us, because I need—if it's true, my image of the world is true, my picture of it is true, that's part of the explanation that I give to people when I talk about helping Mexico develop, or helping Russia develop. It's in—for 45 years we had a pretty good idea of what success was going be, and we had a pretty good sense that we had achieved it in 1989, and unless we have a vision not only of the world, but where it is we are going to go, we'll have no idea whether we are achieving success, and no celebration will occur when it happens.

And then the third one is very troubled states, and we all know who they are. They are very substantial political instability or authoritarian regimes, ranging from states that are just unstable to states that are actually dangerous to the United States, and my yellow light is on, and it is all your's, Mr. Tarnoff. I would appreciate very much an honest response. I mean, you can level me if you want, applaud me if you like, or disagree at the margin or whatever, but I do believe it is very important for us in our own words to describe how we see the world and try to engage in hopefully a constructive debate so we can achieve the kind of bipartisan consensus that existed for 45 years, and enabled us, as a consequence, to allocate a sufficient amount of resources to get the job done.

Mr. TARNOFF. Well, thank you, Senator.

I certainly believe that the framework that you have described, which I will comment on, is useful in fixing our attention on this bigger picture, on the bigger picture of what the world looks like and what U.S. interests look like. Very briefly, and this is an immensely detailed subject that one could spend quite a bit of time on and I hope there will be other opportunities for all of us to discuss the matter, let me say three or four things.

First of all, the absence of an overarching threat of the kind that we had during the cold war does, of course, confuse the picture, not only for the United States, but for our allies and adversaries overseas. We don't have the single overarching priority that governed American foreign policy for half a century. At the same time, I think that it is very important, especially at this moment, to emphasize that the United States has some very vital interests involved in dealing with the rest of the world. It is inconceivable to me that we can be strong at home without being strong abroad.

Therefore, when we look at our political, military, and economic interests, and I think from this panel and elsewhere you can get a good sense of what they are, the United States which is weak, which does not have the resources, which does not have the leadership initiative on a whole range of issues, is the United States that suffers internally, and that, of course, is of interest, not only to the Congress, the country, but also the Department of State.

One of the phenomena that we are dealing with, however, in managing this situation, is one of shifting alliances. Of course we have NATO, of course we have APEC increasingly, we have other organizations that we are a part of. But if you go through a matrix of the political, economic, and military issues that we have and you add a regional dimension to all of them, you will find on any given day, a very varied picture with respect to the countries that are for us or against us.

Vice Chairman KERREY. Mr. Tarnoff, I am going to interrupt.

Mr. TARNOFF. That's all right.

Vice Chairman KERREY. The red light has been on and we have 5 minutes pieces. I hope we can continue this discussion.

Mr. TARNOFF. Yes.

Vice Chairman KERREY. My statement consumed almost the entire light. But I must say, I am very much concerned with the absence of argument about this subject. It seems to me that we need to have enough respect for one another where I could present a view and you say well yeah, that's interesting, Senator, but here's where it's wrong. I mean, in my view of the situation, if my view of it is correct and it is in our interest to help those nations that are in transition get into category one, then we ought to be very alarmed and consider it to be a threat to the United States of America to have our growth be 2½ percent and Russia's be negative 10 to 15 to 20, God knows what it is. But that is a threat to the United States. It produces political instability, it produces the environment for proliferation, it strengthens the criminal cartels, I mean, it—we ought to view that as a threat and see it is in our interest to assist not just with political stability, but the development of a market economy that promotes growth.

So, I mean—but I don't see—I am not sure that Americans have that sense, because I am not sure that—relatively certain that we're not presenting it to them in as clear a fashion as we ought to be.

Mr. TARNOFF. I certainly welcome additional opportunities to discuss that, Senator.

Chairman SPECTER. Thank you, Senator Kerrey.

Senator Cohen.

Senator COHEN. Mr. Chairman, General Hughes, I didn't have a chance really to explore this with you, but I think that your initial reaction to my statement about the value of intent versus capabilities, I think you put them on a par. I would say it is probably the first time anyone in uniform has put them on a par. Most of the people who have testified over the years before any of the committees I have served on have always focused principally upon capability, which is not to minimize intent, but rather as long as the capability exists, they recognize that intent can shift with the wind.

For example, it was about 3 years ago that Boris Yeltsin stood atop of a tank in downtown Moscow shaking his fist at the so-called revolutionaries who were trying to throw him over in a coup, a failed coup attempt. Just this year he is standing not physically but basically astride the tanks that are moving into Chechnya, destroying or seeking to destroy those who were rebelling against Russia rule.

So intent changes from day to day, a rule of a ruler, and so I think that principally we have to focus upon what the capability is and then try to calculate how that capability may or may not be used. But we develop our forces structure around capability and our policies trying to calibrate what intent is.

I would like to talk just for a moment—I only have a moment—to talk about perhaps either Mr. Slocombe or others may want to talk about this, and Mr. Tarnoff. Intent with respect to Russia. Russia seems to be a heartbeat away—President Yeltsin's heartbeat away—from perhaps turning in a different direction. As Senator Kerrey just mentioned a moment ago, their economic troubles continue to boil. They are under enormous pressure from within. There is a resurgence of nationalism. And there is great resentment they are no longer taken as a world power as such, a superpower, they are not treated with the kind of deference they once were prior to the end of the cold war. They are upset about the bombing taking place in Bosnia.

As a matter of fact, we have a quote from Russian President Boris Yeltsin on Friday, where he railed against the new Bosnian peace agreement and warned of, quote, "flames of war across Europe if NATO expands to include former Soviet satellite countries." Now, I mention this in connection with another report that appeared in the papers as recently as yesterday. Namely, there's been a shift in policy at State that state, Mr. Talbot now favors expansion of NATO. I don't know whether that's accurate or inaccurate, but perhaps you could give us some indication from the intelligence that we have gathered as to what our assessment is of Mr. Yeltsin's statements, what kind of threat is actually posed by an expansion of NATO, if that is to be the policy of the Administration. Basically, what does the intelligence tell you about where Russia is, where we are vis-a-vis Russia. If I had more time I would talk about Japan and Germany as well, but we don't have time.

Mr. TARNOFF. Senator, if I could begin, but I know Mr. Slocombe and others may have—may want to address this issue as well.

On the question of intent, we have no doubt that President Yeltsin and his government are firmly committed to the reform process that he has been so identified with over the past 3 years. We can get into the details of that, but I think that in all our dealings with him, with Prime Minister Chernomyrdin, with many of his associates and ministers, economically and politically, we feel that he believes that that course is the right one, and indeed, his own political survival is identified with it. He is not about to change course or change directions.

Senator COHEN. No, but by the same token, we measure from day to day, how does he look today, does he look healthy, does he seem stable? That sends all sorts of permutations throughout the

diplomatic community. So in fact, we are looking at him. What I am suggesting is not only whether Yeltsin intends to continue on the path which he is currently on, but who his successors might be and what is their intent at that point.

Mr. TARNOFF. Well, at the same time—and you are absolutely right—Russia is a much more open, much more turbulent in some respects, society than it has been in the past. There was not this kind of internal agitation and voices coming from different directions in the bad old days under the communist dictatorships in the Soviet Union.

So I think we have to, while being mindful of the dangers and possible excesses, also grant that a society, to use Senator Kerrey's word, going through a difficult and important transition will experience not only currents of opinion, but the same kind of tactical political adjustments that exist in more established democracies, and I think we are seeing a bit of that.

I would also mention in this regard, that while it is uneven, our experts and those who cover this from other departments and agencies believe that there is considerable, steady, measurable economic progress throughout the country. Again, there remain areas of great—great deficiency, of little promise, but many of the economic indicators are looking at least better now than they did some months ago.

With respect to NATO expansion, the Administration's policy is what the President announced almost 2 years ago in Brussels, and that is the expansion of NATO is in the U.S. national interest, and we will pursue that as a high ranking objective. I can assure you without referring to any person in particular, that this was a view subscribed to fully by every senior member of his Administration, and therefore it is quite a distortion for someone in the press or elsewhere to allege that others may have joined that particular policy in recent days. That is simply not the case.

Senator COHEN. My time has expired, Mr. Chairman.

Chairman SPECTER. Thank you very much, Senator Cohen.

I have one further question I would like to pursue and that was the comment that I made to Mr. Curtis on Iran, something I have talked to Mr. Tarnoff about very briefly. I know it has been the Administration policy in Republican and Democratic Administrations, to isolate Iran, and I understand the policy reasons behind it. I question the desirability of doing that in terms of trying to have a dialog and a conversation to tell them what our goals are, our aspirations, and our interests in trying to have some influence on them.

I think there are some countries which are beyond the pale, you simply can't do that with. But I have had a sense that Iran is a little different. But I raise the question with Mr. Curtis about the quality of gathering intelligence on an issue as critical as oil, with the great importance which you accurately characterized it in the future.

A great deal could be gleaned above the table when you talk to people on intelligence. It doesn't have to be covert or secret. And rather than take the time now, I am going to pursue our discussions with you, Mr. Tarnoff, on that subject.

Mr. TARNOFF. Yes, sir.

Chairman SPECTER. It might be that a congressional visit could be helpful, which doesn't rise to the level of administration recommendation or recognition. So that is something that we will pursue.

Mr. TARNOFF. Fine, sir.

Chairman SPECTER. Anything further, Senator Kerrey?

Vice Chairman KERREY. No, I do not, Mr. Chairman.

Just to summarize, I mean, these discussions can sometimes get very tedious for all of you and perhaps for the press and the general public as well, but No. 1, they are necessary for us to make decisions about how to authorize and appropriate money, both for hardware, software, and for personnel, and how to organize our own intelligence efforts so that you, the customers, and as I define good intelligence, I get the information in a form that I can use it at a time when I need it so that I can do the job, whatever my job is that I have been assigned, whether it is to fly an airplane, or run a field team mission or carry out some mission that Larry Summers has given me. Regardless of what it is, it seems to me that I have got to have that intel.

But just as importantly, I do think that there's lots of other policies that precipitate from our evaluation of the world and the threats to the United States. I mean, for example, I have an open question that I have not answered as to whether or not there's—whether we have a smart policy in place to continue forward deployment of troops in Asia. I mean my call would not be to produce enormous budget savings and the burden sharing argument that very often you hear. But the question is whether or not we wouldn't have sounder policy to rely on the kind of balance of power tradeoffs that would occur as a consequence of that decision, not the United States withdrawing from Asia certainly, but—I'm talking further than I wanted to on this particular subject, but I wanted to cite it, not as a conclusion that I have reached, but as an example of an open question that I think needs to be argued. Typically it gets argued in the wrong fashion, in an authorizing piece of legislation or an appropriations bill or something like that. So I consider this threat assessment to be vital, both for making certain that I organize and authorize and follow on and get the appropriators to allocate the resources so that our warfighters, diplomats, law enforcement people, economic people, have the information they need to make good decisions for the sake of our country, but also so that we can continue to wrestle with what our overall foreign policy ought to be.

So I appreciate the witnesses, and Mr. Chairman, I appreciate this opportunity.

Chairman SPECTER. Thank you very much, Senator Kerrey.

Thank you, gentlemen. That concludes our hearing.

[Thereupon, at 11:31 a.m., the hearing was concluded.]

LAW ENFORCEMENT AND INTELLIGENCE

WEDNESDAY, OCTOBER 25, 1995

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

The Select Committee met, pursuant to notice, at 10:06 a.m., in room SDG–50, Dirksen Senate Office Building, the Honorable Arlen Specter (Chairman of the committee) presiding.

Present: Senators Specter, DeWine, and Kerrey of Nebraska.

Also Present: Charles Battaglia, Staff Director; Chris Straub, Minority Staff Director; Suzanne Spaulding, Chief Counsel; and Judy Hodgson, Staff Assistant.

Chairman SPECTER. The hearing of the Intelligence Committee will now proceed.

We are here today to explore the evolving relationship between law enforcement and intelligence. It is apparent that today's world is a dangerous one, notwithstanding the ending of the cold war with domestic terrorism being a major problem, in the wake of attacks in Oklahoma City, the World Trade Center, and the serin gas attack in the Tokyo's subway, all of which have made it abundantly clear that terrorism is a continuing problem.

Global threats from international terrorism and narcotics trafficking, the proliferation of weapons of mass destruction, and expanding organized crime networks present the Intelligence Community with daunting new challenges.

I am going to ask that the statement be made a part of the record.

[The prepared statement of Chairman Specter follows:]

PREPARED STATEMENT OF SENATOR ARLEN SPECTER

We are here today to explore the evolving relationship between law enforcement and intelligence.

It is apparent that today' s world is not any less dangerous or unstable than the world your predecessors in the cold war faced—as the bombing in Oklahoma City, the World Trade Center bombing, and the Serin gas attack in Tokyo' s subway have made shatteringly clear. Global threats from international terrorism and narcotics trafficking, the proliferation of weapons of mass destruction, and expanding organized crime networks present the Intelligence Community with daunting new challenges. At the same time, U.S. criminal law has become increasingly extraterritorial, presenting the law enforcement community with different but equally daunting and overlapping challenges. President Clinton cited these transnational challenges in his recent address to the United Nations. The increased U.S. efforts he described, particularly those aimed at money laundering and sanctions against international drug cartels, will require even greater cooperation between law enforcement and intelligence.

These threats to our citizens and our national security will not abate while we figure out which agency has jurisdiction or primacy. We expect the intelligence and law enforcement communities to cooperate fully to resolve bureaucratic differences.

We also expect both communities to support each other. In the recent past, this committee has been less than satisfied with the lack of a systematic approach on the part of the Intelligence Community in supporting law enforcement efforts in the BNL and BCCI cases. In turn, the law enforcement community has been less than forthcoming in sharing with the Intelligence Community information on foreign intelligence matters. It is critical that these two communities find ways to work together to address these threats.

In the process, we must not forget that the civil rights of Americans must be respected, and we as a country must not allow ourselves to regress into the abusive tendencies that can accompany unbridled executive branch authority. It was this concern that was foremost in the minds of those who drafted the charter legislation for the Intelligence Community in the aftermath of World War II when, determined to stave off a "Gestapo-like" organization, they included in the National Security Act of 1947 that "the Agency shall have no police, subpoena, or law enforcement powers or internal security functions."

The purpose of today's hearing is to hear about the actions, plans, and agreements you have arrived at to resolve these issues and to examine ways to further enhance cooperation. It also will provide important insights for this committee's ongoing examination of the roles and missions of the Intelligence Community in the post-cold war environment.

I welcome today our witnesses, Deputy Attorney General Jamie Gorelick, who has worked closely with my office on the Ruby Ridge hearings, and Mr. Jeff Smith, General Counsel for the Central Intelligence Agency.

Chairman SPECTER. I want to thank Deputy Attorney General Gorelick and General Counsel Smith for coming here today to provide guidance to us, especially Ms. Gorelick, who is a frequent flier here. We hope that she has time to get through the laborious responsibilities of running the Department of Justice as chief to the Attorney General in her position as Deputy, but these hearings are very important.

I might say to you something which may be a surprise. When Deputy Attorney General Gorelick was at our Ruby Ridge hearings last week, she said she was looking forward to this hearing.

[General laughter.]

Chairman SPECTER. It is a rare occurrence when someone says they are looking forward to a hearing.

Ms. GORELICK. It's all relative, Senator.

Chairman SPECTER. I was about to say that. I was about to say that it might not have been in anticipation of this hearing as much as in anticipation of the Ruby Ridge hearing. Who can tell.

Just a comment or two about classified information and ongoing criminal investigations. Any time there are open hearings regarding intelligence activities, there is an on-going risk that sensitive national security information may inadvertently be exposed. So we want to be alert to that and if any topics come up or any questions are raised, we will understand if any witnesses defer and prefer not to make a comment in open session, but might prefer to do it in closed session.

Now I will yield to my very distinguished Vice Chairman, Senator Kerrey.

Vice Chairman KERREY. Mr. Chairman, I have got a longer statement I would ask to be a part of the record, and would say that the two areas of concern that I have for the witnesses, one is law enforcement—I see law enforcement, and we talk about law enforcement as a customer of intelligence, that you need information in order to make decisions as well as about how to pursue investigations of various kinds.

What occurs in a natural fashion is a constant migration and pull into the Department of Defense and to military customers. I say natural because we have clear lives at stake. Everybody can understand the urgency of getting the Captain O'Grady's of the world the kind of intel that they need in order to fly missions. I mean, you understand the urgency. There is a natural migration because the way that the military customer is organized and has been served during the full extent of the cold war. They have been a dominant customer.

Well, the question I have got is how do we organize our intelligence gathering effort so that it can be useful to an emerging new customer, law enforcement, in several key areas that we all talk about, whether it's proliferation or narcotics or terrorism or some lesser category. Typically what occurs is when we are talking about the value of intelligence today, those things will be on the list, so that the question I have got and will recur in my round of examination, the view is how good are we doing. Are we organized so that you are getting the information? The more honest and direct you are with us, the more likely it is that we'll get it right. The more you, out of concern for not offending someone, pull your punches, the less likely that we are going to get it right.

I mean, there is nothing wrong with offering an observation that enables us to, in a critical fashion, improve our performance. That is to me, issue No. 1.

Issue No. 2 is related, and that is, you know, do we place a high enough priority on some of these areas. I mean, have we, for example, classified narcotrafficking in a serious enough fashion based upon the number of lives that are being lost and the violence that is occurring. You know, do we need to migrate that activity higher on our list of things and classify it as terrorism, for example, since there are more lives lost and a greater amount of violence being done.

The way that we identify a problem very often determines the response to it. So those are the lines of questioning I would like to pursue with you, and most particularly, are we organizing, whether it's—regardless what the agency is, are we organizing our intelligence efforts sufficiently that on the law enforcement side, you feel, as a customer, your needs are being met.

[The prepared statement of Vice Chairman Kerrey follows:]

PREPARED STATEMENT OF SENATOR KERREY

Thank you, Mister Chairman. This hearing examines a topic which is timely, in light of the Administration's new initiatives against international crime. But support to law enforcement is also one of the defining issues for intelligence in the post-cold war world, and therefore a central issue in this committee's work to reorganize and revalidate intelligence during this Congress.

Most Americans realize the world is small and interconnected. We have been witnesses to the connection between a political dispute in Egypt and a bomb in New York. Throughout the country, many of the common crimes which afflict us have their origin in an insatiable addiction to a narcotic which is harvested in Bolivia and Peru, processed in Colombia, and imported through Mexico. After a century's experience, Americans are also familiar with international organized crime, although they may not realize how this threat has grown and changed in recent years. So most Americans accept the need for our law enforcement to have a global reach.

"Reach", in my view, connotes both a high degree of knowledge about foreign countries and the ability to act in those countries, hopefully in liaison with the local authorities. The Intelligence Community has been out in the world collecting infor-

mation for fifty years. They have the knowledge base and collection systems to really help law enforcement overseas. The question is, how to do it in a way in which prosecutors in this country will be able to use the evidence.

Much will be said about organizational turf between FBI, DEA, and CIA overseas. I grant in advance the dysfunctional overlap of our intelligence and law enforcement organizations. It is Congress' job to define more clearly the functions of our government agencies overseas, and this committee will do its part regarding the intelligence agencies. But, as we see in the field all over the world, good people can triumph over bad organization. CIA and DEA are cooperating closely in Latin America, and FBI and CIA worked brilliantly together in the Ramsi Yussef case. These are not exceptions; dysfunction is the exception. So, while it's important to have the best organization, I suggest we keep our eye on the ball, which is the question of admissibility of evidence while protecting sources and methods.

Can we solve this without requiring an FBI special agent to accompany every CIA officer in the world? I think we have to. But then, I didn't go to law school.

Thank you, Mister Chairman.

Chairman SPECTER. Thank you very much, Senator Kerrey.

We'll now proceed with Deputy Attorney General Gorelick. Welcome again, and we look forward to your testimony.

STATEMENT OF JAMIE GORELICK, DEPUTY ATTORNEY GENERAL, DEPARTMENT OF JUSTICE

Ms. GORELICK. Thank you, Chairman Specter and Senator Kerrey.

All joking aside, I was looking forward to this hearing and I do appreciate the opportunity to come and talk to you today about issues that I have been spending a lot of my time on at the direction of the Attorney General. She identified the need to have a better relationship between law enforcement and intelligence at the beginning of her administration. When I came over to be her Deputy, she asked me to take this on as a special project, and I have found great cooperation and a real readiness and willingness throughout the Intelligence Community, and from my colleagues at CIA in particular, to try to work though some of these difficult issues.

So we really do appreciate your attention to this issue and to the difficult policy issues that are raised by the increasing overlap of the two communities, and that is what I would like to focus on.

I have a longer statement for the record, but let me try to briefly identify what some of those issues are. As you, Mr. Chairman, have pointed out, the end of the cold war has really changed the nature of the threats to our national security. Senator Kerrey, you have just pointed out that those security risks are no longer exclusively or even predominately military in nature. We have transnational problems like terrorism, narcotics trafficking, alien smuggling, the smuggling of nuclear material, that all have, and have been recognized to have, profound implications for national security policy.

For this reason, the Intelligence Community has increasingly over the last few years, and I would say especially in the last year, focused its attention on these matters, and on the working relationship with law enforcement.

At the same time, the increasing internationalization of crime has brought law enforcement abroad much more dramatically than in the past. When we see crime families from abroad visiting real harm on the streets of our cities here, we have to be able to pursue those cases abroad. This has brought us into real overlap with the Intelligence Community. That has prompted some people to say, well, why don't you just merge the two. I mean they have a lot of

resources, you have a lot of resources, you have all got the same enemies, why don't you just merge to achieve greater efficiency.

I think on both sides of the river, if you will, we think that this would be a serious mistake. There are ample reasons, both in history and in constitutional principles, to maintain a clear demarcation between the missions of the two communities.

At the same time, we have to develop new methods to improve coordination and cooperation between the two communities. That is the central challenge we face. The historic separation of the two communities is no accident, and I think as you proceed to your examination of this issue, it is very important that you be grounded in that history.

At the time of the passage of the National Security Act of 1947, which created the CIA, there was great concern about creating a monolithic central security agency. In fact, consideration was given to having the foreign intelligence and counterintelligence missions placed within the FBI's existing responsibilities. But that idea was rejected because of a fear of a monolithic security service.

It was to preclude this intermingling of law enforcement and intelligence functions that the so-called law enforcement proviso was added to the Act. It authorizes the CIA to collect intelligence through human sources and by other appropriate means, but states that the agency shall have no police, subpoena or law enforcement powers or internal security functions.

Now, we can have a very useful dialog on what the meaning of that phrase is, but suffice it to say that those who have followed the CIA's activities over the ensuing decades have had many occasions to resort to that proviso for guidance as to the necessary separation between our two sets of activities. One need only advert to the inquiries of the Church Committee, which investigated allegedly *ultra vires* activities undertaken by the CIA in the domestic sphere. The Church Committee's final report concluded that Congress clearly intended the activities authorized by the 1947 Act to be related to foreign intelligence, and that some of the domestic activities at that time were not.

At the same time, the Church Committee recognized the need for communication and cooperation between the law enforcement and Intelligence Communities.

We see this trend continue in Executive Order 12333, which was issued by President Reagan in 1981. Again, the effort was to ensure communication and cooperation, but also demarcation, between the two communities. The Executive order expressly empowers intelligence agencies to collect and produce intelligence information on traditional law enforcement concerns like narcotics production and trafficking, like international terrorism and counterintelligence. But it recognizes that the missions of the two communities are fundamentally different.

How were they different? Law enforcement focuses on investigation, apprehension, and prosecution of individuals who violate U.S. law. The Intelligence Community focuses on the provision of timely and relevant foreign intelligence information and counterintelligence information to policymakers.

I emphasize that it is not our goal to homogenize the policies and practices that now distinguish our communities. There are good

reasons, some grounded in the Constitution and others in simple good sense, for keeping the two communities separate. Law enforcement cannot be given the sweeping collection authorities that our friends in the Intelligence Community have without jeopardizing constitutional protections. For instance, they don't have to show probable cause to believe that a crime is being or has been committed before they conduct a search or surveillance. We do. Because we view it as our responsibility to preserve cherished Constitutional rights when we undertake our investigations. So to make the Intelligence Community simply an arm of law enforcement would risk some fundamental Constitutional principles, and also would risk disclosure and destruction of sensitive sources and methods.

What have we done to address this constellation of issues? First, we set up an Intelligence-Law Enforcement Policy Board last March. It is headed by the Deputy Director of Central Intelligence and me, and it has senior officials from all the other relevant agencies and components, both in law enforcement and intelligence. It meets quarterly. Under it is a joint working group—the Joint Intelligence Community-Law Enforcement Working Group—that is addressing some of the very, very specific issues that arise between the communities. Your staff has been fully briefed on the work of the working group. We are very well satisfied with the progress that we have made.

We also have a special task force operating on overseas coordination. They are examining how our intelligence officers and our law enforcement officers in missions abroad are working together and how they are coordinating. We also have biweekly meetings between the DDCI and me. The Attorney General and the Director of Central Intelligence join us periodically.

Within Justice, we have set up the Executive Office for National Security, which has the function of cross-cutting through the Department of Justice and coordinating all of the components that have some intersection with the national security community, including the intelligence agencies. The Deputy Director of that office has principal responsibility for coordinating our relationship with the Intelligence Community.

We also have, as you know, centers at the CIA focusing on counterterrorism and international organized crime, and the FBI's new domestic counterterrorism center. The purpose of these centers is to bring together in one place, as a central resource, all of the information available to both communities in a way that allows us to make that information most useful to people on the ground with responsibilities for law enforcement on a day-to-day basis.

Without going into detail on the results of our Joint Intelligence Community-Law Enforcement Working Group, let me say that it is my view that we have made enormous strides. That is also the view of the heads of our law enforcement components. It is our view that the relationship on the ground is improving as well.

I want to raise one policy concern that has emerged from one of the hardest issues that we are facing, and that is the tasking by law enforcement of the Intelligence Community for information that we can use. The law enforcement proviso of the National Security Act bars intelligence agencies from directly engaging in law enforcement functions. But it does not make clear the extent to which

intelligence agencies can assist law enforcement, for example, by responding to a request from law enforcement to gather information about a specific person or an organization for use in an actual criminal investigation or prosecution. In considering this issue, we have to keep in mind not only the need for an added boost to our law enforcement efforts that we can get from our colleagues in the Intelligence Community, but also the Constitutional, historical and policy considerations that caused Congress to reject consolidating all of these powers within the FBI back in 1947.

Given the importance of these issues, I look forward to working with this committee as we grapple with this one large remaining issue, to which we are giving a great deal of thought. We have been at it now for about 6 or 8 months, and we are coming to some internal resolution on these questions.

We very much appreciate your attention to this issue, because it raises fundamental questions not only about how we use our respective resources, but also about what the American people expect of us in our respective roles.

I appreciate having the opportunity to be here today.

[The prepared statement of Ms. Gorelick follows:]

PREPARED STATEMENT OF DEPUTY ATTORNEY GENERAL JAMIE S. GORELICK

The end of the cold war has changed the nature of the threats to our national security. No longer are national security risks exclusively or predominantly military in nature. Transnational phenomena such as terrorism, narcotics trafficking, alien smuggling, and the smuggling of nuclear material all have been recognized to have profound security implications for American policy. As a result, the Intelligence Community has increasingly focused its attention on such matters. At the same time, the increased internationalization of organized criminal activity has caused a notable growth in the number of U.S. criminal statutes with extraterritorial application. This expanded jurisdiction, in turn, has required law enforcement to expand its presence abroad in an effort to root out crime at its source.

The resulting overlap in the concerns and activities of the intelligence and law enforcement communities has prompted some people to suggest that we should simply merge the two communities in an effort to achieve greater efficiency in the fight against international crime. We believe this would be a serious mistake. There are ample reasons, grounded in history and constitutional principles, to maintain a clear demarcation between the missions and authorities of the two communities. Nevertheless, given the increasing threat that international crime poses to our national security and domestic tranquility, we clearly must develop new methods to improve the coordination and cooperation between the two communities so that each is able to perform its functions as efficiently and effectively as possible, consistent with the Constitution and existing statutes and Executive Orders. This is one of the central challenges we in law enforcement and in the Intelligence Community face today.

Historically, the missions of the Intelligence Community and law enforcement have been separate and distinct. The historic separation of the two communities is no accident. At the time of the passage of the National Security Act, which created the Central Intelligence Agency, there was great concern about creating a monolithic central security service. Although Congress considered adding the foreign intelligence and counterintelligence missions it envisioned for the new intelligence service to the FBI's existing responsibilities, it rejected the idea, fearful of what such a monolithic security service might become.

It was to preclude such intermingling of functions that Congress included the "law enforcement proviso" in the 1947 Act. The 1947 Act, amended in 1992, authorizes the CIA to "collect intelligence through human sources and by other appropriate means, except that the Agency shall have no police, subpoena, or law enforcement powers or internal security functions," 50 U.S.C. §403–3(d)(1).

All CIA activities are subject to the provisions of the 1947 Act. Pursuant to the 1947 Act, the CIA may engage in a wide variety of activities, broadly categorized as collection, analysis, and dissemination of foreign intelligence and counterintelligence information, primarily to U.S. Government policymakers.

CIA activities to aid law enforcement have often been the subject of congressional interest. Beginning in early 1975, the Senate Select Committee to Study Governmental Operations with Respect to Intelligence Activities (the "Church Committee") conducted hearings to investigate allegedly *ultra vires* activities undertaken by the CIA in the domestic sphere. A central issue was whether and to what extent the CIA could conduct domestic activities. The Church Committee's final report concluded that Congress clearly intended the activities authorized by the 1947 Act to be related to foreign intelligence, and that some of the CIA's domestic activities during this period were not. The Church Committee was nevertheless aware of the need for communication and cooperation between the FBI and the CIA, especially in the area of counterintelligence.

The activities of the Intelligence Community are also governed by Executive Order 12333, issued by President Reagan in 1981. This Executive Order provides affirmative guidance to all intelligence agencies on the scope of their permissible activities. The CIA, for example, is authorized to "collect, produce and disseminate foreign intelligence and counterintelligence." Sec. 1.8(a). The Order defines "foreign intelligence" as "information relating to the capabilities, intentions and activities of foreign powers, organizations or persons, but not including counterintelligence except for information on international terrorist activities." Sec. 3.4(d). "Counterintelligence" is defined as "information gathered and activities conducted to protect against espionage, other intelligence activities, sabotage, or assassination conducted for or on behalf of foreign powers, organizations or persons, or international terrorist activities, but not including personnel, physical, document or communications security programs." Sec. 3.4(a).

Within the limits set out in the Executive Order, however, the various agencies of the Intelligence Community are able to collect a great deal of foreign intelligence that is of great interest to law enforcement. Intelligence agencies are authorized, *inter alia*, to undertake the "collection of information concerning, and the conduct of activities to protect against, intelligence activities directed against the United States, international terrorist and international narcotics activities, and other hostile activities directed against the United States by foreign powers, organizations, persons, and their agents." Sec. 1.4(c). Thus, the Executive Order expressly empowers intelligence agencies to collect and produce intelligence information on such traditional law enforcement concerns as the foreign aspects of narcotics production and trafficking, international terrorism, and counterintelligence.

Nevertheless, despite these overlaps in the two communities' areas of interest, their missions are fundamentally different. Law enforcement's interests are focused on the investigation, apprehension, and prosecution of individuals who violate U.S. law. Law enforcement goals tend to be short-term and finite. The Intelligence Community, on the other hand, has as its primary mission the provision of timely and relevant foreign intelligence and counterintelligence information to policymakers throughout the executive branch. Thus, Executive Order 12333 states that the goal of the U.S. intelligence effort is to "provide the President and the National Security Council with the necessary information on which to base decisions concerning the conduct and development of foreign, defense and economic policy, and the protection of United States national interests from foreign security threats." Sec. 1.1. The Intelligence Community's interests are therefore long-term and continuing.

I emphasize that it is not our goal to homogenize the policies and practices that now distinguish the law enforcement and intelligence communities from one another. There are good and valid reasons, some grounded in our Constitution, and others in good sense, for keeping the two communities separate. Law enforcement cannot be given the sweeping collection authorities of the Intelligence Community, which don't require probable cause to believe a crime has occurred, without compromising some of the cherished constitutional rights that we afford our citizens. And to make intelligence agencies simply an arm of law enforcement, instructing them to gather evidence of crimes for use in criminal prosecutions, would risk disclosure, and hence destruction, of the sensitive sources and methods that make the intelligence effort so valuable in the first place.

Nevertheless, the inevitable intersection between the activities of intelligence and law enforcement agencies requires that we take steps to improve the cooperation and working relationships of the two communities, while staying mindful of their separate missions, authorities, and legal constraints. Within the last year, we have begun many initiatives to achieve this goal. These initiatives include the following:

1. *Intelligence-Law Enforcement Policy Board.* Created in March 1995, this Board is co-chaired by the Deputy Director of Central Intelligence and me, and consists of senior officials from the two communities. It meets quarterly to consider and resolve significant policy issues that arise between the two communities.

2. *Joint Intelligence-Law Enforcement (JICLE) Working Group.* This interagency working group reports to the Policy Board. It is currently addressing specific intelligence-law enforcement issues that were identified by the Report of the Joint Task Force on Intelligence and Law Enforcement. The JICLE Working Group has made significant progress in developing workable solutions to the problem areas identified in the Task Force Report, which I will discuss in a moment.

3. *Special Task Force on Law Enforcement/Intelligence Coordination Overseas.* This interagency working group also reports to the Policy Board. It is addressing the relationship between intelligence and law enforcement representatives stationed overseas, and will recommend ways to improve their coordination and resolve differences that arise in the course of their activities.

4. *DAG-DDCI Biweekly Meetings.* The DDCI and I meet every 2 weeks in order to keep each other directly informed on major issues and to address disputes that may crop up between the two communities. The Attorney General and DCI periodically join us for these meetings.

5. *Executive Office for National Security (EONS).* Within the Department of Justice itself, we have created EONS to coordinate the Department's handling of national security issues. Located within the Deputy Attorney General's office, EONS consists of a small dedicated staff and a broader "Executive Committee" that brings together representatives of the Department's components involved in national security issues. Among EONS's important functions is to oversee the many efforts underway to improve the interaction between the intelligence and law enforcement communities.

While these groups focus largely on policy issues, several other inter-community "centers" serve to foster close cooperation between the Intelligence Community and law enforcement at the operational level. These include:

1. *The DCI's Crime and Narcotics Center (CNC).* Formerly the Counter-Narcotics Center, in 1994 the CNC's mission was expanded to examine a broader range of international organized criminal activity of importance to our national security interests. The CNC, which operates under the auspices of the Director of Central Intelligence, provides an opportunity for representatives of both the Intelligence Community and law enforcement to share with each other information about international criminal activity. We have a number of DEA and FBI personnel assigned to the CNC, and other Federal law enforcement agencies are also represented.

2. *The DCI's Counter-Terrorism Center (CTC).* Like the CNC, the CTC operates under the auspices of the Director of Central Intelligence. It, too, has representatives from law enforcement, including the FBI. The CTC provides a forum to consolidate the two communities' information and coordinate their efforts against international terrorism.

3. *The FBI's Counterterrorism Center.* Currently in the formation process, the FBI's Counterterrorism Center also will require significant cooperation between law enforcement and intelligence agencies. The FBI will use the Counterterrorism Center to reduce vulnerabilities to terrorism here in the United States. It will establish a real-time analytical capability that will synthesize all-source intelligence and assess how terrorism—from both international groups and purely domestic organizations—will affect us within the United States. The FBI's Center will also allow for closer working relationships among various members of the intelligence and law enforcement communities.

As their activities increasingly intersect, the intelligence and law enforcement communities should continue to explore new ways to assist each other within existing legal constraints. Consistent with the recommendation of the Joint Task Force Report, we do not think any changes in the law are needed at this time. We believe that the laws and Executive Orders governing the intelligence-law enforcement relationship are sufficiently expansive to allow a significant amount of information sharing and cooperation. Rather, what we need to develop are clearer "rules of the road" to maximize the permitted amount of information sharing and coordination, consistent with existing constitutional and statutory constraints.

In this context, the JICLE working group has made recommendations on ways to resolve many of the outstanding issues between the two communities. As a result of its recommendations, we have already taken the following steps:

- Established focal points in both communities to coordinate contacts between prosecutors and the Intelligence Community on pending criminal matters. This should make it easier for both communities to know whom to call when an issue arises during a prosecution that requires coordination between the two communities.
- Instituted new procedures for law enforcement to request IC file searches in connection with a prosecution, including a requirement that U.S. Attorney's Office obtain the approval of the Criminal Division before requesting information from the

IC. This should minimize unwarranted or unfocused discovery requests from prosecutors who have little experience with the IC and have little understanding of the kind of havoc such requests can cause to an intelligence agency.

• Established a new rule requiring notice by law enforcement agencies to prosecutors when there has been significant involvement of the IC in an investigation. This should prevent prosecutors from being blind-sided during a trial when an intelligence connection suddenly must be taken into account.

• Advised U.S. Attorney's Offices on the need to educate judges regarding national security matters; on when it is permissible to disclose grand jury material to IC personnel; on the considerations affecting the use of classified information before grand juries; and on the applicability of CIPA to all classified information, including the identity of intelligence agents.

• Included in the Administration's counterterrorism legislation provisions that would protect against the disclosure of sensitive national security information in deportation proceedings against alien terrorists and in proceedings against terrorist fundraisers. If enacted by Congress, these provisions would avoid the Hobson's choice we presently have to face between disclosing sources and methods in order to deport a terrorist, and letting the terrorist remain in the country.

• We have executed a new Memorandum of Understanding between the Attorney General and the heads of intelligence agencies to govern intelligence agencies' obligations under Executive Order 12333 to report to the Attorney General possible crimes by both employees and non-employees.

• We are developing an inter-community training plan for prosecutors, law enforcement agents, and Intelligence Community personnel that will improve each community's understanding of the roles, missions, and authorities of the other community.

• We are developing new procedures to improve law enforcement's ability to use foreign intelligence to shape policy, and to suggest topics for strategic foreign intelligence gathering. Finally, within the next few months, we hope to complete work on two of the most difficult issues facing the communities: (1) the development of policies and procedures to govern the sharing of law enforcement information with intelligence agencies; and (2) the development of standards and procedures that will determine whether and how law enforcement may request that intelligence agencies gather information on specific persons or issues (the so-called "tasking" issue).

The tasking issue is one of the most difficult legal and policy issues that we are tackling. The "law enforcement proviso" of the National Security Act precludes intelligence agencies from assuming "police, subpoena, or law enforcement powers or internal security functions." While this proviso clearly bars intelligence agencies from directly engaging in law enforcement functions such as effecting an arrest or serving a subpoena, the proviso does not make clear the extent to which intelligence agencies can assist law enforcement by, *e.g.*, responding to a request from law enforcement to gather information about a specific person or organization for use in a criminal investigation or prosecution. In considering this issue, we must keep in mind not only the added boost that our fight against crime might receive from the efforts of the Intelligence Community, but also the constitutional, historical, and policy considerations that caused Congress to reject the idea of creating a monolithic central security service back in 1947. Given the importance of the interests at stake, we intend to consult closely with the Members and Staff of this committee in coming to grips with this difficult issue.

In closing, let me reiterate that we presently do not seek any change in the statutory authorities for the two communities. We believe it is both good law and good policy that intelligence and law enforcement retain their separate, distinct roles, and that intelligence agencies not be given a law enforcement mission. At the same time, however, as the activities of the two communities necessarily overlap, we must devise new and better mechanisms to coordinate those activities and to share information to the extent permitted by law, to enable both communities to do their jobs better. We have begun to meet this difficult challenge, and in the weeks and months ahead we look forward to receiving valuable insight and assistance in this endeavor from the Members and Staff of this committee.

I am happy to answer any questions that the committee has.

Chairman SPECTER. Thank you very much, Ms. Gorelick.

We now turn to the General Counsel of the CIA, Mr. Jeff Smith. Welcome and proceed.

Mr. SMITH. Thank you, Mr. Chairman. It is always a privilege to be back before this committee on which I was privileged to serve as Senator Nunn's designee for a number of years.

I will ask that my statement be put in the record as well.

Chairman SPECTER. It will be, without objection, made a part of the record, in full.

Mr. SMITH. I will summarize it very quickly.

Chairman SPECTER. Thank you.

[The prepared statement of Mr. Smith follows:]

PREPARED STATEMENT OF JEFFREY H. SMITH

Mr. Chairman and members of the committee, in the post-cold war era, terrorists, organized criminals, and traffickers in drugs and weapons cross easily over international borders and blur the lines that once divided domestic and international threats. If we are to meet these new challenges forcefully and directly, we must foster greater cooperation between our intelligence and law enforcement agencies. Director of Central Intelligence, Deutch, has stated that this effort is one of the five most critical changes now underway in the Intelligence Community. Today, I would like to explain why we believe this effort is necessary, report on our progress in achieving greater cooperation, and outline our plans for the future.

We believe that effective, extensive, and routine cooperation between intelligence and law enforcement profoundly enhances our Nation's security in the post-cold war world.

Of course, during the cold war, such cooperation was not always the case in the relationship between intelligence and law enforcement. The FBI and the CIA have often operated independently of one another. The CIA handled everything that involved foreign intelligence. The FBI handled domestic law enforcement. Coordination and cooperation between the two communities was limited, in part by legitimate concerns about the Intelligence Community's limited authorities to collect information of interest to law enforcement, protecting the privacy and rights of U.S. citizens, and protecting intelligence sources and methods.

Increasingly, in today's world, the interests and legal responsibilities of the CIA, the FBI, and other intelligence and law enforcement agencies overlap. Transnational threats, such as international terrorism, concern the Intelligence Community as national intelligence issues because they threaten our national security. But they concern the law enforcement community, too, because, with more criminal statutes focused on transnational activities, they may also involve violations of U.S. criminal law.

On Sunday, 22 October, the President, in remarks to the United Nations General Assembly, highlighted this key point when stressing the need for cooperation among countries. He said:

> Nowhere is cooperation more vital than in fighting the increasingly interconnected groups that traffic in terror, organized crime, drug smuggling and the spread of weapons of mass destruction.

Similarly, such cooperation is also vital among the various agencies of the United States Government. It would be a mistake, therefore, to assign these issues exclusively to one agency or another. The particular strengths of both the Intelligence Community and law enforcement agencies must be brought to bear on each such issue. Neither intelligence nor law enforcement is equipped to handle these threats alone.

Over the years, each agency in each community has developed unique talents and resources that it can bring to bear on a problem. The law enforcement community has tremendous criminal investigative and prosecutorial skills and techniques. The Intelligence Community has a vast foreign intelligence collection and analysis apparatus that includes advanced technical systems and human sources of foreign intelligence. By emphasizing cooperation and coordination of efforts, where appropriate, we can maximize the ability of the United States to counter the new transnational threats and minimize costly and time-consuming duplication of effort within the existing legal authorities of both communities. At the same time, we must continue to protect the rights of U.S. citizens as well as protect intelligence sources and methods. In brief, we must accomplish our mission in the manner required by law.

Over the past decade, the Intelligence Community has taken a number of steps to enhance its interaction and cooperation with law enforcement agencies. We are putting any past rivalries behind us.

One very successful approach has been to combine our expertise on transnational issues of interest to both communities. Former DCIs have created interdisciplinary foreign intelligence centers at the Central Intelligence Agency that team foreign intelligence collectors and analysts from the Intelligence Community with officers

from other Federal agencies, including law enforcement agencies. These centers work closely with law enforcement, exchanging information and coordinating activities, where appropriate. We now have DCI centers for international organized crime and narcotics (CNC), nonproliferation (NPC), international terrorism (CTC), and counterintelligence (CIC). An independent interagency National Counterintelligence Center (NACIC), which reports directly to the National Security Council, has coordinated responsibilities similar to those of the DCI centers. Within those centers, members of the Intelligence Community and law enforcement agencies coordinate initiatives directed at targets of mutual interest.

We have also put in place mechanisms for improving coordination. For example, we have inaugurated an interagency committee on international organized crime intelligence issues, which includes representatives from all appropriate agencies and is patterned after a similar committee on narcotics.

This cooperation has been fruitful. I cannot discuss most of the successes in open session, because it could affect U.S. criminal prosecutions, reveal sensitive foreign liaison relationships, or expose operations in progress. There are, however, several examples that I can talk about publicly.

First, in the area of international terrorism, we have been successful in anticipating and preempting terrorist operations, penetrating and disrupting terrorist groups that target the interests of the United States and its allies, and aiding law enforcement efforts to apprehend wanted terrorists. For example, before the Gulf War, Saddam Hussein dispatched a large number of armed, well-trained teams of terrorists to attack western interests in Third World countries. Thanks largely to the coordinated efforts of intelligence and law enforcement, these teams failed to score a single success. The Intelligence Community, in cooperation with law enforcement agencies, also played a critical role in investigating and determining who was behind an attempt to assassinate former President Bush during his visit to Kuwait in 1993.

Second, in the area of weapons proliferation, the DCI nonproliferation center has provided information that has enabled the U.S. Government, in cooperation with other governments, to halt the transfer of a large amount of equipment intended for use in developing rogue nuclear weapons programs abroad. In the last 6 months alone, we have stopped the transfer of mass spectrometers, custom-made cable equipment, graphite materials, aluminum smelting furnaces, arc-welding equipment, a gas jet atomizer, and other equipment to countries of proliferation concern.

Third, in the area of international narcotics trafficking, the CIA—and, in particular, the DCI's Crime and Narcotics Center (CNC)—has worked very successfully with the drug enforcement administration in a variety of locations.

Finally, in the area of technology sharing, CIA's Office of Research & Development (ORD) developed a prototype facial recognition system called "face trace." This system was subsequently enhanced, in a joint project with the Immigration and Naturalization Service (INS), under the congressionally funded dual use program. Other organizations advising on the project were the FBI, the drug enforcement administration, and the advanced research projects agency. The system has been deployed to the border patrol in El Paso, Texas, and has successfully identified individuals with outstanding warrants. For instance, it was used to identify a rapist who has refused to provide any information about his identity to the border authorities. This is but one of the many technological areas in which the United States Government benefits from shared research and development efforts.

All of these successes were the direct result of cooperation and effective coordination of efforts between intelligence and law enforcement agencies.

Despite these successes, however, we believe there are still issues that inhibit cooperation between the two communities. In the past 2 years, the Deputy Director of Central Intelligence and the Deputy Attorney General sought to resolve a number of remaining problems. Joint Intelligence Community-law enforcement working groups have carefully studied cases of failures and breakdowns in cooperation.

For example, in the BNL and BCCI prosecutions, relevant intelligence information did not reach the appropriate parties in the Justice Department. In these cases, effective lines of communication did not exist. In other cases, however, prosecutors and criminal investigators who are not sufficiently familiar with the risks to National Security information could unnecessarily put sensitive intelligence information, including sources and methods, at risk in criminal proceedings.

The working groups, and in particular the joint Intelligence Community-law enforcement working group, have isolated a number of persistent problems that hinder cooperation. These issues include:

- Concern on the part of the Intelligence Community that sources and methods will be put at risk by criminal prosecutions.
- Failure of law enforcement agencies to provide information to the Intelligence Community.

• Weak intelligence assistance to law enforcement, including failures to provide information to law enforcement agencies.
• Failure of law enforcement agencies and Intelligence Community representatives to coordinate their activities abroad.
• Lack of training within both communities to improve mutual understanding.

We have reached agreement on many of these issues, and we expect significant progress in the relationship as a result.

While we have accomplished much, more work needs to be done. The Director of Central Intelligence has directed the Intelligence Community to prepare a strategic plan for providing assistance to law enforcement. The plan is not yet finalized; I am, however, pleased to share with the committee our thinking on this matter. The draft strategic plan currently consists of six key points:

• First, we will improve Intelligence Community collection against transnational targets that are of both foreign intelligence and law enforcement interest. There will be new procedures which will allow law enforcement to have an even greater voice in the intelligence requirements process. There will be a special group to coordinate this process and expedite the Intelligence Community's response to law enforcement requests for foreign intelligence. I want to emphasize that any foreign intelligence collected and disseminated based on a law enforcement request will relate to the *foreign* component of transnational issues of interest to U.S. Government policymakers, including policymakers within the law enforcement community.
• Second, we will put in place measures to improve coordination of intelligence and law enforcement operations abroad.
• Third, we will enhance technology sharing. We will not only share current equipment and technology such as "face trace," but we will also coordinate on future R&D projects.
• Fourth, we will increase coordination at all management levels. Biweekly meetings between the Deputy Director for Central Intelligence and the Deputy Attorney General, and monthly meetings between the DCI and the Director of FBI have begun. And there will be weekly meetings between joint working groups.
• Fifth, we will initiate senior personnel exchanges. We will exchange deputy-level personnel between the DCI's Counterterrorist Center, Crime and Narcotics Center, and Nonproliferation Center and the corresponding organizations within FBI. There will be a senior special assistant to the DCI for law enforcement issues. We will exchange senior liaison officers throughout the Intelligence Community and law enforcement agencies. Finally, CIA and the Department of Justice will exchange attorneys.
• Sixth, we will improve training on joint Intelligence Community and law enforcement issues. The two communities are preparing a plan for specific training requirements for officers whose responsibilities affect the other community.

Let me add that we will work closely with law enforcement agencies to ensure that intelligence sources and methods are protected during criminal prosecution. As you know, the DCI is statutorily bound to protect intelligence sources and methods from unauthorized disclosure. Intelligence Community General Counsels and the Department of Justice will work together at an early state in criminal proceedings to seek to use appropriate measures to protect identities of case officers and assets. The Deputy Attorney General and the DCI have already instituted procedures to ensure that coordination occurs at the inception of a national security case.

We believe that these efforts will create a new relationship between intelligence and law enforcement agencies that will, within existing legal constraints, more realistically reflect the pattern of complex international activity that exists today in international terrorism, crime, drugs, and weapons proliferation. In these areas, policymakers within the law enforcement communtity—the FBI, the Drug Enforcement Administration, and U.S. Customs Service—are among the customers for foreign intelligence, just as policymakers within the Departments of State and Defense are the customers for foreign intelligence within other National Security arenas. And the Law Enforcement Community is learning to take advantage of our foreign collection system in intelligence.

Let me emphasize again that, notwithstanding these steps to improve our assistance to law enforcement, there are limits on what the CIA and the rest of the Intelligence Community can do. Intelligence agencies cannot and will not collect intelligence on the domestic activities of U.S. citizens; our collection activities will not violate the rights of U.S. citizens; and any collection by the Intelligence Community must be for a foreign intelligence purpose. Nor will CIA or other intelligence agencies take on any law enforcement duties.

Mr. Chairman, we are building a new relationship between intelligence and law enforcement agencies. Our goal is to improve this Nation's performance in areas where both communities have responsibilities, such as in curbing international ter-

rorism, drug trafficking, organized crime, and the proliferation of weapons of mass destruction.

Thank you, Mr. Chairman, and I would be pleased to field any questions the committee may have at this time.

STATEMENT OF JEFFREY SMITH, GENERAL COUNSEL, CENTRAL INTELLIGENCE AGENCY

Mr. SMITH. I would like to associate myself with the remarks that the Deputy Attorney General just made about the strides that we have made. But difficult issues lie ahead, particularly with respect to the last issue she discussed, and that is the tasking of Intelligence Community resources by the law enforcement community.

I wish to emphasize as well that the DCI has said that cooperation with law enforcement is one of his five most important critical changes that he wishes to make within the Intelligence Community. Obviously, we are aware, and this committee is keenly aware, of the increasing challenges faced by this Nation by international crime, international terrorism, international narcotics, nonproliferation, and so on, and we simply have to do a better job of working together in the future than we have in the past.

The President called attention to this on the international scale when he spoke this past Sunday to the United Nations, and he highlighted the need to cooperate among nations. He said, and I quote:

> Nowhere is cooperation among nations more vital than in fighting the increasingly interconnected groups that traffic in terror, organized crime, drug smuggling and the spread of weapons of mass destruction.

The President set forth a program to the United Nations that called for increasing cooperation on a number of fronts, and we are pleased to assist the President in that effort.

Similar cooperation is also vital among agencies of the United States Government. It would be a mistake, therefore, to assign these issues exclusively to one agency or another. The particular strengths of both the Intelligence Community and the law enforcement community should be brought to bear.

Over the years, each community has developed its own strengths because it has approached problems differently. But we can clearly do a better job of working together than we have in the past.

The Deputy Attorney General mentioned the various centers that have been established by the DCI—the Crime and Narcotics Center, the NonProliferation Center, a center to deal with combatting terrorism, and a center for counterintelligence. These have been very successful, but they can be further strengthened and we can build on them in other areas.

We are putting in place mechanisms for improving coordination. There is an interagency committee on international organized crime intelligence issues, which includes representatives from all appropriate agencies and is patterned after a similar committee on narcotics. This cooperation has been fruitful, and, as this committee knows, we have been successful, particularly in the areas of international terrorism.

Let me give you one example. Before the gulf war, Saddam Hussein dispatched a large number of armed, well trained teams of ter-

rorists to attack Western interests in Third World countries. Thanks largely to the coordinated efforts of the intelligence and law enforcement communities, these teams failed to score a single success. The Intelligence Community also played a critical role in investigating and determining who was responsible for the attempted assassination of former President Bush during his visit to Kuwait in 1993.

In the area of weapons proliferation, we have also had a good deal of success. In the last 6 months alone we have stopped the transfer of mass spectrometers, custom made cable equipment, graphite materials, aluminum smelting furnaces, arc welding equipment, a gas jet atomizer, and other equipment that was on its way to countries of proliferation concern.

In the area of international narcotics, we have obviously had some successes as well, and we have had some success in trying to merge our technology. In particular, a facial recognition system called FACETRACE, was jointly developed with INS and is used to identify persons who may be trying to enter the United States with criminal or terrorist records.

Despite these successes, there are still issues that inhibit cooperation, and we are working hard to do a better job. Let me describe very briefly six steps we are now undertaking to improve cooperation between the intelligence and law enforcement communities.

First, we will improve the Intelligence Community collection against transnational targets. We need to do a better job of figuring out how to respond to the needs of the law enforcement community.

Second, we will put in place measures to improve the coordination of intelligence and law enforcement operations outside the United States.

Third, we will enhance technology sharing, not only such current technology, but also on future R&D projects.

Fourth, we will increase coordination at all management levels. Ms. Gorelick mentioned the bi-weekly meetings between herself and the DDCI. We also have monthly meetings between the DCI and the Director of the FBI. There will be weekly meetings of the various joint working groups.

Fifth, we need to initiate senior personnel exchanges. We will exchange deputy-level personnel between the DCI's Counterterrorist Center, Crimes and Narcotics Center, Counterproliferation Center, and corresponding organizations in the FBI.

Sixth, we will improve training between the Intelligence Community and the law enforcement community. We need to do a much better job of training and learning how to work together.

That is a quick summary, Mr. Chairman, and I, too, look forward to working with this committee as we try to deal with these difficult issues and do a better job in the future.

Chairman SPECTER. Thank you very much, Mr. Smith.

We will now proceed with rounds of questioning of 10 minutes.

The President's Executive order recognizes explicitly something which has been noted for some time, and that is that when you talk about terrorism and narcotics trafficking and organized crime, you are really talking about more than criminal activities, you are talking about national security. If an individual is a victim of a

crime, the prosecution is brought in the name of the State, The *Commonwealth of Pennsylvania* versus *John Defendant*, because it's a crime against the peace and dignity of the Commonwealth, and all citizens are threatened when any one citizen is threatened.

But it is a somewhat more expansive view to recognize that it is really the security of the Nation which is involved. Those are very, very major issues. We have seen problems of lack of coordination between the Department of Justice and the CIA on the BNL issue some time ago, when there was a joint group set up to monitor that. It is a matter of importance for congressional oversight to take a look at how the organizations are functioning.

In the wake of the Aldrich Ames fiasco, there was some consideration as to whether the CIA, for example, ought to continue to exist; whether its intelligence functions ought to be taken over by the FBI, which has activities on the international scene on narcotics and terrorism and nuclear weapons and organized crime, very much an overlap, with the covert activities of CIA perhaps being taken over by the Department of Defense.

None of the agencies are sacrosanct. We just finished extensive hearings on Ruby Ridge which raised real questions as to the continued operation, in my judgment, of the Alcohol, Tobacco and Firearms unit. If the mistakes are serious enough and deep seated enough and uncorrected, then I think we have to take a look at that kind of an issue, especially where there is overlap.

The issue of proliferation of weapons of mass destruction is admittedly a matter of overwhelming import. Perhaps the greatest problem which this Nation faces today or the world faces today. We have seen, with the dismantling of the Soviet weapons, weapons of the former Soviet Union, problems with an organized criminal element.

We have moved to acquire extraterritorial jurisdiction for the United States on matters which occur in other countries. In 1984, we made extraterritorial jurisdiction apply, if there was a hijacking or if there was a kidnapping of an American citizen. In 1986 we legislated to make it a violation of U.S. law if there was an attack, assault, mayhem, or murder, on a U.S. citizen anywhere in the world.

One thought which has been on my mind is whether we ought to take a look at making theft of nuclear devices or weapons anywhere in the world a violation of U.S. law to give us extraterritorial jurisdiction to investigate and prosecute people in the U.S. courts. Now, it is perhaps not a stretch, where you have the United States citizen killed in the Rome or Vienna airports in December 1985, that was the basis for our going after international terrorists. If you have an American citizen who is the victim of a kidnapping or a hijacking, that is another pretty clear cut case. But if there is organized crime in Kazakhstan on the theft of nuclear weapons which may be sold to Iran or Iraq, given the realities and complexities and other difficulties we have, is that a sufficient nexus to American security, citizens in this country, and should we consider legislation on that subject.

Ms. Gorelick, what do you think?

Ms. GORELICK. Well, clearly we need to have jurisdiction in this area and we do, without going to specifics, have on-going investiga-

tive activity in this arena. I would need to get back to you with greater specificity on the question of the extent to which we can assert, under current law, extraterritorial jurisdiction over these events. I do believe we have some.

I also believe—and I will ask my colleagues behind me for some assistance here—that we have asked for additional authority in the counterterrorism bill.

Chairman SPECTER. Well, there is a statute, 18 USC 831, which involves nuclear smuggling. Takes place entirely overseas, as long as one of the persons is later found in the United States. But that's a closer nexus when you actually touch the United States. It is not an easy question about having extraterritorial jurisdiction. But my instinct is that it ought to be done. It is one thing to investigate, it is another thing to be able to arrest and to prosecute. We had very extensive hearings in this committee and in Judiciary about taking people into custody overseas. The Fahwaz Unis case. The *Kerr* v. *Illinois* case, going back to 1886, which actually authorized a kidnapping. Illinois authorities went to Peru and kidnapped a person and brought him back to the United States, and the Supreme Court said that was OK. Then we had the Mexican incident, and it has been upheld in recent times. Pretty surprising extension of extraterritorial jurisdiction.

So that is an issue I would like your attention on, Ms. Gorelick, and you, Mr. Smith, as well.

But let me go to another point before my entire time is used up.

We found serious problems, I had mentioned earlier, with BNL in March 1993. Clear cut lack of coordination and turf battles. The then-DCI and the then-Attorney General directed an interagency task force to examine these issues and to report back, took a long time—May of this year. But does it really make sense—and I will direct this question to you, Mr. Smith—to have both the FBI and the CIA competing really in overlapping jurisdiction on international terrorism, international narcotics trafficking, including money laundering, international organized crime. Why should we have two agencies out there doing the same jobs?

Mr. SMITH. We should not have two agencies doing the same job, Mr. Chairman. They should not be competing. My view is that they ought to be complementary, and that we can learn to work together and share information back and forth. Where we are able to collect something our responsibility in the Intelligence Community is to do it as a foreign intelligence matter. When the FBI or law enforcement agencies need information for a particular prosecution or to pursue a particular issue, we ought to help them to the extent we can.

Chairman SPECTER. Well, are your—why should both the CIA and the FBI be involved in investigating terrorism overseas?

Mr. SMITH. Well, because in many ways, Mr. Chairman, terrorism is of foreign intelligence interest. There are some terrorist activities that are focused outside the United States that have, as a minor target, criminal activities in the United States. Nevertheless, these activities may be of such a broad national security interest and foreign intelligence interest that they rise to that level where we need strategic intelligence about the activities rather than focusing on a particular prosecution.

So there are different priorities for the two different components of the government.

Chairman SPECTER. Well, I see that, but couldn't the same agency handle both of those foci? Couldn't one agency do it?

Mr. SMITH. It could, but as Ms. Gorelick said, over time and for good and sufficient reasons, we decided not to have those two functions in the same——

Chairman SPECTER. Well, what are those reasons, good and sufficient, what are they?

Mr. SMITH. Well, that we should not have a single security apparatus in the United States. That it makes sense to have one that is focused externally on foreign intelligence, because that is a broader mission—they should not necessarily be tied to notions of probable cause and so on in order to collect information—and a different organization, focused internally, that is principally a law enforcement agency. That decision was made in 1947, and in my judgment has worked quite well.

Chairman SPECTER. Ms. Gorelick, we had discussions on the terrorism bill several months ago, about the standards necessary to have an investigation by the FBI, say, on the militia, which is what we were taking up, and there was a concern that we have some predicate, and we had some extensive discussions about that. Do we need that same kind of a lofty level before there is an investigation of organized crime in Russia? Do our constitutional standards apply to Russian investigative subjects? I know they don't, but what do we have to do? Do we have that kind of a standard? What is our standard for an investigation in Russia? We don't have to have probable cause of the same kind or predicate necessary in the United States, do we?

Ms. GORELICK. No. The principal difference, frankly, Senator, is not the difference between an investigation in Russia and an investigation here. Rather, as we discussed with regard to the terrorism bill and our guidelines for investigations of domestic terrorism, there are particular constraints that we imposed on ourselves in 1976 and that carry forward to today in areas where there are first amendment interests in the subject matter under review. That would not be the case with respect to organized crime. We would have to cross a fairly low threshold of establishing a reasonable suspicion of criminal activity in order to invest resources in an investigation. We don't view ourselves as being equally constrained in the international organized crime or counternarcotics area as we are in the domestic terrorism arena.

Chairman SPECTER. There goes the red light.

Senator Kerrey.

Vice Chairman KERREY. Thank you, Mr. Chairman.

First, Ms. Gorelick and Mr. Smith, I am impressed with your testimony and what you are trying to do and struggling to qet within the constraints of the law, the Justice Department and the CIA to work closer together. What I would like to do is focus my attention in questioning on, Mr. Smith, your six points that you say is a part of the strategic plan that you are developing in response to DCI Deutch's request that you do so.

Before I do that, my own view of the world is that we have gone—and if it is different from yours, I would appreciate your say-

ing so, because it seems to me that one of the things we have got to do is argue about what is going on out there in the world. But the old construct was basically First World, relatively small number of established democracies and liberal democracies and free market economies. Second World, the communist world. Third World, developing world. That was the Old World view.

The New World view is, as I see it, one where you have got a larger group of established liberal democracies and free market economies, transitional nations that are trying to make it. As to whether they do or not, lots of questions remain. And third, we have got troubled countries, whether it's Iran, Iraq, Libya, Cuba, you've got a list of people that are still problems, that are exporting terrorism, that we consider to be substantial threats, including countries that have nuclear weapons about which we are not sure on a number of questions. That is my own view of what the world looks like.

Included in that, however, and it seems to be implied in the first thing that you have got of your strategic plan, is that the power has shifted away from the Nation State leaders. For example. our President meets with President Yeltsin at the United Nations during the United Nations fiftieth anniversary celebration. Can President Yeltsin, in a meeting with President Clinton, commit to do something about crime in Moscow? Unlikely. There is a force, in other words, a transnational force that you reference here that is less under the control of the President of Russia than even the President of Russia would like, that has a great deal of impact upon the threats to the United States of America.

Likewise the President of the United States doesn't have as much control as a previous President might have over either our own economy or the multinational corporations that dominate that economy. I mean, one doesn't have to go very far to find a multinational corporation with a charter that stretches way beyond the United States of America's borders. Their jobs in this country depend upon their success and so forth.

I am not being critical. I am just saying there is a power shift away from the Nation state. It seems to me that that is implied in your first statement that you say we're going to improve Intelligence Community collections against transnational targets. Is that an implication? Am I interpreting that correctly, Mr. Smith.

Mr. SMITH. Senator, you're right on the mark.

Vice Chairman KERREY. That's unusual.

Mr. SMITH. Not in my experience.

The former DCI Jim Woolsey had a very good observation which I think capsulizes it well. He said we may have slain a dragon, but the forest is still full of very poisonous snakes that are smaller and harder to find. I think that is kind of a nifty way to look at it.

Vice Chairman KERREY. He was talking about Congress at times as well.

[General laughter.]

Vice Chairman KERREY. I guess that metaphor, and I was here actually, when former DCI Woolsey would use that metaphor, and I didn't find it as applicable to the world scene, that we have slain a dragon and in its place we have lots of serpents. I mean, it seems to me that what we have is just, whether its a consequence of tech-

nology that enables corporations to move capital around, I mean, we experienced a great national threat as a consequence of the devaluation of the peso in Mexico and the capital that moved away from Mexico as a result. That wasn't a serpent causing that. That was technology and enormous capital flows that very often determine the stability of a country and the stability of our own currency. That's the kind of thing that I see.

I don't see it as an evil, but I see it as a new set of givens.

Chairman SPECTER. Senator, I didn't mean to digress into Mr. Woolsey's metaphor, but you're quite correct. There are an awful lot of challenges and threats we face that do not fit into our previous concepts of the world.

Vice Chairman KERREY. Let me give you—let's move into a concrete example right now. We recognize that Iraq is a threat. We've got sanctions on Iraq that are a consequence of our belief, I think correctly, that there is a threat. We have used intelligence assets to give to Ambassador Albright a percent of the Security Council to make certain that those sanctions are maintained. In fact, it is one of the most impressive uses of technology that you can offer to citizens who are paying for it as to why it's valuable and important for us to continue in spite of the collapse of the Soviet Union to maintain those investments.

But in looking at—looking perhaps from a different view from you, we have Mr. Rolf Ekeus, who is the head of UNSCOM, what do they call it, the United Nations Special Commission on Iraq.

Mr. SMITH. Yes.

Vice Chairman KERREY. He gathers information about—he makes regular visitations to Iraq and he gathers information. And as I understand it, it's possible that Mr. Ekeus has information that might implicate multinational corporations that have as their primary residence countries foreign to the United States but allies either at the Security Council level or at the General Assembly level. As a consequence that information, you know, is not being released, or at least that is how it is being reported, and so we are bumping up against a pretty good example of a conflict. I have got a foreign policy conflict. I have got other interests, and we're not able or willing as a consequence to have this information be released. Is that a fair assessment of the situation with UNSCOM?

Mr. SMITH. Senator, I don't know the details about everything that Mr. Ekeus has discovered. I do know that we are very concerned about the extent to which the Iraqis had been able to build a capacity to manufacture not only nuclear weapons, but also chemical and biological weapons by drawing from the West—from legitimate businesses—some of whom knowingly helped them and some that unknowingly helped them. It is a grave concern, and other nations are capable in pursuing the same kind of thing.

Vice Chairman KERREY. But the Administration hasn't put pressure on Ekeus to release information regarding companies that might be violating the sanctions.

Mr. SMITH. Senator, I simply don't know the answer to that. We'll have to get back to you.

Vice Chairman KERREY. I would appreciate that, and look—and again, what I am trying to do is open up a problem, a conflict that exists in a different kind of a world than we have had previously

and it's very often going to be that these kinds of conflicts are going to occur on a—I would say on a pretty regular basis. There is no road map there. They can't go back and say well, I'll do it the way we did it in 1958 or 68 or even 78 or for that matter, even 88.

Mr. SMITH. Senator, if I may engage you for a moment on this. In some ways it is easier to deal with Iraq, which is a recognized State with recognized international responsibilities. It is much more difficult to deal with the earlier problem you raised, which is international crime or organized crime that doesn't respond to the same kinds of pressures that we can put on a State. In many ways those are the more difficult problems to deal with analytically, conceptually, and operationally.

Vice Chairman KERREY. I would say that when it comes to bearing the burden of justice, it is not as easy as it appears. I mean, I think in this case we may have an example where, to bring full disclosure out would require a government leader who is an ally or some corporate interest that is a friend to bear a burden of justice and, you know, it seems to me that that may be the problem in worrying about the precipitation or the reaction from that might be the reason for not doing it.

But let me pursue—again, you've got a second item on your strategic list to put in place measures to improve coordination of intel and law enforcement operations. Very closely connected, I think, is a part of the first one, new procedures allowing law enforcement to have greater voice in the intelligence requirement process.

Can you describe to me your own vision of how we do that, particularly the second part? I mean, how do you envision moving from a situation we've got right now where law enforcement doesn't have as great a voice as I think they should in tasking the intel requirements. How do you envision moving from there to a point where they are more involved in saying these are our intel needs and these are our task requirements?

Mr. SMITH. I think this is a two part answer, Senator. Let me talk first and then maybe my colleague could respond. One thing, the law enforcement community needs to have a better idea of exactly who we are and what we do, and that's an education process, so they will know how to ask the questions. That is simply a job of education, training, exposure and so on.

Second, we need to do a better job on our side of funneling their requirements and requests in. So we have begun to talk about a mechanism: whether it's a single mechanism or whether it's placed in the different substantive entities is yet to be determined. But there is a two part piece to this.

Ms. GORELICK. Let me give you an example, if I can, Senator Kerrey, without going into specifics. I want to speak hypothetically. There was a time about a year ago, maybe a little more, when I said to then-Deputy Director Studeman that we needed information on the structure of certain crime families in an area abroad that were of great interest to us, where we felt we were on the receiving end of their nefarious activities. In order to better target our own investigative resources so we could pursue cases, we needed intelligence about the structure and participants in this international organization.

He came back to me and said this particular problem is not on our list of priorities that was set last year. And I asked, "Well, how do I change that situation?" We worked through that particular problem because he and I had a good working relationship. But the more fundamental question is: how do we have a seat at the table? That is what we are addressing—that is, how do we actually, on a going forward basis, have a voice in identifying the foreign intelligence mission that we think is important for the Intelligence Community to have in mind?

Vice Chairman KERREY. Well, my time has now migrated into Senator DeWine's, and I would appreciate, Mr. Smith, a response to the question about UNSCOM. I would just say that in the budqet request that came up, particularly in the counterterrorism effort, I found it alarming that there was a request for, I think, $37 million to start a new encryption center at FBI, since we have a significant investment already in place at the National Security Agency, and it seemed to me to be symptomatic of this very problem. I would hope that one of the solutions that Justice does not seek out is to create their own capacity as opposed to using capacity that is already there. It may be born of frustration, but—and again, my light is done, time is up.

Ms. GORELICK. Mr. Chairman, if I could just take 1 minute to respond to that.

Chairman SPECTER. Sure. Senator Kerrey may proceed on this for some extra time if he wants to at this moment, and you may proceed, Ms. Gorelick.

Ms. GORELICK. Thank you, Mr. Chairman.

The issue there is this: in dealing with the problem of encryption of communications that are picked up on duly authorized wiretaps, most of that effort is an effort by State and local law enforcement. We, at the FBI, are the facilitators, if you will. We help State and local law enforcement obtain that information and understand it. This is not a role—that interface with State and local law enforcement—is not a role that you want the National Security Agency involved in. I understand your concerns. We are trying very hard not to replicate a capacity that the NSA has. But I would like the opportunity at some later point to come and brief you on why we have made this proposal and why we think it does not replicate what they do and why in fact you would not want the NSA to perform this function.

Vice Chairman KERREY. Ms. Gorelick, I inform you, you'll have to do more than brief—you'll have to persuade me, because I think it is duplication, perhaps born of frustration, but I think it is duplication, puts you on a slippery slope of creating your own agency for encryption, and I think that would be a mistake. Far better to move in the direction Mr. Smith just outlined which is trust the DCI to serve you better as a customer. You say we're a customer and you talk about us all the time and you all give speeches about how important law enforcement is, and we're an unhappy customer. We have needs that aren't being met.

Ms. GORELICK. Well, I'd like to take you up on that invitation.

Chairman SPECTER. Thank you very much, Senator Kerrey.

Senator DeWine.

Senator DEWINE. Thank you.

Ms. Gorelick, do you agree with Mr. Smith when he was talking about knowing how to ask the question? I mean, is that the problem, or is that one of the problems or one of the challenges?

Ms. GORELICK. There are lots of cultural problems between the two communities that need to be worked out and that I think are being worked out. One of them is a lack of complete understanding on the part of law enforcement as to what the Intelligence Community does and can do and similarly a lack of understanding on the part of those in the Intelligence Community as to what would be useful to us, what we mean when we say evidence, what we can use to pursue an actual criminal case.

Senator DEWINE. I don't want you to repeat your testimony, but could you give me the summary again, though, of over the next few years how you are going achieve that?

Ms. GORELICK. Well, we have done a number of very concrete things. First of all, we have established focal points in both communities to coordinate contacts between the two communities. One of the findings in the reports on BNL was that the two communities really weren't speaking the same language, and that was because you had people utterly unfamiliar with the other community's—prompting questions and making inquiries.

If we can consolidate in one office all requests to the CIA for information, as we have done in the Justice Department, the people asking the question will have enough information to know how properly to pose it and how to understand what they are getting back in return. The same thing is true on the Intelligence Community side. There are a number of steps like that, which are very basic, that we have taken to stop the proliferation of contacts and to focus them in people who know what they're talking about.

Senator DEWINE. Senator Kerrey has very eloquently described the changing world that we live in. The President, in his recent U.N. speech, talked about organized crime, talked about that national security threat, the issue of money laundering, and it seems that the President also was—I don't want to put words in the President's mouth, certainly, but seemed to be merging the two concepts of national security and law enforcement.

Isn't it inevitable that the Justice Department and the agencies under the Justice Department are going to be more and more involved every day in issues that deal with our national security, and isn't that really a monumental change? I mean, when we look, when we're having this discussion about how we adapt to the world, but we are taking structures that obviously have been in existence for a long time with different mind sets, and now we're saying OK, now, it's an entirely different world. I mean, is this doable with the current structures they way they are outlined, and do you agree that it is inevitable that Justice Department will get more and more and more involved in national security issues.

Ms. GORELICK. Senator DeWine, I was really struck when I came over to the Justice Department from the Defense Department at the degree to which my job involved me in the national security arena. I probably spend a third of my time on national security issues. We, probably more than ever before, have a seat at the table at national security debates on the NSC Principals Committee and on the Deputies Committee, on which I serve. More and more of

the issues, whether it is counterterrorism or alien smuggling or counternarcotics, involve what we do.

At the same time we are experiencing a shrinking of our missions abroad due to budgetary and other constraints. Yet we also are experiencing a relative growth in our law enforcement presence abroad.

So both conceptually and on the ground you are seeing a real shift in the paradigm of national security. There are obviously lots of issues in which we are not involved. But if you look at issues like Cuba, Haiti, our relationship with Russia, across the board, and if you look at some of the things that have concerned us as a matter of foreign policy, the Justice Department's role has been quite different from what it might have been 10 or 15 years ago.

Senator DEWINE. And that will continue to evolve?

Ms. GORELICK. I believe so.

Senator DEWINE. One of the areas where your department, the State Department, the Defense Department, have been involved separately and together, is in some of the so-called emerging democracies in building up their judicial system, their ability to prosecute people, that entire infrastructure. How do you see that coming along and where are we going from here?

The President made some reference in his U.N. speech to helping friendly governments deal with this organized crime area.

Ms. GORELICK. When you see the degree to which international crime visits its consequences on people in the United States and you realize that the only way effectively to address that is to have a good strong law enforcement presence abroad with a good strong liaison relationship with a professional law enforcement body abroad, you realize that the training of law enforcement personnel abroad is a critical foreign policy and law enforcement mission of this country. One of the things that I have spent a lot of time on is working with the Department of State, which is the funding mechanism for this, to ensure two things: No. 1, that law enforcement has a voice in the selection of our targets for such training; and No. 2, that the training is done by U.S. law enforcement, so that we can preserve and build upon relationships with foreign law enforcement agencies, rather than having the training done by contractors or third parties, where you lose that benefit.

Again, I use the military model. If you look at the way in which our military has related to foreign militaries, one of the most successful aspects of it is our U.S. military training military personnel abroad, in very basic issues, including legal issues such as the importance of the rule of law. The relationships that stem from that training are incredibly productive for decades. So both of those are very, very important to us, and I think you have identified a critical foreign policy, national security, and law enforcement effort that we all need to work on.

Senator DEWINE. What can we expect as far as from the Administration in regard to requests for legislation in this area?

Ms. GORELICK. In the specific area of training? We have been working with the State Department to ensure that it has funding in this area. I think that the appropriation issue is critical. Right now I think the relationship issue is working well and we have two very active components, both in the Criminal Division of the Jus-

tice Department and in the training component of the FBI, that are ready to be dispatched. So I am not sure that we need legislation as much as we need, frankly, support from people like you who have identified this as an issue where we can make a difference.

Senator DEWINE. Mr. Smith, tell me what your perception is of the relationship between DEA and the Intelligence Community, specifically in regard to Central America, Latin America.

Mr. SMITH. My perception, Senator, is that there have been some bumps in the road in the past. Both sides have recognized that, and that we need to try to make sure that those bumps don't recur. The successes that have occurred particularly in Colombia in the last few months are a direct result of superb cooperation between agencies of the United States Government and between the United States Government and Colombia. So I think a lot of progress has been made. We have been able to sort out some of these differences between the agencies, and I must say, I think things are going rather well.

Senator DEWINE. I had the opportunity to be in Atlanta several weeks ago and was reminded as you are when you go to Atlanta of the Olympics, and would just like both your comments in regard to how the security issue is coming along there, what you can tell us in public about, who's in charge, how is this massive effort working?

Ms. GORELICK. The issue of assessing the various threats that we face at the Olympics has been resolved between our two agencies. The FBI will take the lead, drawing upon the resources of the Intelligence Community for information about the threats. Since the threats come not only from abroad, but also from domestic sources, this is something that needs to be done by the Federal Bureau of Investigation. I had a briefing on the progress we have made with respect to establishing security at the Olympics, and I am comfortable that we are on target for the very substantial security challenges that we will face there. I would be happy to have you briefed in a closed session if you would like that.

Senator DEWINE. Thank you, thank you very much.

Mr. Smith.

Mr. SMITH. I agree. I think there is a lot of effort being focused in both the law enforcement and the Intelligence Community on the Atlanta Olympics, and we'd be very pleased to come by and tell you what we are doing and what we think the threats are.

Senator DEWINE. Thank you.

Thank you, Mr. Chairman.

Chairman SPECTER. Thank you, Senator DeWine.

We'll have another round of 5 minutes.

I am concerned about the very long delays in performing many of the duties that we all have. Really, concern about the lack of sense of urgency in our governmental operations. I would like you to provide for the committee in writing, because I don't want to take the time to go into it now, and I think you'll need some time, but why did it take so long to have the interagency report on the BNL matter that goes back to March 1993 and wasn't finished until May of this year. It seems to me to be a tremendously inordinate length of time. Then I would also like to have your written responses on the matter involving Mir Aimal Kansi who murdered

two and seriously wounded three unarmed individuals outside CIA headquarters in January 1993, and is still at large. There are some sensitive aspects, but I would like to have a response in writing as to the status of the investigation and what is the on-going cooperative relationship in the Kansi case.

On the issue of timeliness, the committee is very concerned about why it took nearly 3 years to raise the amount of the reward for information leading to Kansi's capture to $2 million. That has been pending for a long time, and this committee has pushed it for a long time, and why? Why is there such a lengthy delay?

Then one other matter, Ms. Gorelick, that Senator Kerrey and I wrote to you back on October 12 concerning Guatemala, asking for a report on October 25. Senator Kerrey may want to comment about this because that was a date which he felt very strongly about, and I thought he was right. But it was his initiative and I credit him for that.

I am interested to know about what happens with mail transmittals. You practically have to have a Federal investigation to find out. But my staff tells me that the letter of October 12 was hand delivered to your office on October 13, and your letter says you didn't get it until October 17. I would like you to tell us just exactly what went on there. I am going to ask for the same specification and affidavit from my staff as well.

Ms. GORELICK. What happened was that the package arrived on the 13th without the cover letter, so all the attachments came but for some reason there was no cover letter in it. You may remember, when I visited with you on the evening, I think, of the 17th—I can't remember what evening it was—I had been looking for it because Senator Kerrey——

Chairman SPECTER. You did ask about it, that is certainly corroborative evidence.

Ms. GORELICK. You faxed it to me the next day. We were really looking for it, because you had told me that you had put a date on it, Senator Kerrey had called me to say it was coming, and we were unable to find it. I think this is just an unfortunate circumstance that made for a delay of 5 days.

Chairman SPECTER. We may ask for two affidavits from our staff. But let me go on, I've got about 2 minutes left, Ms. Gorelick, and there are two subjects I want to cover with you. No. 1, is the—your evaluation of the utility of the President's Foreign Intelligence Advisory Board which has a variety of functions, including oversight on intelligence activities.

Following the hearings on Ruby Ridge, our subcommittee is giving some thought to whether there ought to be an analogous oversight board on law enforcement matters, because it takes a long time for Congress to get around to oversight and it is very difficult, and I would be interested in both of your views, having had experience with the Intelligence Oversight Board and also with the President's Foreign Intelligence Advisory Board, whether you think that might be a good idea, to pick up on things like Waco or on Ruby Ridge or oversight generally the Federal law enforcement community.

Ms. GORELICK. I would have to familiarize myself more than I am right now with the workings of the Board. Mostly what I see

of our relationship with it is that it does provide a forum for reporting of known violations of law, and that does bring a certain discipline to those processes. But I would need to really look at how it works and how that same concept might be translated into the law enforcement arena. I will get back to you on that.

Chairman SPECTER. Well, fine. The light's about to go red. Would you provide that in writing, too, Mr. Smith?

Mr. SMITH. I will, Mr. Chairman.

Very briefly, PFIAB has worked very well over the years and we would be happy to give you a response.

Chairman SPECTER. The final question that I have for you, Ms. Gorelick, relates to the efforts by the FBI to have the availability of consumer credit agency reports to get bank accounts, where there is a fair amount of certification which is provided under the statute which is now pending in the House, if the information is necessary for the conduct of authorized foreign counterintelligence, specific and articulable facts, to give reason to believe certain criteria exists—just how important is that?

Ms. GORELICK. I think it is very important, Mr. Chairman. I have testified in favor of this provision in both Houses, and strongly believe that it is a tool that we need, that there are adequate protections available, and that the so-called "fix" in the House provision, which would require a court order, undermines the provision itself, because there is no judicial proceeding available.

I would remind those who have raised concerns in this area that we have the ability right now, via a national security letter, to get actual banking information. What this would do is simply tell us which banks to go to. This is information that is available to your local pharmacy. If you wanted to open up a credit account there, they would be able to know where you bank. We would be required to make a certification, we would use it under those constraints, and I think it is both very helpful and that there are adequate protections for the civil rights and civil liberties of our people in the proposal that we have made.

Chairman SPECTER. Thank you, Ms. Gorelick.

Senator Kerrey.

Vice Chairman KERREY. Thank you, Mr. Chairman.

I would like to get back, Mr. Smith, to this question of tasking again, and Ms. Gorelick, I alert you that in the process of this committee's making decisions, what we do is try to ascertain what kind of remote sensing investments we're going to make, as well as personnel investments. Both take a long time to develop. Takes a long time to do the R&D necessary and get the R&D applied and develop a technology that military planners think in 10-, 15-year timeframes. They are looking out that far. Our decisions today are apt to produce a configuration that will be used by a President/Commander in Chief, three or four Presidential cycles from today.

Similarly on the personnel side, it takes a while to develop the personnel needed to do the effort. That is why, to my mind, getting proper assessment of where you think the world is apt to be is terribly important, because it will determine not only personnel needs, but the kind of technology needs—I'm not saying we're going to be able to forecast all events or forecast necessarily even where the technology is going, but it is critical to come with that kind of set

of requirements and I assure you that the military does. They are very effective and very efficient and coming both to this committee and to the House Committee, having assessed expanded intel needs. So I see in both of your testimonies very constructive moves and very good news as far as your assessment of what needs to be done.

On the one hand, you're putting together a joint intel law enforcement, the JICLE, what you would call it, and Mr. Smith, you are talking about putting together a special group to coordinate this process, the process of expediting the intel response to law enforcement requests, and giving the law enforcement community a greater voice in the intelligence requirement process.

Talk to me a bit more about that. I mean, are you aware and have you talked to the military people about how they task? I mean, they are experienced in it. They are very experienced in tasking and very experienced in determining what their needs are.

Do you intend—I guess I should direct first to Ms. Gorelick. I mean, do you intend or have you had conversations about how do you get up to speed in knowing how to task your requirements?

Ms. GORELICK. We are actually looking for guidance from the Intelligence Community as to how we can best intersect with their process for establishing requirements. I think we have a pretty good idea of our needs and the trends going out a number of years. The stage of our discussion is that we have now put that to the Intelligence Community and are waiting for a proposal or a set of ideas as to how we can best participate.

Vice Chairman KERREY. I mean, I don't think there is any question that the proposal that you have got for increasing coordination with senior personnel exchanges and so forth, I think that will help expedite the process. But again, we'll make decisions next year that'll have—and we're making decisions right now in conference that will have long ranging impacts on your ability as a customer to do the job that I believe the American people want you to do. So if you could just talk to me a little bit. You say you have a working group and you have a JICLE put together, and what's the—what's the likelihood of those two efforts producing real change in the DCI's ability to satisfy the customer needs?

Mr. SMITH. Well, this is a matter of great emphasis to the DCI and to the President for that matter. I think Senator DeWine talked about the President's speech before the United Nations on Sunday. It is a major initiative, a major effort by this government to do a better job in this area. So the results should speak for themselves and, quite frankly, I encourage this committee to keep an eye on us and make sure that——

Vice Chairman KERREY. Well, let me ask you this. Does the Administration intend to come to not only our committee, but Armed Services Committee as well, and say look, we've got a new set of customers here. You pull all this stuff over into DOD and we got problems. Does the Administration intend to come to the authorizing committees in the House and the Senate and say, look, you know, I understand there are some jurisdictional problems, as there always is with adult congressional representatives, but we've got a real serious issue here. We've got an increasing imperative coming from national customers and a migration of assets moving

in the opposite direction. I mean, that's how I see it. I see the language being good and good news in what you are attempting to do, but right along the same time, I've got a migration that is underway that seems to be at odds with it. So the question really is, does the Administration intend, does the DCI intend to come to the authorizing committees and say, you know, let's settle these jurisdictional issues here as quickly as possible, because you know, I've got law enforcement customers over here as well as national customers beyond the law enforcement area, and if all migrates over to DOD, they're going to get cut off.

Mr. SMITH. I don't believe we are at that point yet, Senator. At this stage, it is an effort, as I said earlier, for the law enforcement community to understand the capacities that currently exist, and for us to find a better way for them to ask the questions. We haven't gotten yet to the point where we may need to redesign some of our collection systems or restructure in a major way the relationship within the community. My judgment is we don't need that yet.

Vice Chairman KERREY. Well, we had a major battle this year over some of the accounts with the Armed Services Committee. We view ourselves in some ways as a subcommittee of Armed Services, with sequential referral, as you know, as you are well aware since you were Senator Nunn's representative on this—designee on this committee. I am sure you are quite aware of the tensions that existed over this big gray area stuff that sits between tactical and national. I view with great alarm the difficulty that we had this year resolving the problems over who has got jurisdiction over what because frankly it does seem to me to make much difference, given the position that we have with Armed Services Committee. But it will have an enormous difference if the authority migrates into DOD away from national as you are coming to us saying that you see increased demand on the national side. That's—your testimony is in favor of moving authority into the national arena away from defense.

Mr. SMITH. The majority of this collection will be done at the national level rather than at the tactical level. I don't foresee this becoming the big issue in TIARA, for example. I mean, it will be at the national level.

Vice Chairman KERREY. Well, I just—the red light is on, my time is up. I just think that we are going to have to—the Administration is going to have to help sort out some of the jurisdictional problems that exist in order to prevent the kind of thing that we had this year with the Armed Services Committee, in my judgment.

Chairman SPECTER. Thank you very much, Senator Kerrey.

I am going to have to excuse myself at this point and ask Senator Kerrey to preside over the balance of the hearing, which shouldn't be too long, depending on Senator DeWine. We are——

Seantor DEWINE. It won't be long, Mr. Chairman.

Chairman SPECTER [continuing]. Heavily engaged in reconciliation and the Pennsylvania delegation, including the Governor, is taking up the matter at the moment on the MEDICAID formula, so I thank you very much for coming, and I yield now to Senator Kerrey and Senator DeWine.

Thank you.

Senator DEWINE. Thank you.

Ms. GORELICK. Thank you, Mr. Chairman.

Mr. SMITH. Thank you, Mr. Chairman.

Senator DEWINE. When there is a domestic criminal activity, at what point does the Intelligence Community become involved? For example, let's take the AMTRAK incident, the tragedy with AMTRAK, or Oklahoma City, or any other example either one of you want to give me. Just generically tell me how it—what trips the Intelligence Community's involvement. How does that mechanically work, and then give me an example or two.

Ms. GORELICK. When we have an act of terrorism, the source of which is unknown, we would ask the Intelligence Community to tell us whether, in any of their otherwise on-going foreign intelligence collection, they have been picking up anything that suggests that this event was connected to international terrorist activities. We would use that information for leads, if you will, in the criminal investigation.

Other than that, you would not involve the Intelligence Community in a domestic event. If you identified particular leads abroad for people who might have been responsible for an event, we again would look for information extant about those individuals within the CIA's information.

The difficult issue, and the one that we are grappling with, is whether we can go beyond that and task the Intelligence Community to go find out information about a particular person abroad. Now, you would never do that domestically, but the question is whether nevertheless you can seek information about a particular person abroad. That is the hard issue that we have been addressing.

Do you want to add to that?

Mr. SMITH. I agree with what Ms. Gorelick has just said. I can say that in the case of a domestic incident that on its face could have international implications or on which we might have information that would be relevant to the law enforcement authorities, they immediately contact us or we immediately contact them. Oftentimes one learns of these things on CNN and so the first thing that would happen is that the Counterterrorist Center would pick up the phone and call their colleagues at the FBI and say that we just saw that this has occurred, you know, how can we help. And if there is an interagency task force set up, often we will have a representative on it.

So, in my experience I think it works well.

The issue to which Ms. Gorelick spoke, about the extent to which we can collect information outside the United States in response to a request to help a specific prosecution, is a difficult one, and, because we are not set up to do that, the two communities function somewhat differently. We have a lot of concern about becoming involved in prosecutions in this country and what that entails with respect to discovery, with respect to responding to motions from defense. All of this is difficult and I commend to the committee a more private session where we can talk about in some detail some of the issues.

Senator DEWINE. But this is, though, if there is a heart of the problem or the challenge, this is the heart of the challenge, is it

not? I mean, you have the ultimate—who is the ultimate consumer is always the question. Let's assume the FBI is the lead agency. They need certain information or they think they need certain information. So it is clear that there is an uneasiness even with the term, task you to do this. I mean, I can viscerally see a reaction there. I mean, isn't that the problem.

Ms. GORELICK. That is a problem, but the bigger contribution that the CIA can make and does now make is to set a context for those of us in law enforcement who are looking at a particular problem. If, for example, a bomb goes off someplace, and the Intelligence Community for fully legitimate foreign intelligence purposes, has been surveying potential terrorist groups, it will be able to tell us, perhaps not to a certainty, but it will have a pretty darned good idea—whether this bombing matches up with information the Intelligence Community has on a certain group. That would provide us with context and possibly leads. That is a very substantial assistance to us.

The next piece is important. That is, can we then follow up with a request for additional information that they would not otherwise have had? That is the harder question, and one that we are addressing.

Senator DEWINE. I see my time is up. I would like to follow up with this in a private session, to get more details, to have a better understanding of how this is actually working.

Ms. GORELICK. It will be much easier to discuss in such a session.

Senator DEWINE. I understand. Thank you.

Thank you, Mr. Chairman.

Vice Chairman KERREY. Thank you, Senator.

Ms. Gorelick, again, Mr. Smith, on a different issue. The FBI has done some cooperative work with Russia on law enforcement, as reported, and I would like to get an evaluation of that. But before I do that, as I see it, enforcing the law in a democracy is an acquired skill, and in our view of it the law should be changed both with our own maturity and with circumstances that we perceive in the country. So that as crime goes up, people become less enthusiastic about the fourth amendment, and perhaps more enthusiastic about the second, and vice versa. I mean, you become—your attitude has affected—our view of what should be in place is affected by circumstances.

Nonetheless, we have acquired a skill that establishes a rule of law and due process under that law, and we are very carefully and should very carefully grant to government agencies the power to enforce that law, it seems to me, as we see in the Ruby Ridge situation. You know, you can get in trouble. There is a tremendous amount of power when I say to a man and woman, here's your 9 mm, you can carry it out in the public and if somebody violates the law and you think that you have to use force in order to bring them into check, you can use this 9 mm, if necessary with deadly force. I mean, it is a very serious matter, and we understand—I think Americans understand the serious nature of what we are about and we have acquired the skill of being able to do, I believe a relatively good job of keeping the peace in the United States, and balancing the need for domestic tranquility with justice.

Russia, on the other hand, is a brand new democracy, couple of years old, in fact, with a history that—with a much different form of government and a much different means of enforcing the law. So it seems to me an environment ripe, particularly given that we are concerned about proliferation of nuclear weapons and we see the reach of Russian crime cartels all the way into our country, it seems to me to be a very ripe opportunity to produce an effect from a relatively minor—relatively small investment that could be rather substantial.

Can you describe to me your own view of that and perhaps some evidence as to the success of Director Freeh's efforts?

Ms. GORELICK. We view Russian and Eastern European organized crime as a very significant threat to this country. It is certainly a threat to our colleagues in Western Europe. They feel it very much. We see evidence, very concrete evidence, of it here.

In addition, it poses a foreign policy concern, because if you don't have the rule of law, it is very difficult to encourage the kind of investment and progress that all of us want to see in Russia and in the former Soviet states generally. Companies aren't going to invest if they feel that they are going to be ripped off or, worse, have their employees killed working there. So we view this both from a law enforcement and from a foreign policy perspective as a very, very important part of our job right now—to try to stop the visitation of organized crime from Russia and Eastern Europe into the United States and to try to establish the rule of law there to the extent we can.

We have done that by working——

Vice Chairman KERREY. Try to help them acquire the skills, is that fair?

Ms. GORELICK. Yes. We have done that by establishing working relationships with certain members of the Russian law enforcement community. As you probably know, we have established an International Law Enforcement Academy in Budapest, the purpose of which is to help train law enforcement personnel throughout Eastern Europe and the former Soviet countries. We think, as Senator DeWine pointed out, that this is a critical avenue for us. We must help develop a coterie of people in those countries who understand the importance of the rule of law as a predicate to our crime fighting efforts, in terms of what happens in the United States, and to further development of capitalism in those countries.

Vice Chairman KERREY. Well, I mean, I have a great deal of interest in this subject and I don't want to keep you here beyond the lunch hour, and I want to close by indicating that in both your testimony, I see a considerable amount of good news. I do believe that the Administration is responding to a very formidable challenge, a challenge in the shape of a much changed world, a very common and almost overused phrase. As I indicated earlier, not only do I see transnational threats described by both of you in your testimony, but the power has shifted away from the Nation state, and that's very significant, because it changes our leverage and as a consequence, I think changes our strategy. If it is true, if my observation of it is true, it seems to me we need a pretty open discussion of how we're going to adjust, because it is apt to be that the traditional negotiating sessions and treaties aren't successful and aren't

as influential as they have been in the past. It may require us to do things and it seems to me, again, in both of your testimonies, you are both directly and by implication suggesting that change is needed, or going to require us to do things dramatically different than we have done in the past if we hope to be successful at protecting and maintaining the safety of the people of the United States of America and our interests.

So I thank you and I thank the President and the Administration for their work.

Ms. GORELICK. Thank you very much.

Mr. SMITH. Thank you, Mr. Chairman.

[Thereupon, at 11:38 a.m., the hearing was concluded.]

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FACT SHEET

US Initiatives Against International Organized Crime

In his speech to the 50th UN General Assembly, the President outlined 5 new steps that the United States is taking to address international organized crime.

1. No Trade With International Narcotics Traffickers centered in Colombia and their Front Companies:

The President announced that he had signed an Executive Order utilizing the authority of the International Emergency Economic Powers Act (IEEPA). The order finds that the activities of significant foreign narcotics traffickers centered in Colombia, including the so-called Cali cartel, constitute an unusual and extraordinary threat to the national security, foreign policy and economy of the United States. These traffickers are responsible for more than 80% of the cocaine entering the United States. Moreover, they destabilize regional economies and produce violence and corruption everywhere they operate. The President has ordered that the leaders, cohorts, and front companies of these traffickers be identified and their assets in the U.S. blocked. U.S. individuals and companies will then be barred from trading with those identified individuals and front companies. The President has also ordered that evidence be developed against other international criminal groups and their front companies so that further action may be taken as appropriate.

2. Money Laundering Centers:

The President announced that he has instructed the Secretaries of the Treasury and State and the Attorney General to identify and notify the nations which are most egregious in facilitating criminal money laundering that they should enter into bilateral or multilateral arrangements to conform to international standards. Such standards have been established by the 28 member Financial Action Task Force. If these nations do not enter into such agreements and implement laws against money laundering, the Secretary of the Treasury, after consulting with the Secretary of State and the Attorney General, will recommend to the President

whether economic sanctions should be applied. Among the sanctions available is the prohibition of electronic fund transfers and dollar clearing to financial institutions in the subject country. Secretary Rubin will be co-chairing a meeting of hemispheric Treasury/Finance ministers in Buenos Aires in December on the issue of money laundering.

3. International Declaration

The President called for the negotiation of an international Declaration on Citizens' Security and Combating International Organized Crime. In such a Declaration nations would join in a series of international commitments to deny sanctuary to terrorists, narcotics traffickers, and other international organized criminals and provide mutual assistance in investigations of such crimes. International agreements already exist in many of these areas and new arrangements should be forged where they do not.

4. Legislative Tools

The President has directed the Attorney General and the Secretaries of State and of the Treasury to develop a legislative package of new authorities which U.S. government agencies believe they need to better investigate and prosecute all aspects of international organized crime. The U.S. legislative proposal would also provide additional sanctions authority against those governments which cooperate with or provide sanctuary for international organized crime. This effort is the result of a comprehensive review ordered by the President last year.

5. International Assistance

The President directed that the new U.S. legislative package include authorization for providing increased U.S. training and assistance to friendly governments to help them in their efforts to combat international organized crime affecting their own and other countries around the globe.

6. Counterterrorism

The Administration has made counterterrorism one of its highest priorities. Since taking office, the Administration has:

- Arrested and brought back to US stand trial terrorists hiding in Nigeria, Pakistan, the Philippines, Jordan, and Egypt.

- Made swift arrests following each of the major terrorist incidents that have taken place in the U.S. (World Trade Center and Oklahoma City).

- Broken up two major attacks on the U.S. that were about to take place--before they could happen (New York: UN and Holland tunnel; Manila: US flag 747s).

- Exercised unilateral military action against a country whose intelligence service we found to have attempted to organize a terrorist act against a former President (Iraqi plot against President Bush).

- Extended economic sanctions to Iran and Sudan for their sponsorship of terrorism.

- Prevented the loosening of sanctions against Libya and Iraq, both states on the list of state sponsors of terrorism.

- Assisted other nations in their apprehension of major terrorist figures.

- Banned fund raising for Middle East terrorists in the United States.

- Increased personnel and other resources for counter-terrorism.

- Proposed an expansion of legal authorities for counter-terrorism.

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THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release October 22, 1995

SUMMARY SHEET

Presidential Directive on International Organized Crime

The President today announced that the growing danger of international organized crime constitutes not only a law enforcement problem but also a national security threat to the United States. He authorized a series of U.S. initiatives to combat this danger to U.S. citizens and those of other nations around the world. The actions are designed to counter the growing nexus among terrorists, narcotics traffickers and other international criminals that has been fostered by developments in international communications, travel and information-sharing, and the end of the Cold War.

The President's actions recognize that international criminal enterprises now move vast sums of illicitly derived money through the world's financial systems, buy and sell narcotics and arms, and smuggle aliens, nuclear materials, and weapons of mass destruction. International criminals know no geographic boundaries and they cooperate across barriers of language and ethnic origin.

The ultimate purpose of the President's initiative is to protect the welfare, safety, and security of the U.S. and its citizens. Americans have long been the targets of violence and attacks on foreign soil. But one of the new dimensions of international crime is that increasingly the surrogates of those criminals who live in safehavens beyond our borders are carrying out killings and other violent acts on American soil. For these reasons, the President has announced that our government must view international crime as a continuum, from the criminal barons sheltered overseas to the violence and destruction they deliver to our streets.

To fight this scourge, the President has ordered the agencies of government to increase the priority and resources devoted to this effort; achieving increased effectiveness and synergy by improving coordination among agencies and across the types of international criminal activity; assisting and working more closely with other governments to create a global response to this threat; eliminating sanctuaries; and otherwise using

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release October 22, 1995

EXECUTIVE ORDER
#12978

BLOCKING ASSETS AND PROHIBITING TRANSACTIONS
WITH SIGNIFICANT NARCOTICS TRAFFICKERS

By the authority vested in me as President by the Constitution and the laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) (IEEPA), the National Emergencies Act (50 U.S.C. 1601 et seq.), and section 301 of title 3, United States Code,

I, WILLIAM J. CLINTON, President of the United States of America, find that the actions of significant foreign narcotics traffickers centered in Colombia, and the unparalleled violence, corruption, and harm that they cause in the United States and abroad, constitute an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States, and hereby declare a national emergency to deal with that threat.

Section 1. Except to the extent provided in section 203(b) of IEEPA (50 U.S.C. 1702(b)) and in regulations, orders, directives, or licenses that may be issued pursuant to this order, and notwithstanding any contract entered into or any license or permit granted prior to the effective date, I hereby order blocked all property and interests in property that are or hereafter come within the United States, or that are or hereafter come within the possession or control of United States persons, of:

(a) the foreign persons listed in the Annex to this order;

(b) foreign persons determined by the Secretary of the Treasury, in consultation with the Attorney General and the Secretary of State:

(i) to play a significant role in international narcotics trafficking centered in Colombia; or

(ii) materially to assist in, or provide financial or technological support for or goods or services in support of, the narcotics trafficking activities of persons designated in or pursuant to this order; and

(c) persons determined by the Secretary of the Treasury, in consultation with the Attorney General and the Secretary of State, to be owned or controlled by, or to act for or on behalf of, persons designated in or pursuant to this order.

Sec. 2. Further, except to the extent provided in section 203(b) of IEEPA and in regulations, orders, directives, or licenses that may be issued pursuant to this order, and notwithstanding any contract entered into or any license or permit granted prior to the effective date, I hereby prohibit the following:

(a) any transaction or dealing by United States persons or within the United States in property or interests in property of the persons designated in or pursuant to this order;

(b) any transaction by any United States person or within the United States that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in this order.

Sec. 3. For the purposes of this order:

(a) the term "person" means an individual or entity;

(b) the term "entity" means a partnership, association, corporation, or other organization, group or subgroup;

(c) the term "United States person" means any United States citizen or national, permanent resident alien, entity organized under the laws of the United States (including foreign branches or any person in the United States:

(d) the term "foreign person" means any citizen or nationa. of a foreign state (including any such individual who is also a citizen or national of the United States) or any entity not organized solely under the laws of the United States or existin; solely in the United States, but does not include a foreign state; and

(e) the term "narcotics trafficking" means any activity undertaken illicitly to cultivate, produce, manufacture,

distribute, sell, finance or transport, or otherwise assist, abet, conspire, or collude with others in illicit activities relating to, narcotic drugs, including, but not limited to, cocaine.

Sec. 4. The Secretary of the Treasury, in consultation with the Attorney General and the Secretary of State, is hereby authorized to take such actions, including the promulgation of rules and regulations, and to employ all powers granted to the President by IEEPA as may be necessary to carry out this order. The Secretary of the Treasury may redelegate any of these functions to other officers and agencies of the United States Government. All agencies of the United States Government are hereby directed to take all appropriate measures within their authority to carry out this order.

Sec. 5. Nothing contained in this order shall create any right or benefit, substantive or procedural, enforceable by any party against the United States, its agencies or instrumentalities, its officers or employees, or any other person.

Sec. 6. (a) This order is effective at 12:01 a.m. Eastern Daylight Time on October 22, 1995.

(b) This order shall be transmitted to the Congress and published in the Federal Register.

WILLIAM J. CLINTON

THE WHITE HOUSE,
October 21, 1995.

ANNEX

Gilberto Rodriguez Orejuela

Miquel Angel Rodriguez Orejuela

José Santacruz Londoño

Helmer Herrera Buitrago

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ROLES AND CAPABILITIES OF THE U.S. INTELLIGENCE COMMUNITY

WEDNESDAY, MARCH 6, 1996

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

The Select Committee met, pursuant to notice, at 9:10 a.m., in room SD–106, Dirksen Senate Office Building, the Honorable Arlen Specter (Chairman of the committee) presiding.

Present: Senators Specter, Shelby, DeWine, Kyl, Hutchison, Kerrey of Nebraska, Glenn, Bryan, Graham of Florida, and Robb.

Also Present: Charles Battaglia, Staff Director; Chris Straub, Minority Staff Director; Suzanne Spaulding, Chief Counsel; and Judy Hodgson, Staff Assistant.

Chairman SPECTER. We will commence the hearing.

We welcome Secretary Brown and Senator Rudman, and we thank you for your distinguished work on this Commission. We acknowledge also the contribution of our colleague, Senator Warner, whose idea this commission was, to make an inquiry into the organization of the U.S. Intelligence Community, coming in the wake of the Aldrich Ames incident and other serious deficiencies. This is an important time to make a reevaluation. We have certainly moved ahead in a very significant manner with this very excellent report. We also acknowledge the great contribution of Secretary Aspin, who unfortunately passed away in the midst of the commission's work.

A longer statement will be admitted into the record without objection.

[The prepared statement of Chairman Specter follows:]

PREPARED STATEMENT OF SENATOR SPECTER

RENEWAL AND REFORM: U.S. INTELLIGENCE IN A CHANGING WORLD

Let me begin by welcoming you to this hearing of the Senate Select Committee on Intelligence. The purpose of this hearing is to review the roles and capabilities of the U.S. Intelligence Community in the post-cold war world. In a very real sense, however, the committee is constantly engaged in evaluating the roles and capabilities of the Intelligence Community in meeting today's, and tomorrow's, national security challenges. This objective is part and parcel of our every day oversight activities and certainly of our annual authorizing process. In addition, the committee has spent the last several months on a concerted effort to build upon the insights gained through our ongoing oversight activities to draw some overarching conclusions about the need for renewal and reform of U.S. intelligence. We will be greatly aided in this endeavor by the Report recently submitted by the Commission on the Roles and Capabilities of the United States Intelligence Community.

In August 1994, the Senate adopted a provision establishing this Commission to "review the efficacy and appropriateness of the activities of the United States Intel-

ligence Community in the post-cold war global environment." On March 1, 1996, the Commission submitted its Report, entitled "Preparing for the 21st Century, An Appraisal of U.S. Intelligence." This Report provides a comprehensive review of the key issues confronting the Intelligence Community and provides some well-considered recommendations for improvements, including suggestions for legislation. Senator Kerrey and I will introduce the Commission's legislative proposals today at their request and we hope to use this legislation as a basis for additional proposals of the committee.

The Commission did an excellent job identifying the key issues and we largely agree with many of their recommendations, particularly regarding institutional mechanisms for getting the policymakers more involved in identifying and prioritizing their information needs and for addressing transnational threats, ways to improve intelligence analysis, and the need to enhance accountability and oversight—to include declassifying the aggregate amount appropriated for the intelligence budget. The committee also will consider the Commission's recommendation to make the Select Committee on Intelligence a standing committee. However, I believe that the Commission did not go far enough in providing the Director of Central Intelligence with both the necessary authority and the necessary support structure to ensure improved efficiency, effectiveness, and accountability in the U.S. Intelligence Community.

DCI Authority

The changes brought about by the collapse of the Soviet Union have dramatic implications for U.S. intelligence efforts. The demands for rapid responses to diverse threats in a rapidly changing world necessitate a streamlined intelligence community and a DCI with clear lines of authority. This is lacking in the intelligence bureaucracy that emerged during the bipolar world of the cold war.

As the Commission noted: "The Intelligence Community . . . has evolved over nearly 50 years and now amounts to a confederation of separate agencies and activities with distinctly different histories, missions, and lines of command." Recognizing the pitfalls of decentralized intelligence—less attention devoted to non-Defense requirements, waste and duplication, the absence of objective evaluation of performance and ability to correct shortcomings, and loss of synergy—the Commission supported centralized management of the Intelligence Community by the DCI. The Commission concluded, however, that the DCI has all the authority needed to accomplish this objective of centralized management, if only he spent less time on CIA matters and had the budget presented to him in a clearer fashion.

We believe that the current disincentives for intelligence to operate as a community, reduce unnecessary waste and duplication, and become more effective and efficient in meeting the nation's needs can only be overcome by enhancing the DCI's statutory authority over the budget and administration of all non-tactical intelligence activities and programs. A key issue for congressional oversight of the Intelligence Community is accountability. It has become increasingly clear that a single manager, the DCI, must be accountable for the success or failure of the Intelligence Community. Therefore, the DCI must be given the authorities he needs to carry out this responsibility.

Appointment of National Agency Heads

For example, the Commission recommends that the DCI concur in the appointment or recommendation of the heads of "national" intelligence elements within the Department of Defense, and be consulted with respect to the appointment of other senior officials within the Intelligence Community. We believe the DCI should recommend the appointment of all national agency heads, with concurrence from the heads of the parent organizations. Along these lines, the heads of the major collection agencies should be confirmed to that position.

Control of Intelligence Budget

"The annual budgets for U.S. intelligence organizations constitute one of the principal vehicles for managing intelligence activities," noted the Commission in its Report. "How effectively and efficiently the Intelligence Community operates is to a large degree a function of how these budgets are put together and how they are approved and implemented." We agree with this assessment and conclude that the DCI must have ultimate control over the formulation and execution of these budgets if he or she is to effectively manage the Intelligence Community.

Need for "Goldwater-Nichols" Jointness in the Intelligence Community

Similarly, there is a need to bring the "Goldwater-Nichols" concept of "jointness" to the Intelligence Community. The Commission recommended that the DCI establish common Intelligence Community standards in the areas of skills proficiencies,

personnel evaluation systems, trial period performance criteria, personnel allowances and benefits, and personnel and physical security. It further recommended that the DCI establish cooperative arrangements within the Intelligence Community in the areas of job recruiting, background investigations, training programs, and facilities. The Commission acknowledges that similar recommendations have been made by numerous studies over the years and supported by Intelligence Community leaders, yet little or no progress has been made in implementing them. We are convinced that the same fate awaits these latest recommendations unless the DCI is given not only the mandate but the authority to affect implementation.

DCI Management Support

Once you have given the DCI the authority needed to implement resource and administrative decisions throughout the Community, it is critical that he or she have a support structure to meet that enhanced Community role. The Commission considered organizational arrangements for the Intelligence Community and decided that the Deputy Director for Central Intelligence should be replaced by two deputies: one for the Community and one for the CIA. We are concerned that this will not adequately support the DCI in overcoming bureaucratic tendencies honed over 50 years that have frustrated previous efforts to bring greater coherency and coordination to Intelligence Community efforts. The committee will consider a proposal to maintain the current DDCI position and establish three subordinate Deputy Directors: a Deputy Director for Analysis and Production, a Deputy Director for Collection and Tasking, and a Deputy Director for Administrative Support.

The *Deputy Director for Analysis and Production* (DDAP) would be responsible for managing intelligence analysis and production throughout the intelligence community: establishing and enforcing priorities and standards of analysis and production; monitoring allocation of analytical resources and eliminating unnecessary duplication; tasking the Deputy Director for Collection with collection requirements; and providing analytical and production support to the President, National Security Council, and National Economic Council. Departments such as State, Defense, and Treasury would retain their residual analytic capability and provide competing analytic views.

The *Deputy Director for Collection* would be responsible for: ensuring that intelligence collection meets requirements in an efficient and effective manner by tasking the collection disciplines—signals intelligence, imagery intelligence, human intelligence, and measurements and signatures intelligence; managing and evaluating the acquisition of collection systems and their operations; and developing a single, integrated plan, program and budget for national intelligence collection.

This proposal would include the *consolidation of CIA's Directorate of Operations (DO) and DIA's Defense HUMINT Service*, possibly in a new HUMINT agency. The benefits, in terms of efficiency and effectiveness, of consolidating these two HUMINT efforts are clear and are recognized by the Commission. The creation of a new agency, however, is more controversial. Nevertheless, this is something the committee may consider as a way of giving the problem-plagued DO the opportunity to make a clean break from the cold war culture that has proven so tenacious and make a fresh start. It may also ease Defense concerns about having their hard-won HUMINT capability absorbed by the CIA.

We believe consolidating the collection disciplines is a useful way to enhance efficiency and effectiveness, but the benefits are limited unless these "stovepipes" are embedded in a structure that ensures cross-INT coordination at the top, when requirements are levied and procurement decisions are made, and at the other end when collected information is disseminated and analyzed. Having a single manager for collection and one for analysis and production—and ensuring strong links between the two—seems the most compelling structure for ensuring this cross-fertilization.

Finally, a *Deputy Director for Administration* would have responsibility for personnel management; information management systems; telecommunications systems; finance and accounting; security; and procurement of supplies and support services across the Community.

Conclusion

The drumbeat for change in the Intelligence Community, initiated in earnest with the fall of the Soviet empire, amplified in recent months and years by a distressingly rapid succession of public scandals, and informed by thoughtful studies such as those undertaken by the Commission, the Council on Foreign Relations, Georgetown University's Institute for the Study of Diplomacy, and others, has brought us to a propitious moment. Just as years of efforts aimed at reforming Defense finally came to fruition with passage of the "Goldwater-Nichols" legislation, years of efforts

by this committee and others to reform the Intelligence Community may finally succeed in significantly enhancing this Nation's ability to meet the security challenges of the next century, renewing the Intelligence Community's sense of mission, and beginning the process of renewing the support of the American people for this essential capability.

We are pleased to have testifying today the Chairman and Vice Chairman of the Commission, former Secretary of Defense Harold Brown and former Senator Warren Rudman. In addition, the committee will hear from one of its former leaders—Senator Howard Baker, who headed a study on the future of intelligence at Georgetown University's Institute for the Study of Diplomacy. We will also hear from two authors of the Independent Task Force of the Council of Foreign Relations who recently reported its study on the future of U.S. intelligence.

Chairman SPECTER. Senator Kerrey, my distinguished Vice Chairman has asked us to proceed. He has been unavoidably detained for a few minutes.

Just a few comments. The emphasis on the report about the need for intelligence is well timed to join your voices with others, including mine, about the need for intelligence, but also the importance to make very fundamental reforms within the Intelligence Community. I personally was pleased to see the line about disclosure of the overall Intelligence Community budget. I think that is a start, and it may be possible to make more disclosures so that there can be other checks on the Intelligence Community which is important as we review the work of all governmental acts.

The down-sizing recommendation is a good one. The issue of more authority for the Director of Central Intelligence is very important. There will obviously be some modifications and some changes which this committee and the House Committee will want to undertake.

Senator Kerrey and I will be introducing your proposed legislation as a starting point, and we hope to mark up on legislation before the end of April. We have a very aggressive schedule for hearings.

Our time is very limited this morning because we have agreed with the House Intelligence Committee to allow their proceeding to start at 10:30 or as soon thereafter as feasible. I have discussed with both Secretary Brown and Senator Rudman the time constraints and they will—they have agreed to make their presentations brief and depending on how many Members come, we will hold our rounds of questioning to 4 minutes.

So at this point, the floor is yours, Mr. Secretary.

TESTIMONY OF THE HONORABLE HAROLD BROWN, CHAIRMAN, COMMISSION ON THE ROLES AND CAPABILITIES OF THE U.S. INTELLIGENCE COMMUNITY

Secretary BROWN. Thank you very much, Mr. Chairman. I appreciate the opportunity to testify before you today on the work of the Commission on the Roles and Capabilities of the U.S. Intelligence Community.

I came to the effort half way through, but have been deeply involved in it since, and I know that Les Aspin would be proud of what we produced. Warren Rudman did wonderful service both before I arrived and after. We couldn't have done it without him, or without the marvelous staff of the Commission.

You have the prepared statement for the record. I will be very brief in saying what I consider the main points of our considerations and recommendations.

[The prepared statement of Secretary Brown follows:]

PREPARED STATEMENT OF HAROLD BROWN

Thank you very much, Mr. Chairman, I am pleased to be here. I intend to summarize what I see as the principal findings and key recommendations of the Commission. Senator Rudman, our distinguished Vice Chairman, will provide a separate statement that describes the process we went through to arrive at our conclusions.

Before getting to the report itself, however, I want to acknowledge the contribution made to this effort by another former Secretary of Defense, who served as the chairman of this Commission until his untimely passing last May. Les Aspin would have greatly relished presenting the Commission's findings, and engaging each of you in a spirited debate about our recommendations. He began this endeavor, and it is sad that he is not here to complete it. To a great extent his vision, and the questions he posed early on, shaped our overall review.

Thereafter, former Senator Warren Rudman, the Vice Chairman of the Commission, acted as Chairman until I came on board. Then and since, he has contributed mightily to the cohesion and effectiveness of the Commission and deserves much credit for its accomplishments.

As you know, this Commission was created in 1994 by the Intelligence Authorization Act for Fiscal Year 1995. The legislation called for an independent and comprehensive review of the U.S. Intelligence Community. The cold war had ended; new threats had emerged; information technologies were exploding; and budgets were shrinking. At the same time, in the wake of the Ames case and NRO building episode, questions were being raised about the professionalism and accountability of intelligence agencies. Where did all of this leave us? This Commission was created largely to answer this question. Was the Intelligence Community still needed? If so, could its efficiency and effectiveness be improved?

Our report, which was released last Friday, addresses these two broad questions.

Before getting to the conclusions reached by the Commission, let me make several observations about the report.

First, it is on time. Despite the loss of a chairman, government furloughs, and several terrible snowstorms, we met the statutory deadline, thanks in large measure to the dedication of our commissioners and especially of our staff.

Second, the report was signed by all of the Members of the Commission. Given our various backgrounds and perspectives, and given the wide disparity of opinion that exists on the issues we addressed, I find it remarkable that we have a unanimous report.

Third, the report is completely unclassified. This is important. If we are ever to establish a new consensus among the public for the intelligence function, we must be able to explain what intelligence is and what intelligence does. This necessitated our writing the report in somewhat more general terms than we otherwise might have used, but having a public report is a goal we are proud to have achieved.

The public was, in fact, very much on our mind as we wrote this report. We attempted to explain not only what our conclusions are, but *how* we reached them, why we picked one alternative and rejected other alternatives. Intelligence is an arcane subject for most Americans and we hope this report will make it less so.

THE NEED TO MAINTAIN AN INTELLIGENCE CAPABILITY

There is very little arcane about our first and, perhaps, principal conclusion: the United States needs to maintain a strong intelligence capability. In the report, we provide a "laundry list" of examples of contributions made by the Intelligence Community since the end of the cold war. The value of these contributions is impossible to quantify. But as we point out, U.S. lives and resources have been saved; and U.S. foreign policy and military objectives have been achieved, because this country maintained a strong intelligence capability. In the complex and uncertain world we confront, reliance on this capability is actually likely to grow. At present, U.S. intelligence capabilities are unequaled by those of any other country, giving us a significant edge in terms of our ability to anticipate and protect ourselves against hostile acts. It would be a serious mistake, in our view, to forego this advantage.

Contrary to popular perceptions, we found that the functions and missions of intelligence agencies had not substantially changed since the end of the cold war. To be sure, there has been a substantial shift in the targets of intelligence-gathering. But what intelligence agencies are asked to do has not changed nearly as much.

The principal missions of intelligence continue to be to support U.S. diplomacy and U.S. military activities. The Commission believes there must be a balance between these two objectives. Clearly the protection of U.S. lives is paramount and the support of U.S. forces in, or with the prospect of, combat, is the highest priority. It is equally important, however, to have intelligence that allows the United States to accomplish its goals and yet avoid the commitment of military forces, whether that is accomplished through diplomatic action of other means.

Intelligence agencies are also heavily engaged in collecting information on transnational threats—what we refer to in the report as "global crime"—terrorism, narcotics trafficking, the proliferation of weapons of mass destruction, and international organized crime. To a lesser degree, intelligence agencies collect information on a range of other issues from environmental problems to economic trends and developments in other countries. In this latter regard, the Commission strongly supports the current policy prohibiting intelligence agencies from engaging in "industrial espionage." Yet we felt it appropriate for intelligence officials to report to officials at the Department of State and/or Commerce when they uncovered unfair trade practices being used by or with the knowledge of other governments which disadvantaged U.S. companies. It would be up to the U.S. policy agency involved, not the intelligence agencies, whether to use the information as the basis for diplomatic action with the foreign government concerned.

In addition to the collection and analysis of information, the Commission also concluded that a capability to carry out covert actions—actions taken to influence conditions abroad without the role of the United States being acknowledged or apparent—should be maintained within the CIA. The Commission believes the President should have an option—short of military intervention—when diplomacy alone fails to achieve U.S. objectives. But covert action should be employed only in support of identifiable foreign policy objectives, and only where compelling reasons exist why U.S. involvement cannot be disclosed.

The Commission found therefore, and not surprisingly, that the capabilities offered by intelligence agencies ought to be preserved.

HOW CAN U.S. INTELLIGENCE CAPABILITIES BE IMPROVED?

But then we reach the more difficult question: how can they be improved? As we note in the report, we identified several overarching needs.

A better job must be done of integrating intelligence into the policy community it serves. The process must become more consumer driven. Responsibility for this lies with both the Intelligence Community and the policymaker. The Community needs to do a better job of identifying and responding to policy needs and priorities, and providing insights that are not otherwise available. Policymakers, on the other hand, need to understand what intelligence agencies can do for them and provide guidance to intelligence agencies in terms of what they need. In contrast to their counterparts in other governments, many U.S. policymakers simply do not have a firm appreciation of the capabilities of intelligence agencies and do not treat intelligence as an important asset in solving national security problems.

Intelligence also needs to function more closely as a Community. The Commission believes this basic organizational premise still makes sense. We were repeatedly told that the performance of the Intelligence Community is at its best when it pulls together in times of crisis. The challenge is to achieve the same level of performance in the absence of crises. The Commission believes there are several actions that could and should be taken in this regard.

Finally, the Intelligence Community should be made more efficient. The first step is instituting a more rigorous process for the allocation of intelligence resources, but the Commission also suggests other actions in its report which it believes would lead to cost savings.

Several have noted since the Commission report was released last week that we do not call for major organizational restructuring. That is true. We did consider it, however. We looked at abolishing the CIA altogether and parsing out its functions to other agencies. We looked at moving agencies within the Department of Defense under the control of the DCI. But we ultimately chose to leave the basic structure in place, seeing little advantage, clear risks, and substantial—potentially great—disadvantages, in drastically altering the current organizational structure. It would be a mistake, in my view, however, to assess the significance of the Commission's recommendations solely in terms of whether they would effect "major organizational restructuring." The Commission has recommended a series of wide-ranging reforms. The measure of their substance is likely to be evident in the opposition that some of them will face. If taken together, they would, in my view, have a greater and far

more positive impact upon the operations of the Intelligence Community than if we had instead simply recommended shifting boxes on a wiring diagram.

KEY RECOMMENDATIONS OF THE COMMISSION

I would like to summarize now what I believe are the Commission's key recommendations roughly in the order they are presented in the report.

NEED FOR TOP-LEVEL POLICY GUIDANCE

By law, the National Security Council is charged with providing guidance for the conduct of intelligence activities. Yet we found that the institutional role played by the NSC has varied from one Administration to another. Moreover the mechanisms within the NSC to deal with intelligence have varied both in terms of their membership and their effectiveness. Some Administrations centralized responsibility among Cabinet-level officials who met infrequently if ever. Others looked to senior staff within the NSC to coordinate the intelligence function. All too often, new administrations allowed earlier NSC frameworks to lapse and then waited years before instituting an NSC framework for intelligence. As a result, over the decades, top level guidance has been inconsistent, infrequent, or sometimes non-existent. Intelligence agencies have too often had to operate without clear direction.

Whatever NSC mechanisms may be established for intelligence, we believe the fundamental institutional role played of the NSC should not change from Administration to Administration. This role should include: the issuance of clear statements of broad collection requirements; guidelines which stipulate what intelligence agencies should, and should not, do; and periodic examinations of the performance of the intelligence community and its ability to meet established government requirements. In Commission visits to some of our allies, we found policymakers in other democratic governments maintained a much closer involvement in intelligence than occurs in our system. As a result, intelligence was better able to meet their needs.

To address these concerns, the Commission recommends the creation of a "Committee on Foreign Intelligence" within the NSC, chaired by the Assistant to the President for National Security Affairs, and including the DCI, the Deputy Secretary of Defense, and the Deputy Secretary of State. This committee would meet at least semi-annually and provide top level guidance on all major issues, especially the most difficult policy issues. We also recommend the creation of a subordinate "Consumers Committee." Membership would be drawn from senior representatives at the Undersecretary level of the major consumers and producers of intelligence. It should meet more frequently to provide regular, ongoing guidance for collection and analysis, and should institute a mechanism to provide feedback on how their performance is seen by the consumers. None of this NSC apparatus should replace or erode the direct reporting relationship of the DCI to the President.

NEED FOR A COORDINATED RESPONSE TO GLOBAL CRIME

Another significant recommendation focuses on a growing national threat—the rise in various forms of global crime—terrorism, international drug trafficking, proliferation of weapons of mass destruction, and international organized crime. The practitioners of these crimes have grown more sophisticated, adopting new technologies to their illicit purposes.

A variety of government agencies are involved in combating these threats in addition to intelligence agencies. The Department of Justice, the Federal Bureau of Investigation and the Drug Enforcement Administration have traditionally taken the lead in tracking and bringing to justice criminal activities targeted against Americans. At the same time, the Departments of State and Defense have been given increased responsibilities in regards to terrorism and narcotics trafficking.

The Commission agrees that global crime poses a threat to our national security and should not be treated solely as a law enforcement matter. Arrest and prosecution can, if successful, be a powerful weapon against terrorists and drug traffickers, but may not be the most appropriate response in all cases. Diplomatic, intelligence, or military measures can offer advantages in many cases. The Commission believes that a more coordinated response to global crime is required—one that makes use of all the tools available to the Government.

The Commission endorses the ongoing efforts within the National Security Council to coordinate the activities of these agencies, but concluded these efforts would be strengthened if the President created a special NSC Committee on Global Crime to develop and coordinate the overall U.S. Government response. This committee should include the Secretary of State and Defense, the Attorney General, and the DCI, and be chaired by the National Security Advisor.

It is also clear to the Commission that these efforts would be greatly facilitated by better cooperation between the law enforcement and intelligence communities. In this regard, the Commission recommends that the President designate the Attorney General as the principal coordinator and spokesperson for the law enforcement community for purposes of coordinating that part of the nation's response to global crime. We also recommend clarifying the legal authority of intelligence agencies to collect information on foreign individuals abroad for a law enforcement purpose, and urge expanded information sharing between the two communities.

ORGANIZATION OF THE INTELLIGENCE COMMUNITY

Our examination of the organization of the Intelligence Community focussed heavily on the role of the Director of Central Intelligence. Witnesses repeatedly told us that the concept of a DCI managing the Intelligence Community as a whole had, in practice, foundered. We looked at various alternatives for correcting this problem—from removing the DCI from his community management role to moving the "national" intelligence elements of the Department of Defense directly under his control.

In the end, we decided to recommend leaving the existing structure essentially in place but to recommend new measures to improve the DCI's ability to carry out his community role. In order to give the DCI more time to manage the Community, we recommend replacing the current position of the Deputy Director of Central Intelligence with two new deputies—one for the Intelligence Community and one with day-to-day responsibility for management the CIA. Both would be appointed by the President and confirmed by the Senate. The deputy for CIA would be appointed for a fixed term—in order to provide for more continuity at the head of the CIA. We also recommend the DCI be given enhanced authority to concur in the appointments of the heads of the 'national' intelligence elements within the Department of Defense and to consult with respect to the appointment of other key officials in the Intelligence Community.

We also recommend the Director of the National Security Agency and the Director of the Central Imagery Office, or its successor agency—would be dual-hatted as Assistant Directors of Central Intelligence for signals and imagery, respectively. The DCI would evaluate each of them in this capacity. We also recommend the DCI be given new tools to assess the intelligence budget and new authorities over the intelligence personnel systems. In particular, we endorse a Senior Executive Service for the Intelligence Community as a whole.

THE INTELLIGENCE BUDGET

Now let me turn to the intelligence budget. As you know, 98 percent of the National Foreign Intelligence Program budget is carried in the budget for the Department of Defense. Further, there are two other pots of money within the Defense budget from which intelligence activities are funded: the Joint Military Intelligence Program and the Tactical Intelligence and Related Activities aggregation.

This arrangement complicates the budget process for the DCI in and of itself since he must consider the intelligence capabilities being funded in these separate DoD programs in order to assess what should be funded in the National Foreign Intelligence Program. The problem for the DCI is exacerbated by the fact that the budget for national intelligence which the DCI does control is not organized in a way that groups similar kinds of activities together for purposes of resource management. Signals intelligence activities, for example, are funded in a number of separate programs.

This makes it difficult for anyone looking at the budget—whether it is the program manager, the DCI, or the Congress—to identify places where tradeoffs should be made, where cuts should be taken, and resources increased. It also leads to incompatibilities between systems because they have been funded in different programs.

We recommend that the budget for national intelligence be substantially realigned. We recommend that similar programs be grouped under distinct "discipline" managers who report to the DCI. New discipline oriented programs for SIGINT, IMINT, MASINT and HUMINT would all operate, each led by a senior discipline manager. With the exception of the HUMINT program, each of the technical discipline managers would be within DoD. We go further to recommend that each of these DoD discipline managers for national programs be given authority to approve investments in new systems within their respective disciplines that are funded by DoD, either in JMIP or TIARA. The Director, NSA has this authority now for SIGINT investments and we believe it makes sense to extend it to the other dis-

cipline managers. In this way, there would be *de facto* centralized control of investments within each discipline wherever the activity might be funded.

We also recommend that the DCI have much stronger Intelligence Community staff capability to enable him to assess tradeoffs between disciplines within the National Foreign Intelligence Program, and that a uniform, community-wide resource data base be established to facilitate such assessments.

THE CIA

We found that the CIA's principal functions—serving as a central clearinghouse for intelligence, collecting intelligence from human sources, and carrying out covert actions—remain valid and would not likely be performed any better if they were shifted to other departments or agencies.

We do see a problem in terms of the continuity in leadership at the CIA, which has had six Directors or Acting Directors over the last 5 years. We recommend a fixed term of 6 years for the new Deputy DCI for the CIA to address this problem. We also recommend several measures which we believe would improve the performance and management of the CIA.

We also looked hard at CIA's counterintelligence posture after the Ames case. As the committee is aware, CIA has made more change in its CI operations than in any other area. These changes strike us as sensible, and, in our view, it is premature to conclude are sufficient or insufficient. This is a subject that will require continued scrutiny.

IMPROVING ANALYSIS

In the area of analysis, we found a distinct difference in how civilian officials viewed the support they received and how military officials viewed their support. Military consumers were largely satisfied whereas civilian policymakers were not.

The Commission recommends that intelligence producers take a more systematic approach to dealing with their customers, making a concerted effort to explain to them what is available and ascertaining how they want to relate to the producing agency. We encourage, to the extent feasible, putting intelligence analysts directly on the staffs of senior policymakers. While this is resource intensive, it clearly pays the greatest dividends. We also have a series of recommendations for improving the quality of analysis and making it more available to users.

Where long-term analysis of major issues is concerned, the Commission recommends replacing the existing National Intelligence Council with a broad-based "National Assessments Center." This Center would continue to report to the DCI but would be located outside the CIA. It would continue to do "National Intelligence Estimates" as required, but its charter would be broadened to produce unclassified assessments as well, utilizing on a contract basis the best expertise this country has to offer on particular subjects. We think the time has come to open up further the long-term analytical process.

"RIGHT-SIZING" THE COMMUNITY

Let me now turn to personnel. The Commission heard from Intelligence Community representatives that some intelligence agencies find themselves with employee workforces that are consuming an inordinate share of their budgets and are not fully suited to their needs, given the demands that new technological developments and the post-cold war shift of intelligence targets are placing on the agencies. Moreover, these agencies are without the necessary legal authorities to correct the situation.

The decade of the 1980's saw the budgets of intelligence agencies rise significantly and the number of new hires increase dramatically. For example, the total civilian workforce at NSA, CIA, and DIA collectively increased by nearly 50 percent from 1980 to 1989. By the end of the decade, the number of new hires had dropped off significantly as intelligence agencies began to retrench at the end of the cold war.

The Congress took the first step to down-size the Intelligence Community agencies. In 1992, an across-the-board reduction of 17.5 percent by fiscal year 1997 for civilian intelligence personnel was directed. The Community has met these reduction targets to date, and indeed, has unilaterally extended this approximately 3 percent per year reduction beyond 1997 to the year 2000. Yet personnel costs continue to rise despite these reductions, crowding out investments in new technologies and operational initiatives.

The Commission recommends the enactment of new legislation giving the largest and most severely affected intelligence agencies a 1-year window to "rightsize" their workforces. This authority would be available to those agencies that determine that a reduction of 10 percent or more of their civilian workforce beyond the present con-

gressionally mandated level of reduction is desirable. Agencies that chose to exercise this authority would be required to identify positions to be eliminated. If the incumbents of these positions were near retirement, they would be allowed to retire on an accelerated basis. If they were not near retirement, they would be given a generous package of pay and benefits to leave the agency's employment or would be able to swap positions with employees who were near retirement, subject to the regulations of the agency concerned. This "exchange" feature of our proposal may sound a little dubious, but the fact is, it has been successfully tested by the Canadian Government whose Parliament recently adopted it for the Government as a whole.

We also recommend that more be done to eliminate the administrative barriers between elements of the Intelligence Community, both to encourage a "Community" approach and to save money through economies of scale. Further, we recommend the creation of a "Senior Executive Service" for the Intelligence Community under the overall management control of the DCI. One requirement of selection for this new SES would be at least one assignment in an agency other than the parent agency.

MILITARY INTELLIGENCE

Military intelligence is perhaps the most complex area of intelligence activity. Responsibilities are dispersed to a variety of players. There were those who suggested that one person (short of the Secretary)—a "Director of Military Intelligence"—be put in charge. The Commission ultimately rejected this suggestion. There are reasons why responsibility for intelligence is dispersed in DoD, which stem largely from the different functions, and corresponding statutory responsibilities, of the Secretary of Defense, the Joint Chiefs of Staff and the CINCs, and the military departments. We do not see the benefit in putting one person in charge.

We do, however, make several recommendations in the military intelligence area.

While we see legitimate reasons for having separate analytical and production elements at DIA, the services, and the CINCs, we are concerned with the size of these organizations and with what appears to be their tendency to exceed the scope of their charters. We recommend the Secretary of Defense undertake a separate review of these issues.

We recommend that a J–2 be formally constituted on the Joint Staff to provide current intelligence as well as to staff the intelligence functions that properly belong with the Joint Staff. At present, the J–2 is a staff officer assigned to the DIA. DIA would necessarily have to continue to provide substantial staff support.

We also recommend a focal point be established in DoD for the purpose of tying together the output from intelligence systems to military weapons systems in the field.

Finally, we recommend that the clandestine recruitment of human agents which is now done by active duty military personnel assigned to the Defense HUMINT Service be transferred to the CIA. We do not think the costs and difficulties of the military doing these sorts of operations themselves, rather than seconding military personnel to CIA for limited periods, is justified.

SPACE RECONNAISSANCE AND TECHNICAL COLLECTION

The United States has historically been a leader in the development of space reconnaissance systems and technical collection, and these activities have served us well. But the costs associated with space systems are enormous and the system still remains vulnerable to the failure of a single element.

The Commission believes the costs and vulnerability of space systems could be reduced through expanded government-to-government arrangements in the area of space. We recommend consideration of a two-tiered approach to cooperation with our allies. The U.S. would continue to maintain a "high tier" but would develop a "low tier" as the basis for international participation. The U.S. would gain by having a less vulnerable, more capable system at lower costs. Foreign partners would gain by being able to participate in a global system with a relatively small investment.

We also endorse the current efforts to foster greater cooperation between Defense Department and the Intelligence Community space programs in order to achieve greater savings and economies of scale.

Finally, the Commission endorses the creation of a National Imagery and Mapping Agency (NIMA), recently proposed by the DCI, Secretary of Defense, and the Chairman of the Joint Chiefs of Staff.

INTERNATIONAL COOPERATION

The Commission found that the United States is generally deriving great benefit from its cooperative relationships in the intelligence area. Other countries cannot

match the technical capabilities of the United States, but do provide us with access and with expertise that we would not otherwise have.

The Commission did find that more should be done to support the activities of multinational organizations and coalitions in which the United States is participating and where we have a stake in the outcome of those activities. The U.S. has, in the past, found appropriate ways to share intelligence, or information derived from intelligence, with NATO. The Commission believes that a more systematic approach should be developed for sharing of information derived from intelligence in other multinational contexts.

COST OF INTELLIGENCE

We looked very hard at the cost of intelligence. Initially we attempted to identify a standard or criterion against which intelligence costs could be assessed but ultimately decided this was a problem that did not admit to simple solutions. The proper level of Intelligence costs must take into account what are perceived to be the foreign threats to the United States, the capability that intelligence systems can give us to cope with them, and the availability of resources.

It does seem clear that the resources available for intelligence over the near time are likely to be constrained, just as government spending generally will be constrained. At the same time, the Commission believes that advances in technology will likely create significant disparities between what is now programmed and what will be needed. It would, thus, behoove financial planners in the Intelligence Community to begin looking for areas where costs can be reduced. The first step is to institute a new budget process that allows rational decisions to be made in terms of what intelligence capabilities are needed and not needed. Beyond this, the Commission believes costs can be saved through other measures it recommends, for example, the personnel "rightsizing" proposal. After all of this is done, it may turn out that all or part of the savings identified are needed to fund activities that are not funded today. The Commission is simply not in a position to make that judgment.

ACCOUNTABILITY AND OVERSIGHT

To promote accountability and help restore the confidence of the American people in the intelligence function, the Commission recommends that the President or his designee annually disclose the "top-line" of the intelligence budget annually. We believe this can be done without jeopardizing national security. Other countries have disclosed their intelligence budgets without adverse effect and we believe none would follow here. We do feel that disclosure should not go beyond the top-line figure.

We also recommend that the Executive Order that governs the conduct of U.S. intelligence activities be revised. The existing order was issued in 1981 and is in many ways out-of-date.

As far as the oversight arrangements for intelligence are concerned, we think the congressional oversight process works well, but would be improved if membership on the committees were not limited by fixed terms or tenures. While the leadership in both Houses should continue to select the members of the oversight committees, we believe it would foster continuity and improve the expertise resident on the oversight committees if members were not appointed for fixed terms. In the Executive branch, we found that the internal oversight arrangements vary widely and recommend the Intelligence Oversight Board of the President's Foreign Intelligence Advisory Board conduct a review of these arrangements to achieve greater consistency in approach.

CONCLUSION

Let me sum up by saying that the commission strongly believes that intelligence is a vital element of our Nation's political and military strength. Our intelligence agencies, and the men and women who work in them, have generally served the country well, and we are convinced they will do so in the future.

We have given you draft legislation and revisions to the Executive order to implement the recommendations made in our report. We believe that their implementation would produce an even more effective, efficient, and responsive intelligence capability to serve the Nation's interests as we enter the 21st century.

Secretary BROWN. First, we recommend a series of actions to make intelligence—the Intelligence Community, whose functions continues to be extremely important for the country, more respon-

sive to the consumer and be consumer driven. Accordingly, we recommend the establishment of a committee on Foreign Intelligence of the National Security Council, to consider policy questions. It would include the DCI, be chaired by the Assistant to the President for National Security Affairs, and function as the senior body within the Administration on intelligence.

We also propose a "consumers committee," at a lower level, which would meet more often—monthly instead of twice a year, say—to give guidance as to what ongoing priorities are. The senior committee would establish broad guidance of a kind that was issued by the President earlier in the Administration as to what targets are most important. But the "consumers committee" would look at what was being done on an ongoing basis and say this is useful, this is less useful, why don't you concentrate on these other targets. There is always a problem because when people establish priority lists, the tendency is to view them as absolute. And so the least important item in the first priority is sometimes assumed to be more important than the most important item in the eighth priority, and that's just not so. It takes a careful allocation of time and of resources.

We also propose attaching intelligence specialists to senior policymakers so that they can pass what's available, they can tell a policymaker what's available, and the policymaker can say, here's the kind of thing I am interested in.

We think this is a very important set of recommendations.

We also urge an increased degree of central direction of an Intelligence Community which is necessarily dispersed. It needs to be dispersed to support its consumers. But the DCI needs more authority. And to this end we urge the creation of two Senate-confirmed deputies: one for the Intelligence Community function—which needs to be strengthened and staff needs to be added, because that's how the DCI actually has his effect on the Intelligence Community—and one Deputy for CIA, who can focus more attention at a high level on the activities of the CIA.

We also proposed dual-hatting the Director of NSA, the Director of NRO, the Director of the NIMA, as Assistant Directors of Central Intelligence, giving them the responsibility of making up the budget respectively for SIGINT, IMINT, and I guess DIA for MASINT and so forth. So that again, the DCI, with these people as his assistants—and he'll rate them in that function—can exercise authority across the board. He would also have authority to concur or not in the appointment of those individuals and the authority to be consulted on some other government officials—the Assistant Secretary of State for Intelligence and Research, for example.

This, we think, gives him more budget authority and more personnel authority. We also would give him authority to set up a senior intelligence service requiring the concurrence of the DCI in the movement of those people from one agency to another.

We have a whole series of modern management practices that we think should be introduced into the Intelligence Community. We propose a restructuring of the budget. We propose some new personnel arrangements, including, as I mentioned, a single senior executive service across the community, and also a special personnel

authority that would allow the agencies—principally CIA, DIA, NSA—temporary authority to abolish positions. The Secretary of Defense and the DCI would be given this authority over a period of a year, to abolish positions to reduce the size of those agencies by at least 10 percent, if they decided to do that. This is different from the usual RIF arrangement, because if a position is abolished, there are no bumping rights. There is an exchange right. We got this idea from the Canadians who have done it very successfully. We also provide accelerated retirement benefits or very generous separation benefits.

We need different kinds of regional expertise, language skills, and technical skills, because the cold war is over and there is an information revolution. The needs are different. Just as in the private sector right-sizing has become very important, so it is in the Intelligence Community, especially in NSA, where the need for funds to develop and procure more advanced equipment for collection and processing is extremely important.

We make some recommendations about the boundary between law enforcement and national security. Global crime, transnational threats, are a national security matter, just as much as they are a law enforcement matter. We propose an NSC committee on global crime which would, again, be chaired by the Assistant for National Security Affairs, and would include the Deputy Attorney General, Deputy Secretary of State, Defense, and the DCI.

Finally, we need to restore confidence of the public in the Intelligence Community. We have a variety of proposals to that end, including declassification of the top line—that is, the overall intelligence budget number. Also, we propose some changes to assure that the policy decisions are made at a fairly high level when it comes time to deal with disreputable characters, which inevitably must be done in certain intelligence activities.

We think that the oversight bodies, which include, of course, this and the committee in the other body, as well as various people in the Executive branch need to recognize intelligence achievements as well as point out and deal with failures in the Intelligence Community, and to do both publicly. That public recognition and support, in return for the successes, is equally important as dealing with misbehavior.

That completes what I have to say, Mr. Chairman.

I know Senator Rudman wants to talk a little bit about how the committee proceeded.

Chairman SPECTER. Before proceeding to Senator Rudman, I would like to yield at this moment to the distinguished Vice Chairman, Senator Kerrey.

Vice Chairman KERREY. Mr. Chairman, in the interest of time, I will just put a statement in the record.

[The prepared statement of Vice Chairman Kerrey follows:]

PREPARED STATEMENT OF VICE CHAIRMAN KERREY

Thank you, Mister Chairman. Nineteen ninety-six is indeed the year to study the U.S. Intelligence Community, and this hearing brings together the chiefs of three very significant studies. The country owes a fresh debt of gratitude to some people who have already served it well, and I refer to the witnesses before us, to the other commissioners they represent, and to our subsequent witnesses this morning. They

have worked very hard in the past year, and now it properly falls to us to make sure the country profits from their work.

They have done several great services. First, these studies provide a sound public education in the history and current organization of U.S. Intelligence. People with no security clearance can read these reports and learn about the central issues in intelligence today. This by itself is a major public service, given the low state of public confidence in the Intelligence Community.

Second, all these studies affirm the importance of intelligence as a function of government, and they acknowledge that American intelligence today is an important component of our national power. That, too, is a major public service.

Beyond the studies' agreement on the necessity to conduct intelligence, I am encouraged by the studies' unanimity on the need for a process to prioritize the threats which policymakers and the military want the Intelligence Community to cover and, in some cases, to counter. In my view, that is the best way to bring the intelligence professionals closer to their customers, and thereby maximize the usefulness of intelligence.

I am also encouraged by the unanimity in supporting a stronger role for the Director of Central Intelligence. The DCI is held accountable for national intelligence, yet his authority is over only a sixth of the intelligence budget. A strong DCI could break down institutional walls and cut out redundancy, and thereby reduce costs. If we can strengthen the DCI and at the same time maintain the priority of the military in receiving intelligence, we will have accomplished a great reform.

Mister Chairman, I look forward to learning something this morning, and I again thank our witnesses for their work.

Chairman SPECTER. Thank you very much, Senator Kerrey.

Well, we are especially pleased to have our very distinguished colleague, Senator Rudman, back. Most of his participation in this room has been on this side of the panel. We're glad to have you back, if only for this limited assignment, Senator Rudman. We wish you were here.

The floor is yours.

TESTIMONY OF THE HONORABLE WARREN B. RUDMAN, VICE CHAIRMAN, COMMISSION ON THE ROLES AND CAPABILITIES OF THE U.S. INTELLIGENCE COMMUNITY

Senator RUDMAN. Well, thank you very much, Mr. Chairman.

Mr. Chairman, Senator Kerrey, and my former colleagues, it is a pleasure to appear here today. Let me first say that very special thanks has to go to the memory of Les Aspin. It was Les and the staff, along with my participation, that essentially formulated the idea of how we would proceed.

Second, I must say, although I had never met Harold Brown, it has been a delight to work with him. It is unique that we had two former Secretaries of Defense to head up this process. And it is very wise, since, as you know, they tend to understand the Intelligence Community as well as anyone, since better than 90 percent of the budget resides under the jurisdiction of the Secretary of Defense.

Third, we had very devoted commissioners, extraordinarily so. The Members of Congress—John Warner, Jim Exon, and on the House side, Norm Dicks and Porter Goss—were very faithful in their attendance, or always were represented by staff, and participated in deliberations.

Finally, seated behind me are a number of the commissioners. I will not identify each of them, but some of them devoted virtually full time to this effort for the past year.

Let me make just three observations, because I know you are limited by time and I do understand that problem, Mr. Chairman.

First, some have asked, why not a radical restructuring? Well, let me just respond to that, because certainly we looked at that, early on. When you look at the foreign intelligence services—and we looked at all of the major ones and met with them, traveled to their headquarters on some occasions, they visited with us—you find great similarities in the functions and many dissimilarities in organization.

Reorganization in government, it seems to me, is not quite like a corporation. Corporations merge and they may have two accounting departments and they eliminate one; or they have two marketing departments and they eliminate one; or they have two public relations departments, they eliminate one and they downsize. The Intelligence Community does not lend itself to that kind of reorganization. Because the number of administrators, in my view, is not out of balance to the number of people who essentially operate.

When you look at the organization of this community, you end up with a sheet of paper with some boxes on it. How you want to arrange those boxes is pretty much, you know, up to whoever wants to do the arranging. But you ought to have some cost benefit analysis involved if you reorganize. You have to say, well, it's going to accomplish something. You look at these boxes, and you're always going to have SIGINT, you're going to have HUMINT, you're going to have analysis, the new acronym MASINT, measurements and signature technology, you're going to have those boxes. The question is, where do you put them. No matter where you put them, somebody has to be in charge, and you quickly come to the conclusion that there ought to be one person who essentially coordinates them all.

So when I hear all of this talk about reorganization and shuffling, I really want to say one thing to all of you, and that is that I hope if you do a reorganization—and the House is talking of it—you really come up with some very solid reasons for it that will benefit the product, not just move the boxes around.

Second point. It seems to this commission that since the inception of the Central Intelligence Agency and the DCI, that at no time in that nearly 50 years has the Director of Central Intelligence truly had the authority to do what was originally intended. The reason for that, of course, is because most of the budget and most of the people are not under his direct control.

Thus I want to make this comment. I think that some of the most important recommendations—not exciting recommendations, but substantially important recommendations—in this report are those which say, finally, let's give the DCI real authority, which is what the Chairman spoke about a few moments ago.

Third, nothing could be more important to the growth of this Intelligence Community, in the unanimous opinion of this commission, than biting the bullet on personnel in the next year or two. Intelligence agencies need one time authority to change the mix of people. We have looked at the Canadian system, which, if you look at it, you'll find something fascinating. They started out, I believe, in defense and intelligence, and decided it worked so well, they did it governmentwide. And you make it worthwhile to people so that they don't leave with a bad taste in their mouth, but you get the right mix of people.

I will make this unequivocal statement. After spending the time that we've spent on this for the past year, I am convinced that particularly in the instance of the National Security Agency, unless the NSA is allowed to get the proper mix of personnel and new technology, within 5 years they will not be able to do what they do today. Technology will have outstripped their equipment and their personnel will not be in a position to do what they need to do. That, to me, is the single most important thing that has to be done.

Finally, I just want to make a general observation. We believe that there can be downsizing in this community. But we did not believe in the year that we had and with the staff that we had, that we were in a better position to make that decision than, frankly, you are, and your counterparts on the House side. We have made some recommendations; we've told you how we think you can get there. But we do believe that that is an extremely important matter for you to decide.

For those who think that the need for intelligence passed on with the death of the cold war, they haven't seen what we've seen and the witnesses that we've heard. This report was consumer driven. We talked to the people who use intelligence and based on their testimony, then talking to the people who produce intelligence, we were able to come up with this report.

I want to thank my fellow commissioners and Harold Brown and the staff. It has been a group of non-government people who have devoted a good part of a year of their life to this study.

Thank you, Mr. Chairman.

[The prepared statement of Senator Rudman follows:]

PREPARED STATEMENT OF SENATOR RUDMAN

Mr. Chairman. thank you for inviting us here today. Before I begin, I would like to take a moment to publicly acknowledge the contribution made by our Chairman, Dr. Harold Brown. He came in at the President's urging with the Commission underway, and the structure already established by Les Aspin. I must say, Harold, you did an exceptional job. Your wisdom, leadership, background and wealth of government and private sector experience made a significant contribution to this Commission's work. Although I had never worked with Dr. Brown before, it has been a significant and distinct pleasure.

Our Chairman has spoken to the report; my brief remarks will focus on the process. In that respect let me stress that the Commission's effort was totally open and bipartisan. After Les Aspin's sudden passing, I was asked to serve as Acting Chairman. Tony Harrington served as Acting Vice Chairman. Although we came from different political parties, we worked in true harmony and partnership to continue the work that Les so ably began. We were united by one principal objective and that was to do as thorough an assessment and evaluation of the U.S. Intelligence Community as we possibly could in the 1-year period.

We undertook this effort with several Commissioners who had had some experience in the national security area and others who had distinguished themselves in business and other areas. From the outset and continuing to the completion of the report, there was never a hidden agenda. Our inquiry was conducted openly with the participation of all of its members.

This was also never, from the Commission's perspective, an academic exercise. We attempted to understand the Intelligence Community as it now exists, and we evaluated proposals for change in terms of their practical effect on that Community. We did not approach our task as recommending change for the sake of change. Nor was the Commission inquiry a staff driven exercise. I stress this point because all too often such efforts are passed off as being the staff driving the members. From the outset and to the very end it was the Commissioners who drove this process. As talented and capable as our staff was, the decisions were ours, not the staff's.

As you know, the Congress asked us to examine 19 specific questions. As we attempted to address your questions; others naturally arose. The scope paper that we

published in June 1995 set out what we believed to be our mission and forced us early on to work through the more difficult subjects. We then established task forces at both the Commission level and the staff level to undertake a more detailed examination of the issues.

This began in late spring with Commissioner Steve Friedman's leading a task force on organization; Commissioner Zoe Baird, a task force on law enforcement and intelligence; Commissioner Ann Caracristi, a task force on analysis; later, Commissioner Lew Allen, a task force on budgetary matters; and Commissioner Bob Hermann, a task force on space issues.

General Bob Pursley brought his special expertise and perspective to the study of military intelligence as did our Chairman and Paul Wolfowitz. Paul also helped us to review the kinds of national security issues that future policy officials may face and gave us his counsel on the analytic product. David Dewhurst and Porter Goss, both of whom had worked as case officers for the CIA early in their careers, added real life insight to our review of the CIA's clandestine service. This contribution was critical to our effort. And sometimes when the discussion might have "gotten off the reservation," John Warner, Norm Dicks and Porter Goss were there to put it back on line. Some of our former congressional members, including Wyche Fowler and Tony Coelho, gave us their in-depth understandings of issues and controversies that they had faced when they served in the Senate and House, respectively.

As I mentioned, the staff was also organized into task forces—seven in all—each of which had commissioner participation. Each of these produced a series of issue papers in its respective area which developed specific issues and gave the pros and cons of what appeared to be the principal options for dealing with them. Beginning at our monthly meetings in September and lasting through December, we scheduled these issue papers for discussion by the Commission as a whole. It was from these discussions that consensus began to emerge which ultimately became the basis for drafting the final report.

I call your attention to Appendices C and D of the report that list the people we talked to. Eighty-four witnesses officially appeared before the Commission, and more than 200 others were interviewed by the staff. As you will note, these witnesses came not only out of the intelligence and national security community but also from academia and the business sector. I point this out because these witnesses provided a rich trove of information that was critical to the formation of the recommendations developed by the Commission. All of these interviews were memorialized in detailed memoranda, and then organized in such a way that if we wanted to find out what the general consensus was among those interviewed on the NRO, HUMINT, personnel issues, CIA, accountability problems, or DCI authorities, we were able to do so.

One of the issues we were chartered to examine was how our allies structured their intelligence services. To do so, Commissioners visited a number of countries with whom the United States has cooperative relationships in the intelligence area. Commissioners also visited a number of overseas U.S. Commands, including the European Command, Pacific Command, U.S. Forces in Korea, and some of the Commands in the United States, including the Atlantic Command, the Central Command, the Special Operations Command, and certain military components at Fort Bragg. In addition, Commissioners, individually or as a group, made frequent visits to CIA, NSA, DIA and other classified DoD activities. I must say there was exceptionally good cooperation by all of the elements of the Intelligence Community.

The Commission met monthly for two or 3 days from March, 1995 until February, 1996. In May and September, we held retreats that began at 8 o'clock in the morning and ended late in the evening. In January, 1996, we held a day-long public hearing where we heard from a number of prominent witnesses, include former Secretary of Defense Frank Carlucci and former Attorney General William Barr.

Drafting of the report itself began in December and concluded in February. The first draft was circulated to Commissioners in early January and was the subject of a 2-day meeting later in the month. On the basis of that discussion, another draft was prepared and circulated at the end of the month. The Commission met again in early February to consider this draft. On the basis of this discussion, yet a third draft was produced and circulated. I go through all of this to demonstrate that our report was not the product of a handful of staff or Commissioners, but it was an effort that all of us participated in with a real deal of intensity.

As these types of efforts go, and I have been associated with many of them, the members of this Commission, despite the never-ending demands on their very busy schedules, did their homework. They devoted the time that was necessary to learn a very difficult subject and, more important, applied their accumulated knowledge

and experience to produce what I believe is a significant contribution to the work of intelligence.

In short, I think this Commission is a shining example of how commissions ought to work. Commissions come and go, their work often unnoticed. I think this effort demonstrates that commissions can make a difference.

Chairman SPECTER. Thank you very much, Senator Rudman.

We would like to acknowledge before the questioning begins, other members of the commission who are here on a listing provided to me by our staff: Lieutenant General Robert Pursley; Ms. Ann Caracristi; Mr. Stephen Friedman; Representative Porter Goss is with us, from the House; and our senior staff members here, Mr. Maurice Sonnenberg, Britt Snider, and John Bellinger.

We are going to establish the time parameters at 4 minutes. That's not very much time, but we have a pretty good showing of the committee here and I expect others will join us later.

Secretary Brown, a key problem is obviously the attitude within the CIA, which we have seen in a number of respects—the Aldrich Ames case, the recent Guatemala incident, testimony presented by one senior CIA member on the issue of the tainted information, which was passed on to the President-elect as well as the President and other high ranking officials has been astounding, to put it diplomatically.

As you talk about orienting your work to the customer, that senior CIA official told this committee that if they told the truth about the tainted source, the customers wouldn't respond to it—a kind of an attitude which we think is regretfully representative to a significant extent. The vast majority of CIA men and women are hard working, dedicated people.

One of the ideas which this committee is considering is to integrate HUMINT in the Department of Defense with HUMINT in the CIA in an effort to even give greater control and greater authority to the CIA Director, and to try, with that integration process, to perhaps level out and have a different change or a change in attitude.

What do you think of that possibility?

Secretary BROWN. Well, our report, Mr. Chairman, proposes that the covert HUMINT that is now in DIA be moved over to CIA. The overt part, which includes, for example, attaches, would remain in the Department of Defense and in DIA.

But we think that having DIA establish covers or cover corporations, for example, doesn't make sense. And to have military officers serve in DIA as clandestine case officers when they are only there for 2 years and then get moved out—there's no career pattern—doesn't make any sense. So we recommend moving covert HUMINT from DIA into CIA.

Chairman SPECTER. Thank you, Secretary Brown. Before my red light goes on, I want to ask Senator Rudman a question.

The idea of secrecy, my own view, is vastly overdone. Tremendous number of papers which cross my desk from the committee are highly classified and I don't think they ought to be. I am asked about something publicly that's been in the newspapers, I can't respond if I know from the committee.

You have identified the disclosure of the bottom line. You have a great deal of experience, Senator Rudman, in the Senate, private life. How far can we go in declassification and making information

available to the public so there can be counter checks beyond the limited surveillance which the Intelligence Committee can render?

Senator RUDMAN. Well, the commission has unanimously agreed that the so-called top line ought to be disclosed. We caution that if you get beyond that, you might give adversaries information that they probably shouldn't have.

Let me express a personal opinion, which this commission did not particularly address. I don't think there is a problem with giving out the actual CIA budget, because we talk about it in percentages anyway, and everybody knows what percentage it is supposed to be of the whole. The reason I say that is that most of the American people believe that we spend this huge amount of money on a bunch of people running around the world doing covert activities, have no understanding whatsoever the fact that the CIA budget is a very small part of the entire intelligence budget, and I don't think there would be any harm in disclosing that. I am sure I would get a disagreement with that.

But contained in your question is really a subquestion. I believe there is now a Commission on Secrecy, established by the Senate or by the Congress, which is now looking into the issue. I have felt for a long time, and after this study I believe even more firmly that much of what is classified ought not to be.

Chairman SPECTER. Thank you very much, Senator Rudman.

Senator Kerrey.

Vice Chairman KERREY. Thank you, Mr. Chairman.

In 4 minutes, let me say sort of editorially, I think one of the biggest challenges is going to get to people to accept that there is a substantial amount of change in these recommendations that save taxpayers money, that would make our citizens safer, that would make it easier for our troops to do their job, that would make it a lot more likely to get good diplomacy and good law enforcement effort. I mean, if the changes—and I don't agree with all of them—let's assume that all these changes were made, it would be a tremendous improvement in our capacity to deliver information to policymakers and soldiers and sailors and airmen and the like who are out there operating on our behalf. I am afraid that we are going to have a tough time busting by the barrier of resistance of people that don't want to make any change and they'll try to trivialize the report, or people like the New York Times Editorial Board that will say, well, the report's nothing because you didn't spend the first three-fourths of the document trashing the intelligence effort to begin with.

Let me focus—I would like to focus in my questions now and in subsequent rounds on space reconnaissance. You talked about developing government-to-government relations, agreements on space reconnaissance, with two tiers, a high end and a low end. The question that I've got is that given today's technology, both the U.S. and foreign, is there any clear line between the high end and the less sophisticated system, and if so, what would be the motive for a friendly government to invest or buy less sophisticated U.S. reconnaissance satellites from us? It seems that France and Israel, for example, are heading in the opposite direction.

Secretary BROWN. Yes, Senator Kerrey.

In the first place, let me submit for the record—I don't have it here, but I'll submit it for the record—the letter that I sent to the editor of the New York Times. It would be good to have it in the record, since I doubt that they will publish it.

Chairman SPECTER. We will, Secretary Brown.

[General laughter.]

[The letter referred to follows:]

COMMISSION ON THE ROLES AND CAPABILITIES
OF THE U.S. INTELLIGENCE COMMUNITY,
Washington, DC, March 4, 1996.

EDITOR,
The New York Times Company,
New York City, NY.

DEAR SIR: Your editorial of March 3 excoriates the report of the Commission on the Roles and Capabilities of the U.S. Intelligence Community. I suppose it was too much to expect the writer of that editorial to have read the report. But surely there was time to look at the title of the Commission, which explains its mission. We were directed, in the legislation that established the Commission, to answer a series of questions, and we did so. We were not established as still another oversight body or investigating committee.

Your editorial endorses a series of our recommendations, while misstating one of them (the 6-year term applies not to the Director of Central Intelligence but to the Deputy Director of Central Intelligence for the CIA). Your tepid approval is unlikely, however, to advance the adoption of these important measures for improving the efficiency, effectiveness, responsiveness and accountability of the Intelligence Community.

You voice objection to the report on three counts: we have only two pages of criticism of the CIA; we fail to recommend the dissolution of the National Reconnaissance Office; and we do not recommend deep cuts to the intelligence budget.

With respect to the failure to criticize the CIA more extensively, it did not seem necessary to us to repeat and augment what has already been documented in detail by other reports. We were asked to look at roles and capabilities, not reopen old cases. CIA is but one of 13 intelligence agencies and accounts for less than one-eighth of the intelligence budget. The Commission's mandate encompassed the entire community, not simply the CIA.

As for the NRO, a reading of the report would have revealed that we recommend that the NRO's functions be narrowed to developing, procuring, and operating the Nation's intelligence and reconnaissance satellites. Responsibility for formulating the budgets for signals intelligence and imagery intelligence activities in space would be transferred from the NRO to the Assistance Directors of Central Intelligence for signals intelligence and imaging intelligence, respectively. Whatever the reaction in the rarefied atmosphere of the Times Editorial Board, in the real world that qualifies as strong medicine.

The Commission made half a dozen recommendations that, if adopted, would save resources. How to use any resulting savings, however—whether for intelligence activities or for other purposes—we leave to the Administration and the Congress, which we think are better equipped to decide this question than either the Commission or your editorial board.

We hope that at some point you will see fit to run a news story about what the Commission actually recommended. Printing only a criticism, without ever having reported what the Commission actually did, leaves readers unable to evaluate your criticism. We do not seek agreement with our recommendations, but only to have them presented.

This 17-member, bipartisan Commission deserves at least that much. We labored long and hard on these issues, including consideration of several proposals for radical restructuring. As we explain in detail in our report, none offered clear advantages over the existing system. Others may disagree—you clearly do—but that was our conclusion, agreed to by all 17 commissioners.

Those who favor radical changes, it seems to us, bear the burden of demonstrating how the existing system would be improved by them. Your editorial begins by describing the Intelligence Community as a "creaky and expensive relic of the cold war" in need of major overhaul. But you fail to say what overhaul should take place or how it would improve the existing system. Perhaps you might enlighten your readers on the subject.

In doing so, we urge you to bear in mind that, despite all the myths and misinformation that swirl around it, intelligence is serious business. You appear to think the Nation should satisfy its intelligence needs through news columns and CNN, and satisfy its requirements for a military capability with rolled-up copies of your newspaper. Despite all the evidence of their contributions, much of which is set out in our report, you seem bent on ignoring or disparaging what U.S. intelligence agencies are doing in the wake of the cold war to protect U.S. lives, conserve U.S. resources, and further U.S. objectives. The performance of these agencies can be improved. They can be more effective and efficient. But the United States continues to depend upon them to protect the safety and well-being of its citizens. It is not a capability to trifle with.

Sincerely,

HAROLD BROWN,
Chairman,

WARREN B. RUDMAN,
Vice Chairman.

Secretary BROWN. With respect to the space proposal. A low end tier will be less expensive. It will provide more satellites of lesser capability, but more complete coverage, or let's say more reliable coverage, since if you have more satellites and one goes out, you won't lose coverage as much as if you have a Battlestar Galactica and it goes out.

The motivation for our allies, to buy into a somewhat less capable system will be that they can get it more cheaply, sooner, and more effectively by doing so.

Vice Chairman KERREY. With respect, Secretary Brown, do you mind if I interrupt?

Secretary BROWN. Sure.

Vice Chairman KERREY. I may not get a second round. I just want to give you an opportunity to connect what you just said to a statement that the report contains on something that has been very controversial, and that's the small satellite question.

Secretary BROWN. Yes.

Vice Chairman KERREY. You seem by your statement to imply that perhaps small satellites would be beneficial and you say in the report that it's premature to reach that conclusion.

Secretary BROWN. You pay a price for a less sophisticated satellite. It's a lower price, but you also give up some of the sophistication. A small satellite inevitably devotes a larger fraction of its payload to housekeeping, you know, power generation, communication, and so forth.

The reason that allies ought to accept participation is they can't afford the Battlestar Galacticas—we can, we will, and we'll build them. If they try to build them independently they won't make it. Now, at least one country I know doesn't accept that, but it will turn out that it will have to in the end.

I think—the model I use is the Airborne Warning and Control System of 20 years ago. A number of allies tried to pursue their own approaches—the French did, the British did—they came around in the end and bought and built parts of, which is what we recommend here, our design. That lowered everybody's costs. It provided for interoperability which is another reason. If they can use our output and we can use their's, that benefits everybody. I think in the end they will come to this, but it may come hard.

Vice Chairman KERREY. But if friendly governments already get our—receive U.S. imagery, why would they start paying for it under this kind of arrangement?

Secretary BROWN. Well, they don't receive all U.S. imagery. They receive some. And there will be some circumstances in which they will want to get some themselves, some that perhaps doesn't interest us, but does interest them. Again, AWACS works the same way.

Vice Chairman KERREY. I look forward to a chance to talk to you about this at a later date, because I do think that we have got to make certain that our investments support what the private sector is doing. We're not going to be able to lay off enough taxpayer money into R&D to be able to keep our technology at the edge, it seems to me. And what you're suggesting seems to have great promise in theory. I just don't know how it works in practice.

Secretary BROWN. Well, we make recommendations on use of private sector as well, Senator Kerrey.

Vice Chairman KERREY. I know.

Thank you.

Chairman SPECTER. Thank you very much, Senator Kerrey.

Our sequence is done according to committee precedent, by order of arrival. We turn now to Senator Glenn.

Senator GLENN. Thank you, Mr. Chairman.

Let me congratulate you on the report, first. I agree on giving the DCI more authority. Somebody has to have the sack and control, and I think your points on that are well taken.

References to this committee. I was interested in that because I've been concerned about the term limits that we have on this committee. The only reason for having the term limits we have on this committee was so we didn't get co-opted by people in the Intelligence Community. I never understood quite why that would be more so on this committee than any other committee, but that was a concern at that time anyway. In your report, I believe, you indicate you think that the people have to rotate off the committee at the time they have begun to master complex subjects. I agree with that. I think on this committee you need just as much expertise in technical R&D matters, as Mr. Rudman, former Senator Rudman mentioned just a moment ago here. Visiting NSA, seeing what kind of research they're doing, what kind of technology. Visiting our station chiefs when we're on trips overseas and so on.

Let me give you an example, though. In 1991, our committee undertook the confirmation of Robert Gates to be Director of Central Intelligence. It was a lengthy public process. We revisited his role in the Iran-Contra affair and brought about an extensive committee inquiry into the issue of politicization of the intelligence. It was a very significant hearing, very significant. That happened just over 4 years ago. I am the only committee member out of 17—I am the only committee member still on the committee that was here at that time. So this idea that people are getting politicized or something or are spending too much time on the committee, I just don't get its rationale. So I have favored extending that out.

Would you comment on that, both of you?

Secretary BROWN. I agree, Senator Glenn, if there was a time when there needed to be rotation, that time has gone. We rec-

ommend that this committee be treated like others, except that—well, that the leadership should pick the people. Term limits on the committee should not exist. But if people insist on it, they should at least lengthen the term to 10 years.

One point that I would make is that if you don't have the prospect of long service, the committee becomes less attractive to people, and the Senators will often opt for other committees, since this is not seen as a way to get deep influence, which requires long involvement, on a substantive matter.

Senator RUDMAN. I would agree with that and just simply add that obviously, when this policy was originally conceived, there was a real concern about co-opting of the committee by the community. I suppose the CIA was thought to be maybe a little bit better at co-opting than, say, the Department of Agriculture, which is probably true.

Having said that, the recent history of these two Intelligence Committees doesn't indicate they get co-opted very easily. In fact, quite the opposite. I, if given my druthers, would regularize this committee and subject it to seniority, but we didn't make that recommendation. We were told by the Members of Congress who served with us that that wouldn't fly. I didn't think it would fly. But we think the terms certainly ought to be extended, it ought to be more regularized and we essentially agree with you.

Senator GLENN. Well, I think, if anything, it takes more time on this committee than it does on some others to get up to a level of expertise where you can really do the job you're supposed to be doing. I think one reason the people want to get off the committee sometimes—I'll be very blunt about this—this is not a committee that is prone for press releases, and so people want to get off, get on something else that gives them more publicity back home and so on. They can say a lot more about their work on other committees.

The Intel Community IG. Do you favor an IG for the whole Intelligence Community? We have one for CIA now, DIA has an IG that covers NSA and so on. Is this something we should look into, because the IG out at CIA has done a good job the last few years. I thought Fred Hitz—I think has been outstanding out there, and we have talked to him. Do you think we should have an IG that goes across all the different jurisdictional lines here, because there are cross jurisdictional things from one group to another?

Secretary BROWN. I'm not a big fan of IG's. I guess I can say that now that I'm out of the Government. They just—they tend to be responsible to nobody. They're not responsible to the agency head, for obvious reasons. They're not really responsible to the Congress either. Well, under those circumstances people tend to end up being responsible to the media, which is not a very good situation. Nevertheless, you need IG's. But I believe there are enough levels of oversight that we don't really need any more. The ones that exist should function better, is my view.

Senator GLENN. My time is up, but I disagree with you strongly on IG's. On the Governmental Affairs Committee, I was the one that expanded the IG's and we can point to many billions of dollars that the IG's are saving right now, and I'm a big fan of IG's.

Secretary BROWN. I'm not proposing we abolish them.

Senator GLENN. You and I will have to have a private discussion on that.

Thank you.

Chairman SPECTER. Within a 10-second parameter, I associate myself with the remarks of Senator Glenn, having worked with him to create the Inspector General for the CIA. Inspectors General think you all believe they work for you, but they really don't. That may be a more important subject than what——

Senator GLENN. You're an investigator or an investigatee, that's the question.

Chairman SPECTER. Maybe we'll just launch into that subject now. But it's up to you, Senator DeWine. It's your turn.

Senator DEWINE. I think I am going to pass on that issue. In deference to my senior colleague from Ohio, I think I will pass on that.

Let me congratulate you for the report and particular on chapter four, which is an area that I have a great deal of interest, the international crime area. I thought your—that chapter was excellent and really focused attention on how we need to change. Many, of course, of the changes you talked about, are not legislative but are—would come from the Executive branch.

I would like to ask each one of you in the brief time that I have, just to comment and tell us what you think out of that chapter is most important thing for this committee and for the country to take away from the chapter. I would particularly call your attention to 44, where you state the following: "The Commission believes that the Intelligence Community may be taking too restrictive a view regarding whether intelligence assets can be tasked by law enforcement agencies to collect information overseas about other than 'U.S. persons,' *i.e.*, U.S. citizens or aliens admitted to the United States for permanent residence."

Secretary BROWN. Yes.

Senator DEWINE. I guess I'd make two points about this. First, there is a problem because prosecutors are afraid that their case will be tainted if intelligence is involved, and intelligence people are afraid that prosecutors will do something to reveal their sources and methods. We need to have the kind of cooperation that keeps that from happening. The way to do that is to recognize that there are cases in which one needs to take precedence, cases in which another needs to take precedence. That's the purpose of setting up the NSC Global Crime Committee.

Now, with respect to your specific—the point you specifically make, this is an element of that. The NSA and other intelligence agencies are concerned that if they cooperate with law enforcement by responding where something does not have a substantial national security aspect, which is the CIA criterion, or if it is not predominately a foreign intelligence matter, which is the NSA criterion, that what authority they have in the intelligence area will be taken away from them. We think that is wrong. We think the statute is clear enough. But it needs to be formalized in an Executive order that says that if there is a law enforcement requirement, the law enforcement people can ask NSA or CIA to get information for them, which they can then use. Then the question of how you use it without tainting the case and so forth comes up.

But we think that is an important recommendation. We think it can be handled within the Executive branch. But it is important for the Congress to support that approach.

Senator DEWINE. Senator Rudman.

Senator RUDMAN. I would simply add to that, Senator DeWine, that the sensitivity obviously comes from the statute pertaining to the CIA's inability to collect intelligence against U.S. nationals, whereas what we're talking about here is something quite different.

Underlying this whole report, however, and putting it unanimously, is the view that although you may have a violation of U.S. law, that in these transnational or global crime issues, you've got some very serious intelligence issues, which only an Administration at the highest or next to the highest level can adjudicate.

Now, it so happens that the personalities within this Administration are doing a pretty good job at that, and we feel they really have improved it a great deal. And we met with all of the key players. Nonetheless, that isn't always the case, and we think it has to be institutionalized in some way.

Senator DEWINE. The bottom line would be—I don't know if I can summarize, and correct me if I am wrong—the important thing is that it be institutionalized so that somebody is making the decision, so that we're not just going off this way—that somebody is making a policy decision, this is a case, the most important thing we can do is prosecute. This case, the most important thing we can do is get the information to deal with it however we need to deal with it for the good of the country.

Secretary BROWN. I think that is exactly right, and the decision has to be made fairly early, because if a U.S. Attorney somewhere opens a case and then you try to put in this policy consideration, it's viewed as a coverup.

Senator RUDMAN. Then of course the other issue where I think it really focuses is the area of international terrorism, which we ought to be very concerned about in this country. That whole issue, as it pertains to what goes on in this country very much brings these two interests in conflict. That is very important that you address. We can't discuss it in an open hearing, but you all know what I am speaking of.

Senator DEWINE. Thank you very much.

Thank you, Mr. Chairman.

Chairman SPECTER. Thank you, Senator DeWine.

Senator Bryan.

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

Let me join with my colleagues in complimenting each of you and the members of the Commission for a fine piece of work. I'd like to focus my questions on the NRO and its organizational structure. Let me preface my comments by saying I think all of us acknowledge that they do an extraordinary job in terms of the kind of technical capabilities that they have amassed and the systems that have been produced.

But my concern goes to one of accountability and control. It was not clear to me in your recommendations what structural changes in the NRO, if any, you recommend to us. The question is asked in the context first, as you know, this committee was involved in

what I feel was a less than a forthcoming report in terms of the building that engendered some controversy, which I know each of you are familiar with. More recently, and the number may still be classified, but suffice it to say there are billions and billions of dollars in NRO carryforward funds. I am not suggesting that they have been in any way diverted in an inappropriate manner, but I mean, the amount of money that has come to the table is just enormous, and it keeps increasing every month.

It strikes me, the way we have this hybrid organization, we have no real accountability in terms of financial accountability, and I'd like to invite each of you to respond to my observation, if you would, please.

Mr. Secretary, if I could start with you first.

Secretary BROWN. The report does address this question and it addresses it in a couple of places. Let me try to pull it together. NRO was established in 1959 or 1960, at a time when that form of technical collection—satellites—was just beginning. So it drew to itself not only the research and development function, procurement function, the operation function, but financial functions and even policy functions, which are not really appropriate for that kind of an agency.

We proposed several changes. We proposed to narrow the NRO function to be research, development, procurement and some operation of satellites. But what the satellites look at is determined by somebody else. We say that the Director of NSA in his role as Assistant Director of Central Intelligence, will formulate the budget for all SIGINT. Now, that would include the part that goes into NRO—in other words, SIGINT satellites.

Similarly, the Director of the imaging agency, whatever form it may take, would formulate the budget for imaging of all kinds—not just optical, but other imaging systems. That's one substantial change. The budgeting function is going to be really quite different. That will go to the issue of loose fiscal management that you talked of. So also will our proposal to strengthen the Intelligence Community staff, including its programming and budgeting functions, and to introduce into the programming and budgeting consideration and review the normal review conducted by the staffs of the Office of the Secretary of Defense, the OSD Comptroller, the OSD program analysis and evaluation, and OMB staff, none of whom were brought into the examination of the situation that you describe. That will make things very different.

Senator RUDMAN. I can't improve on that, Senator Bryan. That is precisely our recommendation and its rationale.

Senator BRYAN. Is there a rationale for incorporating the NRO into direct line control by the DCI, as opposed to maintaining its situation which is in the Department of Defense?

Secretary BROWN. Well, as is the case for NSA and the other technical agencies, you have military people, you have military procurement people, you have military operators. It seems to me that that is appropriately in the line authority of the Secretary of Defense.

I think the same argument applies there as applies for the NSA. The Secretary of Defense is the principal consumer; he's also the principal provider of bodies. And I think it is rather important that

he have line control over them, although the DCI is going to be determined to a large extent what their tasks are. At least, he will be integrating them and determining them that way.

Senator RUDMAN. In terms of your specific concern, I believe Secretary Brown has stated precisely, if you had this in place, it is our view that could not have happened.

Senator BRYAN. Thank you, Mr. Chairman.

[The prepared statement of Senator Bryan follows:]

PREPARED STATEMENT OF SENATOR RICHARD H. BRYAN

Mr. Chairman, I am pleased by this opportunity to fundamentally reassess the Roles and Missions of the Intelligence Community. I would particularly like to thank the distinguished witnesses before us today. The Report of the Commission on the Roles and Capabilities of the Intelligence Community is exhaustive and comprehensive. Obviously, a great deal of work went into this document, and it will undoubtedly play an important role in bringing the U.S. Intelligence Community into the 21st Century.

An overall rethinking of our Intelligence Community and its purpose is badly needed. It seems everyday, we are faced with a new headline detailing waste or mismanagement within one of the intelligence agencies. Soon after I joined the Intelligence Committee, the Community was devastated by the discovery of the espionage activities of Aldrich Ames, and the knowledge that one middle-level bureaucrat at the CIA could undermine intelligence collection against our No. 1 target, the Soviet Union.

More recently, I have been stunned by the level of financial mismanagement at the National Reconnaissance Office, where the situation is so bad, even the NRO may still not know where it spends its money and how much money it has.

Finally, the Directorate of Operations, our human intelligence service, has been stung repeatedly by assets who are more appropriately called "liabilities" because of human rights violations or other concerns.

I continue to believe that the Intelligence Community plays a vital role for national policymakers as well as for our military, and I do not agree with those who are calling for the complete dismantlement of the CIA. There have been numerous critical intelligence successes over the decades, most of which will never be known by the public. But, to ensure the existence and value of our intelligence gathering operations, major changes in the structure and purpose of the intelligence community must be made immediately.

The Commission has made a number of excellent recommendations. For example, I support the declassification of the aggregate intelligence budget, and other measures to increase openness. I agree that, to the extent possible, common standards in personnel management should be instituted across the Community. I also support efforts to increase the relationship between those who produce intelligence and the consumers, and agree that it is important to improve the skills and expertise of intelligence analysts.

Overall, however, I am concerned that the Commission did not go far enough. There is little coherence in the overall structure of the different intelligence community agencies. While some steps to consolidate functions, such as the proposed National Imagery and Mapping Agency, will improve the situation, the Commission missed the opportunity to provide a framework for a streamlined, more functional intelligence community. Along the same lines, I am concerned that the increased authorities of the DCI are more symbolic than substantive, and will do little to reduce the waste and redundancy prevalent in the current community.

More specifically, I am concerned that almost nothing was proposed to restructure the management of the NRO. I agree that the NRO has produced satellite systems of unparalleled technological sophistication. But the time is past when we can build an intelligence capability at any price. Many Federal programs are undergoing painful cuts, and it is inexcusable for us to exempt the NRO from reasonable scrutiny of its finances and operations.

Thank you again for this opportunity, and I look forward to hearing the testimony of our witnesses.

Chairman SPECTER. Thank you very much, Senator Bryan.

Senator Shelby.

Senator SHELBY. Thank you, Mr. Chairman.

Secretary Brown, Senator Rudman, good to see you both. Do either of you believe that the inability of DCI's—of the DCI to manage the Intelligence Community in the past can be attributable to spending too much time running the CIA and the fact that the budget is not presented by discipline?

Secretary Brown.

Secretary BROWN. Well, certainly a piece of his problem is that when something goes wrong—occasionally it will be in NRO or another agency, but mostly it will be in CIA—and he'll be up here and on the tube explaining it. Now, when something really goes wrong, that is still going to be the case under our recommendation.

Senator SHELBY. How do we remedy that?

Secretary BROWN. Less extreme flaps should be handled by the Deputy Director of Central Intelligence for CIA, which we recommend be an accountable official——

Senator SHELBY. Confirmed by the Senate.

Secretary BROWN [continuing]. Confirmed by the Senate. And devoting all of his or her time to that. I think that will make the CIA, and especially the DO, more accountable and will help deal with that problem.

Now, part of the difficulty for the DCI is more general and I think cannot be solved. It can only be addressed and managed. Intelligence is a function which supports the rest of the Government and you can't say, we'll have intelligence and then all the rest of the Government will have to deal with it as it is able. The customer is what counts here, and that means that the DCI is going to have a lot of people that he has to respond to. That is going to make it very difficult for such an individual to deal on a day-to-day basis with the details of what happens in the clandestine service.

We make some recommendations for assuring that policy questions, such as what kind of dirty characters can you deal with and what's the tradeoff with what you get and what you risk, get moved up to a policy level to decide.

Establishing a Deputy DCI for CIA is one way of assuring that. We mention some others.

Senator SHELBY. Senator Rudman.

Senator RUDMAN. I think there are a couple of aspects to it. No. 1, you take care of the problem that we've all seen up here of the DCI spending far too much time doing all sorts of things that are CIA related. But we have two deputies. The other deputy who really is the principal deputy who is essentially responsible for helping the DCI with the community, which we think is the problem that has to be addressed, to get at some of the issues that have evolved.

Now it does something else, and the something else that it does is that it structures it in a way that, for instance, if the Armed Services Committee had a terrible problem with the Air Force, it would probably summon the Secretary of the Air Force. If it was really a horrendous problem, you might get the Secretary of Defense.

But in the case of the CIA, every time there is a problem, up comes the Director. Jim Woolsey, I remember, told us how many hours he had spent between the two committees. That may be a

unique situation, but be that as it may, it was too much time when you look at all the other things he had to do.

So we think the two directors, No. 1, give you more effective control of the community, and No. 2, address the very problem you're speaking of.

Senator SHELBY. But you've got to vest that power in them, haven't you?

Secretary BROWN. Yes.

Senator SHELBY. Then the accountability has got to come from that.

Secretary BROWN. Yes.

Senator SHELBY. My time is up.

Thank you, Mr. Chairman.

Chairman SPECTER. Thank you very much, Senator Shelby.

Senator Hutchison.

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

I guess that when I look at the overall issue here, I worry about the duplication of efforts when you have the military segmented from the other intelligence capabilities, and also I just wonder if the nature of the CIA, being so compartmentalized—for good reason; obviously that's the way you have to operate to an extent to keep secrets—but I just wonder if, in your looking at the overall situation, if you saw any way that we could have more efficient management, doing away with duplications of efforts, while still maintaining the security that we need to maintain.

Secretary BROWN. It's a very fundamental question, Senator Hutchison. The problem is that, as I said, everybody uses intelligence, or should, within the Government, and the military has the most need of all. Of the personnel in the Intelligence Community, there are tens of thousands who are military people, subject to military discipline. Even within the military, we are concerned that there is overlap and duplication between DIA and the service intelligence agencies, for example.

We make several recommendations for improving efficiency. We think that within the Department of Defense, that overlaps should be examined by the Secretary of Defense, and we suggest that the policy and assignment of responsibilities be handled by the Assistant Secretary for C3I. I do not believe that you can put all of the intelligence functions either into the CIA or into the Defense Department. They must be in both places. Subject to that limitation, I think you can make significant improvements in efficiency. It is the function, as we propose it, of the DCI and of his Deputy for the Intelligence Community, to go through this big, complicated system, and identify duplication.

We have the Assistant Directors of Central Intelligence for the various INTs and they have the responsibility to see that the activities under their budget approach in different places not duplicate and be consistent. Part of your problem is that unless you do something like that, you'll have two different systems that can't communicate with each other, for example.

Senator HUTCHISON. Well, that's really—I'm just wondering if separating them more, because military is going to have to have its own intelligence. There's no question about that. And I do want to say, Senator Shelby and I have visited together, and I have visited

by myself, several overseas operations, and I have found not only a great spirit of our personnel overseas—they feel really good about what they're doing—but also a great satisfaction in the military people that I talked to, especially I spent a lot of time in the Bosnia arena and our military intelligence people just think that they have better communications than they've ever had—I just felt very good about it.

But nevertheless, I just wonder if a lot of the duplication isn't that there is at the Central Intelligence Agency a lot of the same thing that is being done at the military in the Department of Defense, which I think is essential that they must do. But if you separated them, would that help you eliminate duplication if they communicated well?

Senator RUDMAN. Let me just add this, that in the recommendation, we make a strong recommendation to the Secretary of Defense to review Defense Intelligence for possible duplication. One of the principal reasons for the recommendation on the Defense HUMINT Agency and looking at how that is operating and what ought to be really within the CIA, is driven by the very concerns that you speak of. But we think that there is probably a lot that can be done in terms of duplication within the three service intelligence agencies, the DIA, in that area.

On the CIA end, of course, you've got two separate directorates. Some have recommended splitting them asunder. We don't recommend that for a variety of reasons. But if there are efficiencies to be reached there, they are probably more in terms of scale than in how they are structured.

Senator HUTCHISON. I think my time is up.

Thank you, Mr. Chairman.

Chairman SPECTER. Thank you very much, Senator Hutchison .

At least one area of my preliminary disagreement, subject to further consultation and study, is on the retention of the line control by the Secretary of Defense. Let me address this question to you, Secretary Brown. I am well aware of your extensive experience, having been the Secretary of Defense.

There has been a lot of discussion in the Intelligence Committee about maximum authority for the Director of Central Intelligence. Doing more than having his concurrence on appointments. Having total control of the budget. and having control of the appointments—people like NSA and the NRO. When we've had the recent problem with the slush fund in NRO, we have looked to the Director of the CIA to really handle it. When you talk about oversight, this committee maintains an on-going dialog with the Director of Central Intelligence which we do not have with the Secretary of Defense because the Secretary of Defense is concerned about so many, many other facets of operation, simply stated, isn't available, doesn't have the liaison with this committee or the responsibility to this committee.

In looking over structural changes, I have a sense that when you say, Secretary Brown—I tried to write this down as you said it—that we cannot put all of the intelligence functions into the CIA or DOD, I disagree. I really think we ought to put them all into CIA, so that the Director is responsible, and the customer contact is critical. I see you straining at the leash. Go ahead.

Secretary BROWN. Well, I want to respond. It is something I have worked on for about 30 years. So maybe I have worked on it too long.

Chairman SPECTER. Or maybe I've not worked on it long enough.

Secretary BROWN. No, both views are useful.

Chairman SPECTER. OK.

Secretary BROWN. If it weren't for the military requirements, the intelligence budget would be about one-tenth of what it is. I assert that.

Chairman SPECTER. There is a breach of secrecy. Now, that's very useful.

Secretary BROWN. No; it's an assertion.

You have tens of thousands of military people involved in its collection, in the agencies that you spoke of. They are overseas. They get an enormous amount of support from the Department of Defense which is not charged. Let's say you do put all this into a central intelligence function. The budget would shrink; the customer would be much further away. In my judgment, despite the greater rapport with the committee, the function would, in my judgment, degenerate very badly.

Chairman SPECTER. Secretary Brown, I am not saying that the rapport with the committee is a very high priority. What I am saying is that when we look at a unified intelligence function and responsibility, maybe it ought to stay with the Secretary of Defense, but there ought to be a candid acknowledgement which I don't think is present today, that the Secretary of Defense is really the chief intelligence officer in the United States.

Secretary BROWN. We looked at both alternatives. We looked at the alternative of putting it all in the Department of Defense, and we looked at the alternative of having it all in a central intelligence agency. We concluded both are incorrect.

I believe that if you moved it all into the Central Intelligence, not only would the budget shrink, and would the function be undone, a new one would grow up within the Department of Defense, because it is needed there, there is no question about that.

I think there is a fundamental disconnect here and it may be my fault, maybe, that I haven't made it clear what my problem with this is. I do not believe that intelligence is a stand-alone function. It is a service to other parts of the Government. If you start out looking just at intelligence and say how is it most efficiently and effectively organized from the point of view of the intelligence organization itself, you say put it all in one place and make one person in charge of it. That's not confined to intelligence. Nor is it confined to one party or another.

Let me give you some examples. Research and development, which is double the size of intelligence, at least, is not unified. There is no one person in the Government to whom you say he is in charge of all research and development, every research and development person is appointed by him——

Chairman SPECTER. Well, is that necessarily good? Aren't our research people duplicating a tremendous amount? I see a lot of that in another Chairmanship which I head on National Institutes of Health, where we are now finding tremendous duplication, lots of

grants that the Government is paying for, where there ought to be more coordination.

Secretary BROWN. There is coordination. That's not the same thing. There could be more coordination without putting it all in a single line. I'll give you two other examples. Information technology and computers. Congressman Jack Brooks, when he was head of the Government Operations Committee, which has oversight over the GSA, proposed that all computers and everyone who dealt with computers, should report to the Administrator of GSA including the computers in fighter aircraft, by the way.

Now, when Mr. Brooks moved over to the Judiciary Committee, that stopped being such a good idea. Attorney General Griffin Bell proposed that all lawyers in the Government should report to the Attorney General. Now, from a legal point of view——

Chairman SPECTER. Including Senators?

Secretary BROWN. No, just the Executive branch.

[General laughter.]

Secretary BROWN. Now, from a legal point of view, that makes a lot of sense. I mean, there would be less duplication, there would be less argument, everything would flow more smoothly. I think it's impractical. I don't think that's the real world.

Senator RUDMAN. I would like just to add one thing. As we looked at it and you look at the requirements of all of the CINCs for operational intelligence to enable them to do their warfighting mission, if it arises, we think it would be illogical to separate intelligence from operations, as illogical as putting logistics in the Department of Commerce. I mean, what you do is you essentially then have to establish a whole new interface to work between that one agency and the other.

We believe that in military intelligence, that chain of command is very important, if you're going to get it done. One of the things that this committee did after the Gulf War, on the recommendation of General Schwarzkopf, was in fact to institute some changes at the DIA to make that chain of command flow more smoothly.

So I guess of all of the things that you have set forth, Mr. Chairman, that one I must vigorously disagree with, respectfully.

Chairman SPECTER. That happened once before with you and me, Senator Rudman.

Well, we're going to talk about this some more because we don't have enough time to cover it now, and it is probably the core question, at least in my mind it is. We'll talk some more.

Secretary BROWN. Let me make one more comment on it. One proposal that's been made is, yes, you put the DCI in line control over all these people, but in crisis or war, you transfer it to the Secretary of Defense. Well, that is just the arrangement I would like to see in my enemy, if I were fighting a war.

Chairman SPECTER. Well, the difficulty—just one last comment before yielding to the Vice Chairman; we have a few more minutes before 10:15, the witching hour—it isn't the Secretary of Defense who does it. He can't do it all personally. It's delegated down. Where you have a strong DCI, he has a lot better chance of getting it done. You take this flap on the NRO—and I intend to pursue this with Secretary Perry—what does Secretary Perry know about the details of that slush fund in the NRO. But the Director of

Central Intelligence knows about it and he starts to act on it. I think that Director Deutch made the judgment as to replacing the NRO head—I'm not sure of this, but at least the impetus, maybe the final judgment or the concurrence came from the Secretary of Defense.

But we'll talk a lot more.

Senator Kerrey.

Vice Chairman KERREY. Thank you, Mr. Chairman.

I would like to pursue a little bit more along the questions I was asking on satellites, since you're, of the three reports, the only one that's really delved in a detailed way, with imaging issues. You describe PDD–23 as something that provides, as it does, U.S. Government with shutter control. And you say in there that this might make it difficult for us to make sales and that this policy should be reviewed.

Is it your judgment that PDD–23 is affecting our commercial imagery sales?

Secretary BROWN. It is the judgment, I think, of those in industry who are involved in that activity, and I think I share it.

Now, our proposal provides an alternate way to go at this, and if our proposal is adopted, then I think that that strengthens our recommendation that a re-examination of the shutter control provision of that PDD be made. Because if you are going to say to allies, we'll develop something, we'll manufacture it, we'll pass you the capability to do the same. Then that's the way they're going to go. They are certainly not going to buy something equivalent that has shutter control in it.

We concluded, Senator Kerrey, that if you trust allies enough to let them have the satellite designs, then you should trust them enough so that you don't need the shutter control. We have some question as to whether, if you don't trust another country enough to give them the capability, either through the kind of cooperative arrangement we mentioned, or through direct purchase, which is what PDD–23——

Vice Chairman KERREY. Can you describe to me. Secretary Brown, the recommendations you're making, because I apologize, I thought you were observing that the policy had problems that need to be re-examined, but you weren't really endorsing or recommending that it be terminated.

Secretary BROWN. That's right.

Vice Chairman KERREY. What are you recommending?

Secretary BROWN. We have two separate recommendations. One is that we adopt this cooperative government to government arrangement in which we allow our allies to use our designs to build satellites of their own. That is the lower tier thing that we talked about. The other is that a re-examination be made of the shutter control provision in PDD–23 that has to do with direct purchases by foreign governments of private sector——

Vice Chairman KERREY. It's that second one that I am dealing with. You're observing that that needs to be re-examined but not making recommendations as to——.

Secretary BROWN. That's correct.

Vice Chairman KERREY. Do you have personal views on that? I mean, you stuck in the word——

Secretary BROWN. Well, I question whether shutter——

Vice Chairman KERREY. You stuck in the key qualifier "I think I agree with them," which gives you some wiggle room to disagree with them.

Secretary BROWN. I'll make a personal observation. I don't think the countries are going to buy on to a satellite that has shutter control from another country.

Vice Chairman KERREY. So you believe that it is affecting sales?

Secretary BROWN. I think it would.

Vice Chairman KERREY. Well, talk to me, either one of you, how you deal with a concern that—let's take General Nash, for example. Certainly you would have concerns about people against which he was trying to organize an operation getting images of cantonment areas, troop movements and other sorts of things that might be advantageous to them.

Secretary BROWN. There's enough technology out there that other countries have developed that——

Vice Chairman KERREY. Can you be specific on that for me?

Secretary BROWN. Well, the French have a system, for example, and as is well known, they are fairly lax in their sales to other people. I think we can only try to control what's better than that. We have a lot that's better than that. That applies both to the PDD–23 and to the lower tier that we are talking about.

Vice Chairman KERREY. Well, I hope again you can provide us a bit more guidance on that second, on that shutter issue, because I think it's a critical issue. Again, if it makes sense for us to develop a dual use strategy for the purpose of maintaining our technological edge, then we've got to take actions consistent with the need to protect our warfighters and to protect our capacity to confront an enemy without them getting an advantage of our images. It seems to me that we have got to—I personally think we need to re-examine PDD–23 because I think it is interfering with commercial sales and it would be enormously helpful to the debate, and there are many who think that PDD–23 has gone too far. It seems to me it would be enormously constructive to debate for this commission, which is the only one that has dealt with this issue, to perhaps as a follow-on, give us a bit more guidance about what you think ought to be done. Because that's—it's one of those choices where, you know, you're hesitant to make a choice to give people more shutter control, or to give up our shutter control because you just, you know, you have that residual concern about situations like General Nash might face or other generals might face in the future.

Secretary BROWN. Well, we would be happy to continue the dialog. I know a little bit about it. Other commissioners, who will also be happy to contribute, know a lot more. That includes Bob Herman and Lew Allen. I think this is important to pursue. The only point I would make now is we can control the technology we develop. We have to remember, other countries have technology as well, and we generally don't control what they do. Although the lower tier is a way to do that.

Chairman SPECTER. We have just a couple of minutes left before concluding time.

Senator Bryan, one more question?

Senator BRYAN. Thank you, Mr. Chairman.

Let me pursue the line of questioning on the NRO. The hybrid nature of the NRO and the interfacing between DOD and the DCI continues to trouble me. In your report, if I understand it, you make the recommendation that the DCI's special procurement authorities ought to be preserved. I understand—at least I believe I understand—that historically, the existence of the NRO itself was classified. It's a rather recent development that the NRO has been declassified. So there may have been some historical antecedents here, which justified special treatment.

Share with me, if you will, the justification for keeping the special procurement authority.

Secretary BROWN. The justification is that you can get things done very much faster if you have special procurement authority. And a factor of two in development time is very important.

Chairman SPECTER. Senator Bryan, let's save the remaining couple of minutes for Senator Hutchison.

Senator HUTCHISON. Well, I would just like to ask one other question. You rejected the concept of a director of military intelligence. You did say you thought the J–2 should become part of the Joint Staff. Would you just expand on your thinking on that?

Secretary BROWN. The reason that we think that a DMI is not the right way to go is the enormous variety of intelligence functions within the Department of Defense. The services do have their own requirements. To take an example, no one but the CNO and his assistant for intelligence is going to care as much about where every ship happens to be at a certain time. It just is not going to have a very high priority—as high a priority for anyone else as for them. So they need a special intelligence display organization to do that, for example.

Similarly, the unified and specified commanders have to focus on their immediate area of operations, and they need their own intelligence people for that.

Senator RUDMAN. Actually, some of us thought it could exacerbate the problem rather than to fix it. So that's a strong reason for not making the recommendation.

Secretary BROWN. Right.

Chairman SPECTER. Well, it is now 10:19, you have 1 minute left. We thank you very, very much for coming and in 1 minute we'll proceed with the second panel with our distinguished panel of Senator Howard Baker.

[A brief recess was taken.]

Chairman SPECTER. We will proceed with the hearing.

It is with great pleasure that we welcome Senator Howard Baker, the former Majority Leader. Senator Baker has a unique perspective on these issues, because of his experience as the first Vice Chairman of the Senate Intelligence Committee. Senator Baker had done extensive work on the Church Committee in 1975, which conducted a major investigation of the intelligence activities, and led to the establishment of this committee, and he served as the first Vice Chairman.

Just one personal note. When Senator Baker walked down the aisle, I noticed that he was dressed differently than he was as Majority Leader. For one 30 second reminiscence, I happen to be pre-

siding the day Senator Baker came in to open the Senate, in his blazer and gray trousers and loafers, and he was fuller of mirth than usual. His attitude was always jovial and not lighthearted, but congenial, and he said, I have just received the most astounding news. I am on the list of the ten best dressed men in America. And I must say in response to that, that I am a—what word did you use, Howard?

Senator BAKER. A slob.

Chairman SPECTER. Slob. I certainly didn't want to say I myself. He said, and Joy lays out my clothes every day. When I saw him walk down in that—I won't describe the cost of the suit, I'll leave that for Senator Baker if he chooses to do so—but I walked up and talked to him for a few moments. I noticed he still had the loafers on. That part of his attire has not changed, mostly invisible.

Having Senator Baker in the room reminds me of Senator Dole's taking over in 1981 as Chairman of the Finance Committee, and he could never stop calling Senator Long Chairman.

We are going to hear your testimony and have some questions for you, Senator Baker, before we proceed to Mr. Haass and Mr. Betts, and we welcome you here, and I would now yield to my distinguished Vice Chairman, if he has any reminiscences in mind.

Vice Chairman KERREY. I have no opening statement. I look forward to the testimony.

Chairman SPECTER. Senator Baker, the floor is yours.

TESTIMONY OF THE HONORABLE HOWARD BAKER, A FORMER U.S. SENATOR FROM THE STATE OF TENNESSEE

Senator BAKER. Mr. Chairman, thank you very much.

If I may, based on the precedent you have just set, maybe I can tell a little story, too, about clothes: You're right. When that came out, I read it with astonishment and went on the Senate floor and said, not only are they wrong, but I am a slob.

But fitting in with that same thing, you remember, no doubt, our former colleague, Senator John Sherman Cooper from Kentucky, who was a great, good friend, and his wife was an extraordinary person as well. After I was elected Majority Leader, she called and made an appointment. Lornell came in, my secretary, and said Lorraine Cooper wants an appointment next Thursday at 11 o'clock. And I said, well, Lorraine can come in whenever she wants. Said no, she wants it at 11 o'clock Thursday.

So 11 o'clock Thursday, Lorraine Cooper showed up, immaculately attired in a tweed skirt and a silk blouse and a hat, I remember, with a feather on it, and she came in and sat down, and said, do you have any money. I said, Lorraine, not a lot, but some. Why? She said, because you need new clothes. I have brought you a list of tailors. I looked at the list of tailors, and I said, Lorraine, all these are in London. She says, I know, and you need all the help you can get.

[General laughter.]

Senator BAKER. But seriously, Mr. Chairman and Senator Kerrey, it's a delight to be here. It is always a pleasant interlude to return to the Senate, and especially to a hearing room. You are right, intelligence in our government has been—the intelligence services in my government has been a matter of compelling interest

to me for a long time. And I do believe you are engaged in a vitally important inquiry on the structure of our national Intelligence Community and how we can improve it.

Incidentally, incidental to that effort, but equally important, what you do should contribute measurably to restoring the confidence of the Government in the Intelligence Community, but far more important perhaps to return the confidence of the people of this country in the Intelligence Community, and to our institutions of government.

You have a report before you and recommendations of the Commission on Roles and Capabilities of the U.S. Intelligence Community. I know that Secretary Brown would join me in the wish that Les Aspin were here this morning to present the results of the Commission's deliberations. I know, too, that Les would be pleased that the way Harold Brown and Warren Rudman have followed up and completed the work of the commission has been so exemplary.

Let me say, Mr. Chairman, that I believe my good friend John Warner has, by his instigation of the Commission, done the country an inspired service for which he should be commended.

I should preface my brief remarks, Mr. Chairman, by saying that in late 1994 and early 1995, I was privileged to chair a colloquium entitled "American Intelligence for the 21st Century, the Future of Intelligence After the Cold War." The colloquium was sponsored by Georgetown University's Institute for the Study of Diplomacy, and our purpose was to recommend areas of intelligence reform that the commission might consider. Les, along with a number of other distinguished, current and former government officials, including committee chief of staff Charles Battaglia, participated in the colloquium, and comparing the check list we created with the executive summary of the commission's report, I have to say, Mr. Chairman, that I think we did a pretty good job.

With your permission, and that of Senator Kerrey, I will submit a copy of our report of that colloquium.

Chairman SPECTER. Thank you very much, Senator Baker.

[The document referred to, entitled "Checklist for the Future of Intelligence" from the Institute for the Study of Diplomacy of the Georgetown University, may be found in the files of the committee.]

[The prepared statement of Senator Baker follows:]

PREPARED STATEMENT OF HOWARD H. BAKER, JR.

Mr. Chairman, it is a pleasure to be here this morning. You are engaged in a vitally important purpose to structure the nation's Intelligence Community in a way that makes sense in today's world. Incidental to that effort, but equally important, what you do should contribute measurably to restoring the confidence of the Government, the Congress and, most importantly, the American people in the country's intelligence institutions.

You have before you the report and recommendations of the Commission on the Roles and Capabilities of the United States Intelligence Community. I know Secretary Brown would join me in the wish that Les Aspin were here this morning to present the results of his Commission. I know, too, that Les would be pleased with the way Hal Brown and Warren Rudman have followed up and completed the work of the Commission. Let me also say, Mr. Chairman, that I believe my good friend John Warner has, by his instigation of the Commission, done the country an inspired service for which he should be duly commended.

I should also preface my brief remarks, Mr. Chairman, by saying that in late 1994 and early 1995 I was privileged to chair a colloquium entitled "American Intel-

ligence for the 21st Century: the Future of Intelligence After the cold war." The colloquium was sponsored by Georgetown University's Institute for the Study of Diplomacy and our purpose was to recommend areas of intelligence reform that the Commission might consider. Les, along with a number of other distinguished current and former government officials, including committee Chief of Staff Charles Battaglia, participated in the colloquium. In comparing the checklist we created with the executive summary of the commission's report, I will have to say, Mr. Chairman, that I think we did a pretty good job. With your permission, I will submit a copy of our report for the record.

I must also say that I think the Commission did a pretty good job. In fact, I find little in the report of the Commission, at least in the executive summary, with which I disagree. While I will not try to comment on each individual recommendation, I would like to underscore a few points and offer some reservations about a couple of others.

First, I strongly agree with both the Commission and this committee in the proposals to enhance and strengthen the management authority of the DCI. Unless that happens in a meaningful way, you will have no credible expectation of increased coordination and reduced redundancy throughout the community. Moreover, although it probably cannot be legislated, I believe there should be a strong and positive relationship between the President and the DCI. The DCI should have complete and unfettered access to the President and he should have an office in the West Wing of the White House. In fact, I have often thought that the ideal DCI would be the President's best friend.

I also agree with the Commission and the committee on the need to strengthen the overall coordination of our national response to global crime; on the need to maintain an effective covert action capability; and, on the need for public disclosure of the aggregate intelligence budget.

With respect to those points about which I have reservations, the first is the Commission recommendation that the Assistant to the President for National Security Affairs chair two newly created committees—a "Committee on Foreign Intelligence" and a "Committee on Global Crime." Both committees are good ideas, but from my perspective as a former White House Chief of Staff, I would be very leery of burdening a personal assistant to the President, one who is not subject to Senate confirmation, with too many legislatively mandated responsibilities. I believe that you can preserve the institutional role of the NSC without doing that; in fact, I would have the DCI chair the Intelligence Committee and the Attorney General the Committee on Global Crime.

The second area about which I have some reservations is with respect to HUMINT. I am not sure I agree with the Commission's proposal to merge DOD and CIA HUMINT operations. It is rarely career enhancing for military officers to serve tours in non-military agencies (with the possible exception of the White House).

Be that as it may, I am fairly certain I do not agree with the committee's proposal to consolidate the CIA's Directorate for Operations and the DIA's HUNINT service into one National Clandestine Service outside the CIA. That is simply too drastic an operation on a patient who is not really all that sick.

Finally, Mr. Chairman, both the Commission and the committee make recommendations on strengthening congressional oversight of the intelligence community. At the very least, I would follow the Commission's proposal. But I would go a step further and create a Joint Committee on Intelligence with a permanent core professional staff. With responsibilities then as sensitive as your responsibilities are now, I know of no congressional committee that functioned as well and as effectively as did the Joint Committee on Atomic Energy. If consolidation and the elimination of redundancy is good for the intelligence community, it is also good for the oversight function of the Congress and I would encourage you to consider it.

Again, Mr. Chairman, it is a privilege and pleasure to be here and I will be glad to address any questions or comments the committee might have. Thank you.

Senator BAKER. I must say I think that the commission did pretty well. In fact, I find little in the report of the commission, at least in the executive summary, with which I disagree. Although I will not try to comment on each individual recommendation, I would like to underscore a few points and offer some reservations about a couple of others.

First, I strongly agree with both the commission and this committee in the proposals to enhance and strengthen the management authority of the DCI. Unless that happens in a meaningful

way, it seems to me that you will have no credible expectation of increased coordination and reduced redundancy throughout the community.

Moreover, although it probably cannot be legislated, I believe that there should be a strong and positive relationship between the President—any President, and his DCI. The DCI should have complete and unrestricted access to the President. He should have an office in the West Wing, in my opinion, where the President has him at his beck and call. It would be helpful if the DCI were really the President's best professional friend.

I would also agree with the Commission and the committee on the need to strengthen the overall coordination of our national response to global crime; on the need to maintain an effective covert action capability; and on the need for public disclosure of the aggregate intelligence budget.

With respect to those points about which I have reservations, the first is the commission's recommendation that the assistant to the President for National Security Affairs chair two newly created committees—a committee on foreign intelligence and a committee on global crime. Mr. Chairman, Senator Kerrey, both committees are good ideas, but from my perspective now as a former White House Chief of Staff, I really would be leery of burdening a personal assistant to the President, one who is not subject to Senate confirmation, with so many—perhaps too many—legislatively mandated responsibilities. After all, the President's principal staff has but one client—that is the President.

The second area about which I have some reservations is with respect to HUMINT. I am not sure I agree with the commission's proposal to merge DOD and CIA HUMINT operations. It is rarely career enhancing for a military officer to serve tours of—with nonmilitary agencies, with the possible exception of the White House.

But be that as it may, I am fairly certain that I do not agree with the committee's proposal to consolidate the CIA's Directorate of Operations and the DIA's HUMINT services into one National Clandestine Service outside the CIA. In my opinion, that is a very drastic move and it may be the medicine that kills the patient rather than curing him.

Finally, Mr. Chairman, both the Commission and the committee make recommendations on strengthening congressional oversight of the Intelligence Community. At the very least, I would follow the commission's proposal. But as you, Mr. Chairman, may recall, I have often proposed that we go one step further and create a Joint Committee on Intelligence, with a core professional non-partisan staff. With the responsibilities then as sensitive as your responsibilities are now, I know of no congressional committee that functioned as well and as effectively as did the old Joint Committee on Atomic Energy, after which I patterned that recommendation.

If consolidation and the elimination of redundancy is good for the Intelligence Community, it should also be good for the oversight function within the Congress, and I encourage you to consider it.

Mr. Chairman, I have no illusions about that recommendation. I made them consistently and repeatedly while I was both Minority Leader and Majority Leader, and nobody listened to me then, so I

have no right to expect that they will now. But my good ideas die hard, and I do recommend that you consider it.

Again, Senator Kerrey, Mr. Chairman, it is a privilege and a pleasure to be here before this committee on this occasion, as you address an enormously and fundamentally important issue. Mr. Chairman, it is good to be back here, in the Senate, which in my view is the best example of civilization's effort to express the sovereign desires and dissent of the people that the mind of man has ever created.

I love the Senate dearly, but I have no desire to come back. As the old saying goes, I've been there and done that.

Thank you very much.

[General laughter.]

Chairman SPECTER. Well, Senator Baker, notwithstanding your expressed wishes, you are back, at least for a few minutes, and that is the most recent of your many extraordinary statements, and we thank you for it.

If I can get in two questions before the red light goes off, first, on the subject of not combining HUMINT from DOD with CIA, how can we really strengthen the hand of the DCI over the intelligence function if we do not do that and more?

Secretary Brown and I had a discussion—you may have heard it, because it was late in the proceeding, about giving the DCI control over NRO and NSA, and Secretary Brown said that you cannot put all functions into CIA or DOD and line control should stay with the Secretary of Defense. And it comes into sharp focus with the NRO and their recent slush fund, and ultimately the DCI took charge—at lest from all appearance. Maybe he consulted with the DOD or maybe the DOD made the decision. But how are we really going to give the DCI control if we don't make some really fundamental changes and give the DCI control over budget and direct authority over much of what is now in DOA.

Senator BAKER. No, I think you've got to do that, Mr. Chairman, Members of the committee. I think you do have to give the DCI enhanced authority and prestige.

I guess my concern, though, is that you are unlikely to do it successfully by making structural or statutory changes. I really do think that the value of a DCI, his authority and his opportunity rest almost exclusively on the relationship he has with the President of the United States. If the President of the United States decides he wants his DCI to coordinate those activities, there is simply no doubt that it will happen that way.

Chairman SPECTER. So it should depend upon that relationship, as Presidents come and go.

Senator BAKER. I am not sure there is any other practical solution. As you can tell from that remark and perhaps others where I've implied it, I think the DCI is very much the President's man or woman. I think the Director of Central Intelligence generically implies a level of coordination which actually the DCI has never had.

Chairman SPECTER. But Senator Baker, the Presidents are new at the beginning and take a long time to really understand this. You understand this, because you have been at all levels. You've

been the President's alter ego, almost the President if you had run at a different time—maybe this year.

Senator BAKER. No, no, don't believe that for a moment, Senator. As a matter of fact, there was a sign in Ronald Reagan's office, the Oval Office, says, Howard, just remember, I am President and you're not. And I remembered, daily.

Chairman SPECTER. I wonder why he had to put that sign up? [General laughter.]

Chairman SPECTER. But can you really—well, you have expressed yourself and we are going to have to consider whether you can leave it up to the personality of the President and the DCI contrasted with making structural changes.

But I want to touch on a second question for just a moment here.

Senator BAKER. Before you do that, could I add one brief remark.

Chairman SPECTER. Sure.

Senator BAKER. I said a moment ago that I rather suspect that the DCI was intended to be the coordinating function from the beginning. I always sort of figured that that function got lost in the shuffle as we set up the Department of Defense and the CIA. But I think it is still the best design.

Your question, how can you do it if you don't make structural and statutory changes? My guess is you do it by talking to new Presidents and explaining the intelligence function, as a committee.

Chairman SPECTER. Who's going to do that?

Senator BAKER. Well, you're going to do that, and your colleagues on this committee should do that.

Chairman SPECTER. Didn't take my last call.

Senator BAKER. Well, I bet he'll take your call. You call as Chairman of the Senate Intelligence Committee and if a President of the United States doesn't take that call, that President is destined to have a rocky time.

Chairman SPECTER. Well, I agree with the last part.

Final point. Next point. How can we get it done, to combine the two committees? I think that's an idea well worth considering and beyond. You've had some slight experience in politics. How?

Senator BAKER. Well, I had some slight experience with that effort, too. As a matter of fact, when I—one of the first things I did when I became Majority Leader was to talk to my colleague, Congressman O'Neill, the Speak of the House, about that. I don't believe I am talking out of school—I know I'm not talking out of school, because he said so publicly—that he favored that idea; he was sympathetic to it. He went a long way toward agreeing to it and to trying to set in motion in the first days of the Congress in 1981 a way to do that. And Tip was extraordinarily candid, and we enjoyed a good relationship, and one day Tip just called me and says, Howard, that just won't fly over here.

But the answer to your question, how do you do it, you've got to do it obviously in coordination with the House, but I think a continuing effort to explain the practicality of doing it should be one of the first orders of business in the next Congress as well as this one. I would like to see you have hearings on that very subject, the pros and cons of a Joint Committee on Intelligence. And perhaps just as important, the pros and cons of a permanent professional non-partisan staff.

Chairman SPECTER. Well, thank you very much, Senator Baker. I am going to have to excuse myself for a few minutes, and I am going to defer now to the Vice Chairman. I will be back within 10 minutes or so.

Senator BAKER. Thank you very much, Senator.

Vice Chairman KERREY. Senator Baker, I'd like to pursue this oversight question with you. Your suggestions carry, notwithstanding your own observation that the idea was good but nobody has ever listened to you. It will carry special weight as a result of the respect that even people like myself that didn't have the opportunity to serve with you have for you.

It seems to me as I look at it that we have a range of oversight efforts, including the committees. The committees are one part of it. Another piece of it is the public's opportunity, through Freedom of Information Act and the open press, to get access and very often provides some pretty good oversight just through that effort. I know in open committees—Agriculture and Appropriations—we really have to be on our toes because you expect the press is going to be on their toes using their access to information and the worst thing that can happen to you is to discover that you did a lousy job of oversight and that the press did a better job. So it creates, it seems to me, that range of oversight, you know, a pretty healthy arrangement, an unusual arrangement, and a good one for us to have.

I'd like to know your view on the issue of making public, declassifying any or all of the budget numbers that we have for intelligence functions. Second, your views on making the committee permanent as opposed to a Select Committee.

Senator BAKER. All right.

Answering the second one first, I think it should be permanent. I don't think you can have effective, continuing oversight, I don't think you can have the continuity, not only of membership, but of committee staff, that you need if it is not a permanent committee, and I would very much hope it will be.

I do think, however, there is some value in permitting the leadership of the House and Senate, the Majority Leader and the Speaker, to make the choice of the Members of the committee, because unlike the usual practices of seniority, at least when I was here, there needs to be some element of discretion, there needs to be some element of concern about how tightly some information is held.

So I think a permanent committee is great, it's almost essential in this day and age in my view, but I would put an asterisk by it. I probably would recommend keeping the appointing authority in the congressional leadership.

Now, the matter of the budget, you know, it depends on what it says. It depends on how the budget is written. I have seen some artful efforts at writing budgets where you couldn't tell anything about them. Sometimes that is a high art form. And that traditionally has protected some intelligence functions even though there is arguably a case that it was fully disclosed to this committee and to the public. That's a difficult question and I don't know how to answer it. I think the best you can do is this. Err on the side of safety, but you have always got to be mindful of the fact that the

Congress and this committee as part of it, owes a responsibility for the best informed public that we can have. So I think there ought to be a disclosure of an aggregate budget. I think you ought to give careful consideration as a committee to what items really don't need to be or should not be disclosed publicly, and the burden of proof ought to be on the agency and on this committee, if you decide that some elements should not be disclosed.

Vice Chairman KERREY. Yes. My own view is that we lose a considerable amount of public oversight and are sacrificing public confidence in what we do as a consequence of a decision not to release at least the top line, if not the three largest categories. I think the time has come for us to err on the side of disclosure. I think we are on—you look at not just the New York Times editorial that was very critical of the Brown Commission recommendations, but you find editorials throughout the country where people are—citizens are really trying to figure out what the heck it is that this whole thing is doing, why we're doing, what's the purpose of it, and the quicker we can get to a point where I no longer have to say, gee, Mr. Citizen, if you just knew what I knew, you'd agree with me, the better off I think we're going to be. It's a very difficult situation to be in where you have to say to a citizen who is supposed to be running the show, I can't deliver to you a piece of vital information that will enable you to make an informed decision.

Senator BAKER. Well, Senator, you are obviously right. However, in this world, certainly in the difficult times preceding our present relative peaceful state, there are some things that have to be dealt with confidentially, and there's a high burden that falls on this committee as well as on the Administration to decide what that is. You are absolutely right, you should err on the side of disclosure. That doesn't mean everything will be disclosed. If there's a lot of an intelligence function, there are some things that must be dealt with discreetly.

Vice Chairman KERREY. I think on comment and I will transition to Senator Bryan. But I quite agree with you. I mean, the paradox, though, is I believe unless we start to disclose more, the public—the citizens who still run the show are going to increasingly have a difficult time justifying keeping anything secret. There's a lot of people that I have come in contact with that I serve in Nebraska who don't understand the whole basis of secrecy at all. I am an advocate of keeping secrets, for security reasons, particularly to protect those who are operating on our behalf, in a safe environment.

Senator BAKER. Exactly.

Vice Chairman KERREY. But I do think that we need to start to risk a bit, and I think it has become abundantly clear to me after a short time on this committee that once you're in an environment of secrecy, you're in a very dangerous territory, because it's very easy to say, gee, I can't disclose this because I don't want to hurt my country, when the fact of the matter is, I've got this little blind spot in my mind, what I am really doing is protecting my own mistake, because I don't want people to discover that I have done something that either has wasted their money or perhaps is in violation of their own values.

Senator BAKER. I see the red light, but I can't resist, if I may, to add one addendum to that. I agree with what you say. As a pub-

lic servant it is always better, easier, and more convenient to tell them everything that is possible to tell them, everything you know. But you have a dual responsibility here as the designated group of the Congress or at least of the Senate, to protect some assets. More often than not, that's human life, but it is not always human life. Sometimes, as the saying goes, politicians just have to take the hit. But that's, you know, sort of what you were elected for.

So it is so subjective and we on the outside must depend so much on your judgment as a committee, as individuals and as a committee, to decide where that line is, because the line moves all the time. I am sorry to take more time.

Vice Chairman KERREY. That's fine. I have to apologize to Senator Graham. I have Senator Bryan still down here.

Senator Graham.

Senator GRAHAM of Florida. Thank you very much, Senator.

Senator, I appreciate very much your sharing with us your wisdom and insight and long experience on these issues. I hope this does not detract from your status in any quarter to say that it was your strong feelings about this institution which were very influential in my decision to seek membership in it. So I——

Senator BAKER. Let me say, Senator, if that is so, and I am delighted to hear you say that, then I will count that as one of my major achievements.

Senator GRAHAM of Florida. Well, we will both stop so we won't get in further trouble.

One of the matters that has concerned me is the role of the user of intelligence information. I saw an item recently which was both heartening and disturbing. The item said what I have had confirmation from and from other sources subsequently, that of all of the U.S. agencies looking at Mexico, that the CIA was the most accurate in terms of what was occurring and anticipating some of their recent economic difficulties. That was the good news.

The bad news was that apparently nobody paid any attention to that report, or at least it was not used effectively to influence public policy.

My concern is how do we achieve a better relationship between the Intelligence Community and those who are a principal recipient of the Intelligence Community's information and material and analysis? Do you have any thoughts on that subject?

Senator BAKER. Senator, I think that is a question of fundamental importance and it is one that I answer obliquely, I guess, but it's what I really believe, and that is that the success of the Intelligence Community in informing the Government to an extraordinarily high degree, depends on the personal relationship between the President and the DCI. Sometimes I would get so mad at Dick Helms when he was DCI that I could hardly breath. But there is simply no doubt that he was at the President's right hand, that he was the principal conduit of information—intelligence information to the ultimate consumer, the President. That did not run as directly and effectively to the Congress. But Dick Helms was a strong DCI.

Now, I would visualize a DCI that had a similar personal relationship with a President, this President or any future President. I made a recommendation in my prepared remarks that I gave I

think just before you arrived, that while it may sound superficial, I really believe that the DCI should be housed in the West Wing of the White House, where he is available to brief the President in the morning.

I remember I had a 9 o'clock meeting every morning with President Reagan in that brief time I was his Chief of Staff, and then at 9:30 the National Security Advisor did. And some place, in one or the other of those briefings, we'd hand the President his Daily Intelligence Brief, which sometime during the day I am sure he would read. But it wasn't the same as if the DCI had been there and had been able to pinpoint the things that he thought were most important that should be brought instantly to the President's attention. That is the way, in my view, that you enhance the coordinating ability of a DCI, that you enhance the quality of communication to the Administration. Some comparable system should be set up to provide a degree of communication and coordination with this and the House Committee or preferably with a Joint Committee.

I am sorry to be so subjective and indefinite, but I think in intelligence more than anyplace else, it's more a personal relationship than it is a structural arrangement. I would opt for a strong DCI and a President who was willing to listen and who was willing to take his advice or at least receive his insights and ideas.

Senator GRAHAM of Florida. Mr. Vice Chairman, I would like to pursue this line of questioning subsequently, but I see the light is on and so I would like to shift to a collateral question, and that is there has been a recommendation that the Director of Central Intelligence should serve a fixed 6-year term. In light of what you have just said about the importance of the DCI-President relationship, I would assume you would not think that was a good idea?

Senator BAKER. He serves at the pleasure of the President, and I think he should. He may serve 6 months, he might serve 6 years. But I think that is so uniquely the province of the President to decide, that it should not be truncated by statute.

Senator GRAHAM of Florida. Thank you.

Chairman SPECTER. Senator Baker, on the relationship that the President has with the DCI or can have with other people, his time is so limited, and I want to broach a slightly different subject, one which the committee is considering, on how you manage the issue of weapons of mass destruction, and we have a chart, which happily we don't have available today so you don't have to look at it, but it is an extravaganza of complexities, and we're wrestling with where to put the top man on weapons of mass destruction which may be the most important subject that the President has to worry about.

Our current thinking is to make him a Deputy Secretary of Defense with a lot of boxes coming out from that position, as you have the Deputy Secretary of Defense now. Because we doubt that the President can absorb another top level advisor. You were the majority leader when we went through the Drug Czar and passed the legislation at the end of 1982, that was vetoed by President Reagan at the beginning of 1993. We now have a Drug Czar but very little Presidential involvement, almost none.

Can the President really absorb this DCI in the adjoining office as opposed to institutionalization? Where should we put the czar of weapons of mass destruction, some of these positions which are so very, very important. You've been there. How much can the President absorb?

Senator BAKER. Well, that's an awfully good question, too, Mr. Chairman. The President's time is precious and how you arrange it, how the President arranges is the most important function that any support staff has, and certainly his Chief of Staff has and National Security Advisor. On that point, after I went to the White House for President Reagan, which I had not planned on to do and had not expected to do, but when I did, one of the first things I did was have a briefing on that point to understand how it is handled, how the decision process operates, how it comes up for the President's consideration, how the National Security Advisor handles it, how the Chief of Staff handles it, how those who are responsible for the safety of the President handle it, how they all interface. I found it is very much an unstructured arrangement.

Presently I think, as a practical matter, that the responsibility, while it is always the President's responsibility, the responsibility to see that he is briefed in a timely way, and that may mean a split second briefing, comes from the National Security Advisor and the Chief of Staff, usually together.

I was asked once to play the role of the President in an exercise involving that, and I was taken on an airplane to another airplane and flown around and that plane is a command station, and it's an awesome experience. But it also points up the virtual impossibility of the President absorbing all of the relevant data. It's easy for him to make a decision, and the system working the other direction, that is, to disseminate the orders, and to effectuate a reaction, are very crisp, clear cut, and instantaneous. But the information coming up for the President to make a decision on these things comes from a lot of sources, it is not well institutionalized, the biggest danger is overload. Once again, I don't have a good answer for you, except you need a good DCI, you need a good National Security Advisor and Chief of Staff to help the President like that.

Chairman SPECTER. Thank you for that answer.

Charlie Battaglia has just made a suggestion for a question which I might have talked to you about personally, but it's good to have it on the record, and with the prelim that it hasn't been discussed before, and that is the subject of the work of the Church Committee on the assassination of President Kennedy. There was some thought, when that work was over, expressed by Senator Schweiker, a very distinguished Senator—I am his successor, good friend—was there anything left over that you thought required further inquiry? I get this question every day, Senator Baker. No reason why you shouldn't get it. If you prefer not to answer in open session, I'll understand.

Senator BAKER. I thought Charlie was a better friend than that, Mr. Chairman.

Chairman SPECTER. Well, he's a good friend of mine. Oh, you mean of yours?

[General laughter.]

Senator BAKER. Yeah.

I really don't know what to say about that. There are all sorts of loose ends, but I think for the benefit of this committee and the country, unless something extraordinary develops in an unimpeachable way, that we're better off just to leave it alone.

Chairman SPECTER. Well, it might be worthwhile to add for the record that I have taken up that subject with Director Deutch to see if there is anything there that is not covered by the expansive legislation which we passed for full disclosure. This exchange, perhaps not surprisingly, will be quoted in a lot of sources. It is hard to say anything about the Warren Commission that is not analyzed semicolon by semicolon. Except for the Commission report, which remains unread.

Senator BAKER. The Commission report remains unread, although the distinguished Chairman had a significant role to play in writing that report.

Chairman SPECTER. Well, I read the proofs.

Senator Kerrey.

Vice Chairman KERREY. Senator Baker, I just wanted one last follow on. If the suggestion to consolidate the Senate and the House Committee had been made by anybody but yourself, I would have rejected it on its face, or ignored it or filed it away or gone on to other items. But I would like some elaboration on it. It does seem to me that one of the important areas for us to pay attention to is how do we improve oversight. In the first round you have given me some guidance about your own views about public disclosure of numbers and making permanent the committee itself, which I must say, I am coming around to believing is a good idea.

The Joint Committee idea, you referenced an Atomic Energy Committee or some type?

Senator BAKER. Joint Committee, right.

Vice Chairman KERREY. About which I am completely in the dark. Could you describe to me why you think that committee worked and why you think it has relevance to the oversight of intelligence?

Senator BAKER. Yes, I would, Senator. Thank you.

It just pains me to say, you were probably too young to have noticed the Joint Committee on Atomic Energy, but——

Vice Chairman KERREY. I might not have been.

Senator BAKER. But I was the most junior Member on that committee. Here are some of the things that impressed me about it. No. 1, there was a higher level of coordination and cooperation between the House and Senate Members of the Joint Committee than any other example I have ever seen before or since.

No. 2, it was unique in that it had legislative authority, reporting authority. It could get directly to the issues involved and they could do something about them. They could report a bill to the floor of the House or the Senate.

No. 3, it did have a professional, highly competent and skilled non-partisan staff. They weren't running in and out all the time. No criticism of your staff. There were no personal staff representatives there. They were all committee staff. Therefore, there was a high level of security. I don't believe there was ever any serious contention that there was a leak for the staff or the Members of the Joint Committee on Atomic Energy.

As a result of that, and you can argue this both ways, that it's good or bad, the Joint Committee developed a lot of clout, a lot of clout with a lot of people, not only in the atomic energy field, but also Treasury, Judiciary, and whatnot. Because they could speak with final authority in that they could report legislation. They became to be, by and large, I think, highly respected. It may even be bad that they were so well respected that people were uncritical of their reports and judgments, which gets you back to publication and the like. But the rotation of the Chairmanship between the House and the Senate, I think, did something to dilute that danger.

Vice Chairman KERREY. Two year rotation?

Senator BAKER. Two year rotation, yes. There was no rotation of staff. By the way, the Members were chosen by the leadership on both sides. That is one time I know of that one Member of the committee who will not be otherwise identified, was simply removed from the committee by the leadership.

Vice Chairman KERREY. How big a committee?

Senator BAKER. I have forgotten the exact number, but it seems to me there were seven from each side, the House and Senate. It was not a large committee, but you put both Houses together and it gets to be a pretty good group of people.

But that was my experience. We're all the product of our experience.

Vice Chairman KERREY. What happened to it?

Senator BAKER. It was abolished in the congressional Reorganization Act of—in the 70's, I have forgotten what. It was the time when nuclear power was falling into disrepute, and that was one reason I suspect. I don't know what the other reasons were, but it got lost in the shuffle.

Vice Chairman KERREY. Can you take a controversial issue about nuclear power today? For example, we are struggling with both high and low level waste to——

Senator BAKER. I am convinced that you would have been better off keeping it, because I think many of these issues, like waste disposal, like a permanent repository, like the safety and uniformity of reactor design, like controls of the export of materials, like reprocessing, like the plutonium cycle, all these things were really tightly focused in that committee. Now they are dispersed, you get a hundred different views of things, and we have no coherent policy.

Vice Chairman KERREY. Do you still hold the view that Congress should cut its work time and pay and go home more often?

Senator BAKER. Oh, you bet. I must say, my friend, Lamar Alexander said that, I guess charges that to me, but I have thought that for a long time, and once again, Senator, it is based on experience. Not my experience, but my father served in Congress before I did, and it was a different era. You know, he came up for 6 months or 7 or 8, but he never thought of himself as being really a professional or a full time Member of Congress. He was on temporary duty to speak for his neighbors. He went back home, ran his bank, practiced law, and the idea of conflict of interest never emerged. He—he was so fastidious about that that it just never became a problem.

But that is another reason I think that. I think that we—you, forgive me—but I think the Congress spends too much time on detail and not enough time on policy.

Vice Chairman KERREY. Thank you.

Senator BAKER. Thank you.

Chairman SPECTER. Thank you, Senator Kerrey.

Senator Graham.

Senator GRAHAM of Florida. Thank you, Mr. Chairman. I will try to keep this terse. I might say, in terms of your last comment, if this committee were holding a hearing on some scandal within the CIA, this room would be filled, there would be active press coverage. Now we are talking about the future of the Intelligence Community for the next quarter century, that's not a very exciting subject, but it is exactly the kind of subject that we ought to be devoting the thrust of our attention to.

Senator BAKER. You're exactly right, Senator Graham. We speak of consumers of intelligence with the Government. You also have consumers in the press. What we are doing right now is pretty esoteric for the press.

Senator GRAHAM of Florida. I'd like to come back to that issue of consumers. You've described the relationship between the ultimate consumer, the President of the United States, but of course the Intelligence Community serves to provide information to enhance the quality of decisionmaking for many other persons within the Federal Government—defense, national security, and otherwise.

Do you have any thoughts about how to enhance the role of the consumer, let's say the Secretary of the Treasury trying to get better economic information, the U.S. Trade Representative trying to get better trade information in terms of seeing that the subjects upon which the Intelligence Community is directing its resources are relevant to the needs of those decisionmakers and that the product of that intelligence is at a qualitative level to justify the confidence of those decisionmakers in using that information.

Senator BAKER. Well, first of all, I totally agree with your description of where the responsibility lies to provide intelligence. At one time, not so very long ago, it seem to me that the CIA and all the other intelligence organizations were almost arrogant in their belief that they owed no responsibility to the Congress. Or to any other branch of the Government. It was solely to the President and almost always national defense related.

I can remember one case, Senator Graham, and I won't further identify this either, where I once again was a young Senator and I got my teeth into something and tried my best to get then the subcommittee of the Appropriations Committee to take a look at this. They simply would not do it. They simply would not do it because it was a matter, I later decided, that would have happened only if it came back the other way, from the Intelligence Community.

But the point there though is that the realization and the practicality of the Intelligence Community servicing a broader clientele is the way it ought to be, but it's fairly recent. I think one of the major contributions this committee could make would be to see how you enhance and improve that level of coordination so that legiti-

mate enquiries from other branches of government, and from the Congress, are addressed by the Intelligence Community, not just the CIA, but the Intelligence Community.

Somebody, however, has to make a final judgment that this is, A, the appropriate allocation of resources of this community, B, within its budget, C, within his job description, D, does not cause any problems from the national security standpoint, or maybe E, even got time to do it. But somebody has to do that and the only person that I know of who can do that is the DCI.

Senator GRAHAM of Florida. From your experience, are there any other national intelligence agencies—for instance, our European allies—which have gone through some of the same transformations from the focus on the Soviet Union during the cold war to this new post-cold war period, who have gone through that transformation in their intelligence organizations, particularly meeting the needs of this wider range of consumers that has come forth, that we might look to for some informed instruction as to how we might approach this issue?

Senator BAKER. Actually, you know, since I left government I have lost direct contact with these organizations. As an outsider looking in, it seems to me that the UK in particular has done a pretty good job. You know, it used to be that their MI–5, MI–6 directors were not even acknowledged, their names were classified. But that's changed. And I believe the—I believe the responsibility still runs directly to the Prime Minister. But I really—I don't know what I am talking about so I had better stop. I am sure others have, and that is a good thing to look at to find out.

By the way, if I can take 1 minute of your red light time, I was in Moscow a year ago—2 years ago—and got word that Krushykov, who was then the director of the KGB, wanted to see me. I thought what on earth does he want to see me about. But I went to the KGB headquarters there on whatever it is square, and all he wanted to talk about were economics. I wondered again, why am I here. Then when I left, he gave me a memento of the visit, which was a sheet of stamps celebrating the heros of Soviet intelligence. I must say we had some recognized faces and names on that list of stamps which I still have.

Mr. Chairman, it's a pleasure to——

Chairman SPECTER. Well, thank you. Thank you very much, Senator Baker. Your perspectives are very welcome and very wise. You have outlined a course on both substance and appearance, and I think the substance that you talk about to try to deal with the cynicism in America by a part time Congress is very sound. The issue of appearance we have discussed just a little bit. Obviously, Mrs. John Sherman Cooper did get you to Saville Row in London. While there, you were not tempted by any red plaid shirts and had the combination of the wisdom of cut their pay and send them home, with button downs, no red plaid shirts, could have been successful for a Tennessee politician this year. You're well within the age range, Senator Baker.

Chairman SPECTER. Mr. Chairman, I have a great admiration for Lamar Alexander, but I didn't like that red plaid shirt from the beginning.

[General laughter.]

Chairman SPECTER. Well, I heard—I saw that quote in the newspapers, but I was very reluctant to ask you about that, since it hadn't been suggested by Charles Battaglia.

Senator BAKER. That's true, Charles did not suggest that.

Vice Chairman KERREY. Mr. Chairman, for the record I should say, and perhaps for Senator Baker's information as well, that not only—our staff is today permanent and non-partisan, and last year we ended the practice of designees, so that it is a core professional staff.

Senator BAKER. Well, that's, I think, a wise move. I was not aware of that and I congratulate you for it.

Chairman SPECTER. We very much appreciate your being here, Senator Baker, and look forward to working with you.

Senator BAKER. Thank you.

Chairman SPECTER. We now turn to Mr. Richard Haass, project director of the Council on Foreign Relations, the Independent Task Force on Intelligence headed by a distinguished American, Maurice Hank Greenberg. Mr. Haass worked with the National Security Council for President Bush.

We also welcome Professor Richard Betts, a member of the task force, a professor of political science at Columbia University, who has written extensively on intelligence matters over many years.

Welcome, gentlemen. The floor, Mr. Haass, is yours.

TESTIMONY OF RICHARD N. HAASS, DIRECTOR, NATIONAL SECURITY PROGRAMS, AND SENIOR FELLOW, COUNCIL ON FOREIGN RELATIONS

Mr. HAASS. Thank you, Senator. It is an honor to be here, particularly after hearing the likes of Harold Brown, Warren Rudman, and Howard Baker. It is the proverbial difficult acts to follow.

Both Dick Betts and I have prepared statements, but we will avoid——

Chairman SPECTER. They will be made a part of the record formally, so that to the extent you could summarize, we would appreciate it, leaving the maximum time for Q&A. We're way over time into the fourth quarter.

[The prepared statement of Mr. Haass follows:]

PREPARED STATEMENT OF RICHARD N. HAASS

I very much appreciate the opportunity to appear before this committee. I am particularly pleased to present some of the conclusions of an independent task force sponsored by the Council on Foreign Relations on the future of U.S. intelligence.

The 25-person task force, consisting of former government officials, academics, journalists and businessmen, was chaired by Maurice Greenberg of American International Group and directed by myself. Its purpose was to inform public debate and to be a resource for the Aspin-Brown Commission, this committee, and its House counterpart.

The report of the task force, *Making Intelligence Smarter*, was published a few weeks ago. The report offers judgments and makes recommendations on a range of topics, including the need for intelligence in the post-cold war world, collection priorities, the process of setting requirements, improving analysis and increasing its impact, economic intelligence, clandestine activities, organizational matters, military intelligence, the relationship between intelligence and law enforcement, and oversight. I will be happy to discuss any of these areas or anything else you wish to raise, as would my colleague and task force member Richard Betts. What I would propose to do now is simply highlight ten issues. This the continuing need for a capacity within the U.S. Government to collect and produce intelligence and then disseminate it to policymakers and military operators. The end of the cold war has not

ushered in an age of peace and security. Nor is the need for intelligence eliminated by new sources of open information. There are still important but hard to learn facts—including the intentions and capabilities of rogue States and terrorists, the proliferation of unconventional weapons, and the disposition of potentially hostile military forces—that can only be identified, monitored, and measured through dedicated intelligence assets.

Second, the United States should be willing to share intelligence. Intelligence enables others, be they friendly governments, alliances, or U.N. agencies, to be more effective in dealing with common challenges. Many multilateral efforts will succeed only if this country possesses and is willing to share the necessary means. Intelligence can be a critical tool in this effort so long as adequate safeguards can be built into the relationships in order to protect classified information.

Third is the need to improve analysis. The best way to ensure high-quality analysis is to bring high-quality analysts into the process. Analysis would be improved by increasing the flow of talented people into the intelligence community from outside the Government. Greater provision should be made for lateral and mid-career entry of such analysts as well as for their short-term involvement in specific projects. Closer ties between universities and the intelligence community is desirable. Careerists would benefit from greater opportunities to spend time in other departments and organizations, including those involved in commerce and finance.

Analysis could be improved by other steps as well. Competitive or redundant analysis needs to be carried out and conveyed to policymakers in those areas where being wrong can have major consequences. Emphasis on long-term estimates of familiar subjects and broad trends should be reduced given lack of customer interest and the low comparative advantage of the intelligence community in this realm. And decentralization of analysis should be limited to questions with little or no impact beyond the agency in question.

Fourth, prioritization is a must. The intelligence community cannot try to cover and analyze everything and do it well. The highest priorities for U.S. intelligence collection and, in most cases, analysis—for the foreseeable future are: the status of nuclear weapons and materials in the former Soviet Union; developments in Iraq, Iran, and North Korea; potential terrorism against U.S. targets in the continental United States and overseas; unconventional weapons proliferation; and political and military developments in China. Other targets could be added to this list temporarily if, for example, U.S. forces were to be deployed in significant numbers.

There was no agreement on the priority that ought to be accorded economic intelligence. Members of the task force differed on how aggressively the United States should collect information on its major economic partners or on how much to emphasize analysis of economic issues. Several members (including this one) believed that collection of intelligence for economic purposes can easily cause more problems with our major trading partners than it purports to solve. This suggests the need for caution in collecting intelligence, especially HUMINT, for economic purposes. Many members of the Task Force, however, believed that such collection is accepted practice among States and the political costs of being discovered are worth bearing given the importance of economic issues and the potential value of the information for policymakers.

A second area of disagreement concerned mostly analysis and the degree to which the intelligence community should focus on long-term or strategic issues. Many members of the Task Force felt strongly that this was a priority. I sided with other members of the Task Force who argued that the U.S. Government would do better to rely mostly on open sources in the academic world and the private sector. In this view, the intelligence community has little or no comparative advantage in undertaking such assessments and should focus its collection and analysis on making unique and needed contributions.

There was some consensus in the task force on other aspects of economic intelligence. The group believed that it should not be used offensively to help a U.S. firm win a contract against foreign competition, but should be used defensively to alert policymakers when bribes or other unfair practices are being used against an American firm. Counterintelligence to help protect U.S. firms from the espionage efforts of foreign firms and governments makes sense. In short, leveling the playing field is appropriate; tilting it is not.

Fifth, a reform that might allow the community to focus more on priorities would be the creation of an intelligence reserve corps for dealing with unanticipated crises in low-priority areas so that constrained resources can be concentrated on the most important targets. Such a corps could consist of former intelligence professionals, academics, and others with particular expertise.

Sixth, the position of the Director of Central Intelligence should be strengthened so that the DCI can wield greater influence over the various components of the in-

telligence community. Greater centralization should allow for resource decisions that reflect national priorities, not choices driven largely by those who oversee the technical collection programs or who are concerned with military programs alone. The DCI should be given the right to nominate and reject nominations to head the other agencies and/or he could be given authority to determine budgets and be able to move people and resources to respond to changing circumstances. The dangers of concentrating power can be offset by establishing an appeals mechanism for serious disagreements and by instituting sufficient oversight.

Seventh, there are grounds for concern about the influence exerted by the Defense Department and defense-related concerns. There is a danger that spending on intelligence to support military operations will take priority over other important or even vital national security ends in which intelligence is needed. There is the related concern that the voice of the Defense Department will grow too strong, something which reflects the organizational reality that the Defense Department manages the large collection programs that consume a significant share of the resources dedicated to intelligence. It is one thing for the bulk of intelligence effort to be dedicated to supporting military operations; it is quite another for the Department of Defense to have a dominant voice in determining this allocation. For this reason, while reasons of efficiency support the consolidation of imagery and mapping functions in a single agency, it may not be desirable to locate this new organization within the Defense Department.

There is another dimension of defense intelligence that calls out for reform. There is a need for a clear division of labor so that redundancies in the Department of Defense are avoided. The desirability of maintaining large service intelligence capabilities is unclear. The services are charged with equipping and training their personnel, and any intelligence not tied to specific service missions ought to be eliminated or located elsewhere. Rationalizing defense-related intelligence and the roles of the military services, the JCS, DIA, field commanders, and the office of the Secretary of Defense is a task that a stronger DCI or the secretary of defense should undertake as an urgent priority.

Eighth is the realm of clandestine operations. Maintaining and enhancing clandestine capabilities takes time and resources; creating and nurturing such capabilities ought to be a high priority.

A number of reforms deserve consideration here. Clandestine operations for whatever purpose currently are circumscribed by a number of legal and policy constraints. These deserve review. Rules that can prohibit preemptive attacks on terrorists or support for individuals hoping to bring about a regime change in a hostile country need to be assessed. The task force also concluded that increased demand for human intelligence coupled with the absence of embassies in critical locations warranted taking a fresh look at limits on the use of non-official "covers" for those involved in clandestine activities.

More generally, clandestine operations, whether for collection of foreign intelligence, counterintelligence, or covert action, will often require associating with individuals of unsavory reputations who in some instances may have committed crimes. This is akin to the tradition in law enforcement of using criminals to catch criminals and should be acceptable so long as the likely benefits outweigh the certain moral and potential political costs of the association—a calculation that should not be made solely by the person in the field.

Ninth, the relationship between intelligence and law enforcement merits additional examination. Our task force concluded that foreign policy ought to normally take precedence over law enforcement overseas. As a result, FBI and DEA agents operating abroad should not be allowed to act independently of the Ambassador or the CIA lest they risk causing major foreign policy problems or complicate ongoing intelligence activities. Clearly, greater coordination in Washington as well as the field is needed.

Tenth and last is oversight. One idea would be to recast PFIAB along the lines of the Aspin-Brown Commission so that it was responsible to Congress as well as the executive. Another possible reform involves Congress, which might consider normalizing membership in the intelligence committees and holding joint hearings whenever possible. Last, there is the possible utility of making public what is being spent annually on intelligence. This is not without risk—this is a process easier to begin than stop—but revealing the level of effort could add something to public debate without posing any substantive problems for the intelligence community.

This concludes my opening statement. I look forward to your questions, and I again thank you for this opportunity.

Mr. HAASS. I will be glad to be brief, in part because there is so much with the Brown Commission that we agree with. Second, we

were fortunate enough to have the same Charles Battaglia as an observer to our group. And third, I sense you want me to be short, and I am always sensitive to your desires.

Let me just go quickly. I'll just mention what I think are the principal findings of our independent task force.

First, I want to echo the basic point on the need for intelligence. Despite the end of the cold war, despite the Internet, despite Mr. Ames and so forth, we still believe you need a dedicated, in-house, capable Intelligence Community within the U.S. Government.

Second, within the post-cold war world, we think the sharing of intelligence will become more rather than less important. If part of the idea is to empower others, whether they are organizations or loose coalitions or what have you, to be effective partners for the United States, the sharing of intelligence is something that we will probably need to see more of.

Third, we emphasize in our report the importance of improving analysis. This came up already this morning, but clearly, it is admirable to break down the walls between intelligence producers and intelligence consumers, to increase the flow in both directions of personnel, so people from the Intelligence Community get a taste of what it is like to be a consumer, and so people who are normally consumers get a taste of what it is like to be a producer.

One other point I would say in this regard is that we also argue strongly for the need for competitive analysis in important areas, in those areas where, if the analysis is wrong, it could have major consequences. Senator Hutchison this morning voiced concerns about duplication. I understand that, but in some cases I would simply say not all duplication is bad. A certain degree of duplication is almost an insurance premium that we as a country can afford and should be willing to pay.

Fourth, intelligence can't do everything everywhere all the time. We have got to have priorities. When we looked out at the next phase of post-cold war international relations, we thought a number of issues—so-called loose nukes or materials and weapons in the Former Soviet Union; the situation in places where the United States might find itself in conflict—Iran, Iraq, North Korea; terrorism; unconventional weapons proliferation; developments in the People's Republic of China. We thought those were the most likely intelligence priorities for the foreseeable future.

The way they became priorities is not simply that they are inherently important to policymakers, but also because we concluded the Intelligence Community enjoyed a comparative advantage in looking at those things, and one could not simply rely upon open sources.

Fifth, an idea that we thought was worth examining was the creation of a reserve corps. It would have been impossible 5 or 10 years ago to know we needed to have a large investment, say, in Somalia or Burundi or Rwanda or even Bosnia. The tendency of crises to pop up is obviously one facet of the post-cold war world, and we need a way to respond to these crises in short order, but without having to invest for them in large ways for a long time. We simply can't afford to do that.

So the idea of putting into place some sort of intelligence reserve corps, perhaps using retirees, perhaps using people who travel

places, to help us with analysis so that if and when a crisis happens, we are more able to respond well and quickly, is something we think ought to be looked at.

Sixth, we would echo the desire to strengthen the DCI. A shorthand might be to take him from his present position where he is first among equals, and to strengthen him so he effectively becomes first among unequals.

Seventh, if my numbers are right—and I've only got 10 here, so I will be quick—in the military realm there was considerable concern in our group about the increasing domination or the existing domination of military concerns over intelligence. The feeling was that one had to be careful about that and guard against it.

Within the military intelligence world, clearly there is a need for reform. There are simply too many players doing too many of the same things. Whether it falls upon the Secretary of Defense or the DCI, there needs to be a rationalization of the defense area. That is an area where I would say there is too much duplication and a degree of efficiency would not only not hurt, it would probably help.

Eighth, clandestine operations. This is the part of our report which has gotten the lion's share of attention. We came out thinking that the importance of clandestine activities would grow. We had three specific points. One was the desirability of reviewing existing prohibitions that all too often have the effect of prohibiting pre-emptive or preventive attacks on terrorists, or might make it much more difficult for us to help individuals or groups that could be involved in regime change in places where we thought regime change would be desirable.

Second, in the area of non-official covers, we thought that it was worth taking another look at this question. I think our phrase was "a fresh look." This was based on the idea that in the post-cold war world, there would be a greater need for human intelligence and we would not have the ability to use embassies as we had before. If, for example, we are right about priorities, and priorities are places like Iran, Iraq, and North Korea, those happen to be three countries where we do not have a diplomatic presence. So our ability to piggy back using official covers is obviously less than it would be otherwise.

Lastly, in the clandestine area, we argue for a greater realism on the need to allow interaction with people of unsavory pasts, poor human rights records, and so forth. This is not a decision, though, that should be made solely by the operative in the field. There needs to be a review procedure back here in Washington. But we do think one needs to be realistic.

Ninth, in the area of intelligence and law enforcement, I think our general bias is in favor of the primacy of intelligence over law enforcement concerns. That said, obviously there has to be a case-by-case ability to work this out, and that requires coordination in two places. First, in the field at the embassy, we simply can't have people representing different agencies moving about without coordination. And second, there has got to be greater coordination back here in Washington. So in individual cases we may decide that law enforcement needs the priority, but that has to be something that is worked out here and then implemented carefully in the field.

Lastly, on the question of oversight, I would just mention a few things that the task force came up with. First, like yourselves, there is support for the release of an overall number of how much is spent, and conceivably several other numbers or percentages, on intelligence. Obviously there is the slippery slope problem and the question of where one draws the line. But I think the bias is in making more public rather than less.

Second, it makes sense to look at the PFIAB and to ask whether it might not make sense to reformulate it. Just like the Aspin or Brown commission represented both Congress and the Executive branch, might it not make sense to reformulate or recast the PFIAB so that it also represents both branches rather than the Executive branch alone.

And third, picking up on a subject you just talked about at some length with Senator Baker, the entire question of the normalization or the making permanent of the Select Committees, which people here felt made a lot of sense. Still, there is obviously a tradeoff. It is the typical tradeoff of depth versus breadth. Depth in congressional expertise amongst the Members is obviously desirable. But you lose a little bit of the breadth in the body of the Senate or the House if less people have a chance to serve on this committee or its House counterpart. In our view, though, the argument for depth takes priority.

Let me just end with one point where we could not reach consensus, and it turned out to be the most controversial issue within our group. This was the area of economic intelligence. The question of how much economic intelligence ought to become a post-cold war priority was a major issue. In particular, we reached no consensus on how aggressively we as a country should collect economic intelligence, and how much of a priority the analysis of economic issues ought to receive. These were areas where our group simply could not agree.

That is what I wanted to say at the outset, and again, Professor Betts and I are here to help in any way we can.

Thank you very much.

Chairman SPECTER. Thank you very much, Mr. Haass, we appreciate your statement, and we appreciate the work that the Council has done. It is really very, very helpful.

I am advised that Professor Betts is here to help you with the questions and is not scheduled to make a formal presentation.

[The prepared statement of Mr. Betts follows:]

PREPARED STATEMENT OF RICHARD K. BETTS

The highlights of the Council on Foreign Relations report are well-covered in Richard Haass' statement. I will offer a few personal points that I consider especially important.

The natural tendency in any major policy review is to generate a wish list of recommendations. If not accompanied by realism and discipline in plans for implementation, such exercises prove useless. The wish list is blessed in rhetoric, then ignored in practice, and reinvented in the next review years later. Figuring out what would make for better intelligence is an important part of the problem, and we have tried to do that in this report. But the main challenge, if this and other current reviews are to avoid the usual fate, is to match requirements with resources.

The problem for intelligence is similar to the overall problem of balancing the Federal budget. There is a clear consensus that expenses must be cut, yet no consensus whatever about which specific functions we can afford to do without. The real fat is long since gone. At this point there is little more than small change to

be had from whatever intelligence programs can be slashed without crippling services that some significant constituency in the national security establishment considers essential.

For intelligence, the problem may even be worse. As resources are declining, requirements are rising. The end of the cold war relieved us of the need to cover every last jot and tidle of military capabilities in the former Soviet Union. At the same time, it unleashed a raft of new instabilities, confusions, and potential threats in the world that leave us wanting more information about all sorts of things about which we did not worry much during the cold war. As of today, the cold war has been over for years; most of what the intelligence community can save by standing down from cold war missions has already been accomplished. These days policymakers are bound to ask for something new from intelligence more often than they advise intelligence agencies to stop doing something old.

For reasons made obvious every day by the struggles between the President and Congress over the Federal budget, we cannot hope to avoid difficult strategic choices by increasing the funds available to intelligence (although I personally hope that we can hold the line against further major reductions). Where something new must be done to keep up with developments in the new world disorder, therefore, policymakers should be willing to say what responsibilities we can delete from the work orders for intelligence agencies in order to make room for it, or what novel means can be discovered to do more with less. As legislators know better than anyone, this is never easy. If policymakers do not do it, however, and pile more onto the process without providing the means to accomplish them, the result is likely to be a game of smoke and mirrors in which important functions are diluted and performed poorly if at all.

In this environment it becomes all the more necessary to consider alternatives to business as usual. One general approach I believe should be explored more seriously is to move toward a "mobilization strategy" for intelligence. With limited resources we cannot hope to maintain as much capability from day to day as we would like. At the same time, prudence suggests that we might need a full range of capabilities sometime in the future if we are faced with earth-shaking threats again. This could happen with surprising speed. We should want to stay in a position where we can pull dormant capabilities off the shelf and spin them up quickly, rather than having to rebuild them from scratch.

As one example, I would cite the possibility noted in the report of developing arrangements for part-time or "reservist" positions, such as for analysis of countries or issues that seem of minor significance in normal times, but that could turn into high priorities with little warning. Consider Afghanistan. For decades it was near the bottom of the list of American concerns, but overnight at the end of the 1970's it became the biggest crisis our government faced.

What will be the Afghanistan of the early 21st century? Since we cannot know, and we will not be able to afford to keep a stable of full-time analysts for every obscure place in the world, we might compensate by having a corps of capable people with regular jobs elsewhere who come into CLA on weekends or a few days a month. They could read cable traffic and other material, keep up to speed on their areas, and perhaps write an occasional paper or memo. In an emergency, they could be mobilized to work full-time.

I first heard this idea discussed years ago by a former Director of Central Intelligence, William Colby. There must be good reasons that nothing seems to have come of it; there are usually good reasons that unusual ways of doing things are rejected. But the price of such good reasons could turn out to be high if the number of issues on which we are unprepared grows. If we are to limit resources without sacrificing important requirements, the intelligence bureaucracy is going to have to find unorthodox ways of squaring the circle, and take risks in procedure in order to limit risks to national security.

Chairman SPECTER. I begin by asking, on a subject that has had enormous response from the media, on the suggestion that a fresh look should be taken at limits on the uses of non-official covers, referring to the media, to clergy. You have had a lot of experience, Mr. Haass. The media has responded with more forcefulness on this subject than any that I can recall.

When you talk about limitations on the first amendment, there is an appropriate forceful response. But there is not a whole lot of worry that anything is going to happen on the first amendment because it is so strong in our Constitution. When you talk about

using newsmen, women, for CIA cover, there is a very, very strong reaction. What are the advantages which you must consider to be very, very substantial to justify that kind of an activity.

Mr. HAASS. Well, I certainly would concur with you, Senator, that the response has been strong.

Chairman SPECTER. Was that only a single sentence in your report?

Mr. HAASS. Yes, sir. There——

Chairman SPECTER. Just one sentence?

Mr. HAASS. One sentence. There is not an explicit mention of the word "journalists."

Chairman SPECTER. If each sentence produced that kind of response, there would be no room for any other discussion in the public milieux today, even the Presidency.

Mr. HAASS. Like I said, I am often wrong in predicting responses. I have rarely been so wrong in predicting a response. I think it is because it obviously touches on an issue of great concern to the media. And that is understandable, because so many of them feel personally affected or potentially affected by it.

As I said in my opening remarks, the reason that we thought this issue deserved a fresh look was the assessment that human collection was going to become more important relative to SIGINT and photography. Second, regarding some of the most important issues that we faced, we thought that we could only get at them by at least potentially using non-official cover. As I mentioned, we don't have diplomatic presence in several key countries.

Chairman SPECTER. The only way to get them would be non-official cover? Why do you say that? State the case for the importance of using non-official covers, because I haven't seen it articulated to any degree to deal with the magnitude of the objection. We asked Director Deutch the question, to be specific, and he said if lives were at stake in a hostage taking or if there was about to have a weapon of mass destruction detonated. Those are the extreme extremes. As a matter of practice, what is so important about it.

Mr. HAASS. Well, I agree with Mr. Deutch, and as a matter of practice, we ought not to do this, in my view. I think there ought to be a strong bias or a strong norm against using either journalists or clergy. All this independent task force was doing was saying the issue deserved a fresh look.

I think the kinds of extreme situations that——

Chairman SPECTER. Have you had enough of a look?

Mr. HAASS. Well, I think we have actually stimulated a useful debate. One of the things we were unaware of when we did this was the fact that a waiver already exists. That, in extremis, a DCI has the option of considering the use of this instrument.

Chairman SPECTER. Are those two examples sufficient for you?

Mr. HAASS. I think it would have to be something that would be extraordinarily important, because I do think we pay a price for it. I agree with the essence——

Chairman SPECTER. Are those two examples sufficient for you?

Mr. HAASS. When human lives are at stake, clearly. Whether it must be unconventional weapons? It could be some other situation. It would have to be——

Chairman SPECTER. What other situation?

Mr. HAASS. Well, it would have to be a "uniqueness" argument. There would have to be the presumption that turning to this tool offered a unique ability to learn about or influence a situation that was available by no other way, and that the interests involved were large. I think this is the sort of thing, but clearly it would involve a large amount of human life.

Chairman SPECTER. Pretty fuzzy to talk about uniqueness. Also if you talk about lives, that is a generalization, too. If you talk about lives in a hostage situation, that is a very specific reference. You talk about the use of a weapon of mass destruction, that is a very specific situation. If you talk about lives as a generalization, lives are very important, but that is distended. That is subject to wide interpretation. Talk about uniqueness, that is subject to virtually any interpretation.

Mr. HAASS. Well, you're right, and that is one of the reasons that I don't know of any way in advance to stipulate every conceivable situation where you might want to have at least this option to consider. It's one of the reasons, as a result, that I would think that with the waiver, one would want to ensure possibly two things. Let me just speak personally here. One is that the exercise of the waiver could never be something that could be done lightly or casually. I would want to make sure that within the CIA or wherever the waiver was decided, that there would be a fairly intricate procedure with considerable review.

Second, it seems to me that just like Findings are communicated to this committee and to its House counterpart, one would want to probably have some sort of a mechanism where any exercise of a waiver was communicated to the Congress.

Again, we're talking about exceptions, extremely rare exceptions to the rule.

One of the interesting things about this is that one of the members of our group was a former Deputy DCI. Neither he nor any of the people who I shared the draft text with picked up on this issue in the sense that there already was this waiver in place, which leads me to believe that no one is talking about making this a matter of common course or policy. We are talking about only the rarest of exceptions. Again, I believe that the bias ought to be strongly presumptive against doing this.

Chairman SPECTER. My red light is on, Mr. Haass. We would appreciate it if you would give us a proposal in writing, delineating how it would be used, under what circumstances, when you have a chance to reflect upon it, and put it on paper with the specific language, and amplify your Finding concept. Director Deutch did talk about notifying this committee.

Senator Kerrey has agreed to take over the hearing from this point. I don't think we'll be too very much longer, but I am going to excuse myself. We have a Judiciary Committee hearing down the hall, so I thank you very much for coming, gentlemen.

Mr. HAASS. Thank you.

Mr. BETTS. Thank you.

Chairman SPECTER. Senator Kerrey.

Vice Chairman KERREY. Mr. Betts, you attached a—I don't know if it was a dissenting opinion, but an additional opinion on the—on oversight, on congressional oversight, having to do with the

committee structure itself. Can you give us your views on that particular question?

TESTIMONY OF RICHARD K. BETTS, COLUMBIA UNIVERSITY

Mr. BETTS. I was making an argument about emphasis and I did think it was important not to pose the issue of oversight as something that should be considered mainly in terms of the demands put on the Executive, which can be quite inconvenient in terms of the time that it takes for high officials to testify and other problems. There is a lot more at stake and there are powerful arguments for oversight which should make things inconvenient for the Executive branch at times.

The main problem is the assumption that anything Congress does occasionally to complicate the job of high decisionmakers, is an obstruction, and that is what needs to be put in perspective.

Vice Chairman KERREY. Well, both of you perhaps have an opinion on this. I mean, we are basically dealing with a unique exemption, You're saying that for national security reasons—and I make the case—for national security reasons the public doesn't have a right to know. I have got to keep these things secret.

Well, in that environment the oversight is much more difficult. You know that. I mean, you both have enough experience to know that it is much, much more difficult for us, the people's representatives, to perform our oversight functions. Thus the question of committee structure, permanency versus the select nature, the recommendation that Senator Baker made to combine the two committees, those kinds of questions become very important.

I mean, let me posit, for example, even with—we've got tremendous amount of public oversight for the Armed Services Committee, because much of what they do is out in the public and great debates about SDI and B–2 and all kinds of other weapons systems that are out there, including all the way down to tactics, the wisdom of various tactical dogma that might be incorporated in the various—you know, various sectors of the Department of Defense. But we have a Chairman, we had a Chairman—Senator Nunn, who is leaving—who was a Senator on that committee who spent 24 years on that committee. I think you would have a very difficult time not making the case that Senator Nunn was better in the second 12 years than he was in the first 12 years. He is by nature the sort of person who comes and wants to learn every single day. But the accumulated store of knowledge that he has acquired over that 24 years has enabled him to now have the stature, you know, he does much better oversight as a result, much, much better. That is in a public environment.

Now, there are certainly many areas that are not public that are classified. But much of what that committee does is in a public environment so they are joined in their oversight with other efforts that are being done by both the press and the public.

Mr. BETTS. That is an important point, Senator. You mentioned how difficult the oversight job is on this committee. I would also argue that by some measure it is more important than for other committees, given the lack of other ways in which oversight can be exercised in areas where secrecy is less critical.

The rotation question, which you have discussed, can be traced back as far as I can see, to the political atmosphere of about 20 years ago when I was privileged to serve on the staff of the Church Committee, the predecessor to this committee. I don't think that those constraints strike as many people as vital today as they did at that time, when the danger of co-optation seemed much more real.

As to a Joint Committee, I don't have a strong opinion one way or the other. My impression of the past has been that that idea has been unpopular on the House side because of the feeling that——

Vice Chairman KERREY. On the issue of co-option, don't you think it is more likely that somebody is going to be co-opted if they are ignorant of the issue than it is if they are informed and have the capacity to engage, with alternative views?

Mr. BETTS. That is true, Senator, although the public perception may not vary in quite the same way. There may be more suspicion of coziness if some image of——

Vice Chairman KERREY. Well, the public perception was we were going to clean up campaign finance about the same time with Campaign Finance Reform, and there's more demand to do the same today.

Mr. BETTS. You are correct. I think the problem of cooptation is not a reason to require rotation and the time may be right to push that issue.

Mr. HAASS. Can I just add two things on that?

Vice Chairman KERREY. Yes, Mr. Haass.

Mr. HAASS. First, as this hearing today and several others as well reflect, there is an ability to have a public debate about intelligence that is useful. While the specifics need to remain secret, the Brown Commission report, our report, Senator Baker's report, the kinds of things Representative Combest was talking about the other day, clearly a good deal of first order questions about intelligence can be publicly debated, despite the secrecy constraints and the need to protect some of the details.

Second, in one of the drafts of our report, we actually had the idea of proposing a single committee. Several people suggested to me the down sides of that, which is essentially that if there is only limited oversight from the Congress, you may not want to put all your eggs in one basket. I think there is a certain risk in having only one Oversight Committee. committees, like any other organization, can be captured by group think. There can be pressures coming from a Chairman, there can be positions to some extent affected by the specific composition, and I would think one of the safeguards lies in having two committees which both deal with the same set of issues.

Like I said, it was something that I could probably argue either way, but it was something we changed from where we began.

Vice Chairman KERREY. Well, I will now pass off to Senator Graham, but in Nebraska, we had an outstanding Senator by the name of George Norris, who after having come to Congress and served here for over two decades, and being thrown out of office in 19423, went back to Nebraska, amended our constitution and abolished the lower house, thus creating a single committee for everything, because he was disaffected with the conference committee and the

undemocratic nature of it. So you know, maybe the single committee puts us on the slippery slope to the George Norris solution.

Senator Graham.

Senator GRAHAM of Florida. I'd like to return to the question I was asking Senator Baker relative to the consumer, the user. I believe it was in your report that reference was made to the fact that the CIA came closest to prophesying what was going to happen in terms of Mexican economic issues.

What is your assessment of how the Intelligence Community prioritizes what subjects it will devote its time to, how well its product meets the needs of the users in terms of enhancing their ability to make quality judgments, our evaluation of the process, and then the ability to build that evaluation, in an iterative sense, back into constant reform and examination of the process.

Mr. HAASS. Let me take a crack at it and then ask Dick to join in as well.

I think the current way priorities are set tends not to work. It tends to be a fairly formal process. I have not myself seen senior policymakers really take a real interest in it. So it tends to be almost ritualistic. We looked at this. I don't know of any way to insist that a formal process work, because busy people will immediately react to their in boxes rather than to setting intelligence requirements for the future.

That said, the more one can get the senior policymakers and senior intelligence producers together to talk about this, the better. The more one can get people down the interagency ladder—under secretary, assistant secretary and below—meeting with their counterparts, the better. Informal tasking will always be very important. When consumers say, "look, we've got this negotiation, and here's the sorts of issues that really matter most. Can you please try to help us?" I think that helps.

What I am trying to say is the more one can break down the walls between intelligence producers and consumers, it will help you in your priorities area. There is always a risk of politicizing. I would just say, and I think the task force came out in the same place, that the risk of being irrelevant is probably more dangerous than the risk of politicizing. So one has to be willing to countenance proximity between intelligence producers and consumers.

I also think there has got to be some discipline. When consumers constantly pile on requirement after requirement after requirement, at some point intelligence producers have got to say, "Look, we can't do all of that well. Tell us what matters most or what you need soonest, because otherwise we will just turn out very low quality intelligence. So you tell us what you need most and we will do that and we will not do this other thing. Tell us what you can do without, not simply what you want."

So intelligence consumers owe that to producers very much.

Mr. BETTS. Because of the complexity and the huge volume of intelligence products that we have, from one of the largest Intelligence Communities in the world, there is very high premium on the management of the interface between the producers and the consumers. You need very talented, sensitive brokers, as it were, also with a lot of integrity, to resist occasional pressures for politicization, to be able to point out to policymakers what sort of

resources exist. A lot of the problem very often is there is a lot of good material in the way of assessments and analyses, that policymakers are simply not aware of. This is especially true at the beginning of a new Administration. It takes some skill to be able to make that match between this tremendous volume and the use that is made of it.

As to priorities, I agree with what Richard said. Almost everyone agrees that the consumers ought to have the dominant role in setting priorities. The problem is that there is a real contradiction between the level at which those demands should be made and decided and the level at which people can take the time to do it in a serious way.

This issue is very old. People have looked at it for decades, and I may be perhaps too pessimistic, but I think it is just unrealistic to believe that people at the under secretary level or higher in the Executive branch are going to be able to take the time to do a thoughtful job of determining intelligence priorities. Inevitably, for better or worse, the bulk of this job is still going to be done from within the Intelligence Community, with as much input as possible from policymakers. To believe that we can find some magic new process by which policymakers can really take control of this and not be at the mercy of the professionals is probably unrealistic.

Senator GRAHAM of Florida. As one of the people who worked in the development of legislation which led to the roles and mission commission, I know something of the impetus for that effort, and it was largely a sense that we were in a new era, that our Intelligence Community was largely a product of World War II and the cold war, where we had clear, identifiable targets or principal emphasis and had had a long period of experience in how to develop information about those targets.

Since 1991 at least, we have been in a new era, and that it was appropriate at this point in time to take a longer view as to what the role of the Intelligence Community should be in this post-cold war era and that it was important that some basic principles either be reaffirmed or new principles established that would have the capacity of bipartisan support that would sustain the Intelligence Community over a period of time. That was a good part of the background of the rationale for establishing this commission.

I assume that the same considerations that led to our effort are being felt by Intelligence Communities elsewhere, particularly within our European allies. Are there any lessons to be learned from how other countries have approached this need to re-examine intelligence in the post-cold war era that might be instructive to our similar effort?

Mr. HAASS. Let me recount the conversation I had with a gentleman who was commissioned in Great Britain to undertake a review of the British intelligence capability. One of the things he was looking at was the ability to essentially give up certain tasks or missions, to say that we are not going to look at this issue or that issue. I just thought it had real foreign policy consequences. Whereas a medium-sized power like Britain might be able to make some of those decisions and say we just don't have the luxury or the resources to focus on this set of issues or this part of the world, I came away thinking the United States doesn't have that luxury.

All of which is a long way of answering your question. I am not sure there are a lot of lessons from downsizing that we can take from the European agencies or say from the Israelis or what have you, who have a much more focused set of concerns.

I think, though, there are some real issues that come up about sharing. There are some issues that come up about division of labor that maybe we could have a collaborative relationship with certain countries where they would do the bulk of the collection in a certain area, particularly if it were not a particularly high interest. We would do the bulk of the collection in another area, and as long as we felt comfortable sharing, we could do that.

There are things that we can look at, as we did in our report, as the Brown Commission did in theirs, about how others go about producing intelligence, assessing it, and so forth. There are models, or organizational models, that we can adapt or adopt.

But I don't know of any other country, coming back to your basic question, Senator Graham, that has the global set of issues, interests, and responsibilities that we have. So my hunch is that we are going to need a more capable intelligence community, given our unique position and given the fact that there is no one else we can go to for most of the things we need. Other countries have the United States to fall back on to help buttress what they do. We don't have anyone else to turn to.

Mr. BETTS. Senator, with the exception of the old Soviet Union, or Russia today, there is no country that has a remotely comparable intelligence establishment in terms of scale and diversity. For that reason, Richard is right. There is a limit to how much we can learn from their experience. The United States is the only superpower today. There is a debate you could have about foreign policy and how necessary it is for the United States to be involved in the rest of the world, but the debate about what we need in the way of intelligence has to be subordinate to that larger foreign policy debate.

For that reason I think we have to look at our problems as pretty unique.

Senator GRAHAM of Florida. I appreciate your sharing so much time with us this morning.

The Chairman has asked me to conclude the meeting, which gives me the prerogative to ask the last question. I was interested in your list of the 10 items. One of those was the likely increase in importance of clandestine operations and you mentioned several of the sub-issues that would need to be dealt with under that. One that you didn't specifically refer to that has interested me is most of our clandestine operations historically have been directed at a limited number of targets. Today we have potentially a much wider range of targets and many of them are in areas in which we have not historically had an effort to develop expertise in language and culture, in general affinity, so that there can be effective oversight of clandestine operations. I might say I have particularly been concerned about this in some of our efforts in this hemisphere.

What is your assessment of the current state of our Intelligence Community in being prepared to engage in or oversee clandestine operations in countries with significantly different languages and cultural traditions than is the mainstream of the United States? If

you are not satisfied with our current status, what recommendations can you make in order to be able to be more effective?

Mr. HAASS. Senator, we didn't have access to classified material when we did this, so I can't answer that in the specific. But it is clear that because of the cold war necessity of focusing on the Soviet Union and Warsaw Pact countries, a lot of our capability was tailored for just that in terms of linguistic expertise, area knowledge, historical knowledge, and so forth.

Clearly now, for better or worse, we don't have the luxury of focusing on that part of the world, and we need a much more diverse set of capabilities. I think there is a necessary adjustment period that we need to go through on both sides, if you will, of the Intelligence Community, both the clandestine side as well as the analytical side. We need to reorient people. In some cases it may not make sense to reorient existing personnel. It may simply make more sense to hire new personnel who come with those expertises.

But clearly we do not have a good fit right now, or certainly we did not have a good fit in 1991 between what our capabilities were that were extant at that time and the new set of intelligence challenges that we faced. This is going to be a long term process of coming up with a better fit between both our collection and analytical skills and capabilities and the sort of targets where we think intelligence has a comparative advantage.

Mr. BETTS. When you brought up the question of languages, Senator, you hit on a little hobby horse of mine. As a professional educator, I am especially sensitive to it. We have a general problem in this country in terms of our overall level of preparation in many professions, but especially when it comes to foreign policy, in ability to deal in foreign languages. This is one of the few countries in the world where you can be considered an educated person and not speak any language fluently but your own. In part, of course, that is because English is the international language in many ways, so we can get away with that. But the price, especially when it comes to intelligence, is that at the margins, it is going to limit what we get.

I am reminded of the Iranian Revolution, and the assessments that were done at that time, and the conclusions of later post mortems, that there were so few people we had in the embassy in Tehran who spoke Farsi. Those that did spend most of their time talking to a limited segment of the Iranian elite, the Shah's cronies, rather than the people in the bazaars. This sort of problem is bound to occur wherever we are dependent on local elites who speak English.

As Richard said, this is a long term problem. It is a cultural problem and not something that can be solved with a little shift between budget categories from year-to-year. But to whatever extent congressional support for subsidizing training in foreign languages can be pushed, that will have beneficial effects for intelligence as well as foreign policy more broadly.

Senator GRAHAM of Florida. I appreciate the remarks you have just made and I share them. Unfortunately, there are a lot of currents in this country that are going in the opposite direction. One of our Nation's great assets is the fact that we have within the United States, a substantial number of citizens who speak at a uni-

versity level, virtually every language in the world. When we were preparing for our operation in Haiti, the U.S. military did a sweep of all of its personnel to determine how many people had competence in creole, a fairly limited spoken language. They discovered 400 to 500 U.S. military personnel who were fluent in creole and they became the 400 to 500 interpreters for the 20,000 U.S. troops involved in that operation.

So while we need to build our capacities in language, we also it seems to me, need to be using the asset that we have in terms of U.S. citizens and residents who bring with them these cultural assets that can be used for these purposes. I think that speaks to the kind of recruitment effort that the Intelligence Community needs to be making in order to draw upon this very rich diversity that we have within the United States.

Gentlemen, I thank you very much for your contribution. I appreciate the work that the Council has done in giving a very significant parallel report which will allow us to ask better questions and have, I hope, a better ultimate legislative result in terms of what should be the direction of our Intelligence Community for the post-cold war period.

Mr. HAASS. Thank you.

Senator GRAHAM of Florida. The meeting is adjourned.

[Thereupon, at 12 o'clock noon, the committee was adjourned.]

RENEWAL AND REFORM: U.S. INTELLIGENCE IN A CHANGING WORLD

TUESDAY, MARCH 19, 1996

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

The Select Committee met, pursuant to notice, at 9:34 a.m., in room SH–219, Hart Senate Office Building, the Honorable Arlen Specter (Chairman of the committee) presiding.

Present: Senators Specter, Shelby, Kyl, Kerrey of Nebraska, Graham of Florida, Kerry of Massachusetts, and Robb.

Also Present: Charles Battaglia, Staff Director; Chris Straub, Minority Staff Director; Suzanne Spaulding, Chief Counsel; and Judy Hodgson, Staff Assistant.

Chairman SPECTER. The Intelligence Committee will proceed.

Senator Kerrey is unavoidably detained for a few minutes, but will be joining us later and has asked that we move ahead.

We welcome this morning three very, very distinguished former Directors of the Central Intelligence Agency, Hon. Stansfield Turner, Hon. William Webster, Hon. R. James Woolsey, with our purpose being to evaluate the recommendations which have been made by the Aspin-Brown Commission, and to explore ideas which have come from this committee and the House Intelligence Committee on what ought to be done, we lawyers usually say "if anything," but in this case I'll leave "if anything" out, because I believe there is pretty much a consensus that something needs to be done with the Intelligence Community.

There have been significant proposals for increasing the authority of the Director of Central Intelligence. It is a very complicated matter with so many of the resources and so many of the functions residing in the Department of Defense. We have recently seen problems with the National Reconnaissance Office on an enormous slush fund, the specific amount not having yet been identified publicly. We have seen problems with the Aldrich Ames case. We have seen the difficulties in Guatemala, with a distinguished member of this committee identifying, in an open session last April, the charge of lying by CIA to the Intelligence Committee when we were trying to figure out what had happened there. And that is just the tip of some of the problems which we are looking at.

I would ask unanimous consent that a more extended statement of mine be included in the record, without objection, and I would ask Senator Shelby if he would care to make an opening comment at this time.

[The statement of Chairman Specter follows:]

PREPARED STATEMENT OF CHAIRMAN SPECTER

RENEWAL AND REFORM: U.S. INTELLIGENCE IN A CHANGING WORLD

Let me begin by welcoming you to this hearing of the Senate Select Committee on Intelligence to examine proposals for the renewal and reform of the United States Intelligence Community. Today we will hear from three former Directors of Central Intelligence: Admiral Stansfield Turner, Judge William Webster, and Mr. James Woolsey. As the Director of Central Intelligence, or "DCI", each of these men served a "dual-hatted" role: as nominal Director of the entire Intelligence Community and as the Director of CIA—the Central Intelligence Agency. Their insights will be particularly valuable to the committee and the Congress as we consider legislation over the next several weeks to restructure U.S. intelligence.

The committee has spent the last several months reviewing the insights gained through our oversight activities in order to draw some conclusions about the need for changes in the Intelligence Community. We are greatly aided in this endeavor by the Report recently submitted by the Commission on the Roles and Capabilities of the United States Intelligence Community. The Commission was established to "review the efficacy and appropriateness of the activities of the United States Intelligence Community in the post-cold war global environment." Their Report provides a comprehensive review of the key issues confronting the Intelligence Community and provides some well-considered recommendations for improvements, including suggestions for legislation. Senator Kerrey and I introduced the Commission's legislative proposals at their request and we hope to use this legislation as a basis for additional proposals of the committee.

The Commission did an excellent job identifying the key issues and we largely agree with many of their recommendations, particularly regarding institutional mechanisms for getting the policymakers more involved in identifying and prioritizing their information needs and for addressing transnational threats, ways to improve intelligence analysis, and the need to enhance accountability and oversight—to include declassifying the aggregate amount appropriated for the intelligence budget. The committee also will consider the Commission's recommendation to make the Select Committee on Intelligence a standing committee. However, I believe that the Commission did not go far enough. It is my sense that the current disincentives for intelligence to operate as a community, reduce unnecessary waste and duplication, and become more effective and efficient in meeting the nation's needs can only be overcome by enhancing the DCI's statutory authority over the budget and management of all non-tactical intelligence activities and programs.

A key issue for congressional oversight of the Intelligence Community is accountability. It has become increasingly clear that a single manager, the DCI, must be accountable for the success or failure of the Intelligence Community. Therefore, the DCI must be given the authorities he needs to carry out this responsibility.

Thus, the committee is considering proposals to give the DCI control over the formulation and execution of the annual budgets for national intelligence organizations. To assist the DCI in exercising this authority and managing the Community, the committee will consider a proposal to maintain the current DDCI position and establish three subordinate community-wide Deputy Directors: a Deputy Director for Analysis and Production, a Deputy Director for Collection and Tasking, and a Deputy Director for Administrative Support.

We will ask our witnesses today to comment on these proposals, along with those of the Aspin-Brown Commission and others. Most of these are not startlingly new ideas. Efforts along these lines have been made previously. It is my strong sense, however, that we are at a propitious moment. Just as years of efforts aimed at reforming Defense finally came to fruition with passage of the "Goldwater-Nichols" legislation, years of efforts by this committee and others to reform the Intelligence Community may finally succeed in significantly enhancing this nation's ability to meet the security challenges of the next century, renewing the Intelligence Community's sense of mission, and beginning the process of renewing the support of the American people for this essential capability.

Gentlemen, we welcome you here today.

Senator Kerrey.

Senator SHELBY. Mr. Chairman, I am interested in hearing from the former Directors, and so I have no statement at this time.

Chairman SPECTER. Senator Kyl.

Senator KYL. Mr. Chairman, I have no opening statement. I, too, am anxious to get on with the testimony of the witnesses.

Thank you.

Chairman SPECTER. Very well, we shall proceed to that. This hearing has been set up on relatively short notice. Almost all of our hearings are. Certainly the best hearings are. So there has not been time for expansive opening statements, and we are going to take—it's a tough decision how to proceed here, but coincidentally, alphabetical order is the same as sequence of tenure, so we are going to turn first to Admiral Turner for his opening statement.

STATEMENT OF ADMIRAL STANSFIELD TURNER, USN (RET), FORMER DIRECTOR OF CENTRAL INTELLIGENCE

Admiral TURNER. Thank you, Mr. Chairman; thank you for having us here.

I would like simply to open by saying I have read your three page statement, "Renewal and Reform," of where you are thinking of heading. Don't look for our advice, just do it.

Chairman SPECTER. That concludes our hearing.

[General laughter.]

Admiral TURNER. Without modification, that would be a big improvement.

You've bit a tough bullet. You are going to put teeth behind the idea of strengthening the role of the Director of Central Intelligence. None of the other studies on the street today seem to want to do that. I commend you for that. I think it's much overdue. I think the way you're going about it in your reform and renewal paper is right on the track. You've faced the difficult issue of whether to organize the Intelligence Community functionally or administratively. I think functionally is by far the better case.

Intelligence is essentially two functions: analysis and collection. It makes sense, I believe, to organize with one deputy to the DCI for each of those major functions, to coordinate them, bring them together, and a third deputy for the administrative support in between.

In that regard, the administrative support should include, I believe and I think you probably intended, though it wasn't specifically mentioned, the formulation of the budget for the Intelligence Community under the increased authorities over the budget that you have suggested for the DCI.

I think that one area that you express some hesitancy on in Renewal and Reform is that of whether or not to create a new agency for human intelligence. I would commend your doing that. I think the time is ripe and it is the only way to solve three major problems that exist in the human intelligence arena today, specifically with the CIA's Directorate of Operations.

First is the problem of a long record of illegalities, going way back into the 1950's and 1960's, but being very prominent in Iran-Contra, the Ames case, and in the Guatemala case. This is a flaunting of the Constitution in not being willing to share, as required by law, with the Congress of the United States, what it's doing and what it's done. Don't think that that's going to go away just because we've had all these recent exposures.

Second, there is a problem in effectiveness. I don't want to beat the Ames case to death, but we are not looking enough at the reverse side of the Ames coin. Not only did the CIA not detect him

for 9 years, but we have to realize that we are upset at their not having detected him because his tradecraft, his professionalism was so poor. His personal problems exposed him. But for many years before he turned traitor, he was working for us with this same amateurish tradecraft, with these same personal problems. We think he exposed some 10 agents in Moscow. I am not so sure that they were really our agents at all, if they were recruited by people like Ames.

So I think we have a problem of whether the DO is truly effective today. The recent case in Paris, with the exposures of the amateurism there is another example.

The problems involved in all of this are ones that have been there for a long time, that is, the willingness of the DO to tolerate alcoholism; to promote and retain people who have poor performance records; to tolerate case officers having affairs with their agents and case officers using safe houses improperly. These are all issues I had to deal with. They are still there. They are not going to disappear.

Finally, I would note what I think is the most serious flaw in the Directorate of Operations, and that is that no one has accepted accountability for any of these errors. In fact, they have strenuously fought being held accountable. Spying is a risky business, but it's not the only risky business in our government, and it's not so unique that it deserves absolution before the fact.

You state in your paper something I think is very cogent, that you are considering, quote, "giving the problem-plagued DO the opportunity to make a clean break from the cold war culture that has proven so tenacious and make a fresh start." I commend that. I think a fresh start by combining CIA HUMINT and defense HUMINT into a separate HUMINT agency is a way to get that fresh start. I think it is the only way to get that fresh start.

I commend your suggestion that the head of all collection agencies, but particularly the DO, be Presidentially appointed and confirmed by you. If I were in your shoes, I would want to have some say over who was in this responsible position. I would like to extract some pledge of sharing and complying with the law in terms of keeping you informed.

I would make one further suggestion. I would suggest that in the law you stipulate that the head of the new HUMINT agency not be an intelligence professional, just as the Secretary of Defense cannot be a military officer, other than with special permission.

I think the time is here for a separate HUMINT agency. It's my personal opinion it would take something like 5 years for a new outside head to turn the culture of that organization around. And at that point we could then stop and look and say, what do we need in the way of HUMINT? Today's not the day to suddenly increase the DO's responsibilities; today is the day to find out whether we can have a legal, effective, and accountable human intelligence operation for this country. It's an historic moment. I think you are clearly pointed in the right direction. I commend and support what you are attempting to do, sir.

Chairman SPECTER. Thank you very much, Admiral Turner. Thank you very much, indeed.

We will turn now to the very distinguished former Director of the CIA and the FBI, Judge Webster.

STATEMENT OF THE HONORABLE WILLIAM WEBSTER, FORMER DIRECTOR OF CENTRAL INTELLIGENCE

Judge WEBSTER. Thank you, Mr. Chairman.

I have no prepared statement. I have read your commentary on the Commission Report and read the Commission Report and also looked at materials provided by the House Permanent Committee, HPSCI, and also by Council on Foreign Relations. One of the things that comes through to me, especially in your report, is the very constructive approach that you have taken, the recognition of the importance of intelligence, and a look to see how it can be more effective and more reliable, more trustworthy. That, I think, is always positive.

So often these looks come in the wake of some egregious scandal, something that distorts the overall picture, and ends up as a form of recrimination and negative regulation. Here I detect quite the other approach, and that is a recognition that as you demand more accountability in the senior positions in the Intelligence Community, that you are also prepared to vest them with the authority to do their work so that they may be properly accountable.

The Intelligence Community is a lot like Topsy, it has just grown. Over a period of time, the elements within the Community, some have grown faster than others, some have gone off on their own track. The ability of the DCI who has the primary responsibility for making community a reality lacks the kind of authorities that are needed in the modern world.

So I support the recommendations that you have made with respect to the DCI's authority, particularly in the budget field. We cannot afford any longer the luxury of a budget put together by stapling each other's budgets to a common document. While the DCI in theory is already responsible for approving that budget, that has been nominally the case over the years, because in practicality it has been impossible for the DCI to exercise the appropriate amount of leverage.

Second, and in the same relationship to accountability, it seems to me that the DCI should indeed play a larger and more significant role in the selection of the senior officials within the Intelligence Community. Obviously, he will not make those appointments, but his voice is little heard these days. I know in my own experience in trying to work these out, particularly with Defense, and in the Intelligence Community Staff, there was a tendency always to give us good people, but always good people who were on their way out of the military, rather than those who were their real stars when we asked for them.

I think it is important that, as we increase the level of accountability of the DCI and those around him, that he have some significant input into their selection and their retention. Currently the DCI writes no report cards, is not queried by anybody at Defense or State or any of the other places of the Community about how these people are performing, and what problems they have. So if we are lucky, we have got a congenial community willing to work together. If we're not, the DCI possesses no real authority to make

it happen, other than by involving the President and the National Security Council, which ought not to be required, if he is going to do his job from day to day.

So in those two areas particularly, I think you are very much on the right trail.

Not much is said about covert action and counterintelligence in your comment. At some point, I think those are both important considerations.

I'll save my remarks for discussion on the future of human intelligence collection for the dialog, if I may. But I do want to emphasize how constructive, I think, this process has been, and how positive these recommendations seem to me.

Chairman SPECTER. Thank you very much, Judge Webster.

The distinguished former Director of Central Intelligence, Mr. Woolsey.

[The prepared statement of Mr. Woolsey follows:]

PREPARED STATEMENT OF R. JAMES WOOLSEY

Mr. Chairman, members of the committee, it is an honor to be asked to testify before you today on the topic of ballistic missile defense.

Let me begin by addressing the subject of the threat.

Ten days ago I was in Taipei when the Chinese government announced its intention to begin ballistic missile launches 3 days later into two 20-mile-square impact areas, one a mere 20 miles off Taiwan's northeast coast and the other 30 miles off the southwest coast. These launches have interfered with access to Taiwan's principal port, Kaohsiung, to Taipei's international airport, and to rich fishing grounds. In Taipei I called the announcement a "de facto, partial, temporary blockade." After originally stating that the firings did not constitute a blockade, were only political theater—albeit "a little too close to the edge of the stage"—and announcing that "there will be consequences should these tests go wrong," I was glad to see that the administration later labelled the firings reckless and provocative.

The main point here should never have been what the consequences would be in the event that China turned out not to be able to hit even a square in the ocean 20 miles on a side. The main point is what the consequences are if, as seems to have been the case so far, the tests go right.

The key issue is that off Taiwan this past week, as well as in the streets of Tel Aviv and Riyadh in early 1991, we have been given an important insight into the future of international relations. It is not an attractive vision. Ballistic missiles can, and in the future they increasingly will, be used by hostile states for blackmail, terror, and to drive wedges between us and our friends and allies. It is my judgment that the Administration is not currently giving this vital problem the proper weight it deserves.

I will turn in a moment to the presentation given the end of February to this committee by Richard Cooper, chairman of the National Intelligence Council, covering the new National Intelligence Estimate (NIE), "Emerging Missile Threats to North America During the Next Fifteen Years." (I would stress that throughout my testimony today in my references to this NIE, this unclassified presentation of Dr. Cooper's is my only source of information about this estimate.) But here at the outset let me say a few words in general about the threat that ballistic missiles are coming to pose to American interests in the world.

First, although ballistic missiles are normally discussed in the same breath with weapons of mass destruction, it is important to realize that it is not always necessary to deploy nuclear, chemical, or bacteriological warheads in order to use ballistic missiles—even with current accuracies—as weapons of terror and blackmail. The Chinese, for example, have admitted that they are using these current missile launches near Taiwan to attempt to influence Taiwan's Presidential elections later this month and to affect Taiwan's conduct of its relations with other countries. Saddam's SCUD attacks on Israel, using conventional high-explosive warheads, were clearly an attempt to provoke an Israeli response and to split the coalition against Iraq, which included a number of Arab states which would have had great difficulty fighting alongside Israel against another Arab nation.

Second, we are in the midst of an era of revolutionary improvements in missile guidance. These improvements will soon make ballistic missiles much more effective

for blackmail purposes—again, even without the need for warheads containing weapons of mass destruction. The New York Times reported last week, for example, that the White House will shortly announce a policy to permit other-than-U.S.-government-users of the Global Positioning System (GPS) satellite network to have much greater confidence that the satellites' signals will not be interrupted or degraded by the U.S. The press also reports that the administration believes that regional agreements will ensure that the signals cannot be used by hostile forces. But the efficacy of such arrangements remains to be seen. The current type of GPS access is adequate for many commercial purposes. But if it is true that the current policy of "selective availability" of GPS is about to be abandoned, there will be a definite risk not only that guidance signals, provided by the U.S., will be usable by other nations for their ballistic missile systems (that is true today), but that truly excellent accuracy will thereby be achievable for many countries' missiles.

With such guidance improvements, it is quite reasonable to believe that within a few years Saddam or the Chinese rulers will be able to threaten something far more troubling than firings of relatively inaccurate ballistic missiles. They may quite plausibly be able to threaten to destroy, say, the Knesset, or threaten to create, in effect, an intentional Chernobyl incident at a Taiwanese nuclear power plant.

Third, even relatively inaccurate ballistic missiles may be given awesome power if equipped with weapons of mass destruction. Although attention is usually focused on the possibility of various countries' obtaining nuclear warheads, nuclear capability is at least somewhat constrained by the difficulty of acquiring fissionable material. Loose controls over fissionable material, particularly in the former Soviet Union, are nevertheless quite troubling because unauthorized sales and smuggling of fissionable material to rogue States are becoming increasingly likely. But it is even easier to acquire the wherewithal to produce chemical or, much worse, bacteriological warheads than it is to acquire fissionable material. Chemical and bacteriological weapons will be available far sooner and to a much larger number of countries than will nuclear warheads. Bacteriological warheads in particular will serve about as well as nuclear ones for purposes of turning a country's ballistic missiles into extremely effective tools of terror and blackmail, even if they are never launched. This committee is well familiar with the large number of countries working on ballistic missiles, and with the international traffic in technology and equipment—much of it out of Russia, China, and North Korea—that assists other nations in developing and improving ballistic missiles and weapons of mass destruction.

Fourth, it is not necessary to be able to conduct an effective counterforce strike with ballistic missiles against ICBM silos, bomber bases, and other nuclear facilities in our continental heartland in order to use ballistic missiles for terror and blackmail directly against the United States. This concern with a counterforce strike against nuclear facilities in the interior of the lower 48 States was, of course, a principal issue for us during the long strategic stand-off against the Soviet Union during the cold war. Much of our strategic analysis during those years centered on the ability of, particularly, our ICBM's and strategic bombers to withstand such a strike and retaliate effectively. For example, the Scowcroft Commission Report in 1983, of which I was the principal drafter, was heavily devoted to this question.

But in current circumstances, nuclear blackmail threats against the United States may be effectively posed by, e.g., North Korean intermediate-range missiles targeted on Alaska or Hawaii, or by Chinese ICBM's targeted on Los Angeles.

Fifth, we should not automatically assume a benign post-cold-war world in which Russia is a democracy, with a few inconsequential anomalies, that is steadily developing a free enterprise economy and China is a free enterprise economy, with a few inconsequential anomalies, that is steadily developing democracy. It is at least as likely, in my judgment, that the Russia that will face us will be increasingly autocratic and imperialistic—we may hope, but we should not be confident, that it will retain some measure of civil liberties and some free sectors in its economy. As for the new China, in addition to our serious differences with its leaders over civil liberties, proliferation, and trade, we may well be seeing its international face in the Taiwan Straits today. In short, we cannot discount the possibility of serious international crises developing in the future with either country—including crises in which Russian or Chinese officials will repeat new versions of the recent barely veiled threat expressed to former Assistant Secretary Freeman: American leaders "care more about Los Angeles than they do Taiwan."

It is with these considerations in mind that I have some thoughts about the recent NIE covering "Emerging Missile Threats to North America During the Next Fifteen Years." The answers provided to the questions that were asked—based on the public record—during the process of writing this NIE may well be the best consensus that the Intelligence Community can produce, and may be generally consistent with earlier work. The reason, it seems to me, why this estimate seems to differ

in important ways from assessments during my tenure as DCI, lies much more in the questions that are asked. To focus an NIE on the threat to the contiguous 48 States, in my judgment, is to focus on a subset and not a particularly useful subset, of the strategic problems that are posed for us by other countries' possession of ballistic missiles in the post-cold-war era.

If broad conclusions are drawn from an NIE of such limited scope, as they apparently have been—for example, that "intelligence indicates" that ballistic missiles do not pose a serious threat to U.S. interests—the conclusions could be quite wrong, even if the drafters of the NIE answered as best they could the questions they were asked. If decisionmakers conclude, and I believe this would be a serious error, that this NIE—at least as it has publicly been described—covers the most important questions about ballistic missile threats to American interests, what would they say about, e.g., nuclear blackmail threats against Anchorage and Honolulu? These sort of threats will in great likelihood be present from North Korean intermediate range missiles in well under 15 years. Such questions as these seem to be an afterthought, at least in the public description of the NIE. But the last time I looked, Alaska and Hawaii had not been admitted to the Union on terms that exclude them in some way from the common defense called for in the Constitution's preamble. As objects of blackmail they are of no less concern to us than Oklahoma and Kansas.

I believe that the "contiguous 48" frame of reference for this NIE, if the document is used as a basis for drawing general policy conclusions, can lead to a badly distorted and minimized perception of the serious threats we face from ballistic missiles now and in the very near future—threats to our friends, our allies, our overseas bases and military forces, our overseas territories, and some of the 50 States. Using an estimate that focuses on the ICBM threat to the contiguous 48 States to make *general* judgments about our need for ballistic missile defenses is, if you will grant me some literary license, akin to saying that because we believe that for the next number of years local criminals will not be able to blow up police headquarters in the District of Columbia, there is no serious threat to the safety and security of police in the District.

I would add several other points about this NIE, as it is set out in the unclassified February testimony to this committee. The concentration on *indigenous* ICBM development also seems to me to limit sharply any general conclusions that might legitimately be drawn. Dr. Cooper's testimony indicates that "the potential for foreign assistance introduces some uncertainty into our predictions of timelines." That is putting it mildly. Again, the NIE's answers may be reasonable in view of the questions it seeks to answer. If you are assessing *indigenous* capabilities with *currently-hostile* countries to develop *ICBM's* that can hit the *lower 48 States*, the NIE's answer that we have 15 years of comfort may well be a plausible answer.

Indigenous development of ICBM's was of interest during the cold war because the Soviets sought to maintain a monopoly on their most precious military capabilities and export of fully developed ICBM's was not in the cards. But in the cold war's aftermath, Russia, China, and North Korea are in the export business for missile technology and components, and for some technologies related to weapons of mass destruction as well. Moreover, with respect to some such exports the degree of control exercised by Moscow, and perhaps by Beijing, may not be at all complete. Consequently, transfers deserve more attention than they did during the cold war. A further problem is created by transfers of ballistic missile technology or components to a country which is friendly to the U.S. if that country should later turn hostile through a revolution or radical change in government. Even with the best intelligence in the world it is impossible to forecast 15 years in advance such events as the Iranian revolution of the late 1970's, which turned a friendly State into a hostile one.

Because of these uncertainties we should study carefully the possibility of technically feasible threats, not only threats for which we actually see nations conducting tests and assembling components. One reasonable course of action, for example, would be for the Government to assemble a small technical "red team" of bright young American scientists and engineers and let them see what could be assembled from internationally available technology and components. I would bet that we would be shocked at what they could show us about available capabilities in ballistic missiles. We should remember that by assessing only what we could actually see, we badly underestimated Iraq's efforts in the years before the Gulf War, especially with regard to weapons of mass destruction.

It may be that the President was relying on something other than this recent National Intelligence Estimate when he said, in vetoing the 1996 Defense Authorization Bill, that U.S. intelligence "does not foresee" the existence of a ballistic missile threat to the United States "in the coming decade". But to the degree that the President was extrapolating a general conclusion from the very limited part of the overall

ballistic missile threat that appears to be assessed by this NIE, I believe that this was a serious error.

Finally, let me turn briefly to the current state of arms control negotiations as they might affect our BMD programs and to those programs themselves as set forth in the Administration's proposed defense budget for 1997—also based, of course, on public reports.

A little over a year ago, my law partner and friend, Steve Hadley, Assistant Secretary of Defense for International Security Policy in the Bush Administration, set out in testimony before this committee the history of the negotiations in 1992 that followed President Yeltsin's January speeches of that year. President Yeltsin called for "a global system for protection of the world community [that would be] based on a reorientation of the U.S. SDI to make use of high technologies developed in Russia's defense complex."

Recently, according to press reports, the new Russian Foreign Minister, Mr. Primakov, threatened to withhold Russian ratification of the START II Treaty unless the U.S. agreed to restrictions that could substantially limit even our *theater* ballistic missile defenses, in the context of distinguishing such theater systems from treaty-limited systems.

Among the many things that have changed since 1992 are that President Yeltsin is now surrounded by advisers, such as Mr. Korzhakov, Mr. Primakov, Mr. Barsukov, and others who have, shall we say, not yet established solid reputations as democratic reformers and are generally not inclined to promote cooperation with the United States. Indeed several of these advisers have very close ties to either the rulers of rogue States that are at the heart of our proliferation concerns, to the most unreconstructed portions of the old communist establishment, especially hardline elements of the military and industrial managers who produce military hardware, or to all of the above. Their reasons for wanting to limit cooperation with the United States are obvious—such cooperation endangers their ability to use nationalism and calls for autarky in order to enhance their status, control of resources, and power.

But whatever the reasons, the shift during these 4 years from Russian willingness to propose overall cooperation with the United States on ballistic missile defenses to Mr. Primakov's recent effort to undermine the effectiveness of our theater ballistic missile defense programs is quite striking. We may see a sharpening of such hostility even if President Yeltsin is re-elected in June. If the Communist candidate, Mr. Zyuganov, is elected, we can count on it.

During these same 4 years, the Russians have expressed substantial disagreement with one particular aspect of the treaty that I negotiated in 1990, covering conventional armed forces in Europe (CFE)—the special limitations that apply to the Russians' share of their total conventional armed forces that they can deploy to their northern and southern flanks. The United States has worked with its NATO allies during the last year to find ways, by making certain adjustments in the map defining the CFE flank zones, to accommodate some of the Russian concerns. I have no quarrel with these efforts to date, because they have been coordinated with our NATO allies, especially Turkey and Norway, who are principally interested in these particular limitations, and because the Administration has indicated that it will seek congressional approval for any map changes.

The point is that we are being quite reasonable with respect to CFE Treaty adjustments, but Russia is headed the opposite direction with respect to adjustments to the ABM Treaty. The Russian government is now trying to make the ABM Treaty *more* restrictive on the United States—for example, by trying to get us to agree to limitations on the speed of our theater ballistic missile interceptors. It is my understanding that the Administration has resisted these Russian efforts, but it is unfortunate that—again according to press reports—we have apparently agreed to language that establishes interceptor speeds (below 3 kilometers per second) that would *not* violate the treaty. I hope and trust that we will continue to insist that faster interceptors (such as those that would be used for the Navy's Upper Tier theater defense system) are also treaty-compliant, but I am concerned that we have agreed to discuss interceptor speed at all. Limitations on the range and speed of *targets* for theater systems should be sufficient to establish that our theater systems are not being "tested in an ABM mode" in violation of the treaty.

I also have difficulty in understanding the reasons for adding other nations, such as other former Soviet Republics, to the ABM Treaty. Multilateralizing the Treaty will make it harder to amend and adjust it in order to accomplish the purposes President Yeltsin set out in 1992. The original purpose of the ABM Treaty was to prevent a Soviet ABM deployment that would endanger our ability to retaliate following a Soviet counterforce strike against the United States. We fear no such a strike from, e.g., Byelorus. I see no reason why we are moving to make it *harder* to adjust the treaty to the post-cold-war era rather than easier.

Finally, I am quite disappointed that the Administration's defense budget for 1997 delays and cuts the funding for the theater and national BMD programs that Congress has called for. I am sympathetic with the dilemma faced by the senior leaders of the Defense Department as they were forced to set priorities among BMD programs, given the fact that the funds available for defense procurement overall were less than two-thirds of the sustaining level of approximately $60 billion that was needed. The problem is not so much, in my view, the choices that the Defense Department leadership made in the face of these fiscal constraints. It is the constraints themselves.

Any overall assessment of the risks and needs facing the United States should, in my judgment, indicate the primary importance of a vigorous program for theater defenses (Navy Upper Tier and THAAD) and also the importance of a sound program to move toward some type of national defense (coupled with a diplomatic effort to increase, not decrease, the flexibility in the ABM Treaty). I would personally put the top priority at the present time on the theater defense programs, in addition to the shorter-range systems that are already being pursued. The reasons are set forth very well in last year's report by the Heritage Foundation, "Defending America." In general, much of the work on theater systems, particularly in connection with space-based sensors, is also relevant to national defenses.

I would defer for the time being the question whether we should consider withdrawing from the ABM Treaty. I believe that, with an appropriately firm negotiating approach to the Russians and with adequate funding for our own BMD programs, we should be able to accommodate our needs within the Treaty for some time if it is appropriately interpreted and, possibly, modified.

In 1992 we explored seriously with the Russians how we might move toward limited national defenses cooperatively with them so that both countries could be defended from a wide range of ballistic missile threats. With any reasonable Russian government, this approach should eventually bear fruit. For example, if we could reach agreement on returning to the ABM Treaty's original 1972 form (permitting two sites, not one, in each country), a thin national defense against most threats other than a large attack by Russia would be made substantially easier. As part of a combined approach we might be willing to supply the Russians, as well as other nations, with data from our space-based sensors such as Brilliant Eyes. This would substantially enhance the performance of their theater defense systems. Such a combined approach of treaty modification and cooperative programs would give us a few more years to assess the direction in which we want to move over the long run.

One final point. The Russians should be made aware that we expect them to be reasonable and that particularly their international conduct and military programs will be weighed by us as we make our long-term decisions about our approach toward the Treaty and cooperative programs. We have no reason to be hesitant to make clear to the Russian government what American needs and desires are. We are dealing from a position of strength. It was our cold-war adversaries' political and economic system that has been cast onto the ash-heap of history, not ours.

Thank you, Mr. Chairman.

STATEMENT OF THE HONORABLE R. JAMES WOOLSEY, FORMER DIRECTOR OF CENTRAL INTELLIGENCE

Director WOOLSEY. Thank you, Mr. Chairman.

Let me also say that I think the general thrust of your recommendations as well as those of the Aspin-Brown Commission and the House Committee's IC 2001 are quite positive. Generally, they are pushing for a more corporate Intelligence Community and for greater authority for the DCI. Those are steps that a DCI cannot take on his own. They will require legislation or Executive order, and I think the general direction of where you are headed, as well as the House Committee and the Aspin-Brown Commission, is quite positive and useful .

Let me tick off very briefly some of the areas where some of these recommendations are slightly different, just by way of getting on the table some of the issues.

I agree with your approach toward the appointment of national agency heads and control of the intelligence budget. As I read it,

I also agree with the need for Goldwater-Nichols jointness in the Intelligence Community, but with one important caveat. I think it is important to realize that jointness does not mean homogeneity. There is often real value and importance in different intelligence agencies having different policies with respect to some aspects of personnel management and the like. I think it is very important to have more service outside, away from the flagpole, as the saying goes, but jointness just as in the military services doesn't always mean homogeneity. I think the same thing is true in the Intelligence Community.

Perhaps because of a traditional propensity for gradualism, I am more inclined to merely adding one more deputy director rather than adding three, as your paper suggests. I believe that there is value, as the House Committee and the Aspin-Brown Commission suggest, in having two deputies, one for the Community and one for the CIA. Effectively what this would mean is that the Executive Director would become a Deputy Director and a confirmed position.

But I do believe that adding three more directors at this point runs the risk of establishing some unnecessary layering in the management of the Intelligence Community. I'd be inclined to go with one more and to see how it works. If it doesn't work after 2 or 3 years, make a further change.

I believe that the creation of the National Imagery and Mapping Agency, as it is now described, is probably not worth the effort. The original problem that people were seeking to solve back in the aftermath of the Gulf War was that, although one could get the imagery to Riyadh, you couldn't get it from Riyadh out to the field very well. It was all sort of Piper Cubs and briefcases and 2- and 3- and 4-day delays from Riyadh on out.

The idea originally was to bring the military services into a coordinated, disciplined structure of imagery dissemination. As I understand the new proposal, what it really amounts to is a merger of the Central Imagery Office, the Defense Mapping Agency and the National Photointerpretation Center, and does not have the feature of bringing the military service imagery dissemination in. So I think the original reason is really not dealt with by the proposal.

Second, I think there is some risk that creating a national and combat support agency of this sort, with all imagery in it, runs the risk of creating an imagery approach for the U.S. government that is too focused solely on military operational needs. So I have turned from open minded to skeptical with respect to the creation of the imagery and mapping agency.

I do not believe it would be wise to separate clandestine collection from analysis, either by putting collectors in a separate agency, as your paper suggests you are considering, and as former Director Turner recommended. What we tried to do during the 2 years I was DCI was build on some of the experience in the late 1980's and the early 1990's in having DI and DO officers work closely together, sometimes with Science and Technology officers, and with people from other parts of the Intelligence Community, in intelligence centers. The successes of the Nonproliferation Center, the Counterterrorism Center, and the like, led us to believe that this more corporate approach within the Agency—in which intel-

ligence officers who were analysts could help the collectors plan collection, and the sometimes extraordinary regional expertise of the DO officers could help the analysts—was desirable. This was the genesis of the so-called DO/DI partnership.

In my judgment, that was working well as of a year or so ago, and the Aspin-Brown Commission Report seems to indicate there is still value in it.

I do not agree with the opinion that has been expressed sometimes in op-ed columns and elsewhere that the existence of a DI and DO working closely together is going to corrupt analysis. As long as the DI officers have a separate promotion chain, and they do now, and a separate head of their personnel service, as they do now, I don't believe this is a substantial risk. It is something one wants to watch, because particularly back in the early 1980's there was concern that covert action being run by the CIA was corrupting some of the analysis, I know particularly with respect to Nicaragua.

But I believe generally today, in today's environment, this partnership is working well, and separating the DO out into a wholly separate agency I believe would undercut that, and I do not think that would be wise.

Finally, let me say with respect to the issue of law enforcement and intelligence, I'll defer to former Director Webster, who of course also was head of the FBI. But I think it is very important, as both the Brown-Aspin Commission Report suggests and the Council on Foreign Relations report states, that with respect to unilateral acts overseas, in the area of collecting law enforcement information, either by way of clandestine collection or interviewing witnesses or whatever, it seems to me it is very important that the FBI operate pursuant to 22 USC 3927 and keep the Ambassador fully and currently informed of what they are doing. It is the Ambassador's job in the country, unless the Ambassador himself is being investigated for a crime—with that one exception—it is the Ambassador's job, I believe, to deconflict any collection of intelligence by the CIA and any unilateral law enforcement operations by the Bureau, and I believe that course of action is the appropriate one.

I guess I would close, Mr. Chairman, by saying I think, in the last analysis, people are more important than organizational changes. I endorse, as I said, a number of the changes that your committee is suggesting, but in the last analysis, the most important thing about the Intelligence Community is the quality of the people in it. A great deal of attention, I think, must continually be paid to this problem in order to ensure that people have fruitful careers, that they are given credit when credit is due, held accountable certainly, but not subjected to attacks because their failures, as the saying goes, are always known, but their successes are never spoken of. I think it is very important to give career people in the Intelligence Community the understanding that the public and the Congress, as well as former Directors, view their jobs and what they do positively, that they make positive contributions to the country, and that, by and large, I think they do a very good job.

Thank you, Mr. Chairman.

Chairman SPECTER. Thank you very much, Director Woolsey.

We are going to proceed this morning with 5 minute rounds to maintain a brisk pace and try to cover as much ground as we can.

Perhaps the central question is how much authority the DCI takes over from DOD. Former Secretary Brown was not too enthusiastic about too much authority going to the DCI. Former DCI's may have a little different point of view.

Let's start with the NRO, the National Reconnaissance Office, which has been plagued with problems. Let me ask for a yes or no answer, if that is possible, and I am not pressing for that, as to whether you think the DCI ought to appoint the head of NRO.

Admiral Turner.

Admiral TURNER. Yes.

Chairman SPECTER. Judge Webster.

Judge WEBSTER. Can't do yes or no. It's a question of who nominates and who concurs. Where is the initiative going to be. I would like to see that initiative with the DCI. But I don't think it is fatal if the initiative is with the Secretary of Defense as long as it cannot be made without the concurrence of the other party.

Chairman SPECTER. Director Woolsey.

Director WOOLSEY. I agree with Director Webster.

Chairman SPECTER. How about NSA, National Security Agency, Admiral Turner?

Admiral TURNER. Yes.

Chairman SPECTER. Judge Webster.

Judge WEBSTER. Same answer as before.

Chairman SPECTER. Director Woolsey.

Director WOOLSEY. Same. Same, Mr. Chairman.

Chairman SPECTER. How about DIA, Director, Defense Intelligence Agency? Admiral Turner.

Admiral TURNER. I think that ought to be appointed by the Secretary of Defense without necessity for consulting with the DCI.

Chairman SPECTER. Well now, if you do that, how does the DCI maintain control so that he can be accountable?

Admiral TURNER. He has to work that with persuasion. But the Secretary of Defense is certainly entitled to have his own advisor on intelligence, just as the President is entitled to have his own advisor, the DCI. So I think that is a personal relationship between the Secretary of Defense and the Director of Defense Intelligence.

Chairman SPECTER. Admiral Turner, how much would you then leave in the Defense Department? You have said very directly that HUMINT ought to be combined, for a number of reasons. Efficiency, also to try to change the mental approach of HUMINT and the Directorate of Operations. Then how much of the Intelligence Community would be left in DIA under the control of the Secretary of Defense?

Admiral TURNER. Well, if you remove the HUMINT out of DIA and put it in a separate HUMINT agency, I believe that leaves the DIA as a primarily analytic organization. I think that every agency of the government that wants one, like the State Department, the FBI, the Treasury Department,, and the Defense Department, should have its own agency for analysis of intelligence. And that that should be a free standing agency for which the DCI has authority to coordinate, to direct the total effort. That is, to be sure every topic that we want analyzed is being covered by somebody,

but not to direct the results. In particular to ensure that on important topics there will be competitive analysis, that is to assign several agencies. So there has to be a connection between the DCI and the head of the DIA and the head of the INR, but I don't think it goes to being able to appoint who they are.

Chairman SPECTER. Admiral Turner, would you require that the Secretary of Defense get the concurrence of the DCI on the appointment of the head of DIA?

Admiral TURNER. I would not think that was necessary.

Chairman SPECTER. How about budget control? NRO budget control under DCI, Admiral Turner?

Admiral TURNER. Yes, I think your recommendations on budget are good.

Chairman SPECTER. Judge Webster.

Judge WEBSTER. Yes.

Chairman SPECTER. Director Woolsey.

Director WOOLSEY. Yes.

Chairman SPECTER. NSA budget control under DCI, Admiral Turner.

Admiral TURNER. Yes.

Chairman SPECTER. Judge Webster.

Judge WEBSTER. Yes.

Director WOOLSEY. I agree.

Chairman SPECTER. DIA budget control under CIA Director, Admiral Turner?

Admiral TURNER. Under the DCI, yes.

Chairman SPECTER. And Judge Webster.

Judge WEBSTER. Yes.

Chairman SPECTER. Director Woolsey.

Director WOOLSEY. I agree.

Chairman SPECTER. Well, Admiral Turner, if you give the DCI budget control, are you really maintaining sufficient—well, are you maintaining sufficient independence for the head of the DIA to respond to the Secretary of Defense?

Admiral TURNER. Yes, I think so. I think if the Secretary appoints the head of the DIA, he will be able to get from him the kind of response that he requires.

Chairman SPECTER. My read light is on. I yield now to our distinguished Vice Chairman, Senator Kerrey.

Vice Chairman KERREY. Thank you, Mr. Chairman.

Admiral Turner, let me apologize to all of you for coming in late. But, you were the only one who I think answered "yes" insofar as moving the DO out of the DCI, is that correct?

Admiral TURNER. Out of the CIA.

Vice Chairman KERREY. Out of the CIA.

Tell me how you envision it operating outside of the CIA. What sort of agency do you envision?

Admiral TURNER. Well, going back a little bit further, I believe there should be a deputy to the DCI for collection, another deputy to the DCI for analysis. Under the deputy for collection would be the NSA, the NRO, and a new HUMINT organization comprised of the DO of the CIA and the HUMINT elements of the Department of Defense. That way, you have one person responsible for coordinating all of the collection activities: for instance, for ensuring that

somebody is covering everything you want covered; for ensuring that on a given problem, you are using the resources you have to best advantage; for ensuring that people don't go off helter-skelter trying to solve today's problem and forgetting tomorrow's problem. I think this need for coordination is greater today than it has ever been. And therefore, putting them all together, these functionally organized collection agencies, is an effective way to do that.

Vice Chairman KERREY. Well, I would like to get to that as well, but on the operational component of the CIA, in your mind you have that moving out as something that—moving it away from the CIA to be advantageous for operational reasons. I don't quite understand why.

Admiral TURNER. I think it is essential to breaking the culture of the DO, which is antithetical to the laws of this country, antithetical to a sense of accountability. Breaking it loose and putting it under a Presidentially appointed head is the only hope we have for getting it under the right control.

Vice Chairman KERREY. But the DCI is Presidentially appointed——

Admiral TURNER. That's certainly true, but the record has shown, over 50 years, that DCI's have not been able to exercise sufficiently effective control of the DO.

Vice Chairman KERREY. But if the DCI who is already Presidentially appointed can't exercise control, how is it going to improve control by simply moving it over into some other agency that is also Presidentially appointed. I mean, it seems to me that one of the risks there is that you could actually decrease the authority that the DCI has over the DO and create an operation that has even less control than you have got now.

Admiral TURNER. The DCI can be in charge of another Presidentially appointed person, so I don't think it weakens the DCI's control, but it reduces his span of control. I think today the record shows that DCI's have far too many things on their plate.

I think also there is a big factor——

Vice Chairman KERREY. Well, it seems to me that one of the things that you are all saying is that the DCI has a lot of responsibility but not necessarily the authority to do the things that needs to be done. I mean, we have a great example of the NRO situation recently. It is John Deutch who has to come up here and explain on the Hill what went wrong. It is not Secretary Perry that comes up here. It is the DCI that comes up and explains. He's got the responsibility without much authority.

Admiral TURNER. That's true, but the DCI does have full authority over the DO, that's not a problem.

Vice Chairman KERREY. But your recommendation would give the DCI less authority, would it not?

Admiral TURNER. No, sir. No, sir. Just because there is another layer in between does not reduce the DCI's authority. It reduces his day to day responsibility.

The problem of running a major agency like the DO involves you in a myriad of administrative and nuisance problems that you just don't need to get into.

Vice Chairman KERREY. You're not recommending we move it then. You're recommending merely having a person beneath the DCI that would have the responsibility for operations?

Admiral TURNER. No, sir. I want it to be a separate agency so——

Vice Chairman KERREY. What authority would the DCI have if it's a separate agency? You're saying he would have straight line authority over that agency?

Admiral TURNER. He would have straight line authority over that agency, but he would not technically be the head of that agency. Therefore, every time somebody gets a commendation or somebody retires or every time there is a disciplinary case, or whatever it may be, you don't have to have the DCI solve it. He is not the head of the agency. You get the DCI out of all the day to day routine operations, and you get a Presidentially appointed person who gives full time to the DO.

Vice Chairman KERREY. But, sir, you know better than I, because you had a career in it. All I had was 3 short years in the world's largest and most powerful navy. It seems to me if the DCI still has the authority over that individual, he can't delegate the responsibility. He can delegate part of the responsibility but he cannot delegate the authority and will be held accountable if problems arise in DO. Is that how you envision it?

Admiral TURNER. That's how I envision it, yes, sir.

Chairman SPECTER. Thank you very much, Senator Kerrey.

Senator Shelby.

Senator SHELBY. Thank you.

It's a fundamental question basically that there is no central management of intelligence, even after 50 years, in other words, that the intelligence, the management of intelligence is a haphazard mix of Defense and national intelligence groups.

Admiral.

Admiral TURNER. Yes, sir. It is just a question of the degree to which you want to centralize. In particular, over the analytic end, you want to be careful you don't overcentralize. You don't want somebody to be able to dictate the results of the analysis.

Senator SHELBY. But you have to be, and you used the word—I think all of you used it—accountability and effectiveness. You've got to be effective, but you've got to be accountable, is that true?

Admiral TURNER. That's right.

Senator SHELBY. How do you do this? How do we get a fresh start? You mentioned a minute ago you need a deputy for collection and a deputy for analysis. I don't argue with that, you know, they're both very, very important. We also need, a lot of us believe, and I assume you think the same way, an effective human intelligence operation. That just having a collection of information without a human element to it, there is something lacking sometime, is it not?

Admiral TURNER. Yes, sir.

Senator SHELBY. Judge.

Judge WEBSTER. [Nods in the affirmative.]

Senator SHELBY. Mr. Woolsey.

Director WOOLSEY. Absolutely, Senator Shelby.

Senator SHELBY. And what is lacking, Mr. Woolsey?

Director WOOLSEY. Well, I think what is lacking without human intelligence, effective clandestine human collection, is usually any kind of decent handle on intentions of other governments and also particularly any kind of good handle on terrorism or proliferation. Those are areas where, Tom Clancy to the contrary notwithstanding, you don't really get a great deal from a satellite being able to tell long-haired terrorists from short-haired terrorists in camps. If you are going to learn what Hezballah is doing, you're going to do it with spies. Human intelligence, particularly clandestine collection, is absolutely vital for such things as understanding terrorist groups, proliferation and the like.

Senator SHELBY. Do all three of you believe that there's really or ultimately no substitute for human intelligence, good human intelligence.

Admiral Turner.

Admiral TURNER. I wouldn't go quite as far as my friend, Mr. Woolsey.

Senator SHELBY. OK.

Admiral TURNER. Of course you want to have good human intelligence. But you do learn people's intentions by all sorts of methods. With respect to terrorism——

Senator SHELBY. There are many signals out there, aren't there?

Admiral TURNER. There are many signals out there. We have a specific case. In the mid 1980's when we had all those problems in Lebanon, our photographic satellites found in the Bekka Valley of Lebanon a mock up of the new U.S. embassy, and tire tracks showing that cars were practicing a truck bombing of that embassy. Unfortunately, the photointerpreters didn't divine this or understand it until after the fact of the next bombing of our embassy. But the intentions were there, they were seen by a photograph.

Senator SHELBY. What kind of time lapse was there between the incident you're talking about, which is a real tragedy, between when you picked up by satellite what they were doing and when this was acted upon. Obviously it wasn't acted upon. Is there a timeframe there.

Admiral TURNER. I can't answer that. I wasn't part of this.

Senator SHELBY. I know you weren't. You were gone then.

Admiral TURNER. I read this from the press.

But similarly, we knew the intentions of the bombing of the discotheque in West Berlin in 1986 in advance, and the military commander in Berlin tried to forestall that, but was unable to do so. You can find out what people are doing by other means.

HUMINT is a very good adjunct. But the role of HUMINT must be re-evaluated today in a world where there are very few unfriendly countries any more. Our avowed enemies are many fewer.

Senator SHELBY. How is that going to be done, Admiral Turner? Are we going to re-evaluate it because we have different circumstances, right?

Admiral TURNER. Yes. Every one of us at this table has found occasions when we had to go to the President of the United States to get approval to do a HUMINT operation, because the consequences of doing it in some circumstance were very high, as far as our relations with some country was concerned. Those conferences, those high level decisions on when it is worth the risk of

getting caught in a HUMINT operation in a friendly country are going to be more frequent. You're going to use HUMINT much more judiciously, much less in the future. That doesn't mean it is going to be less important, because you may fill a very important crack with it.

Senator SHELBY. Judge Webster, do you have any comments?

Judge WEBSTER. Only this, Senator. I think the thrust of the discussion seems to focus more on military needs and intentions, and we should not overlook the vital importance of important political, sociological and economic issues that affect the stability of nations, the intentions of not only those who are in power, but those who are seeking power, and our ability to get that information, confirm it through technological means, or vice versa, but to have on the ground information about what people really have on their minds and what they are really trying to do! And that makes human intelligence indispensable.

Human intelligence capability is not fungible, it isn't something you can put on a shelf and pull down and have it go to work for you the next day. You have to make a commitment to it and put people in the right place so they will be there at the right time. I am talking about recruited assets who can supply that information. You can't just decide at the last minute, we need some human intelligence, and have it happen.

Senator SHELBY. It's long range.

Mr. Woolsey.

Director WOOLSEY. I agree with what Judge Webster said.

Senator SHELBY. Do you believe that basically our human intelligence is lacking today in a lot of areas?

Director WOOLSEY. I think it is far better than its public perception.

Senator SHELBY. OK.

Director WOOLSEY. And I think that generally speaking, in many parts of the world, it is excellent. There are some gaps and there are some places it is very hard to collect against, and case officers make tradecraft mistakes and things go wrong; it's a risky business. But generally speaking I think the collection—clandestine collection—of human intelligence around the world, at least as of a year and 2 months ago, I thought was much better than its public reputation.

Senator SHELBY. My time has expired.

Chairman SPECTER. Thank you very much, Senator Shelby.

Senator Kyl.

Senator KYL. Thank you, Mr. Chairman.

On that same point of human intelligence, is it possible to say whether, in the multipolar post-cold war era in which we find ourselves today, human intelligence is relatively more important than it was in the cold war, vis-a-vis the other collection methods?

Admiral Turner.

Admiral TURNER. I would say no, it is not, for the reasons I mentioned to Mr. Shelby. You've got to be much more judicious in using this arm because tomorrow morning your President may be having lunch with the prime minister of the country you just got yourself caught spying in. Therefore, you are going to have to be very, very

careful about using it. It's important, but it hasn't grown in importance.

Senator KYL. Judge Webster.

Judge WEBSTER. I think it probably needs to be said that the President traditionally, in my experience with three Presidents, have a voracious appetite when they are engaged in negotiations and discussions to know all that they can know. The human intelligence plays often a vital and critical role.

Now, when we began to read about people bragging from outside the Agency on the capacity to collect human intelligence, then that is counterproductive. But they do want it and they want every little bit that helps give us the edge in making decisions that affect our national interest.

Director WOOLSEY. I agree with what Judge Webster said, and I think I would add, Senator Kyl, that during the cold war, we were primarily, not exclusively, but primarily focused on the Soviet Union and its allies. They tended to do a fair number of things in a relatively predictable way. They built fences around their ICBM silos the same way. They did a lot of things that made it relatively easy—they developed new weapons systems with the same sort of history of testing and so forth. Although human intelligence, clandestine collection, was quite useful against them—in some cases it was vital—I think that other collection methods probably played the substantial—a substantially larger—role.

In this post-cold war world, Admiral Turner is quite right to say that some of the countries one is now discussing things with, or the President may be discussing with a leader of another country, might be countries that not only is the United States spying on, but that country is also spying on the United States. That is sort of the way things are in this post-cold war world. There are a lot of countries with whom we have cooperative arrangements—Russia is one—on intelligence, but we also spy on them and they spy on us.

But I think that very great—very great—importance in this post-cold war era attaches to rogue states, to proliferation of weapons of mass destruction, and ballistic and cruise missiles and other advanced technology, that the Soviets kept a rather tighter rein on than is now the case. Terrorism is in some ways increasingly a problem for us now—so are drug cartels, and some aspects of economic intelligence, such as learning when a foreign country is spying on American corporations and when a foreign corporation may be trying to bribe its way to contracts to the disadvantage of American companies. All of those areas seem to me to require a very heavy contribution from clandestine human collection.

So whereas the cataclysmic exchange with the Soviet Union may not be in the cards, certainly today, and it hopefully will not be in the cards in the future with respect to Russia, nonetheless, the large number of serious problems to which clandestine collection can help contribute, seem to me to be very important. So I guess I would go the other direction from Admiral Turner. I think it is somewhat more important than it was.

Senator KYL. May I just ask a yes or no—hopefully a yes or no question of each of you. Do you believe that the CIA budget should be made public or that it should remain as it is today?

Director WOOLSEY. I do not believe it should be made public.

Senator KYL. Judge Webster.

Judge WEBSTER. I would prefer that it not be made public, but it seems that it always becomes public, at least in gross numbers. If I could believe that would be the end of the discussion rather than the opening of a debate, I would favor it. But I don't know the answer to that question.

Admiral TURNER. I recommended that it be made public to this committee 19 years ago this month, and I continue to have that same conviction.

Senator KYL. Thank you.

Chairman SPECTER. Thank you very much, Senator Kyl.

Senator Kerry of Massachusetts.

Senator KERRY OF MASSACHUSETTS. Thank you very much, Mr. Chairman.

Regarding your last answer, the convergence between the two of you, Admiral, were you suggesting the budget be made public line by line, or are you suggesting just the gross aggregate budget?

Admiral TURNER. Gross aggregate, sir.

Senator KERRY OF MASSACHUSETTS. And would you also suggest that that be treated as a component of the Department of Defense budget in entirety, *i.e.*, folded essentially under that? Should it be kept as a component of the Department of Defense in its aggregate?

Admiral TURNER. No, sir.

I think if you are going to give the DCI budget authority and you are going to make the single number public, it ought to be separate from the Department of Defense.

Senator KERRY OF MASSACHUSETTS. Now, Admiral, if I could also ask you—I would ask each of you—with respect to the additional entities that do intelligence gathering—I understand there has been some discussion here this morning about DIA—what are your thoughts about INR and Energy's and Treasury's individual efforts? It seems to me there is a huge overlap and redundancy there. Would you get rid of those, fold them under, and perhaps just leave the DIA so the Department of Defense has its own entity?

Director WOOLSEY. I would not, Senator Kerry. One of those I know the best, the most about, is the State Department's INR Bureau. It has served—it's a very small office, but it has served a valuable function over the years in maintaining a career force with excellent regional expertise, particularly during the years in which the Intelligence Community sometimes moved people around so much that they didn't stay with a particular region or an area. You could often in INR find, for example, the country's leading expert on Poland, back in the early 1980's.

The Secretary of State has, I think, a particular need to have a good analytical office digesting intelligence and reporting to him. These are small offices and in my judgment, they function reasonably well at the present time, and I would not abolish them.

Senator KERRY OF MASSACHUSETTS. But why? Whenever we make a journey abroad, we go into a saferoom, we are briefed by the field station, the Ambassador meets on a daily basis with those people, or usually on a daily basis and their reports are digested

and come back through to the Secretary of State. Why isn't that adequate?

Director WOOLSEY. I think it is very important that the principal intelligence analytical function for the country be in the hands of an independent agency that does not have a policy role. I think that is why the CIA principally was originally created and as well as to avoid having the coordination problems that produced our not being able to see what was coming at Pearl Harbor. So I think the CIA's role should be central.

But I think agencies that are heavily involved in international matters, as State certainly, but also Treasury and Energy, the Secretaries and the senior leadership of each of those agencies, often have rather specialized intelligence needs that it is very helpful for them to be able to have their own people working on. Now, I think if you didn't have, for example, the Treasury's intelligence office, or INR at State, you would probably have to add some people to the CIA that were particularly attuned to getting material to Treasury and the like. I don't think you would save very much. I think you would save a few personnel slots, perhaps, in consolidating overhead, but not much more.

Senator KERRY OF MASSACHUSETTS. Judge, and Admiral, how do you feel about that?

Judge WEBSTER. Senator, I agree with that. I think that the cost is not that great. The Secretary of State is a policymaker. He is going to want to have—his own thinking caps around him. They don't collect intelligence. They receive the same information and they subject it through a different set of eyes for a different set of reasons. As long as the President has access to CIA which has no agenda at all, I think it is perfectly proper for State Department people to feel confident that they are looking at this information from the standpoint of experienced men in the diplomatic service. I also think it's helpful to have them asking for more information in particular areas where that information might not be forthcoming if the Secretary's needs weren't properly communicated to the collectors.

Admiral TURNER. Very briefly, sir, the biggest problem in the analysis of intelligence is a pre-set mindset. The Shah of Iran is not going to fall. The Soviet Union is not going to collapse. Saddam Hussein is not going to attack Kuwait. Having competitive analysis with different points of view I think is well worth the cost, and it is a very minor cost in this case, when you talk about something like INR and Energy and so on.

Senator KERRY OF MASSACHUSETTS. Shifting attention to the organization of Congress in the oversight process, there are some discussions about establishing a Joint Committee, and the issue of co-optation by the Intelligence Community of the Select Committee. Would any of you embrace the notion that there ought to be a Joint Committee, No. 1? And No. 2, do you believe that the term limitation with respect to participation on this committee hinders or helps the process of accountability?

I am sorry, my time is up. I didn't realize I had gone on.

Chairman SPECTER. Oh, no, go ahead, Senator.

Director WOOLSEY. I think that the term limitations, as they were originally stated, were to prevent co-option. If it ever was a

consideration, it really is no longer. I don't think this committee or the House Intelligence Committee are any more likely to be co-opted by the agencies they oversee than, say, the Foreign Relations Committee of the Senate is likely to be co-opted by the State Department. Neither intelligence nor State has any real domestic constituency of any size. They deal with foreign matters and I think that the positions are really somewhat parallel. So I don't see any reason why there should be special provisions, the 8-year limitation or anything else, to having a longer-term Standing Committee of either body.

Now, as far as Joint is concerned, that would raise, I would think, certain complexities with respect to the Senate's role in confirmation. I don't recall how, if there were Joint Committee, back in the atomic energy days, for example, how the Joint Committees dealt with appointments to the AEC and so on.

Chairman SPECTER. We wouldn't let the House vote.

Director WOOLSEY. One could not have the House vote, whatever.

But I think the reason people sometimes talk about Joint Committees is to reduce the number of people in the Congress, and sometimes the allegation is that if you did that, there would be fewer leaks. My own judgment, Senator Kerry, based on my 2 years as DCI is that most leaks do not come from the Hill, they come from disputes between the policy agencies, each one of which wants to use intelligence for some policy purpose. I don't really think reducing the number of Congressmen and Senators involved in oversight is necessary.

Senator KERRY OF MASSACHUSETTS. Thank you.

Chairman SPECTER. Thank you very much, Senator Kerry.

Pursuing the issue of secrecy as to budget and secrecy on broader terms, there is an enormous problem on oversight by the Intelligence Committees, and a very substantial, if not enormous problem the Directors have of knowing what is going on in the agencies, illustrated by Ames and many other cases. The cloak of secrecy is indispensable on many, many items, sources and methods, some things we have to keep secret. But it is also widely used to hide errors, to hide indiscretions, and when there is a certain amount of overview by the public, by the media, by investigative reporting, many items come to light that simply cannot be detected by even highly talented Director of the Central Intelligence Agency or lesser talented Senators from the Oversight Committees.

I was very much impressed when I heard President Reagan say, in a 1984 debate with former Vice President Mondale, that after we got the Strategic Defense Initiative, Star Wars, we would turn it over to the Soviet Union. I found it a little hard to believe that he really meant that. So I had a chance to talk to him about it. Had a car ride with him when he went to the bicentennial celebration in Philadelphia—one of the interesting facets of traveling with the President when there is nobody else around. He really meant it. There I thought was an item of the highest level of secrecy that President Reagan, the originator of the SDI, Star Wars, was prepared to turn over.

And we start with the budget and the bottom line of the budget, and the Senate, on a close vote a few years back, voted to disclose the bottom line, and it was overturned in a Conference Committee.

Director Deutch—and I preface this comment by saying I think he has done an outstanding job in very difficult circumstances, although I have real questions about the discipline in Guatemala, the discipline in Ames, very difficult. He has a role to perform at Langley which is very different from what this committee has.

We went round and round on the question that I asked him, why shouldn't the total slush fund of the NRO be disclosed. I didn't ask him what it was, so I didn't give him a chance to decline to answer, but I said, why shouldn't it be disclosed. This is sort of an amorphous question, but I would like to get your responses to it. What would be the maximum of disclosure as to budget, as to CIA operations, consistent with retaining the core of what you really need to have secret, but to give the public more confidence about what is going on, what we're spending and why, starting with the budget and moving through the whole operation. Or stated differently, I don't like to ask these generalized questions, isn't a great deal of what is kept secret unnecessarily so?

Admiral Turner.

Admiral TURNER. Yes, sir. I would note that the Brown Commission apparently disclosed the budgets of all the major agencies, and I think that is where it ought to go. The public deserves to know what the CIA gets, the NSA gets, the NRO gets.

Chairman SPECTER. Why not beyond that? Why not beyond that? Why not have a rebuttable presumption of secrecy, but you have to have a reason for the secrecy.

Admiral TURNER. I think an argument can be made in that direction, Senator. It's just too painful to try to get there at this point, so I would limit it now to the several figures.

Chairman SPECTER. Judge Webster.

Judge WEBSTER. We have the slippery slope problem when we talk about how much to disclose beyond the basic numbers. My inclination is to look for ways to accommodate the interests that you have described, and I don't have a ready one. Perhaps there may be some parallel between the type of financial disclosures that are required in given situations in connection with Senate confirmation and so on, where we would be prepared to give in percentage terms or in range terms, the amount of money that is spent for certain types of activity. I don't know the answer to that. But I think that once you begin to lay outlines, other people will fill them in and they have been making a game of that, a very good, successful game, for years, of identifying the whole Intelligence Community budget, once three or four numbers get into play. I am talking about journalists and others who make it their business to try to figure it out, and that is their business, and it is perfectly proper.

Chairman SPECTER. How does it hurt?

Judge WEBSTER. I suppose there are two possible areas. One is that it might seem extraordinarily large to members of the public who have not been informed fully of the need and where it was spent and what the results would be. I don't think that is a sufficient reason. But you can be sure that our adversaries will be tracking this and making their own judgments as to what they in turn will do, and whether that creates a spiraling, escalating level of competition, I can't say.

But I guess I would ask the other question, how does it hurt not to put the detail in the public debate.

Chairman SPECTER. Director Woolsey.

Director WOOLSEY. Mr. Chairman, I think the problem is that as funding totals change from year to year for some important matters—let's say a large covert action such as helping the Afghan rebels back in the 1980's, or individual satellite acquisitions which can, of course, shift by, you know, a billion dollars or more total—I think changes of that sort from year to year will produce changes in even an aggregate, and certainly they will produce changes that are very obvious. It will produce changes in subordinate parts such as the CIA's budget in the case of a large covert action, or in the NRO's budget in the case of a change in satellite acquisition strategy.

I believe that it will be very hard to avoid the Congress and the Executive branch, once you disclose the total number, going down to that level of detail, and saying, yes, we are buying more satellites this year. Then the question is, why? Well, you have to start answering the question: is it a new satellite program of some sort? What sort of new satellite program is it?

I think you are on a slope which ultimately will not be to the country's advantage to be on. I would far prefer the current system whereby this committee and the Senate Appropriations Committee and the two comparable committees on the House side, essentially have the proxy of the Congress—with individual members, of course, being able to look into it as they choose—and essentially also have the proxy of the country to make these legislative decisions. You will not know at the time that a covert action is inadvertently disclosed by swings in budget totals, or a satellite purchase is disclosed, exactly what the damage might be. At some point in the future, I think people will probably wish, in a lot of those cases, that they had not seen such a disclosure. But I admit, the case I am making to you is a theoretical one. I nonetheless believe that what we ought to do is not even disclose the total.

Chairman SPECTER. Thank you very much, Director Woolsey.

Senator Kerrey.

Vice Chairman KERREY. First, let me—I should say for the record, to Judge Webster and Mr. Woolsey, there was an earlier incident involving the Aldrich Ames Inspector General Report, the evaluation and the damage assessment, where you were, unbeknownst to me, actually solicited for a letter. I thought at the time that the letter had been sent without solicitation. I appreciate knowing that that letter in fact had been solicited.

Director WOOLSEY. Thank you, Senator Kerrey.

Vice Chairman KERREY. But say, Mr. Woolsey, in response to what you have just said, we had a recent incident during our conference when a covert operation involving Iran was leaked to the press, and it is not the first and not likely the last, either by presuming in this case it came from a member of Congress, or from a member of the Administration, where information is leaked out conveniently in order to either make a policy or a political point known. So I am very troubled by a condition where we are given a proxy vote in an environment where I think we have a difficult time today making the case that this X billion dollars is being

spent, needs to be spent. So I think the public disclosure will strengthen the American people's confidence in the expenditures that we are making as a consequence of acquiring them.

But that's an editorial. I would actually like to ask you, Mr. Woolsey, a question, and rather than focusing just on the policy conclusion itself, which is a tendency, would like to beat it back into one of the recommendations that Brown and this committee as well as the House Committee, has made insofar as the need for developing some policy guidance. Both in the Brown Commission and the House Committee, they recommended a committee on foreign intelligence for developing policy guidance. I am not sure that is going far enough, and I don't know what to do it in.

But in your testimony to the House Committee on National Security on the 14th of March, you point out one of the weaknesses that we have in the system, and that is we very often reach a policy conclusion based upon the national intelligence assessment and in this case, the incident involves the question of the NIE's public evaluation of the emerging missile threat provided—emerging missile threat to North America during the next 15 years. Your criticism of the public debate, public account of that NIE was that the questions that were asked were too narrowly drawn, drawn to contiguous 48, and I think you quite correctly point out that when Hawaii and Alaska were brought in, they were not told that, well, if you are under threat of nuclear attack, we are not going to respond.

An even more obvious situation is that this nation delayed going into World War II until Hawaii was attacked. So I mean, the question is rather narrowly drawn, and beyond that, you suggest that drawing the question narrowly to indigenous as opposed to a country acquiring it from some other means could also underestimate the threat during the next 15 years. Rather than just sort of centering on the policy conclusion that comes from that, how do the three of you see changing this process so that we—you know, so that the DCI and the President and the Congress continue to operate in this traditionally bipartisan way that we have operated when it comes to foreign policy, when there is so much dispute as to what the threat itself is. I mean, do you think that the policy guidance recommendations that are being made by the Brown Commission are adequate. Are you familiar with——

Director WOOLSEY. Yes, I am.

Senator Kerrey, I think they are definitely a step in the right direction. I would consider them as consolidating something that I call the needs process, which we started by using the National Intelligence Officers on the National Intelligence Council and the heads of the various centers, to be the spokesmen, essentially, for the consuming community, the intelligence consuming community, in making rather disciplined and structured inputs into the budget process—to try to make sure that we were spending money on the right types of collection. And in order to make sure that the National Intelligence Officers and the heads of the centers, such as the Counterterrorism Center, were doing that properly, I asked for, and the Administration did put together, essentially a ratification of the strawman set of choices, that such and such collection against such and such country is more important than against an-

other country; collection against terrorism is more important than collection against economics, etc. We had a whole matrix that we gave to the NSC, they made some changes in it, not massive ones, but some, and put out a national decision from the National Security Council some months ago, which sort of ratified this process.

Now, from the point of view of policy in the sense of what are you collecting against and how are you spending your money, that struck me as being a good start, and I saw the recommendations of the Aspin-Brown Commission with respect to a number of aspects of policy as a way of ratifying that and taking it a step further.

Now there may be something else you're driving at that I'm not addressing.

Vice Chairman KERREY. Well, I am, but my light is on, so I will just editorially insert it in the third round and pursue it a bit further. In this particular instance, if you conclude that there is a ballistic missile threat in the next 15 years, then you both expend the money and organize to defend against the threat. If you conclude there is not a threat, then you don't. I mean, it's a rather significant moment for policymakers as they make decisions about how to organize our defenses.

So it leads to the question, how do you assess the threats. What is the basis for the evaluation of the threats over the next 15 years. So we had a remarkable testimony that was withdrawn actually that the DIA, in transition, was unable to give, that cited, you know, a threat to the United States over the next 15 to 20 years coming from this disparity of incomes in the world and 3 billion people on the planet with a thousand dollars a year or less per capita income, that that could become a threat for terrorism and asymmetrical attacks on the United States.

I am through with my editorial comment, I just—I repeatedly find examples like this where the NIE become critical and the basis for our allocating resources become contingent upon that NIE, and I am not comfortable that the process of the analysis of the threats is adequately opened up so that Congress and the President can continue, regardless of the party of the officeholder, can continue with a bipartisan foreign policy.

Chairman SPECTER. Thank you very much, Senator Kerrey.

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

I, too, will make an editorial comment on that subject, because it is a most recent example of a problem. It seems very clear, particularly when contrasted with the analysis last year in committee, both public and non-public, that was presented to this committee, that the NIE was crafted in my opinion, to reach a different result, and the way that it was accomplished was by asking a question which was relatively unimportant in the overall scheme of things, and ignoring the most important questions. Essentially what Director Woolsey testified to before the House Committee.

This does point out a serious problem of potential politicization of the agency, or at least of the National Intelligence Estimates, and therefore, the difficulty of Congress in dealing with those estimates in making policy decisions and financing decisions. So we have certainly got a recent example of that. I don't know how creat-

ing greater authority for the Director of Intelligence relates to that problem. I mean, it could make it worse. I know that Directors have frequently indicated a lack of ability to work directly with a President as a problem, and I am not sure how that is solved by this.

So there are a lot of different problems that could cut both ways. We find that with intelligence generally. A pendulum swings very far one way and then it swings back the other way, and I think therefore a lot of caution is needed, and Judge Webster, you sort of urged that in your presentation as warranted here, and yet of course, what all of you have said is immensely interesting to us.

I also just want to editorialize about one other thing. It seems to me, and I am going to directly disagree with my colleague from Nebraska on this, that the recent episode regarding the revelation of a debate about a sum of money going to a covert operation relating to Iran created all kinds of problems that could have been avoided had that information not been made public, which is another illustration which would answer one of the questions that Judge Webster asked.

Now I want to get back to something that I really don't quite understand. I understand, Admiral Turner, your very careful explanation of why you would create the three deputy director positions, and the three reasons you expressed for problems, historical problems with the DO. But we have also had problems with analysis. One of you mentioned—in fact, I think it was you, Admiral Turner, about the analysis not quite catching up to the wonderful photography we got relative to the embassy in Lebanon. That may simply be an unavoidable problem in that particular situation.

But there are problems both with analysis and collection. I understand the difference between the two, but I wonder if it is a significant enough difference to warrant the creation of the three separate agencies—not agencies, but the three different directors, deputy directorships—with a separate HUMINT agency under collection. I understand your position, Admiral Turner. I am not sure that I understand your's, Director Woolsey. You would create a second deputy director but I don't quite understand exactly what the organization would look like under your suggestion. Could you be a little more thorough——

Director WOOLSEY. I basically endorsed the Aspin-Brown Commission recommendation, Senator Kyl, and as I understand it, and doesn't appear written exactly this way—I am sort of putting words in the commission's mouth, I suppose—but as I read it, you would keep the deputy director position that currently exists. He or she would be the person who would stand in for the Director when the Director was out of the country, at NSC meetings and the like.

But there would be a separate deputy director, confirmed by the Senate, who would essentially have the job that is now filled by the Executive Director of the CIA. The Executive Director slot has been used all sorts of different ways. Sometimes it has not been filled. Sometimes an individual has been put into the job who deals with relatively modest administrative matters. Sometimes it has had individuals in it who have a very strong role in managing the CIA. This would essentially, as I understand it, institutionalize an appointment which I would sort of see as the chief operating officer

for the CIA. As the Commission writes it, it would be a similar position to the Chairman of the Joint Chiefs, in the sense that there would be the possibility of serving a maximum of three 2-year terms, and there is at least a strong implication in the Commission's report that this would be a career intelligence officer who would be in that position, analogous again to the Chairman of the Joint Chiefs.

I think there is a good deal to be said for having a career intelligence officer in a managerial position of that sort as long as they report to the Director of Central Intelligence, and I think in a position of that importance, confirmed by the Senate is appropriate.

I would then see the organizational structure as one which has an enhanced Community Management Staff reporting to the deputy director for the Community, and the Executive Director position becoming a deputy director position, as I just described. That seems to me to be a reasonable first step toward improving the DCI's ability to oversee and manage the full range of things that he has to deal with. You might find, as the committee suggests in its write-up, that that is not enough deputies. In a year or two or three, the Congress might decide that there needed to be more. But I would be inclined to begin essentially by adding the one deputy, and, as I described it, it would be essentially an enhancement of the position of the Executive Director now.

Senator KYL. Thank you, Mr. Chairman.

Chairman SPECTER. Thank you, Senator Kyl.

I would like to—we have kept you here a long time and we would like to do this as the final round, even though there are many more questions. We would like to submit some in writing, if we may, to fill out the record, and I have some more questions in mind, and staff has a lot more questions in mind, to fill out our understanding of your positions.

Admiral Turner, you and I talked about this for a moment before the hearing started, and I commented to you that I noted you were quoted in the New York Times editorial a couple of days ago as having a written policy on not using journalists as CIA informers or helpers, and you commented to me that you had written about this subject in a book.

Are there any circumstances where you think it appropriate to use journalists to help the CIA?

Admiral TURNER. Yes, sir.

What we put in the directive, which still exists, is that the Director of Central Intelligence, him or herself, may make exceptions to the general rule that the CIA will not use journalistic cover. I thought the editorial in the Times yesterday summed it up very nicely, and put the conclusion from their point of view that that exception would endanger the lives of journalists and that that exception might endanger the free speech part of the Constitution. That's their position. I disagree with it. I don't think that exception makes that big a difference toward the freedom of speech or——

Chairman SPECTER. When do you think it's appropriate for the CIA to use journalists?

Admiral TURNER. I used that option in order to get information to help with the release of our hostages in Iran. I think the national interest there was great enough to do that and that the ex-

istence of this clause in our regulation does not endanger the lives of journalists or the free speech under the Constitution sufficiently to close off that possibility under extraordinary circumstances where you might help the national interest by using journalistic cover.

Chairman SPECTER. Well, I would like to have comments by Judge Webster and Director Woolsey. There is so much to cover, let me move on to another subject. And that is the use and transmission of tainted data which came from the Soviet Union and was passed on at the highest levels of government, one such instance being on January 13, 1993, when the information went to both the President and the President-elect without a disclosure.

One of the former CIA agents in a key position, who held a key position for a very long time testified that he knew intelligence came from Soviet-controlled sources and that he disseminated such data to the highest levels of our government without disclosing the fact that it came from a controlled source. When questioned as to the propriety of doing that, he confidently responded that he acted entirely properly, because disclosure of the controlled source would have made it even harder to sell the intelligence to policymakers. There was no reason to believe the Soviets used deception, and no customer could use it unless he gave permission, and no customer would make any decision based on one or two documents.

Director Woolsey, how do we cope with this CIA attitude, which appears not to be isolated to this one individual, but appears to be a broad spread problem?

Director WOOLSEY. Senator Specter, let me give a very brief answer here and then I am—as you know, I am willing to go into more detail with it with the committee in Executive Session on this, if you want, as I did with the House Committee, because I made a special study of this out at the Agency when this issue came up. I went out and read a number of these reports and the background documents from the Inspector General's inspection and the Damage Assessment Team and the rest.

First of all, I believe the reasons given by the individual you quoted are quite wrong, and I think it is quite wrong to disseminate intelligence from a known controlled source—that is, a source that is known to be controlled by the other side—as if it were not affected thereby. A number of these 95 cases that the Inspector General mentioned and that the committee has issued a release on, 35 of them I believe, were reports over the 10-year period from sources who were known to be controlled, and another 60 were from sources for whom the Inspector General thought that the byline or caption was not sufficiently accurate, even though the source may have been—was—suspect rather than controlled. Those 95 reports bear very careful review, and I think it is very much in the committee's interest to do so, and I am delighted to see and know that the committee is looking into this as the House Committee has.

To the best of my knowledge, there was, in that 10-year period, however, only one occasion in which a report from a known controlled source went to a President, and it is the one you mentioned, in January 1993. I think that any problem like this needs to be dealt with carefully and seriously. But it was not my impression

when I was DCI and it is not my impression now, based on the review I did out at Langley, that this is a widespread problem, that it is a problem that has led to major expenditures by the U.S. Government that were inappropriate. I think the attitude expressed by that individual, his reasoning and the failure to have accurate captions, particularly on those some 35 reports over the 10 years, is a serious matter, and one well deserving of the committee's attention.

Chairman SPECTER. Let me interrupt you at this point to ask you, and I understand your position that this was not widespread as to the documents. We've talked about this in closed session and perhaps we should do some more. Do you think that that attitude that this individual expressed is indicative of the attitude of others in the CIA?

Director WOOLSEY. I would be surprised if it were indicative of many others. It might be indicative of a few others, but I do not believe it is a common view. I believe that when the disclosure of the essentially 95 reports came several months ago, a number of people, almost everyone who heard about it at the Agency, were distressed, just as I was.

Chairman SPECTER. My red light is on, but I don't want to go to another round, and I do want to ask one other question. I preface it by saying it is a sensitive question, but I think it is one which ought to be asked, and if anybody wants to respond to it, fine. If nobody wants to respond to it, fine, too. Nobody is under subpoena around here.

The Inspector General, in the evaluation of the Ames case, came to a unique conclusion, that the Directors of the CIA should be held personally accountable for what happened with Ames, even though there was no personal knowledge on the part of the Directors. Now, when I first heard that conclusion, I had grave questions about it because of the general doctrine that you can't hold somebody responsible for something that they don't know. There may be some exceptions in the civil law where you should have known, but it's an unusual doctrine to hold people accountable for something that they do not know. And with an agency as big as the CIA, it is obviously very hard, if not impossible, to know all that goes on.

Then I reflected on it and discussed it with the Inspector General and I still have grave doubts about it, but I am not quite as certain at this point as I was at the outset. His reasoning appears to be that there is so much notice about problems in the Agency continuing over such a long period of time, as Admiral Turner described it, if I can find my notes as to Admiral Turner's comments, where he said, record of illegality, flaunting of the Constitution, so that it is almost an absolute liability matter for Directors to institute procedures to find out what may be unfindoutable. I don't know. But the Inspector General at the CIA did come to that conclusion, and I would be interested in any response anyone cares to make to that issue.

Admiral TURNER. I would not want to comment on the specific case, because I don't have enough background as to what the individual Directors did and did not do. My particular view on this, Senator, is obviously biased by the fact that I spent most of my life in a military organization. As captain of a ship, if I didn't happen

to know what the officer of the deck was doing when he ran the ship aground, it didn't make much difference; I was the one who was court martialed.

Judge WEBSTER. In my mind, Mr. Chairman, I make a distinction between responsibility and culpability. I don't think the Inspector General has always made that distinction. All of us feel responsible for anything that happened during our watch. Many of us wish we had known more and many of us look for ways to think of how we could know better the next time. In an organization that is concentrated on the development of information, you can be buried if all information comes to you.

On the other hand, if important information does not come to you, then the method by which you learn and the people upon which you rely needs to be studied and examined. I used to have a little homily that I would preach to my executive group, that there were things that they should make decisions about and not tell me, because it had no bearing on my ultimate responsibility, and there were things that they should make decisions about and tell me about them. There were things that they should come to me about before any decisions were made. Trying to define those with absolute clarity defies my best ability. But I insisted they think about this.

In some of the situations that have caused the greatest grief to the Agency, I can define one problem, and that is the absence of centralization of discipline. As distinguished from my experience in the FBI, when there are matters about personal conduct that do not find their way through a systematic approach in which the DCI is aware of problems that ought to be attended to, then they are going to go on unaddressed. Whether that is alcoholism or some other thing that doesn't necessarily indicate that someone is a traitor to his country, but it does go to effective management. So I think any DCI ought to pay more attention to making sure that the system permits him, requires him to know when things are not going the way they should.

When you have someone who takes it on himself to make a judgment about misdescribing the source of information that is then given to those in higher authority or oversight authority, that is flat out wrong. No one supports that, no one defends it. You have to continually build into your training and your discipline and your culture the importance of being truthful with yourselves and moving things forward that ought to be known. I can't say there is any quick solution to that, but it is vital if confidence in the integrity of the Agency and its leaders is going to be maintained and enhanced. This was a problem in the Blue Border problem. But the Ames case was a problem because other things were not finding their way upstream. When I say upstream, I mean even upstream to the people upon whom the DCI relies to bring him the kind of information that he is going to have to do something about. If it stops at a low level, then the only other means by which he is likely to find it, unless you can inculcate the responsibility of reporting forward, as Admiral Turner knows in the Navy, is by your own system of inspection, and you rely on an effective inspection system to detect problems that can better be identified by audit than by piecemeal information that doesn't come to you.

Director WOOLSEY. Mr. Chairman, let me say this, first of all, I completely endorse former Director Webster's distinction about responsibility versus culpability. I think it is important for the committee to realize that the letter which Senator Kerrey referred to a few minutes ago—when he was discussing that it had been solicited from us by the CIA, he was quite correct. We were asked originally by Mr. Hitz to come in and read the report on the double agents after it was completed. We did and Mr. Gates and Judge Webster and I, all three, wrote private letters to the DCI, in one way or another dealing with this responsibility versus culpability issue, as well as pointing out that we thought it was extremely important that, if there had been a systematic failure in the DO to put proper captions on material—documents might have been good, but nonetheless if the source was tainted, if the captions and bylines were not properly written, and that was systematically happening—it was the sort of thing that should have turned up in an Inspector General's report. An Inspector General's report was done covering the relevant division of the Directorate of Operations just before Director Webster stepped down. It, I would say, did not deal with that question in any way which effectively highlighted it. An Inspector General's report was done on that same division 2 months after I assumed office, and it did not mention this subject at all, not one word.

As a result, all three of the former Directors whom Inspector General Hitz more or less put on report in his IG report of last fall, communicated to current Director Deutch as Bob Gates put it, "where was my strong right arm?" If we were being said to have missed something, why did the Inspector General himself not turn it up during his very detailed inspections of this office, of the office that was doing the reporting?

When the CIA asked us to write something that could be shown to this committee, the three of us—and we did—the thrust of our concern was to put this committee as well as the DCI on notice that, if this set of issues about double agent reporting and captions not being accurate was a severe and substantial problem that permeated the office, even one part of the Directorate of Operations, then the Inspector General should have turned it up. If it was not such a serious matter because it was idiosyncratic—and although it was a very bad decision in a few cases, it was not something that was common to reports in that office—then it was understandable perhaps that the Inspector General had missed it in both 1991 and 1993, but it was also perhaps understandable that neither Director Webster nor Director Gates nor I had it come to our attention.

So that was our purpose in responding in a letter that could be shown to this committee. I still think that is one very important aspect of this issue. As you and I have talked about in private, this is a complicated matter, there are sensitive intelligence aspects related to it, and I imagine the other Directors would be delighted to get together with the committee in Executive Session and go through it more, but that is my answer for purposes of publicly trying to set this straight.

Chairman SPECTER. Thank you very much, gentlemen, for those responses. You have all performed great service to your country in many, many capacities, and again, by your responses.

Senator Kyl.

Senator KYL. Mr. Chairman, I was just going to conclude that we have taken the time of these three gentlemen this morning in a very productive way, I think, but I just want to publicly say that all three of them have very long and distinguished public careers serving the United States of America, they have all served the Central Intelligence Agency with great distinction, and I think it is our good fortune that they would be available to testify on this important subject of reorganization today, and I want to compliment them all and to thank them very much for their testimony.

Chairman SPECTER. Thank you very much, Admiral Turner, Judge Webster, Director Woolsey.

That concludes our hearing.

[Thereupon, at 11:15 a.m., the hearing was concluded.]

RENEWAL AND REFORM: U.S. INTELLIGENCE IN A CHANGING WORLD

SENATE SELECT COMMITTEE ON INTELLIGENCE CHAIRMAN AND VICE CHAIRMAN PROPOSALS

In August, 1994, the Senate adopted a provision establishing a Commission to "review the efficacy and appropriateness of the activities of the United States Intelligence Community in the post-cold war global environment." On March 1, 1996, the Commission on the Roles and Capabilities of the United States Intelligence Community submitted its Report, entitled "Preparing for the 21st Century, An Appraisal of U.S. Intelligence." This Report provides a comprehensive review of the issues confronting the Intelligence Community and provides some well-considered recommendations for improvements, including suggestions for legislation. The Senate Select Committee on Intelligence will introduce these legislative proposals on behalf of the Commission and use them as a basis for additional proposals of the committee.

The Commission did an excellent job identifying the key issues and we largely agree with many of their recommendations, particularly regarding institutional mechanisms for getting the policymakers more involved in identifying and prioritizing their information needs and for addressing transnational threats, ways to improve intelligence analysis, and the need to enhance accountability and oversight—to include declassifying the aggregate amount appropriated for the intelligence budget. The committee also will consider the Commission's recommendation to make the Select Committee on Intelligence a standing committee. However, we believe that the Commission did not go far enough in providing the Director of Central Intelligence with both the necessary authority and the necessary support structure to ensure improved efficiency, effectiveness, and accountability in the U.S. Intelligence Community.

DCI AUTHORITY

The changes brought about by the collapse of the Soviet Union have dramatic implications for U.S. intelligence efforts. The demands for rapid responses to diverse threats in a rapidly changing world necessitate a streamlined intelligence community and a DCI with clear lines of authority. This is lacking in the intelligence bureaucracy that emerged during the bipolar world of the cold war.

As the Commission noted: "The Intelligence Community . . . has evolved over nearly 50 years and now amounts to a confederation of separate agencies and activities with distinctly different histories, missions, and lines of command." Recognizing the pitfalls of decentralized intelligence—less attention devoted to non-Defense requirements, waste and duplication, the absence of objective evaluation of performance and ability to correct shortcomings, and loss of synergy—the Commission supported centralized management of the Intelligence Community by the DCI. The Commission concluded, however, that the DCI has all the authority needed to accomplish this objective of centralized management, if only he spent less time on CIA matters and had the budget presented to him in a clearer fashion.

We believe that the current disincentives for intelligence to operate as a community, reduce unnecessary waste and duplication, and become more effective and efficient in meeting the nation's needs can only be overcome by enhancing the DCI's statutory authority over the budget and administration of all non-tactical intelligence activities and programs. A key issue for congressional oversight of the Intel-

ligence Community is accountability. It has become increasingly clear that a single manager, the DCI, must be accountable for the success or failure of the Intelligence Community. Therefore, the DCI must be given the authorities he needs to carry out this responsibility.

APPOINTMENT OF NATIONAL AGENCY HEADS

For example, the Commission recommends that the DCI concur in the appointment or recommendation of the heads of "national" intelligence elements within the Department of Defense, and be consulted with respect to the appointment of other senior officials within the Intelligence Community. We believe the DCI should recommend the appointment of all national agency heads, with concurrence from the heads of the parent organizations. Along these lines, the heads of the major collection agencies should be confirmed to that position.

CONTROL OF INTELLIGENCE BUDGET

"The annual budgets for U.S. intelligence organizations constitute one of the principal vehicles for managing intelligence activities," noted the Commission in its Report. "How effectively and efficiently the Intelligence Community operates is to a large degree a function of how these budgets are put together and how they are approved and implemented." We agree with this assessment and conclude that the DCI must have ultimate control over the formulation and execution of these budgets if he or she is to effectively manage the Intelligence Community.

NEED FOR "GOLDWATER-NICHOLS" JOINTNESS IN THE INTELLIGENCE COMMUNITY

Similarly, there is a need to bring the "Goldwater-Nichols" concept of "jointness" to the Intelligence Community. The Commission recommended that the DCI establish common Intelligence Community standards in the areas of skills proficiencies, personnel evaluation systems, trial period performance criteria, personnel allowances and benefits, and personnel and physical security. It further recommended that the DCI establish cooperative arrangements within the Intelligence Community in the areas of job recruiting, background investigations, training programs, and facilities. The Commission acknowledges that similar recommendations have been made by numerous studies over the years and supported by Intelligence Community leaders, yet little or no progress has been made in implementing them. We are convinced that the same fate awaits these latest recommendations unless the DCI is given not only the mandate but the authority to affect implementation.

DCI MANAGEMENT SUPPORT

Once you have given the DCI the authority needed to implement resource and administrative decisions throughout the Community, it is critical that he or she have a support structure to meet that enhanced Community role. The Commission considered organizational arrangements for the Intelligence Community and decided that the Deputy-Director for Central Intelligence should be replaced by two deputies: one for the Community and one for the CIA. We are concerned that this will not adequately support the DCI in overcoming bureaucratic tendencies honed over 50 years that have frustrated previous efforts to bring greater coherency and coordination to Intelligence Community efforts. The committee will consider a proposal to maintain the current DDCI position and establish three subordinate Deputy Directors: a Deputy Director for Analysis and Production, a Deputy Director for Collection and Tasking, and a Deputy Director for Administrative Support.

The *Deputy Director for Analysis and Production* (DDAP) would be responsible for managing intelligence analysis and production throughout the intelligence community: establishing and enforcing priorities and standards of analysis and production; monitoring allocation of analytical resources and eliminating unnecessary duplication; tasking the Deputy Director for Collection with collection requirements; and providing analytical and production support to the President, National Security Council, and National Economic Council. Departments such as State, Defense, and Treasury would retain their residual analytic capability and provide competing analytic views.

The *Deputy Director for Collection* would be responsible for: ensuring that intelligence collection meets requirements in an efficient and effective manner by tasking the collection disciplines—signals intelligence, imagery intelligence, human intelligence, and measurements and signatures intelligence; managing and evaluating the acquisition of collection systems and their operations; and developing a single, integrated plan, program and budget for national intelligence collection.

This proposal would include the *consolidation of CIA's Directorate of Operations (DO) and DIA's Defense HUMINT Service*, possibly in a new HUMINT agency. The benefits, in terms of efficiency and effectiveness, of consolidating these two HUMINT efforts are clear and are recognized by the Commission. The creation of a new agency, however, is more controversial. Nevertheless, this is something the committee may consider as a way of giving the problem-plagued DO the opportunity to make a clean break from the cold war culture that has proven so tenacious and make a fresh start. It may also ease Defense concerns about having their hard-won HUMINT capability absorbed by the CIA.

We believe consolidating the collection disciplines is a useful way to enhance efficiency and effectiveness, but the benefits are limited unless these "stovepipes" are embedded in a structure that ensures cross-INT coordination at the top, when requirements are levied and procurement decisions are made, and at the other end when collected information is disseminated and analyzed. Having a single manager for collection and one for analysis and production—and ensuring strong links between the two—seems the most compelling structure for ensuring this cross-fertilization.

Finally, a *Deputy Director for Administration* would have responsibility for personnel management; information management systems; telecommunications systems; finance and accounting; security; and procurement of supplies and support services across the Community.

CONCLUSION

The drumbeat for change in the Intelligence Community, initiated in earnest with the fall of the Soviet empire, amplified in recent months and years by a distressingly rapid succession of public scandals, and informed by thoughtful studies such as those undertaken by the Commission, the Council on Foreign Relations, Georgetown University's Institute for the Study of Diplomacy, and others, has brought us to a propitious moment. Just as years of efforts aimed at reforming Defense finally came to fruition with passage of the "Goldwater-Nichols" legislation, years of efforts by this committee and others to reform the Intelligence Community may finally succeed in significantly enhancing this nation's ability to meet the security challenges of the next century, renewing the Intelligence Community's sense of mission, and beginning the process of renewing the support of the American people for this essential capability.

RENEWAL AND REFORM: U.S. INTELLIGENCE IN A CHANGING WORLD

WEDNESDAY, MARCH 27, 1996

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

The Select Committee met, pursuant to notice, at 10:08 a.m., in room SH–216, Hart Senate Office Building, the Honorable Arlen Specter (Chairman of the committee) presiding.

Present: Senators Specter, Hutchison, Kerrey of Nebraska and Robb.

Also present: Charles Battaglia, Staff Director; Chris Straub, Minority Staff Director; Suzanne Spaulding, Chief Counsel; and Kathleen McGhee, Chief Clerk.

PREPARED STATEMENT OF SENATOR SPECTER

RENEWAL AND REFORM: U.S. INTELLIGENCE IN A CHANGING WORLD

PERSPECTIVES OF FORMER SSCI LEADERS

Let me begin by welcoming you to this hearing of the Senate Select Committee on Intelligence to examine proposals for the renewal and reform of the United States Intelligence Community. Today we will hear from three former leaders of this Committee: Senator Daniel Patrick Moynihan, Vice Chairman from 1981 until 1985; former Senator David Durenberger, Chairman from 1985 to 1987, and former Senator Dennis DeConcini, Chairman from 1993 to 1995. These three men devoted many years to ensuring that the Intelligence Community lived up to the public trust despite the cloak of secrecy. Over the course of their combined leadership of this Committee, from 1981 to 1995, they witnessed tremendous changes in the national security environment: rising terrorism aimed at U.S. targets, a burgeoning drug trade, and the collapse of the Soviet Union, to name just a few. Unfortunately, we have also witnessed a series of scandals in the Intelligence Community over those 15 years—from adventures in Central America, Iran-Contra, the BNL (Banco Nationale Lavaro) problems, the NRO building and, later, NRO carryforward funds, to Ames and related problems involving the distribution of tainted reports. Each of today's witnesses has spent time attempting to address systemic problems evidenced by these scandals and ensuring that the Intelligence Community did the same. Their insights will be particularly valuable to the Committee and the Congress as we consider legislation over the next several weeks to restructure U.S. intelligence and possibly alter certain aspects of oversight.

There has been a great deal of discussion over the last few years regarding the mission of the Intelligence Community. In fact, it can be stated quite simply: The mission of the Intelligence Community is to assist national decisionmakers in the U.S. Government by providing information they need and that cannot be obtained more efficiently from non-clandestine sources. In addition, the Intelligence Community must be prepared to implement activities specifically directed by the policymakers where it is intended that the hand of the U.S. government is not acknowledged or apparent. What has changed over time is not this basic mission, but the nature of the information needed by decisionmakers and the number of decisionmakers requiring the information.

One of the most significant changes in the post-cold war world is the need for actionable intelligence. During the cold war, the No. 1 priority was an assessment of Soviet military power and strategy. This information was provided to traditional consumers in Defense, State, and the White House where it was used to develop secret plans for a conflict that never took place.

Today's intelligence information goes to a much broader range of consumers and is much more likely to support or generate action, whether it is warfighting, peacekeeping, or humanitarian missions by the Department of Defense; decisions on imposing economic sanctions by State or Treasury; licensing decisions by Commerce; interdiction of proliferation-related material by Customs or FBI; narcotics interdiction efforts by DEA; or trade negotiations by USTR—it is no longer just the Department of Defense that requires timely delivery of "tactical" intelligence. Intelligence is performing a very different role today and the question is: is the Intelligence Community optimally organized to fulfill that role?

The Committee has spent the last year reviewing the insights gained through our oversight activities in order to draw some conclusions about the need for changes in the Intelligence Community. We also took advantage of the work previously done by this Committee during earlier reorganization efforts. In addition, we have been greatly aided in this endeavor by the Report recently submitted by the Commission on the Roles and Capabilities of the United States Intelligence Community. Senator Kerrey and I introduced the Commission's legislative proposals at their request and we hope to use this legislation as a basis for additional proposals of the Committee.

The Commission did an excellent job identifying the key issues and we largely agree with many of their recommendations, particularly regarding institutional mechanisms for getting the policymakers more involved in identifying and prioritizing their information needs and for addressing transnational threats, ways to improve intelligence analysis, and the need to enhance accountability and oversight—to include declassifying the aggregate amount appropriated for the intelligence budget. The Committee also will consider the Commission's recommendation to make the Select Committee on Intelligence a standing committee. However, I believe that the Commission did not go far enough. It is my sense that the current disincentives for intelligence to operate as a community, reduce unnecessary waste and duplication, and become more effective and efficient in meeting the nation's needs can only be overcome by enhancing the DCI's statutory authority over the budget and management of all non-tactical intelligence activities and programs.

As today's witnesses could confirm, a key issue for Congressional oversight of the Intelligence Community is accountability. It has become increasingly clear that a single manager, the DCI, must be accountable for the success or failure of the Intelligence Community. Therefore, the DCI must be given the authorities he needs to carry out this responsibility.

Thus, the Committee is considering proposals to give the DCI control over the formulation and execution of the annual budgets for national intelligence organizations. To assist the DCI in exercising this authority and managing the community, the Committee will consider a proposal to maintain the current DDCI position and establish three subordinate Community-wide Deputy Directors: a Deputy Director for Analysis and Production, a Deputy Director for Collection and Tasking, and a Deputy Director for Administrative Support.

We will ask our witnesses today to comment on these proposals, along with those of the Aspin-Brown Commission and others. Most of these are not startlingly new ideas. Some of today's witnesses have even offered similar proposals of their own. As these former Chairmen and Vice Chair also know, however, prospects for reform often depend as much on "the alignment of the stars" as on the substance of the proposal. It is my strong sense that we are, today, at a propitious moment. Just as years of efforts aimed at reforming Defense finally came to fruition with passage of the "Goldwater-Nichols" legislation, years of efforts by this Committee and others to reform the Intelligence Community may finally succeed in significantly enhancing this Nation's ability to meet the security challenges of the next century, renewing the Intelligence Community's sense of mission, and beginning the process of renewing the support of the American people for this essential capability.

Gentlemen, we welcome you here today.

Chairman SPECTER. We welcome our distinguished colleagues, who have generously agreed to share with us their views on the Aspin-Brown Report on the reorganization of the U.S. Intelligence Community. I had said earlier, and would repeat that as usual, we find ourselves with time constraints. A vote is scheduled at 10:30, which means we will have to leave here at 10:40 or 10:42 or 10:43,

to make the vote, and I had said from my own point of view that a conference has been scheduled on the omnibus appropriations bill, and I am due to Chair the Subcommittee on Labor, Health and Human Services at 11 o'clock, so we're going to try to move through the essence of the issues as promptly as we can.

As Senator Moynihan and Senator DeConcini know, having chaired more of these hearings than I have, the time constraints, if you could make your comments within the 5-minute parameters, we would appreciate it. Your full statements will be made a part of the record, and then we will begin the dialog.

Senator Moynihan, we turn to you first.

OPENING STATEMENT OF THE HONORABLE DANIEL PATRICK MOYNIHAN, A U.S. SENATOR FROM THE STATE OF NEW YORK; FORMER VICE CHAIRMAN, SELECT COMMITTEE ON INTELLIGENCE

Senator MOYNIHAN. Thank you, Mr. Chairman. It's an honor to appear before this committee once more. And may I say—I know very little about organization. If you think otherwise, you might look at my desk someday. I will speak not to that subject but to a matter which is very much behind it as regards the Intelligence Community, and that is the subject of secrecy.

They, in the last Congress, created a Commission on Protecting and Reducing Government Secrets. I have been Chairman. It is bipartisan, collegial, Senator Helms is a part of it. And we are beginning to get some sense of this subject.

I would begin with a statement on page 90 of the report of the Commission on Roles and Capabilities. It said:

> During the cold war the focus of intelligence analysis was on the Soviet Union and other communist states. Most of the information relating to these countries was secret and could best be obtained, analyzed and reported by the Intelligence Community. When it came to assessing the significance of the information, it made sense to do that within the Intelligence Community as well.

That statement, that the most important information relating to the Soviet bloc was secret, it is not only wrong, it is astonishingly revealing. All the important things you needed to know about the Soviet Union in the large sense were completely available from open sources all this time. But, if the President of the United States, at any point in the last 50 years, learned that it was snowing in Moscow, you may be sure he was reading a classified document. With the presumption that this was information closely held, when, of course, it was widely known.

Admiral Stansfield Turner, in an article in 1991 in Foreign Affairs, spoke of this, and he spoke of the fact that for a half century the Intelligence Community learned everything there was to know about the Soviet Union except the fact that it was going to collapse. He said we should not gloss over the enormity of this failure to forecast the magnitude of the Soviet crisis. We now know that there were Soviets who understood it, yet I never heard a suggestion from the CIA or the intelligence arms of the Departments of Defense or State that numerous Soviets recognized a growing and systemic economic problem.

Today we hear some revisionist rumblings that the CIA did in fact see the Soviet collapse emerging after all. I don't know who

that person would have been. On this one the corporate view missed by a mile.

I make two points, and I see my time is up.

First, the economy. The Bolsheviks seized an essentially successful economy. In 1914, the Soviets were the world's largest grain exporters. When, in the early 1930's Stalin managed to bring off a famine that killed 20 million people, you didn't have to know much more than that Marxism wasn't working as an economic model.

Second, what we missed, and totally missed, was the collapse of Soviet belief. It is generally agreed that Mikhail Suslov, who died in 1982, and I quote Bialet here, "was the last Politburo member to have read even the first volume of Karl Marx's Capital or some of the more complex works of Lenin."

Many people in the west say this ideology, that it would last two generations and no more. By the 1980's, it was a dead idea. This notion never penetrated our analysis because it was such an obvious and open fact, it couldn't be of interest, not being secret.

I'll leave it with that matter.

Chairman SPECTER. Thank you very much, Senator Moynihan, for your very poignant statements, as usual.

We welcome back to the committee, the past Chairman of the Senate Intelligence Committee, our colleague Senator DeConcini.

Welcome back.

[The prepared statement of Senator DeConcini follows:]

STATEMENT OF SENATOR DENNIS DECONCINI (RETIRED)

Mr. Chairman and Members of the Senate Select Committee on Intelligence, it is a pleasure to be with you today along with my distinguished former colleagues. The leadership demonstrated by Chairman Specter and Vice-Chairman Kerrey is bringing to fruition many years of toil and preparation, constructive oversight and substantive changes to the intelligence community. Having served as Chairman of this committee for 2 years and a member for 8 years, I was able to observe and immensely learn from former Chairman Boren and Vice-Chairman Cohen. These gentlemen directed this committee in a most meaningful way in many aspects including the establishment and aggressive effort put forward by the committee's auditing unit. This was one of the major areas instituted by Senators Boren and Cohen. Vice-Chairman Warner and I expanded the effort and provided additional staff and resources. Along with one of the most professional staffs of any committee in the U.S. Senate, there were many changes made in the conduct of intelligence gathering and dissemination by the CIA, NRO, NSA, DI and other intelligence agencies within the U.S. Government. Many of these changes did not come willingly from the agencies. Often it required a national scandal of great magnitude to bring about the needed changes. Having said that, today there is a professional group of women and men working for and with the intelligence agencies who are dedicated hard working individuals producing good information which is used daily by policymakers all the way up to the President of the United States. Many strategic government decisions are based on this daily accumulation, review and dissemination of information from the intelligence agencies.

We all know the history of the Commission and why they were charged to review the roles and capabilities of U.S. intelligence community (which was created in August 1994 under the strong direction of former Vice-Chairman Warner). This committee approved and the Senate adopted the creation of the Commission. The entire Congress concurred with that decision in October 1994. The Commission was composed of outstanding and dedicated individuals who were able to put together a substantive staff and make its report in a timely manner in March 1996 as directed in the enabling legislation.

Let me first compliment the Commission and its staff for the hard work and genuine effort to identify the problem in its report. Although my remarks will touch on some of the areas I feel need additional attention, it is important to note that the ASPIN Commission did recommend some legislative changes. I am advised that this hearing is primarily directed toward the Senate Select Committee on Intelligence

to enact some of the Commission's recommendations in addition to changes from its own findings.

First, let me concur with the committee's belief that the Commission did not go far enough in providing the Director of Central Intelligence with both the necessary authority and the necessary support structure to ensure the improvements recommended and sorely needed in the U.S. intelligence community.

The Commission concluded that the DCI has all the authority required to accomplish those objectives. To me, this is the greatest flaw in the Commission's report because it cannot accomplish the objectives of centralized management merely by spending the director's time on matters other than the CIA.

It is this former Chairman's strong belief that the DCI's statutory authority must be enhanced to cover budget, administration, non-tactical intelligence activities and other programs to be a partner in the tactical intelligence activities and programs. Likewise, it is my strong urging that legislation be introduced to change the appointment process for certain key heads of national intelligence elements such as the Department of Defense, NSA, and NRO so that it is the prerogative and prime responsibility of the DCI to make appointments. It appears that the Department of Defense could play a major role by submitting nominees to the DCI but someone must take responsibility for these appointments once they have been approved and confirmed by the U.S. Senate.

Realistically, having worked this subject matter for a good part of my 18 years on the Appropriations Committee, I understand that there will be a difficult time bringing about such authority when it comes to appointing agency heads. The bottom line is the intelligence community and its various agencies must work for the President. As we all know he cannot conduct intelligence operations, therefore, necessitating a DCI.

The DCI must have authority to approve all intelligence budgets. In administration, he will play a major role and impact the budgets through the standardization of all personnel and administrative procedures. In order to have administrative control a director must have budgetary control. This is something known to anyone in the private sector or for that matter something required for the effective operation of a government effort.

The Commission's recommendation of creating two deputy directors of Central Intelligence is a step in the right direction: one for the entire community and one to operate the CIA. I concur with the committee's strong belief that this is not adequate to support the DCI in overcoming the bureaucracy's tremendous jurisdictional objections presently in place which prevent a cohesive cost-effective intelligence community. The committee's consideration and proposal to continue the deputy DCI and establish three additional deputies: one for analysis and production, one for collection and tasking, and one for administrative support is a much better way to proceed and more likely to bring about the results necessary in the intelligence community.

One of my biggest disappointments in the Commission's report was in chapter 5 where it recommended and the Commission concluded that "a centralized framework should be retained and that it would be unwise and undesirable to alter the fundamental relationship between the DCI and the Secretary of Defense." As much as no one wants to place the Secretary of Defense in a subordinate role on national security, it is impossible to have such cooperation when it comes to formulating intelligence and strategy relating to same, for the national interest of our country.

The Commission also suggests that the budget for national intelligence be realigned. The example and suggestions they identify to support this have in the past proven unworkable and will not occur just because it is the right and smart thing to do. The above statement is also applicable to the area of building a relationship with consumers. The idea of placing an analyst directly on the staff of the consumers of intelligence is excellent and should be a mandate in legislation requiring the DCI to do so.

Another comment relating to the specific intelligence mission such as global crime: the idea and suggestion by the Commission that the Attorney General serve as the spokesperson and coordinator for the Federal law enforcement community fails to comprehend law enforcement agencies that are not part of the Justice Department. Particularly, the Treasury Department has key agencies which must play a part of the leadership in the law enforcement community. Even if ATF does change, I strongly recommend against such change. I do not believe that U.S. Customs Service and Secret Service should also be extracted or taken away from the Treasury Department These agencies play major roles in combating global crime and drugs and, therefore, the Secretary of the Treasury should be included in the committee and be a co-designee representing law enforcement in this sensitive area.

It is most rewarding for a has-been chairman, who had a very difficult time but enjoyed the support of the Vice-Chairman and vast majority of the committee, in constructively exposing administrative and tactical problems within the intelligence community to see the real possibility of change as a result of our actions. These things did not make us popular, but time has proven so well, that our auditing unit of this committee is worth its weight in gold. Fortunately, President Clinton selected the right person for the right time in DCI John Deutsch. Mr. Deutsch has moved this agency further toward rehabilitation than any previous director that I am aware of. He has, in fact, given administrative authority for the CIA as well as operational authority to deputies and has concentrated on bringing about some discipline in other intelligence agencies. This is partly because of the characteristics of the operation and the fact that he came from Department of Defense. This will not always be the case for the DCI; that is why legislation is necessary to ensure future DCIs will have the authority to truly be the Director of Intelligence.

It is my hope that your committee, under the strong leadership of your Chairman and Vice-Chairman, will succeed in its efforts and will consider going further than the proposals outlined here today.

The subject of the permanency of the committee is one of a very sensitive nature. I, for a long time, have felt that the rotation of members on this committee is advantageous. It gave me an opportunity to be exposed to this area without having to elect to remove myself from other major committees. If this committee and membership thereon became a permanent A committee, this would necessitate a number of members to abandon long standing committees where they have developed an expertise. Perhaps that can be addressed through Senate rules. I do believe that the committee should be extended to 10-year membership and that the Chairman and Vice-Chairman should have a maximum term of 4 years or two Congresses.

Let me end by thanking the staff of the Select Committee for their inquiry and you, Mr. Chairman and Vice-Chairman and other attending members for your interest in this former Chairman's opinion. If I can assist in the enactment of the corrective measures you have set out, I would find it a privilege to be involved in such an effort.

OPENING STATEMENT OF THE HONORABLE DENNIS DECONCINI (RETIRED); A FORMER U.S. SENATOR FROM THE STATE OF ARIZONA

Senator DECONCINI. Mr. Chairman and Vice Chairman Kerrey, thank you very much. I want to compliment the leadership of this committee and the staff of this committee, and also I want to make mention of former Chairman Boren and Vice Chairman Cohen, who I think were the originators of establishing the committee—the unit within the committee of the auditing division, which I think has played a major role in bringing this committee to its real responsibility of the oversight that it is charged to do.

Unfortunately, in the past it has taken a national scandal of great magnitude to bring about changes, I believe, in the Intelligence Community. I compliment the Commission, the Aspin-Brown Commission for their work in getting it out on time—that's remarkable. I concur with the committee's belief that the Commission did not go far enough in providing the Director of Central Intelligence with both the necessary authority and the necessary support structure. The Commission concluded that the DCI has all the authority required to accomplish those objectives. To me this is the greatest flaw in the Commission's report. It cannot accomplish the objectives of centralized management merely by having the Director spend more time on other matters outside the CIA.

It is this Chairman's strong urging that the DCI's statutory authority be enhanced to cover budget, administrative non-tactical intelligence activities, and that in fact, he be the appointing authority subject—or the nominating authority subject to the President appointment of the various agencies dealing with strategic intel-

ligence as well as national intelligence. I realize that is a hot issue, having served here 18 years, knowing the jealousies and problems within committee structure, but somebody has to be in charge, and I think that is what the Director of Central Intelligence is all about.

He must have authority to approve all intelligence budgets. In order to have administrative control, the Director must have budgetary control. The Commission's recommendation of creating two Deputy Directors of Central Intelligence is a step in the right direction. I believe the committee's recommendations here are even better—three additional deputies, one to analyze and to take care of analyzing and the production area, the collection and tasking, and for administrative support. This, to me, is a wise move, and I hope that you institute it.

On a bigger disappointment in the Commission's report to me was in chapter 5 where it recommended that the Commission concluded that, quote, "a centralized framework should be retained and that it would be unwise and undesirable to alter the fundamental relationship between the DCI and the Secretary of Defense."

Well, that's pretty good today because of the dynamics of the individuals who are at the Defense Department and at the Central Intelligence Agency. I think that this is the area that we need to really concern ourselves. We cannot have a cooperative dual leadership in intelligence, any more than we could in defense or education or something else. So I think that you have to address the area of giving the authority to the DCI, perhaps with concurrence or with the ability to recommend different appointees from the Defense Department.

Another area that troubles me with the Commission's Report is the specific intelligence mission, such as global crime. The idea and suggestion by the Commission that the Attorney General serve as the sole spokesperson and coordinator of the Federal law enforcement community fails to comprehend law enforcement agencies that are not part of the Justice Department, particularly the Treasury Department, but others as well. They have key agencies which must play a part in the leadership. Even if the Alcohol, Tobacco and Firearms changes in some manner, I strongly recommend against that. I do not believe that U.S. Customs Service, Secret Service, and the other law enforcement agencies within the Treasury Department are going to be amalgamated or put into some other department. These agencies play a key role in our global crime and drug efforts and must be at the table with the area of intelligence gathering for global crime and global drugs.

It is most rewarding to have been Chairman of this committee and I compliment my former Vice Chairman, Senator Warner, for his creating the Commission. Fortunately, we are very well off with Director Deutch as the Director of the CIA today. He has taken some of the steps that the Commission and this committee recommended under past Chairmen, and both of you, as members, concurred with those, and I think it is a step in the right direction. We won't always have Bill Perry as Secretary of Defense and John White as his Deputy, and Mr. Deutch and the fine deputies that

he has out at the CIA, and that is why it is an opportune time to move, in my opinion, toward real dramatic changes.

It won't be easy, and if I can be of any assistance, once you introduce and move and mark up your legislation, I would welcome an opportunity to do that.

Let me end by thanking you, Mr. Chairman, and Vice Chairman, for letting me be here, and the staff, for soliciting us who have been Chairmen of this great committee to give our opinions.

Senator MOYNIHAN. Chairmen emeritus.

Chairman SPECTER. Thank you very much, Senator DeConcini, for that very thoughtful presentation, and for your written testimony.

We turn now to Senator Durenberger, Chairman of the committee in the mid-80's. One personal recollection: his convening the committee for Iran-Contra. President Reagan made a very famous speech on a Tuesday, 2 days before Thanksgiving, press conference. Senator Durenberger was on the telephone on Friday, the day after Thanksgiving, looking for five members who would join in convening an investigation. The following Monday we had our lead witnesses. Mr. McFarlane was in.

Welcome back, Senator Durenberger. The floor is yours.

[The prepared statement of Senator Durenberger follows:]

PREPARED STATEMENT OF SENATOR DAVID DURENBERGER

Mr. Chairman, members of the Committee, I am most gratified to be invited back as the former Chairman of the SSCI to give my views on the latest efforts to revamp, reform and reorganize the intelligence community.

In the arena of national security, the United States has developed the capacity to keep itself informed regarding world events, to predict threats to the national security and to implement appropriate responses. Various departments of the executive branch do these jobs. The National Security Council was created with just these tasks in mind. What we now call the "intelligence community" has been created to better inform each of these bodies.

Each of these reorganizations that we go through targets the "intelligence community." This "community," sometimes branded the intelligence "industry," employs more than 80,000 people and consumes $28 billion each year in governmental resources, according to recent public estimates.

Despite all of this expenditure, we rarely seem to be satisfied with the result of its efforts. The typical governmental response to a problem of this nature is to appoint a group to reorganize the process. After all the simplest task of government is reorganizing itself, right?

Almost by definition, and for certain by implication, an organizational commission will give you a reorganization of what you already have.

It will then be followed by political compromise which accounts for the needs of those in positions of temporary power and the degree of partisanship involved in policymaking. This is further complicated by the secrecy attendant on the creation of intelligence product, by the need to conduct relations with 250-odd competing nations, and worst of all, by the human inclination to treat information as *power* and change as a *threat*.

As our intelligence network, information on intelligence and technology improved over the years, the amount of information fed into this process exploded. This led to great steps in improving the kinds of deliverables the community produced.

However, in many cases the overabundance of raw information increases the ambiguity of the situation for the end user. This ambiguity appears in a number of ways, from delayed reporting to leakage of additional information that seemed to contradict the community's findings to "fuzzy" analysis. Ambiguity almost always leads to user dissatisfaction with the product.

So I ask you:

• Are the challenges or requirements of the information gathering and intelligence processes any greater today than they were 40 years ago, when the real and perceived threats to national security were much greater—and our ability to acquire

information substantially more limited? Or does the breadth of the issues that we must address under the rubric of national security, from organized crime and terrorism to narcotics mandate our current level of expenditures—and the manner in which we make those expenditures?

- Does the move by the CIA from E Street to Langley actually reflect real growth in need or simply reflect a rise in demand for product of a less critical nature?
- Is the investment in the 40,000 employees of the National Security Agency or the National Reconnaissance Organization paying dividends in better national security policy, better intelligence, or just more information? The same question can be posed to other organizations in the community as well.

PROACTIVE CONGRESSIONAL OVERSIGHT

No amount of tinkering with the intelligence process will produce adequate results without the proactive efforts of Congress in overseeing the process and sharing the accountability with the community for the work it produces.

Congressional oversight of the intelligence function is more than 150 years older than our current national intelligence structure. Congress bears the responsibility of insuring that the executive acts in the best interests of the Nation and in accord with our national principles, including in national security and intelligence matters. Congress is the *only body in the country capable of carrying out this task.*

But oversight is much more than budgetary control or "shooting the wounded" by blasting the intelligence community for misguided operations after the fact. Congressional oversight should be involved ahead of time, throughout the process and at the close, being party to the risk. It's just good management for us to be involved as a partner of the community, investing in national security policy's goals, its information gathering, intelligence production and application to decisionmaking.

This is not to say the processes of intelligence gathering and analysis should become politicized. Unbiased intelligence product is critical to the formation of sound policy in any field. It is to say that part of the intelligence oversight responsibility is keeping the milk from spilling rather than just crying over it or wiping it up after the fact.

INSURING ACCOUNTABILITY

In recent history, some of the causes for dissatisfaction with the intelligence community have included the community's operational conduct and a lack of public trust. Resolving cases of the former speedily and preventing them from being repeated will go a long way to resolving cases of the latter.

The Brown Commission has suggested publishing the overall amount of spending on intelligence activities. I have heard members of the intelligence community express reservations about this, as they feared it could be "the camel's nose under the tent," starting a rupture of the layer of secrecy that some intelligence work demands for success.

I agree with the Commission: Estimates have been public knowledge for many years, and providing the public with a number is a step that could ease some criticism in this difficult time.

Another task is restoring the credibility of our covert action capability by distinguishing true covert action carried out by the intelligence community from other operations involving intelligence personnel.

COMMUNITY

What we need to do, rather than following our re-organizational model and making the intelligence community more hierarchical, is to make the system a real "community" instead.

Community is the opposite of hierarchy: it is traditionally a group of independent entities with shared common interests, or a voluntary association of those entities for mutual self interest. The mutual interest that draws together the national security and intelligence community is the creation of a successful national security policy.

The appeal of the community ideal is simple: individual members of the community have a say in community action. A community decisionmaking process would help insure rational use of intelligence resources and could ultimately lead to the creation of better intelligence product. It also makes clear where the accountability lies for actions, either successful or not: with the members of the community and those involved in the process of decisionmaking.

CONCLUSION

To sum up, I would leave the Committee today with a handful of reminders:

First—The goal of this reorganization should be the restoration of accountability in the intelligence community.

Second—Congressional oversight must be proactive—oversight does not work if the risks are not shared by all parties.

Third—To insure accountability in the executive, two distinctions must be kept clear: We must distinguish between the agencies that consume intelligence product (the national security policy agencies) and the producers of that product (the intelligence community), as well as distinguishing raw information from intelligence product.

Fourth—The definition of *community*, rather than *hierarchy* should be used in organizing the intelligence sector.

OPENING STATEMENT OF THE HONORABLE DAVID DURENBERGER, A FORMER U.S. SENATOR FROM THE STATE OF MINNESOTA; FORMER CHAIRMAN, SELECT COMMITTEE ON INTELLIGENCE

Senator DURENBERGER. Thank you, Mr. Chairman, Mr. Vice Chairman. It is a pleasure and an honor to be asked to come back. I have been advised to keep it simple rather than exhaustive, so I won't try to pick up on 1986 and carry it beyond that.

As the Chairman recently learned, as I did, there is a wonderful little book by a man named George H. Lorimer, which was originally published in 1902 on the subject of education, and I think it is entitled something like "The Letters of a Merchant to His Son," and it was just recently updated by a friend of all of ours by the name of Jim Schlesinger. That is the education I want to talk about today. I don't want to react to the reorganization commission, but to the education that I got during 8 years on the committee and 2 years as its Chairman.

The first observation I would make is that national security policy is the goal. Intelligence is not the goal, it's national security policy.

The second is that that is, of essence, a cooperative effort by independent institutions, both in the Executive branch and in the Congressional branch. That is important, because I am going to lay on you a thesis by which you ought to look at organizational issues.

The reality is unless you have cooperation between the Congress and the Executive branch, you're not going to have good national security policy. The same is true, unless you have some spirit of cooperation between relatively independent agencies in the Executive branch—the Department of State, Department of Defense, Department of Commerce—we can go on and on—National Security Council, the Intelligence Community, you're not going to be successful.

The key is the degree to which all of these relatively independent institutions sense the mutuality of their interests? That has always been one of the things that I have sensed is absent in the conduct of national security policy in our country.

The Intelligence Community was designed to be a community, i.e., relatively independent agencies or associations, with a mutuality of interest. Some of them are collectors of information, some are designers of information, some of them are analytical, some of them are providers of intelligence, some of them are deliverers of operational activities. They don't have to be hooked together in a hier-

archical organization in order to be successful. I would ask you as you think about the future to think about that particular thesis.

The traditional issue facing a committee like this is the issue of accountability. How do we hold these relatively independent organizations accountable. But today it's even more important, because you've added the subject of productivity. In other words, you want to maximize the use of all of these resources in order to get the most out of each. I will argue, as I did in 1985 and 1986, that in order to get both productivity and accountability, you have to have a mutuality of risk and reward.

I will argue that unless congressional oversight is proactive, the auditing function is worthless. Unless it is involved in the direction the community wants to go and national security wants to go, all you are going to do is be an auditor of the activities of the community.

I would suggest to you that the Select Committee on Intelligence be, in effect, a Subcommittee of Armed Services, Foreign Relations and perhaps the Finance Committee, because I agree with those who suggest that we need intelligence input into a wider variety of national activities, particularly national security activities.

One of the things I did early in my Chairmanship was take a look at the Executive branch and divide it into purchasers or consumers of intelligence services and the sellers or the producers of those services. Now, this is a thought that is totally foreign to anybody in government. But if you ask, and the Chairman and my friend from New York and Dennis may remember this, I mean, if you ask the Secretary of State, the Secretary of Defense, the head of the National Security Council, to tell you what it is they need by way of intelligence, against a long-term national security strategy, you may get one expression of need. If you go to the head of the Intelligence Community and say what do you think they need, you may get another.

But I would say that traditionally, in my experience at least, when you entrust the decision about what do they need to the head of the Intelligence Community, you are not going to get the same product that you need.

So that is a thought that I wanted to leave with you as you look at the reorganization. I have some other comments on overt/covert actions that I'd be glad to share with you and I probably will in the course of a statement on the issue of budgets and on the issues of overclassification. But the heart of my education and my experience was that you need to think about the community aspects of intelligence, and you need to ask yourself if we haven't been moving in the direction of decommunitying this Intelligence Community as we build hierarchical structures because it is easier to hold one person accountable than it is to produce accountability from a mutuality of interests.

Thank you very much.

Chairman SPECTER. Thank you very much, Senator Durenberger.

We have three members present, so we have a vote starting at 10 o'clock, so we are going to do 4 minute rounds, if we may, and I'll start with you, Senator Moynihan. You have been quoted widely on the point about eliminating the CIA, if you have been accurately quoted. What is your present view?

Senator MOYNIHAN. My present view is, I put that bill in, in order that you would have this hearing and that we have a debate about the subject.

Senator Durenberger made the point of his experience on the committee. Mine was a different one. I spent the late 1970's and right through the 1980's convinced that the Soviet Union was about to collapse, and that we should be thinking of that as the big event ahead of us and a dangerous one——

Chairman SPECTER. How did you come to that conclusion? What were the facts leading you to that conclusion?

Senator MOYNIHAN. I read books.

Chairman SPECTER. Excuse me?

Senator MOYNIHAN. I read books.

Chairman SPECTER. You say you wrote books?

Senator MOYNIHAN. Read them.

Chairman SPECTER. Read books.

Senator MOYNIHAN. Spent 2½ years in India as Ambassador. Looked around me. Every 17th Century European empire in the world had collapsed excepting the one immediately to the north, and how could it be much longer before it did. In 1975, I wrote for the New Yorker that, you know, the Soviet Union will be around for a bit until it breaks up along ethnic lines. It was not a secret within the world of scholarship that this would not last.

My question was why could nobody follow this. I would go to the START hearings in Moscow—I'm sorry, the START negotiations in Geneva, I was a Senate observer, and Ambassador Kampleman, he'll tell you this, would give us lunch and I would—it would be my turn to ask questions, I'd say to our negotiators, now, listen, you are filled, when you are finished with this mind boggling detailed treaty between the United States of America and the Union of Soviet Socialist Republics, what makes you think there will be a Union of Soviet Socialist Republics? It is the one question they couldn't hear. It went right by them. When finally the treaty came to us in 1992, in the Foreign Relations Committee, I had a nice exchange with two wonderful ambassadors, and I said, you said this is a treaty with one country, but actually it's a treaty with four countries, although I only recognize three of them. They were over there and they said, well, how do we know this is the country with these—what is that, Kazakhstan and Belarus, Ukraine and Russia. They said, well, we exchanged letters in Lisbon. I said that sounded like a Humphrey Bogart movie. They had no idea what was about to happen. They agreed that early in 1990 they had first got an inkling that maybe the USSR was unstable.

But that's what secrecy will do to you. I leave you with the words of the sainted Max Weber, "Every bureaucracy seeks to increase the superiority of its professionally informed by keeping their knowledge and intentions secret from one another. The pure interest of the bureaucracy in power, however, is efficacious far beyond those areas where purely functional interests make for secret. The concept of the official secret is the specific invention of bureaucracy and nothing is so fanatically defended by the bureaucracy as this attitude." And finally, sir, "bureaucracy always seeks any means to see the parliament is not well informed."

Chairman SPECTER. Thank you, Senator Moynihan.

Senator MOYNIHAN. So thus sayeth the sage, Max Weber.

Chairman SPECTER. Very wise, as usual.

Senator Kerrey.

Vice Chairman KERREY. Well, to all three, again I appreciate the testimony and I respond to Senator Moynihan's statement. Unfortunately, the intelligence agency's targets are not to ascertain the health of Russia today, the previous Soviet economy. I personally am less troubled by their failure to predict that than I would have been by their failure to assess the size and capability of their nuclear system, their size and capability of their conventional system, which indeed was a threat. It's significantly smaller——

Senator MOYNIHAN. We did that very well.

Vice Chairman KERREY. They did that very well. I mean, that was their principal mission, and it seems to me that there's an awful lot of people that should, in addition to offering criticism, whether it's Ames or the NRO building or Guatemala or many other things that have gone wrong, I mean, what we have seen over the history of this committee, it seems to me in a relatively short period of time on this committee, is as mistakes have been made, there has been a deepening capacity to do oversight. A considerable resistance, I suspect, in both Senator Durenberger's and Senator DeConcini's and your days on the committee, resistance of the agencies to provide information as was required under the law to have good oversight. Whereas today there is so much information coming in our direction as a consequence of mistakes made, that it is sometimes difficult for us to process all the information that this committee now is being given.

So I would first say that I think that if you look at the success, it has been rather substantial. The failures have been substantial as well, and as I look at the range of potential contingencies that are provided to us by the previous witness, General Hughes, I would like to kind of provoke in your own minds a response as to how should we organize? I appreciate your disorganization on your own desk, but General Hughes presents to us the possibility, still there, of a limited nuclear war, a possibility, still there, even of a global nuclear war.

Is it a small possibility? Of course it's a small possibility, but is it there? The answer is yes. Is there a possibility of a local conventional war? Yes. Regional? Yes. Global conventional? Yes. These possibilities are all still there, as well as conflicts considerably short of war. In his testimony he indicates that it is these conflicts that are apt to be the most tormenting to us. Peacetime operations as we are involved with right now with NATO. Counterdrug, terrorism, counterinsurgency, peacetime engagement, nation assistance, all sorts of other things that we're apt to have to do and it seems to me that it does, at the foundation, rest upon our capacity to provide—all of these will rest on our capacity to provide not just warfighters, but law enforcement people with the resources that they need to be able to answer the call.

All of you have spent a great deal of time trying to figure out how it is that we do that, and one of the things that it seems to me that we need to start with right at the beginning is some kind of an assessment of threat, and I would appreciate—this has been a 5-minute question, Senator Moynihan, but your own capacity to

understand history has always impressed me. Tell me your own view of what the real threat——

Chairman SPECTER. Senator Moynihan, take the balance of Senator Kerrey's time.

Senator MOYNIHAN. Yes.

[General laughter.]

Senator MOYNIHAN. I'll start and we can go right down the line.

As much as possible, open, competitive analysis. You're going to do that with the issue of—what James Woolsey is going to do, have an A Team—B Team affair on the missile threat from rogue nations. Open, competitive analysis.

Senator DECONCINI. Mr. Chairman, Vice Chairman, I agree that you need more openness in the analytical and oversight capabilities here. But I do believe that you need to reduce and hopefully eliminate a lot of the duplication. We all know—and much of it is classified—just how many of the intelligence agencies duplicate each other, both in gathering information, and in analyzing the information and oftentimes in operations that are not known by the other intelligence agency. Now, to me, that is really absurd. Openness would help that. But until you get control of it and call it bureaucracy or whatever you want, but that is what we live under today. Good American businesses, good government operations, run with a line of authority and a line of some oversight by somebody on the outside. That is where the Intelligence Community fails to be able, in my opinion, Senator Kerrey, to really make an assessment of the threat, because you will get it from different perspectives, depending on who you ask.

Senator DURENBERGER. Let me give you a quick observation. If you think about intelligence and information as over here and then the security policymakers over there, you get one picture. But if you think about intelligence over here as part of the security apparatus and you think about all of this information collection over here, you get something slightly different. What I hear Pat saying is that over here on the security side, you ought to have open competitive intelligence development and analysis, and over here you can centralize, if you will, your information gathering capacity in much the way—now let me give you the lawyers analogy.

Lawyers are totally decentralized, they are a competitive operation. But they have central sources of information that from time to time they are called upon to analyze and when they go into court, they will compete with each other off this same base of information. It's called Westlaw or it is called Lexis/Nexis. That's the information gathering capacity. Draws together all of the things that are going on in all of the courts and so forth in the country. How that particular information is translated in a given litigation is up to this more competitive decentralized sort of thing that we call the practice of law or lawyers. I may be oversimplifying the issue, but I ask you to think about that as a way to look at the assessment question.

Senator MOYNIHAN. Can I introduce to Senator Durenberger and Senator DeConcini's statement the economic concept of transaction costs? If you have to buy everything from Lexis/Nexis, and I have it and you are a seller and producer and I am a consumer, oh, the

transaction costs become enormous. And what one group doesn't tell the other.

Chairman SPECTER. Thank you very much.

Senator Hutchison.

Senator HUTCHISON. Thank you, Mr. Chairman. I would like to just briefly ask you from your experience sort of a process issue for the committee. I find serving on this committee very frustrating because we are expected to have a high degree of oversight capabilities and yet as you know, it is very difficult, as you are being jerked from place to place on your other three committees to be able to give this the time and attention that it should have.

Do you have any suggestions to us on how we could be more effective in the oversight arena, given our time constraints. I want to make one suggestion that has just been in the back of my mind, and I would like your comment on this as well. Whether going to a subcommittee concept, not where you have real subcommittees that have more hearings, because I think the last thing we need on this committee is more hearings, but having a person in charge of a particular area. Sort of the compartmentalization concept that we already use, but where one person can be required to get the expertise in an area and provide perhaps better oversight for that reason. Would that be effective or is that untenable as well?

Senator DURENBERGER. Well, I'll give you just two things, and thank you for that very insightful question. We have all experienced it, at least since I first came on the committee in 1979, the same set of frustrations. I have two thoughts, one of which I have already shared, and that is that in the old days—and I don't know what it is today—there was always some relationship between Armed Services and the committee. Somebody specifically sat on both committees. I have suggested that the Select Committee be, in effect, a subcommittee of Foreign Relations, of Armed Services, and I would suggest, of Finance. You can deal with that whichever way you will, but the members of this committee should be drawn from them. So you see the relationship between the authorizing policies and so forth and the intelligence gathering.

The second one may already have been implemented also. I tried, when I took over the Chairmanship in 1985, to make sure that the staff that we were budgeted for actually worked for the entire committee, rather than having this tradition in which the staff worked principally for the member and occasionally worked for the committee. I got myself into a lot of hot water with my colleagues for doing that. But I think unless you strengthen the staff component of this committee, and as I say, this may already have been accomplished, you are going to have a difficult time being an expert on the oversight that you need.

Senator DECONCINI. Mr. Chairman, I have to disagree with my friend Dave Durenberger on this, that the committee ought to be a subcommittee of some other A committee of the Senate. I think it has a place here and I think it has proven itself over a number of years. To me the difficulty that transpired during Senator Warner's tenure and mine, was probably not exceptional, but due to the staff of this committee and the hard working people, and the auditors on this committee, we unveiled things that we would not have been able to unveil.

Now, to answer Senator Hutchison's question, I opposed the formation of subcommittees, and Senator Wallop was a strong proponent of them. I think that maybe there is some merit in that, particularly as this committee shrinks in its resources and its assets that you have to do this. I think you might get more from members if, in fact, you had a subcommittee designated to zero in on a certain area of oversight, and they had the ability to use the audit committee and the staff. That is a change in the position that I have had.

Senator MOYNIHAN. I would like at the very least to support Senator Durenberger's—what he was getting at when he said this might be a Subcommittee of Foreign Relations. The great problem with intelligence, and Dean Achison saw it in the beginning—he told Harry S. Truman, you'll never be able to control this—is that it increasingly has overshadowed the role of the Department of State, not only in analysis, but in operations.

We learned from the Aspin-Brown Commission that the personnel of the Intelligence Community grew by 60 percent in the 1980's, in the dark, like mushrooms.

[General laughter.]

Senator MOYNIHAN. Organizations in conflict become like one another and if they can do it in secret, they become even more so. Just recently, Dave, you probably missed this, the Marine Corps now has an intelligence agency. I predict, I put it right here, the Coast Guard will be next.

The staff of our committee, this brilliant staff, is about the size of the staff of Admiral Souer's original CIA. One of the results of the massive growth has been to suppress the role of the American ambassador, the American embassy, which seem to be filled with, you know, "dangerous" people, not open. Increasingly overshadowed because anybody—you know, if it is just your opinion, and that is what it is, but if I've got a secret piece of paper here, the secret paper takes the greater authority. It just does. The compartmentalization that the Senator speaks of, that compartmentalization imposes enormous transaction costs. I mean, the idea of "I am going to give you what I have. What will you give me?"

Ask yourself how long it takes the information that is in the Washington Post to make its way around the U.S. Government on a Wednesday morning, as against the amount of time it takes the National Intelligence Daily. You see how you clog up the system, and also allow it to grow humongous. If we wish to abolish the Department of State, say so, but for God's sakes, don't smother it.

Chairman SPECTER. Senator Robb.

Senator ROBB. Thank you, Mr. Chairman, and I thank our current colleague and our two distinguished former colleagues for sharing a few thoughts with us this morning. I wonder if I could ask just one question; I note that a vote is in progress and we are already past part of the vote, so I will make my question brief. I think the analogy between intelligence and Nexis/Lexis, as a centralized information base that agencies can use (and perhaps pay for), is a good one. I have thought for some time that we could do exactly that, but there comes a question of who is to be the surviving partner or centralization point.

How do you resolve that question as to which of the existing operational entities should be the focal point for whatever consolidated activity remains? Just a brief attempt to help us sort that out would be appreciated .

Senator DECONCINI. Mr. Chairman and Vice Chairman, I'll be very quick. It is not simple. But to me it is simple after seeing the problems that this committee goes through trying to do legitimate oversight, and that there is no real Director of Central Intelligence, or that term is a misnomer that it does not include all of the intelligence agencies that there should be a director. Without someone in charge, who can you hold responsible? You point the finger, and everybody said, oh, well, we submitted that for approval, oh, we did that, oh, well, it was in our budget request, and it's very, very debilitating from the standpoint of getting any responsibility. That's what I think is lacking more than anything else. And once you've got responsibility, then I think you could move in the area of openness by committee pressure, if necessary, as the Senator from New York ably points out.

Senator DURENBERGER. Both the question and the response that you received imply hierarchical thinking. I don't want to beat this, but before you came in, Senator Robb, I suggested that if we think hierarchically, we're always going to think about reorganizing ourselves into a more centralized operation. If you think of the law firm for example, they are no longer very hierarchical. There may be a managing partner, but you have independent, sometimes competing, but independent, voluntary associations of persons with mutual interests. And that mutual interest puts them at some risk in decisions taken by individual members, but they find a way, over time and during the course of this association, to make ends meet. That is foreign, of course, to those of us who are in government, or in the Marines, but I think it is critical to begin thinking in those terms as we think about the future of what we have deliberately called an Intelligence Community, not a hierarchy, but a community.

Senator MOYNIHAN. A final word. Senator Durenberger has described a successful university department of physics.

[General laughter.]

Senator DURENBERGER. Thank you.

Senator MOYNIHAN. Solving hard problems.

Chairman SPECTER. Thank you very much, colleagues. It has been a very useful hearing.

Let me ask one final question about consolidating the House and Senate Intelligence Committees. What would you say, Senator Durenberger?

Senator MOYNIHAN. I would say I am late for a vote.

Senator DURENBERGER. I wouldn't agree with that; I never have.

Chairman SPECTER. Senator DeConcini.

Chairman DECONCINI. Nor would I; nor would I.

Senator MOYNIHAN. No, don't do that.

Chairman SPECTER. Thank you very much.

[Thereupon, at 10:48 a.m., the hearing was concluded.]

RENEWAL AND REFORM: U.S. INTELLIGENCE IN A CHANGING WORLD

WEDNESDAY, APRIL 24, 1996

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

The Select Committee met, pursuant to notice, at 9:35 a.m., in room SD–106, Dirksen Senate Office Building, the Honorable Arlen Specter (Chairman of the committee) presiding.

Present: Senators Specter, Lugar, Shelby, DeWine, Kyl, Cohen, Kerrey of Nebraska, Bryan, Graham of Florida, and Robb.

Also Present: Charles Battaglia, Staff Director; Chris Straub, Minority Staff Director; Suzanne Spaulding, Chief Counsel; and Kathleen McGhee, Chief Clerk.

Chairman SPECTER. The Intelligence Committee will proceed with our hearing. I begin by welcoming and congratulating Director of Central Intelligence John Deutch, who nears a 1-year anniversary on the job. But I think that Director Deutch has done an outstanding job in his first year, taking over a troubled agency, which has seen problems with Aldrich Ames and Guatemala and tainted information and has made significant strides in improving the situation at the Central Intelligence Agency.

Senator Kerrey and I had the opportunity to be at the headquarters last week. I was there on Friday and had a chance to talk to a large assembly there, and conveyed my view and I think I speak for the full Committee in expressing the need for intelligence work around the world, a high priority remaining, and the fact that the vast majority of the men and women at the CIA are doing outstanding work. But that is not to minimize the problems shown by Ames, Guatemala, the tainted information.

I noted the improvements which had been made and complimented the Director in his absence. Always good to say something nice behind a person's back. But noted that the Committee remains concerned about the adequacy of the discipline and reprimands both as to Guatemala and as to Ames and as to the tainted material, but recognizing the difficulty of the situation the Director has in leading the CIA and the pressures there contrasted with the pressures from Capitol Hill, and perhaps that is the kind of tension which is a healthy relationship. But I understand that Director Deutch has a little different view than I do, but I commend him for the work which he has done.

Today's hearing is a very important hearing as the committee focuses on reorganization of the U.S. Intelligence Community following the report of the Aspin-Brown Commission.

Let me say at the outset that I am concerned about the absence of the Secretary of Defense, William Perry. I might not go so far as to call it a snub of this committee, but I want to express directly and bluntly my concern about his absence today, and we are going to reinvite him to appear before this committee, because we need to know the views of the Secretary of Defense, and it would be helpful to us to know in addition the views of the Chairman of the Joint Chiefs of Military Operations so that we can make our evaluation, because a good bit of the reorganization of the Intelligence Community involves taking authority from the Department of Defense and giving it to the Director of Central Intelligence.

The Nation is blessed at this particular moment because of the close working relationship between Secretary Perry and Director Deutch, because John Deutch used to be the No. 2 man in the Defense Department. But the U.S. Government cannot work on personalities. The U.S. Government has to function on institutions.

My own view is, and I know it is shared by the Vice Chairman, who expresses himself very ably and will have the floor in just a moment, and I think by the committee, that the time is right to move ahead with reforms. We have a comprehensive report from the Brown Commission, the Aspin-Brown Commission. We have the impetus of the Ames situation and Guatemala and the tainted information, and now is the time to move ahead with reforms.

We have consulted with the Armed Services Committee and have received a letter expressing their concern about moving too fast, and I don't think we should move too fast, but we've had ample notice about many, many of the problems which are present.

I am glad to see in the morning's press the statement by the Administration that they agree with at least disclosing the total figure for intelligence agencies. My personal view is that that is a minimal disclosure. In the Senate we passed that some time ago. It was dropped in Conference, and that is a minimal amount of openness. The question will be presented as we move forward as to what other openness we can have with respect to what goes on.

The National Reconnaissance Office was an illustration of the real problems which might have been avoided had there been more openness, more opportunity for the Congress to know, the public to know, and the media to know. The issues as to budget authority are not adequately addressed, in my opinion. I think you, Director Deutch, need a lot more authority over budget, and I think you need a lot more authority over the appointive power. You are the person who is held responsible for what goes wrong with the various agencies, but without the authority to control it, it is vacuous to hold you responsible.

So we have an important job to do, and we're going to undertake mark up hopefully today so that we can have a sequential referral to the Armed Services Committee. It takes 45 days. We know there is going to be a crowded schedule, but the Intelligence Committee is determined to move ahead with sound reforms and to get them before the full Senate at a time when they may be considered in this crowded legislative year before all the attention turns to the Presidential campaigns.

I am now delighted to yield to my distinguished Vice Chairman, Senator Kerrey.

Vice Chairman KERREY. Thank you very much, Mr. Chairman. I have a statement I would like to make a part of the record.

[The prepared statement of Senator Kerrey follows:]

PREPARED STATEMENT OF SENATOR KERREY

Thank you, Mr. Chairman, and welcome to you, Director Deutch. As you know, we are in the final stages of considering proposals for the renewal and reform of the Intelligence Community. I am encouraged by the President's decisions announced yesterday. He is following through on the Aspin-Brown Commission's work. I am also encouraged by the programs you are instituting and which we will hear more about today, particularly a new CIA personnel system and the National Imagery and Mapping Agency.

I am concerned, however, that the Administration may be avoiding the harder issues about the organization of the Intelligence Community and especially about the authorities of the Director of Central Intelligence.

The world has changed enormously since the collapse of communism and the role of U.S. Intelligence has likewise changed. New threats and challenges to our interests have arisen, and many of them cannot be countered by the application of military power. Other new threats are best countered, apparently, by deploying the military as peacekeepers, which connotes a completely different set of intelligence requirements. Law enforcement has become more important as an element in our National Security, and Intelligence is more entwined with law enforcement than ever before. Intelligence has also supported diplomacy with great effectiveness since the fall of the wall on every matter of national interest. The world now knows America is almost omniscient on the topics America cares about, thanks to intelligence. The reputation and the capabilities of our Intelligence Community have become elements of our national power, quite apart from the capabilities of the Intelligence Community's customers.

The world has been transformed, the role and contributions of intelligence have been transformed, the qualities that define national power are being transformed, and yet there is great resistance to significant change in the way the Intelligence Community should be organized to do its job. The community is not optimally organized today, it contains redundancy and inefficiency, and no single manager is in charge of it.

We should not change for the sake of change. But we should also not cling to outmoded methods once their day is past. Certainly the 104th Congress understands the requirement to change the arrangements of Government to fit current needs. The last thing we should do is freeze this 50-year-old intelligence structure in amber solely because some agencies are worried about their turf.

In an earlier appearance before the committee, you told us of your surprise at your very limited authority over the Intelligence Community, your imposing title notwithstanding. We look forward to hearing this morning if you believe the DCI's authorities should be further increased so one manager is responsible for national intelligence.

OPENING STATEMENT OF SENATOR KERREY, A U.S. SENATOR FROM THE STATE OF NEBRASKA

Vice Chairman KERREY. I would, Director Deutch, reiterate disappointment that Secretary Perry is not here. I do think that the challenge of reorganizing the intelligence function—I know you feel this way. I, like the Chairman, am very appreciative of the President's decisions to make, through Executive orders, those changes that are possible and I reiterate my congratulations to you for the progress you've made this past year. I think it is a great tribute to the President that he not only persuaded you to take on this job at a very difficult time, but that he selected Bill Perry to be Secretary of Defense. I mean, we have an outstanding team, the Nation does, has an outstanding team in place and both of you have served your country extremely ably and, you know, we have a great opportunity, I think, if we can get over the political concerns, the territorial concerns that are always going to be present any time you propose to do reorganization.

I would point out that the knowledge that you have and the urgency that you feel for intelligence—and this committee shares that urgency—is very often not felt by the citizens of this country. I thought it was very noteworthy that when the Brown Commission produced its report, the *New York Times* editorial called it pablum. Said it was insufficient, didn't go far enough. Was too weak. Allowed the status quo to stay in place. Yet the biggest problem that we're going to have is the Brown Commission report, at least by this body, as indicated either by Secretary Perry's absence or by the Armed Services Committee's feeling that this ought to be postponed until next year, that we ought not move too fast, the biggest problem we have is that in the body reform is either not seen as important or the proposals of the Brown Commission actually went further than what many in this body would like to go.

So I say this because I think we have a disconnect today between what the American people view as necessary with intelligence, and what we on this committee and what I know you feel is necessary, not only to protect the vital interests and keep the American people safe, but increasingly intelligence is a method for us to project power all by itself. It is not just a tool to provide information to warfighters so that they can safely execute their mission. But increasingly it is being used by me, by you, by other policymakers, to project power and enable the United States of America to secure peace in Bosnia, to have an impact upon the implementation of arms control treaties and the implementation of agreements on trade. Increasingly it is being used by national policymakers across the board, whether it's in the FBI or in the Trade Representative's office or even in the U.S. Department of Agriculture.

So there is an urgency, it seems to me, to reorganize to give you, to vest with the DCI more authority and power in order to be able to persuade the American people that these investments today and tomorrow are vitally needed if they want to maintain the sense of security that we have managed to provide them over the course of the 45 or 47 years that we have been doing this.

So I share with the Chairman the urgent need to reorganize and I know you do as well. You've worked with this committee, you've worked with the House Committee, you know, you have taken your little boat and run it through the rapids many, many times in a very impressive fashion. But this is going to have to be an all hands drill with SECDEF involved. Otherwise, what we'll find ourselves doing is nothing. That will not benefit SECDEF if we do nothing, because that will deteriorate the confidence that the American people have that we are using and spending their money wisely. As a consequence, all of us, it seems to me, are going to suffer if that is the case.

So I hope that his absence doesn't mean that we have got a significant territorial dispute on our hands. My guess is it doesn't. My guess is it means something entirely different than what it appears to be, and my hope is that we are able, from this hearing, to sequentially refer to the Armed Services Committee a reorganization plan that will improve our capacity to collect and provide intelligence both to warfighters and to national customers, and keep the United States of America both safe and strong.

Chairman SPECTER. Thank you, Senator Kerrey. I hope your guess is right, that it does not indicate a territorial battle. Candidly, if I were guessing, I would guess the other way. But we're going to see. I am not yet prepared to call it a snub of this committee, but we are asking Secretary Perry to let us know if he can come tomorrow or Friday or which day next week he can come to this committee and tell us what his views are. So we will soon see.

I have a long prepared statement very ably prepared by my staff on the long history of our efforts at reorganization, and that will, without objection, be included in the record.

[The prepared statement of Senator Specter follows:]

PREPARED STATEMENT OF SENATOR ARLEN SPECTER

Let me begin by welcoming you to this hearing of the Senate Select Committee on Intelligence to examine proposals for the renewal and reform of the United States Intelligence Community. Today we will hear from the Director of Central Intelligence John Deutch. We had also hoped to hear from the Secretary of Defense William Perry, and the Chairman of the Joint Chiefs of Staff, General Shalikashvili. Unfortunately, they were not available for today's hearing. Following the hearing, the committee will proceed to a closed session this afternoon to mark up our Renewal and Reform legislation as part of the Intelligence Authorization Act for Fiscal Year 1997.

Today's actions mark the culmination of many years of efforts by this committee and the Congress to reform U.S. intelligence. Prompted by changes that had taken place in Eastern Europe, the committee began in December 1990 a comprehensive review of the missions, functions, and organizational arrangements for the Intelligence Community. The staff conducted nearly 130 interviews with current and former government officials and the committee held two hearings on the specific subject of intelligence reorganization. In addition, intelligence reorganization was discussed at the confirmation hearings of Robert Gates to be DCI.

While this review was underway, two significant developments highlighted the need to reassess the Intelligence Community. The first of these was the U.S. involvement in the Persian Gulf war. During and after the conflict, the committee received considerable testimony both in hearings and briefings with respect to the quality and timeliness of intelligence support. This testimony indicated serious problems in existing organizational structures, particularly with regard to the exploitation and dissemination of imagery and regarding consolidation of intelligence support under U.S. field commanders. The other major development during this time period was the collapse of Communist Party rule in the Soviet Union and the ascendancy of pro-democracy reform elements, signaling the end of the cold war.

In February 1992, then-Committee Chairman David Boren introduced a comprehensive proposal for intelligence community reform and reorganization. The committee held five public hearings and one closed hearing on this legislation, hearing from a total of 14 witnesses. While most of this ambitious effort was not enacted, these efforts did result in the adoption, for the first time in law, of a comprehensive statement of the responsibilities and authorities of the agencies and officials of the U.S. Intelligence Community.

Efforts to reform the Intelligence Community gained momentum in late 1993 with the adoption of a provision in the Senate to establish a Commission to "review the efficacy and appropriateness of the activities of the United States Intelligence Community in the post-cold war global environment." On March 1, 1996, the Commission on the Roles and Capabilities of the United States Intelligence Community submitted its Report, entitled "Preparing for the 21st Century, An Appraisal of U.S. Intelligence." This Report provides a comprehensive review of the issues confronting the Intelligence Community and contains some well-considered recommendations for improvements, including suggestions for legislation. The Senate Select Committee on Intelligence introduced these legislative proposals on behalf of the Commission (S. 1953) and has used them as a starting point for the proposals which will be considered by the committee this afternoon and which we will discuss at today's hearing.

The Commission did an excellent job identifying the key issues and the committee is likely to adopt a number of their recommendations. However, it is my sense, after reviewing these issues, listening to witnesses over the course of the committee's five hearings on Renewal and Reform—including three former DCIs, and observing the

Community through our general oversight activities, that the Commission did not go far enough in providing the Director of Central Intelligence with both the necessary authority and the necessary support structure to ensure improved efficiency, effectiveness, and accountability in the U.S. Intelligence Community.

One of the historical realities that complicates any effort to bring greater cohesiveness and accountability to intelligence management is that intelligence was, until the creation of the CIA after World War II, almost exclusively carried out by the military. Even today, the military provides many of our intelligence professionals and much of the infrastructure support. Yet, in the post-cold war world, many of the greatest threats to our security often do not lend themselves to military answers—terrorism, proliferation, political instability in the emerging democracies and the stress on those fragile institutions exacerbated by organized crime, to name a few examples. Cooperative bilateral and multilateral relationships in law enforcement, intelligence, and diplomacy present us with more options for addressing potential crises and endeavoring to avoid the need to commit U.S. troops. In addition, economic security is an increasingly important aspect of our national security, with the U.S. Trade Representative and the Secretary of Commerce, for example, playing important roles. Each of these potential avenues for U.S. action, however, needs intelligence support to optimize their prospects for success. The demand for rapid responses to diverse threats in a rapidly changing world necessitate a streamlined intelligence community and a DCI with clear lines of authority.

We believe that the current disincentives for intelligence to operate as a community, reduce unnecessary waste and duplication, and become more effective and efficient in meeting the Nation's needs can only be overcome by enhancing the DCI's statutory authority over the budget and administration of all non-tactical intelligence activities and programs. A key issue for Congressional oversight of the Intelligence Community is accountability. It has become increasingly clear that a single manager, the DCI, must be accountable for the success or failure of the Intelligence Community. Therefore, we believe the DCI must be given the authorities he needs to carry out this responsibility.

Today's witnesses provide a valuable and unique perspective on these issues and we look forward to their testimony.

Chairman SPECTER. Now, Director Deutch, the floor is yours. Your full statement will be made a part of the record. We look forward to your presentation.

[The prepared statement of Director Deutch follows:]

PREPARED STATEMENT OF JOHN DEUTCH, DIRECTOR OF CENTRAL INTELLIGENCE

I. *Thank you* for giving me the opportunity to speak today on Intelligence Community reform.

A. It has been almost a year since I became DCI—a year spent addressing the past, achieving new successes, and laying the groundwork for a new era in intelligence.

B. When I spoke in my confirmation hearing, I talked of *four mission areas*—I am pleased to report significant accomplishment in each area.

1. Support to our Senior Policy Makers—
   a. Balkan Task Force
   b. Taiwan Straits Task Force
   c. Counterterrorism
   d. Dealing with the crisis over Aegean Sea islets
2. Support to the Military—
   a. We have established ADCI/MS
   b. We have provided excellent support to all of IFOR
3. Support to Law Enforcement
   a. Established close relations with DOJ, FBI
   b. Counternarcotics successes in Columbia
4. Counterintelligence—Continued vigilence

C. We have worked to Strengthen the Community and improve efficiency:

1. Established JSMB
2. Repaired financial management of NRO
3. Worked to establish Mission-based program planning.

D. We have acknowledge deficiencies, been accountable for our actions, and placed some difficult issues behind us.

1. Ames and blue-border reporting
2. CIA conduct in Guatemala in the early nineties
3. Poor tradecraft in Paris

E. In addition to these specific accomplishments, we have invested in those things that will be the underpinning of future successes.

1. Under the leadership of the DDCI focusing intelligence resources on "hard targets."
2. Adopting a customer focus and assuring that the various elements of the IC work together.
3. Assuring that we take advantage of technology in all our operations, analysis, and administration.
4. Strengthening our HUMINT capabilities and practices.

III. *Intelligence Community Reform*

A. Over the past year, there have been several studies of the Intelligence Community (including IC–21)

B. Struck by the similarity in the basic conclusion of all these studies. In the post-cold war world there continues to be a need for a strong intelligence capability. In order to ensure that capability is effectively applied, even more change is in order.

C. I am here today to describe the President's initiatives for IC reform.

D. These initiatives are based on the three central findings of the *Aspin-Brown Commission.*

1. A more institutionalized approach to policy guidance.
2. A coordinated response to foreign intelligence bearing on global crime. It is important that we have mechanisms to weigh the often competing interests of law enforcement, intelligence, and policy.
3. A need to strengthen the framework by which the DCI exercise his Community role in management of priorities, resources, and personnel.

IV. Here are the specific reforms we propose in response to the Aspin-Brown Commission:

1. *Establish a Committee on Foreign Intelligence.* This group, chaired by the National Security Advisor and made up of the DCI, Secretaries of Defense and State, Attorney General, and Chairman of the Joint Chiefs of Staff, would meet semi-annually to discuss key intelligence issues and long-term priorities. (EO)
2. *Establish a Consumers Committee.* The Consumers Committee would also be chaired by the National Security Council, but it would have a membership that includes representatives of *all* principal intelligence producers and consumers. The Consumers Committee would broaden the mandate of the PDD–35 Interagency Working group, and meet monthly to provide guidance to the Intelligence Community on customer requirements and to monitor product quality and responsiveness. (EO)
3. *Establish a Global Crime Committee.* Also chaired by the National Security Advisor or his Deputy, this committee would address needs, priorities, and activities in the areas of international crime, counternarcotics, and international terrorism.

Improving Intelligence Relationship with Law Enforcement. This has been one of my priorities over the past year, and the progress already made is dramatic. Under the auspices of the Intelligence and Law Enforcement Policy Board, we have increased intelligence sharing, better coordinated overseas activities, engaged in joint technology development, and tackled new problems. There is much left to do, but the mechanism is in place.

V. Let me next turn to measures that will strengthen the ability of the DCI to carry out the DCI's community responsibilities:

4. *Increase the Number of DCI Deputies.* To better carry-out the dual responsibility of managing the Intelligence Community and running the Central Intelligence Agency, we propose to increase the number of Deputy Directors of Central Intelligence from one to three.

1. We would maintain a single principal deputy as the DCI's alter ego, and
2. Elevate the Executive Directors of the Central Intelligence Agency and Intelligence Community Affairs to Presidentially appointed and Senate confirmed positions of deputy directors of Central Intelligence.
3. In addition, we propose to establish an Associate Director for International Support. This position would ensure that we pay closer atten-

tion to a range of diplomatic support and international cooperation matters. The analog of this position for *Military Support* has worked remarkably well.

5. *The National Imagery and Mapping Agency.* We propose the formation of the National Imagery and Mapping Agency as a vital step in efficiently providing timely imagery products to both national-level and military customers.
   1. It *was endorsed by the Aspin-Brown Commission.*
   2. The Secretary of Defense, Chairman of the Joint Chiefs of Staff, and I are in agreement on the mission and operations of this new agency.
   3. The revolution in modern information processing *technology* makes it possible to produce imagery products derived from a variety of platforms and data types.
   4. Producing timely, tailored imagery products will be essential, as we saw in the Gulf War, to providing joint U.S. military commanders *dominant battlefield awareness.*
   5. Consolidation of portions of six different agencies that are concerned with making maps, imagery exploitation, and distributing products can *result in cost savings.*
   6. The NIMA will have responsibility for imagery and mapping similar to what the National Security Agency has for signals intelligence.
   7. It will have program and budget authorities as well as research, development, acquisition, exploitation, and production responsibilities.

In sum, NIMA is needed to provide better support to both national and military users, to exploit technology, and to save resources.

VI. *Improving Resource Management.* During the past year, the Intelligence Community and Department of Defense has been making progress on a system of programming, planning, budgeting, and execution that is based more on mission and discipline than on organization. Resources are managed in two phases.

A. *The program planning phase* to allocate resources to programs that contribute to specific missions, to set resource levels, and to make trade-offs between competing programs. It must involve users of the intelligence product.

B. *The budgeting and execution* phase sets annual budgets for organizations that have the responsibility to execute the approved program. It makes good sense to allocate resources to discipline (INT) managers in a way that corresponds clearly to intelligence organizations.

C. This process is managed by the DCI and the Deputy Secretary of Defense. I am convinced that this approach will improve resource allocation and trade-off decisions by intelligence users, and it underscores my belief that intelligence serves, rather than drives, policy. We will continue vigorously along this path and we will be influenced by the many specific recommendations made by the Aspin-Brown Commission.

D. *Disclose the Budget.* The Aspin-Brown Commission recommends and the President is persuaded that disclosure of the annual amount appropriated for intelligence purposes will inform the public and not, in itself, harm intelligence activities.

Consequently, the Administration proposes that you enact legislation to make public the total appropriation for intelligence at the time the appropriations conference report is approved by the Congress.

VII. *Re-build the Intelligence Community Workforce.* The enormous external changes facing the Intelligence Community—from a stable to a near chaotic environment, from a near-monopoly to a highly competitive information environment, from resource-rich to a resource-constrained environment—have not been met with corresponding internal changes. Stated simply, we have a human resources system that won't meet future needs.

A. The Administration initiative addresses both Community and CIA reform; the two are inextricably bound. The goal is to create systems that are based on rigorous analysis of required skills; ensure greater Community perspective; reward performance, achievement, and initiative; insist on continuous training; and build the "next generation" of leadership.

1. Community Reform—three elements designed to address the issues of skills, mobility, and size. This is in contrast to the Aspin-Brown Commission proposal that emphasized a one-time authority to "right-size" the workforce. Will require legislation and funds in fiscal year 1997.
   a. *Performance Management*—new occupational structure, common performance appraisal, structured development.

b. *Intelligence Community Assignment Program*—Community-wide positions, Intelligence Community Officer designation, much like Goldwater-Nichols crated joint staff positions to encourage mobility and broadening of experience.
c. *Department of Defense Legislation*—combined statutes, time-limited appointments, Adjustment-in-Force.

This legislation is still in clearance by OMB & should be available soon

2. CIA Reform—Six elements designed to address the issues of skills, professional growth, and pay. Will require funding in fiscal year 1997.

Recruiting—Attact a highly skilled, motivated, and diverse work force.
Assignment and Selection—Match the skills of the individual to the needs of the workforce.
Employee Development—encourage continuous professional development for agile, adaptable, competitive workforce.
Performance Appraisal—focus on competency and results to improve performance; link to pay.
Training and Education—continuous learning, institutional values.
Compensation—pay for performance, growth, and achievement, not longevity.

The two proposals are wholly consistent with one another. Taken together, they result in the right-sized, right-skilled, and right-rewarded workforce that I and others who would reform the Intelligence Community envision.

VIII. *Other Reform Proposals*—We have not ignored the proposals for Intelligence Community reform made by other than the Brown Commission.

A. Many of the recommendations, in fact, are the same, thus strengthening my resolve that the President's initiatives move us in the right direction.
B. Both the IC21 proposal of the HPSCI, and your (SSCI) reform proposal, include measures for strengthening DCI authorities and management of the Intelligence Community, responding better to the policy community, working with law enforcement, realigning resources, and reforming personnel practices. I believe the President's initiatives address these.
C. I do not agree with the radical restructuring of the Intelligence Community that the IC21 proposal suggests or the adding of a layer of discipline-based management as your (SSCI) proposal suggests.

The former, while perhaps helping budget execution, does not enhance our ability to serve our customers, and the upheaval would seriously disrupt the Community's ability to perform it's mission. And, the separation of requirements from analysis, analysis form collection, and collection from technology development is moving in the wrong direction.

The latter, would create positions with no real authority. Further, I believe that adding two deputies, having concurrence in the appointment of agency heads, and approaching budgeting by mission will give me the mechanisms to improve collection, analysis and production and administration as necessary.

These are just the main initiatives for Intelligence Community reform that I am pursuing. There are many topics, some covered in by Brown, IC21, and you (the SSCI) that deserve and will receive attention from appropriate elements of the Intelligence Community.

These include improving analysis, expanding international cooperation, and increasing Community management staffs.

IX. *Next Steps The Administration will submit legislation* to the Congress that covers:

Intelligence Community organization (DCI deputies);
Establishment of NIMA;
Budget disclosure; and
Personnel reform.

A. The remainder will be covered by executive order or can be implemented at a lower level.
B. The initiatives mentioned today will strengthen intelligence. It is vitally important that we succeed in this task. Intelligence is our first line of defense. It informs our decision and illuminates the nature of the threats we face. . . .

OPENING STATEMENT OF HON. JOHN DEUTCH, DIRECTOR OF CENTRAL INTELLIGENCE

Director DEUTCH. Thank you very much, Mr. Chairman.

Let me begin by saying I am absolutely sure that Bill Perry's inability to be here this morning is by no means any—has no intention of snubbing this committee or of doing anything but showing the greatest respect to this committee, as I know he does with everybody in Congress. I do think that he will want to make the Department's views known, as will General Shalikashvili, who is today in Brussels, known about the Department of Defense's views, and I am quite confident that at least between the Intelligence Community and the Department of Defense, the views that I am going to provide to you here today are consolidated and integrated and do not reflect any turf wars between our two agencies, but a desire to work together to get the absolutely best intelligence for the senior policymakers and the military leaders of this country. We are working together in that way, and I think that the proposals that I am laying here before you are consistent with that.

So let me just say that I am sure that Bill Perry doesn't mean any offense, that he will want to have his views known here, and that you will find him supportive of reasonable and strong efforts to strengthen the performance of U.S. intelligence.

Chairman SPECTER. Well, Director Deutch, I appreciate those comments, but let me say that what the Vice Chairman and I have said is not said without substantial basis. The invitation to the Secretary has been standing for more than a month, I am advised by staff. We were not told until late yesterday that he would not be here today. We understand the Chairman is out of the country, and we were prepared to listen to the Vice Chairman. We understand that. But then we are told that the Vice Chairman could come only on the condition that he would testify only about the National Imagery and Mapping Agency, which is insufficient; that is not the limited purpose of this hearing.

So let's see. We have re-extended the invitation for tomorrow, Friday, or any day next week, and we will see.

Director DEUTCH. Yes, sir.

Mr. Chairman, I am very grateful for the opportunity to speak today on Intelligence Community reform. As you noted, sir, I have been in the position of Director of Central Intelligence for approximately 1 year, a year spent addressing the past, achieving new successes, and laying the ground work for improved intelligence in the future.

I would like to spend a moment to speak to you about some of the accomplishments over the past year, because it puts in perspective what remains to be done.

When I spoke at my confirmation hearing almost a year ago, I spoke about the importance of serving four broad mission areas. First, support to our senior policymakers. Let me note, Mr. Chairman, the tremendous success the Intelligence Community has had—not only the CIA, but all elements of the Intelligence Community—in supporting senior policy makers on the Balkan Task Force, supporting policy formulation with respect to our measures in Bosnia and in the Balkans, the very successful Taiwan Straits Task Force that enabled policymakers to work towards a cooling of

tensions between China and Taiwan over Chinese activities in Taiwan Straits, our very aggressive and forward leaning approach to help stifle counterterrorism in the Middle East where the Intelligence Community was in the forefront of helping combat counterterrorism in the Middle East and elsewhere. I might say, the unheralded but also impressive work the community did throughout the Aegean crisis when it appeared that Greece and Turkey were coming to blows once again over a small island in the Aegean Sea.

We have made tremendous progress in supporting the military. I think everybody from all quarters acknowledges the tremendous work done by the Intelligence Community in supporting our IFOR forces in Bosnia.

Mr. Chairman, we have taken tremendous measures to improve our relationship with law enforcement agencies, with the FBI, the Drug Enforcement Administration, and the Department of Justice. We have had tremendous counternarcotics successes in Colombia and we have had some very important recent successes in Mexico. And as you mentioned, Mr. Chairman, we continue our vigilance about counterintelligence threats to the national security apparatus in the United States.

We have worked to strengthen our community and improve efficiency. We have established a Joint Space Management Board. We have worked to repair the financial management of the National Reconnaissance Office that you mentioned and the Deputy Secretary of Defense are working together on a mission-based program planning system which assures efficient use of all of our resources.

We have acknowledged the deficiencies of the past, we've been held accountable for our actions, and we've placed some difficult issues behind us. You mentioned the Ames matter and the tainted Blue Border reporting, CIA conduct in Guatemala in the early 90's, and the problems of poor tradecraft by the CIA in Paris.

In addition to these specific accomplishments, we have invested in those matters which will be the underpinning of future success by the Intelligence Community. Under the leadership of George Tenet, the very able Deputy Director, we have been focusing our intelligence resources on hard targets, critically important intelligence targets that are of great importance to our senior policymakers and our military commanders.

Throughout the community we are adopting a customer focus and assuring that various elements of the Intelligence Community, the different agencies, work together to provide timely intelligence to our customers. We are taking advantage of technology in all aspects of our operations, in analysis, and how we administer the Agency. Most importantly, we are strengthening our HUMINT capabilities and practices because human intelligence collection, clandestine human intelligence collection becomes even more important in the post-cold war era.

Mr. Chairman, over the past year there have been several studies of Intelligence Community reform, including the efforts of this committee. The main point I would like to make to you is I am struck by the basic similarity in the conclusions of all of the studies. Most importantly, that in the post-cold war world, there continues to be the need for a strong intelligence capability and in order

to ensure that that capability is effectively and efficiently applied, even more change is in order.

This morning, Mr. Chairman, I would like to describe the President's initiative for Intelligence Community reform. These initiatives have been based, in large measure, on the central findings of the Aspin-Brown Commission. I know that the President wants me to express his appreciation not only to Harold Brown for having been willing, after the untimely death of my friend Les Aspin, to take over the chairmanship, but also Warren Rudman, who ably served as vice chairman of this effort, and helped in the transition between the demise of Les Aspin and the appointment of Harold Brown.

The initiatives, as I mentioned, are based on the central findings of the Aspin-Brown Commission, which are in sum, a more institutionalized approach to policy guidance of intelligence effort, a more coordinated response to foreign intelligence bearing on global crime, and a need to strengthen the framework by which future Directors of Central Intelligence will exercise their responsibility in the management of priorities and resources and personnel of the Intelligence Community.

Let me briefly summarize, Mr. Chairman, President Clinton's proposals for reform in response to the Aspin-Brown Commission and other studies of intelligence.

First, we would propose to establish a Committee on Foreign Intelligence, chaired by the National Security Advisor, composed of the Director of Central Intelligence, the Secretaries of State and Defense, the Attorney General, and the Chairman of the Joint Chiefs of Staff, to discuss key intelligence issues and set long term priorities.

Second, we would establish a consumers committee, chaired again by the National Security Council, which includes representatives of all consumer agencies of intelligence, who would meet monthly to assure that there is timely production of intelligence and that the product that is given to the policy customer is of high quality.

Third, we would propose to establish a Global Crime Committee, again chaired by the National Security Advisor or his deputy, including the Attorney General, Secretary of Defense, Secretary of Treasury, the Director of Central Intelligence, and others who are concerned about the growing problems of international crime, narcotics, and international terrorism.

Let me say that during my first year, improving the relationship between the Intelligence Community and law enforcement has been one of my priorities. We have set up, with the Justice Department, an Intelligence and Law Enforcement Policy Board, co-chaired by the Deputy Attorney General and the Deputy Director of Central Intelligence, that systematically is working to improve our performance, our activities, and the policies for joint technology development, overseas activities, and addressing new problems in the area of law enforcement.

Let me next turn, Mr. Chairman, after mentioning those measures which were taken to strengthen the policy direction of intelligence, let me next turn to some measures which are taken to im-

prove the ability of the Director of Central Intelligence to carry out his or her community responsibility.

First, Mr. Chairman, we propose to increase the number of Director of Central Intelligence Deputies, which are Presidentially appointed and confirmed by the Senate, from one, currently the principal deputy, to three. We would maintain the principal deputy as an important adjunct and alter ego to the Director of Central Intelligence. We would elevate the Executive Director for Intelligence Community Matters to a Presidential appointee so that that individual had more authority and ability to manage and collection activities and other matters for the community. We would elevate the Executive Director of Central Intelligence also to a Deputy Director of Central Intelligence and suggest that the President appoint that individual and that individual be confirmed by the Senate.

As you know, Mr. Chairman, last year we established a position—I established a position of Associate Director for Military Support, currently filled by Admiral Denny Blair. We have found that that individual has had tremendous success in assuring timely and immediate response, connecting the Intelligence Community to combined CINCS and Joint Chiefs of Staff concern about support to military operations. A very successful, strong connection at the highest levels between the community and an important category of users, the military users, people like Lieutenant General Pat Hughes, the Director of the Defense Intelligence Agency, and others.

We propose also to establish a new Associate Director for International Support, that would build that kind of high level continuing bridge with the Department of State and other agencies which worry about our foreign policy, and also help to strengthen our important international liaison relationships that are going to be of greater importance than the past.

Mr. Chairman, let me next turn to the subject of role of the Director of Central Intelligence in concurring on appointments to senior intelligence element agencies in the community. Let me say that the President wishes for the Director of Central Intelligence to have concurrence in these appointments. I am sure you understand that many of my Cabinet colleagues—Secretary of Defense, Secretary of State and the Attorney General—have concerns about how future Directors of Central Intelligence would, over the long term, play a role in this concurrence in the selection of the central intelligence leadership of the community. I am confident that we are going to be able to work this out, and I believe that in the next few weeks we will have an accommodation which will assure that the Director of Central Intelligence will have a concurrence role on appointments in the Intelligence Community in a way that is not considered intrusive by other Executive branch agency heads.

Let me say that as a former Deputy Secretary of Defense, I am sensitive to these concerns, I know the President is sensitive to these concerns, and believes that it will be possible to construct something that will have institutional rather than individual relevance over the long term to assure that Directors of Central Intelligence have an appropriate role in the appointment and concurrence in future appointments to the senior intelligence leadership throughout the Community.

Mr. Chairman, let me also next turn to the issue of the National Imagery and Mapping Agency. The President proposes the formation of the National Imagery and Mapping Agency as a vital step in efficiently providing timely imagery products to both national level and military customers. The National Imagery and Mapping Agency was endorsed by the Aspin-Brown Commission. The Secretary of Defense, the Chairman of the Joint Chiefs of Staff and I are in agreement on the mission and operations of the new agency.

The revolution in modern information processing technology makes it possible today to consider a single agency that will produce imagery products derived from a variety of platform and data types which will provide near real time support to both military and national commanders based on collection that we have of imagery data throughout the world from both satellite and airborne platforms.

Let me say that producing this timely, tailored, imagery products is essential as we saw in the Gulf War when we saw the tremendous capacity, the tremendous dominance it gave our military in the field, when they had better intelligence of the adversaries they faced. Providing this dominant battlefield awareness in the future is central—central to assuring the continued military superiority of our forces in the years ahead.

Consolidation of portions of six different agencies that now work in the imagery area, making maps, making images, collecting and distributing products, analyzing imagery products, will result in cost savings. The National Imagery and Mapping Agency will have responsibility for imagery and mapping similar to what the National Security Agency has today for signals intelligence. The National Imagery and Mapping Agency will have program and budget authorities as well as research, development, acquisition, exploitation, and production responsibilities.

In sum, Mr. Chairman, the National Imagery and Mapping Agency is needed to provide better support to both national and military users, to exploit technology, and to save resources.

Mr. Chairman, let me next briefly turn to improving resource management. During the past year, the Intelligence Community, the Department of Defense have been making progress on instituting a program, planning, budgeting, and execution system that is based on mission based budgeting—mission based programming. The Deputy Secretary of Defense and I work closely together, as our predecessors have, in a program planning phase that allocates resources to programs that contribute to specific missions, and then in a budget and execution phase, it sets annual budgets for organizations that have responsibility to execute approved programs.

The process is managed jointly by the Director of Central Intelligence and the Deputy Secretary of Defense. It has worked well when Bill Perry was Deputy Secretary of Defense and Jim Woolsey was Director of Central Intelligence. It worked well when Jim Woolsey was Director of Central Intelligence and I was Deputy Secretary of Defense. And it is working now when I am Director of Central Intelligence and John White is Deputy Secretary of Defense.

We must corporately manage these financial programs over the long term, taking into account not just the National Foreign Intel-

ligence Program, but also the Joint Military Intelligence Program, and the Tactical Intelligence and Related Activities program. They must be viewed together and managed corporately, and that system which is currently in place I think is a good balance between having the Director of Central Intelligence have authority over that budget and being able to influence the long term program planning of resources that are allocated to intelligence.

Mr. Chairman, as you noted, the President proposes disclosing the top line of the budget as recommended by the Aspin-Brown Commission. The President is persuaded the disclosure of the annual amount appropriated for intelligence purposes will inform the public and not in itself harm intelligence activities.

Consequently, the Administration proposes that the Congress enact legislation to make public the total appropriation for intelligence at the time the Appropriations Conference Report is approved by the Congress.

Mr. Chairman, let me——

Chairman SPECTER. Director Deutch, let me interrupt you when you were on the budget. I didn't understand what you just said about how there is going to be corporate management of budget. This has been a central issue, and from what I have understood your position to be in the past, that you have felt that that ought to be under the Director of Central Intelligence, and now you have talked about how you and White function and how Woolsey and somebody else functioned and how it has all worked out. I didn't understand that at all. Aside from all of these people and personalities, what's the structure going to be? What should we write into law as to who is going to control the budget process.

Director DEUTCH. We have a structure where—currently where the Director of Central Intelligence and the Deputy Secretary of Defense chair a committee that makes the decisions on resource allocation to the intelligence budget in three different categories: the National Foreign Intelligence Program——

Chairman SPECTER. Well, who has the authority, the final authority to make the budget decisions?

Director DEUTCH. Currently the Secretary of Defense has the final authority.

Chairman SPECTER. OK, thank you.

Director DEUTCH. May I continue with the——

Chairman SPECTER. Yes, please do.

Director DEUTCH. I was just going to be a few more moments. I am sorry to go on so long, but I think it is important——

Chairman SPECTER. No, that's fine; please continue. I just wanted to get clarification as to where the ultimate authority was, not withstanding the individuals whom you have named who you say have been able to work it out.

Director DEUTCH. That's correct, sir.

Mr. Chairman, the centerpiece of the Administration's proposal for your consideration is the efforts to rebuild the Intelligence Community workforce. I want to say that the future Intelligence Community, the in the future faces remarkable challenges. We have gone to a kind of environment where change is the order, political circumstances in the world are changing all the time. We have tremendous growth in the amount of information that has to be han-

dled, tremendous demands on us to deal with new technologies and stated simply, we have a human resource system that will not meet future needs. I would also say to you that every group that has considered reform in the Intelligence Community recognizes that doing something significant about personnel is the heart of assuring that we have excellent intelligence in the future.

The Administration proposal addresses both the community and CIA personnel reform, and I want to mention that they are both inextricably bound. The goal is to create a single system that is based on an analysis of required skills for the future, that will be a community perspective rather than a single agency perspective, that will be based on performance rather than on longevity, that it will insist on continuing education and training throughout a person's career, and it will build the next generation of leadership.

In the piece that has to do with community form, three elements are designed to come into play, which will look at skill—the skill mixes required for the future—mobility, and the size. It is in contrast to what the Aspin-Brown Commission recommended, to give the Intelligence Community one time authority to cut the number of people who are employed. What we would rather do is to put into place a systematic set of authorities that will allow performance based management which rewards good performance, and gives individuals a chance to maximize their entire career that they spend with the Intelligence Community.

Moving toward this community reform package will require some legislation and it will require some additional sources. It is based on performance management, it is based on an Intelligence Community assignment program, including saying that before you can move to the highest levels of the intelligence ladder, you must have had a tour outside of your agency, much like Goldwater-Nichols created the notion—a requirement for joint assignment before moving to flag rank. This assures both mobility and a broadening of the perspective of the leadership of the Community.

The Department of Defense will be presenting legislation which currently is being in the final stages of review by OMB, that will ask for the authority that is needed in the Department of Defense to create this personnel system with common measures to deal with those individuals in the Defense Intelligence Agency, the National Security Agency, and in the services, a very important measure. The highest priority of this package is this personnel reform measure.

The legislation is still in clearance by OMB and will be available soon.

At the same time, CIA proposes to undertake six specific reforms designed to address these same issues and to be consistent to what is being proposed in the Department of Defense. The CIA personnel reform does not require additional legislative authority. We have the authority to take these steps. Nora Slatkin, the Executive Director of the Central Intelligence Agency, has been chairing a human resources oversight council to assure that we have a comprehensive and implementable program. It will also require additional resources in 1997.

It includes the areas of recruiting, assuring that we can attract and motivate a highly skilled and diverse workforce; assignment

and selection, matching the skills and performance of individuals to the needs of the workforce; employee development; performance appraisal, based on competency and results, to improve performance, and link that to pay; training and education; and compensation for performance, growth and achievement, not longevity.

These proposals, taken together, complement one another and will assure that this Nation has a capable, motivated Intelligence Community workforce, for a long time into the next century, and one with the right skills mix to reward high performing individuals.

Mr. Chairman, that briefly summarizes the initiatives proposed by the Administration. Let me say that in forming these initiatives, we have not ignored other proposals—proposals from this committee, proposals from the House Committee on Intelligence, other proposals of the Aspin-Brown Commission.

I would like to say to you that there have been some of these proposals which call for more radical restructuring. Let me mention just two, which we do not support and which I have given considerable thought to. The first is the proposal to create a separate clandestine service agency, one which is separate from the Central Intelligence Agency. And the second is a proposal included in IC21 from the House to create a very different approach to the collection, analysis, and distribution of intelligence product, that is, the creation of an infrastructure support office, a new technology development office, and a technology collection agency. We believe that those approaches, while meritorious in principle, and have a lot to argue for them, are too great a step to take at this time.

The steps that we are considering and we are urging you to consider are very much needed and strengthen the three areas I have mentioned—personnel, improving the direction of policymakers, improving somewhat the authority of the Director of Central Intelligence, establishing the National Imagery and Mapping Agency. These are important and constructive steps to take. They can be taken now. Further steps can be taken in the future, if they are called for.

Next steps. The Administration will submit legislation to Congress that covers the Intelligence Community organization, the matter of the DCI, the Director of Central Intelligence Deputies, the establishment of the National Imagery and Mapping Agency, budget disclosure and personnel reform for the Department of Defense. The remainder of the items that I had mentioned to you can be covered by Executive order or implemented at a lower level.

In sum, Mr. Chairman, the initiatives mentioned today will strengthen intelligence and it is vitally important that we do so. Intelligence is the first line of defense of this country, and without good intelligence, our policymakers will not make as informed judgments and our military cannot have the military dominance through absolute battlefield awareness that they must have in the future.

Thank you very much for your letting me take the time to lay this out and I look forward to answering any questions you may have, Mr. Chairman.

Chairman SPECTER. Thank you very much, Dr. Deutch. We have a good turnout, a majority of the committee is here today. Consid-

ering the business of the schedule, that shows something about the importance of this subject. In light of our attendance, we will use a 5-minute round.

Director Deutch, I intend to cover three subjects with you. The budget, the appointment concurrence issue, and also the issue of weapons of mass destruction, which you and I have talked about informally, but I want to put it on the record. I begin going right to the heart—at least as to what I consider the heart of the question as to the Director's ability to carry out his function, and that is with the budget. I am a little disappointed that the budget is not going to come to the Director under the Administration's recommendations. That was the recommendation of the Brown-Aspin Commission, that is the recommendation of the House Committee, that the Director of Central Intelligence ought to have control of the budget. It was underscored with the problems with the NRO, where they had the substantial sum of money which we held you accountable for, and perhaps incorrectly, since you don't appoint the NRO head or have the budget control, or have the budget control. And while you are not bound by the informal discussions in advance, I had thought that you thought the DCI ought to have budget control, and even though you talked at some length about the good relationships between White and Deutch and Woolsey and Deutch and all the rest of those people, isn't it really necessary to give, in a statutory way, budget authority to the Director of Central Intelligence if we expect that person to really have control of the national intelligence operations?

Director DEUTCH. Mr. Chairman, I have a unique appreciation of this difficulty, having been Deputy Secretary of Defense and now being DCI. And let me say that you cannot put the Secretary of Defense or the Deputy Secretary of Defense in a position where they are administering and running agencies over which they don't have budget control.

Chairman SPECTER. Well, how can you do that to the DCI, where he doesn't have budget control?

Director DEUTCH. This is an inevitable problem that comes up when you have a functional—person with functional responsibility—the DCI, for intelligence—crossing over with other agencies that have responsibility for law enforcement or responsibility for carrying out military operations. But there is a way that I think that this is understandable and can work.

Where the Director of Central Intelligence is most important is in the planning part and the programming part of resources. The Director of Central Intelligence must assure that resources are available over a number of years to complete programs. It takes a long time to build a satellite. It takes a long time to acquire the technology to exploit information, to analyze signals, to distribute digitally based imagery products. The Director of Central Intelligence has authority in the planning and programming of the resources over a multiyear period of time. When it comes to execution, when it comes to execution of an approved program, the formulation of the budget for an approved program, the person who has to have that budgetary authority is the person who is responsible for the execution. That is the Secretary of Defense, as the system is organized today, for the National Security Agency, for the

National Imagery and Mapping Agency, as we propose it, and that is important.

And why has the Secretary of Defense got that responsibility for execution? Two reasons. The large magnitude of these resources are really justified to support military commanders in time of war. That is why we spend the resources of the country and the taxpayer so that our military commanders have the timely intelligence in time of war, and second, currently, because they are used so much in time of war, they are administered by and executed by the Secretary of Defense. So I believe the DCI's proper role is to have great influence and authority in formulating the multiyear program plan, and that the Secretary of Defense has the—should continue to have the authority to execute the budget and the program because they have to administer the agency because of their military relevance.

Chairman SPECTER. I am going to defer the question on appointment and concurrence until the second round, and perhaps somebody else will pick it up, because I want to go now to the question of weapons of mass destruction, which are of overwhelming importance, perhaps the major problem faced by the United States today, certainly in the international field. I note that the congressionally mandated Commission on Roles and Missions of the Armed Forces, has said, "despite the declared national emergency, there is no evidence that combating proliferation receives continuous high level attention." I want to quote just one paragraph of the Commission's finding.

"Mechanisms for effectively integrating and combating proliferation activities of all departments and agencies are lacking." That failure is due to the absence of a, quote, "clear and empowered leadership has impeded the U.S. effort in that respect."

My staff, Bill Rosenow, has prepared a chart which shows some 96 different units involved on the question of weapons of mass destruction. Given the tremendous responsibility of the Secretary of Defense and NSC, et cetera, there is simply no real coordination here.

A resolution has been introduced on this subject, and there has been consideration as to whether it ought to be a czar, there ought to be a czar coordinating like the drug czar, or there ought to be somebody high in the Department of Defense, like a deputy secretary or an assistant secretary, or whether we ought to have a commission like the Aspin-Brown Commission to study the matter, or whether there ought to be somebody in the NSC to study it.

My red light just went on, so I will conclude with a question. Do you think this requires top level attention, to find a way to reorganize the Federal bureaucracy on this issue, and if so, where should that authority be vested.

Director DEUTCH. I think the answer to the question is yes. I have been struck for some number of decades, I might say, about the proliferation of agencies who have concern here, and about the need to assure that they are properly coordinated, and that there is a single resolute plan for dealing with many of these proliferation problems. I am not sure I have a magic solution about how it is best accomplished I know the Administration does not have such a view—but I think that searching for a way to put somebody a lit-

tle bit more in charge of coordinating it, more visibly, with more authority in the different agencies, not in the Department of Defense, because I think there are tremendous equities here, and key equities in the Department of State and elsewhere. I would think the idea of having somebody in the National Security Council, as I believe you have suggested in the past, has a lot of merit to it and deserves to be supported.

Chairman SPECTER. I'll pick it up when we come back to the second round.

I now yield to Senator Kerrey.

Vice Chairman KERREY. Well, Director Deutch, first of all, let me congratulate you on the proposal. I think it's a—the sense of urgency is precisely right, it's thoughtful, it's clear, strong, not surprising to me, but I do think it's a—it gets us off to the right start.

I especially want to congratulate both you and the President, you for taking the item of—the issue of concurrence of appointments, and I know you don't want to do it in a fashion that is intrusive to any of these other agencies, and I appreciate that observation. But I look forward to you resolving that issue. I appreciate your pulling it up and elevating its status, because I think it is a terribly important thing to do, and could go an awful long ways toward eliminating these artificial barriers that we currently have between tactical and national intelligence. It very often makes it difficult for that national customer, who is increasingly the customer of greatest relevance, to get the intelligence that they need.

So I appreciate your doing that, and I just urge both you and the President to stay the course, and I look forward to seeing whatever recommendations you've got in that regard.

Second, I have no questions on it, but I regard the personnel issues to be terribly important personally. I know staff has asked for a $50 million wedge to begin work on that. I look forward to seeing whatever legislation that you've got and to working with you on that. I quite agree, it could become long term the most important change that we implement. All the rest of it isn't going to work unless we have new personnel systems that enable us to recruit, to retain, promote, and develop the kinds of human resources that are going to be necessary.

I'd like to focus—I've given you conditional support for your proposal on the National Imaging and Mapping Agency, and I do support the vision for what NIMA can accomplish. The draft legislation that we had seen that was written by the NIMA implementation team, places all of NIMA in Title 10 of the U.S. Code, making it a combat support agency of the Department of Defense. I mean, this would surrender, it seems to me, a significant amount of authority and runs counter to the history of the development of imaging satellites itself. I am concerned about it and I would like your comments on whether you think that the implementation team's recommendation to put this in Title 10 of the U.S. Code as opposed to putting it in the National Security Act is relevant, is correct?

Director DEUTCH. Senator, I do not have a sense about what it means to put enabling legislation in one part of the Code or in another. I do believe that in specifying the functions and authorities and missions of the National Imagery and Mapping Agency, the

draft legislation makes it clear that there is a national mission here.

Vice Chairman KERREY. Just to make it clear, I am not a lawyer, but the longer I've been around here the more it occurs to me the laws are important, and in this case what this does, if you put it in Title 10—I'll just give you a simple description—what it does is it vests with the Department of Defense the responsibility for tasking.

Director DEUTCH. No.

Vice Chairman KERREY. Yes, sir. That's what it does. You put it in Title 10, and you surrender your ability to decide the tasking of satellites and making other important collection decisions.

Director DEUTCH. It is my absolute understanding that the precise authorities that the Director of Central Intelligence now has on tasking would be the same with respect——

Vice Chairman KERREY. Not under law, it wouldn't. You put it in Title 10, it would—under law, it would not. You might work out an informal relationship to do it——

Director DEUTCH. No, no. No interest here in working out informal relationship. The authority of the Director of Central Intelligence on tasking should not be—changed one whit by the proposal to establish NIMA in peacetime.

Vice Chairman KERREY. If you put it under Title 10 of the U.S. Code and make it a combat support agency, that is what it becomes—it becomes a combat support agency.

Director DEUTCH. You know, the National Security Agency, I believe, is also a combat support agency. Is that in Title 10?

I—Mister—Senator, I am way out of my depth here. Let me go back and consider this. Is the National Security Agency in Title 10?

Vice Chairman KERREY. No, it's not.

Director DEUTCH. I am out of my depth, Senator. I have to go and talk to the Chairman——

Vice Chairman KERREY. I was very surprised by the recommendation, given the conversation that I had with Admiral Dantone and you about the intent of NIMA, and my support for NIMA has been conditioned upon my belief that it is going to be a national agency. Yes, it needs to provide support for warfighters, no question that the coordination and—your hand is. Are you saying——

Direcator DEUTCH. I think your intent and my intent is identical here, and I think it's also the intent of the Secretary of Defense. Now, maybe we have it in the wrong, wrong part of the Code, but our intent is the same.

Vice Chairman KERREY. Yeah. I think we will frustrate both your and my intent if it is in Title 10 of the U.S. Code.

Director DEUTCH. May I go back and review this matter with attorneys and get back to you on it?

Vice Chairman KERREY. Yeah.

Let me—let me, in between the yellow and the red, ask you, do you think that the committee was correct in focusing in the forward funding issue of the NRO, focusing all of our attention upon you rather than focusing attention on the man who both appoints and has responsibility for the NRO director?

Director DEUTCH. Yes.

Vice Chairman KERREY. Why?

Director DEUTCH. What else are you going to do?

Vice Chairman KERREY. Well, why wouldn't we focus our attention on the person who has got the legal authority to appoint the director of the NRO and who has statutory authority over that individual. I mean, the public came to you, the public's representatives, we, came to you. We called you and your predecessor on the carpet for many other issues relating to the NRO, and it just—it does seem—I mean, I asked the question rhetorically. I don't want to get you into a jam here in answering it. But I do think it illustrates the disconnect between the perception between who controls and who actually does control.

Director DEUTCH. Well, I—I really have a very—I'm sorry, a personal answer to this. If you hadn't gone to me, you would have had to go to the Deputy Secretary of Defense, who at the time, was me. OK? So you would have had—I mean, I know——

Vice Chairman KERREY. I appreciate that, I appreciate that, and that only underscores what the Chairman was saying earlier, Director Deutch——

Director DEUTCH. Yes.

Vice Chairman KERREY [continuing]. And that is that we are a nation of laws, not a nation of people. And it does—I mean, I just—I asked the question to underline your conclusion and to underline the importance of continuing to drive forward that conclusion, which is to try and come up with a non-intrusive way to get concurrence on those appointments. Not just in defense, by the way, but you are asking for concurrence in areas where you are going to provoke the Attorney General, perhaps, and others who may say, oh, my God, you know, this is Deutch doing a power grab. It is not a power grab as I see it. It is citing responsibility—citing authority where we already presume responsibility to lie. We're holding you accountable already. The public is holding you accountable presuming that you have authority that in fact you do not have.

Director DEUTCH. I didn't mean to be flip, Senator, but let me——

Vice Chairman KERREY. You weren't flip.

Director DEUTCH. Let me say to you what my point is. The Deputy Secretary of Defense has got a tremendous set of issues covering a much larger range of resources—10 times—managing 10 times the resources we're talking about of the whole Intelligence Community.

So to say that you are going to go to the deputy—and I am not talking about personalities—and say to the Deputy Secretary of Defense, why didn't you catch this, he's going to say, well, I count on the DCI to keep track of this and to let the Secretary of Defense know.

So in some sense, if we are going to say that the Director of Central Intelligence does not view himself or herself as being responsible for the NRO, fundamentally nobody will be. So we have to count—I mean, I certainly do consider myself responsible for it, and never for a moment thought that I shouldn't be up here taking responsibility for it.

Vice Chairman KERREY. Thank you.

Thank you, Mr. Chairman.

Thank you, Mr. Chairman.

Chairman SPECTER. Thank you, Senator Kerrey.

Senator Kyl.

Senator KYL. Thank you, Mr. Chairman.

Dr. Deutch, let me first of all commend you for the list of recommendations. I agree with the bulk of them, including the recommendation for the addition of two deputy directors, as you have outlined. But I want to disagree with you in the strongest possible terms, and indicate that I will oppose the change that you have recommended in the strongest possible way, for disclosure of the bottom line budget number.

I am struck by a point that the Chairman made, which I think is entirely valid and needs much more emphasis, and that is the total lack of mention of what is the most serious problem, and that is counterproliferation. You yourself testified to that effect when you testified at your confirmation hearings a year ago. Yet in your statement here, while you talk about four serious missions, you said that they are the four mission areas that you talked about before. They are important: the Balkan Task Force; the Taiwan Straits Task Force; counterterrorism—serious; and dealing with the crisis over Aegean Sea issues. No mention of counterproliferation. The Chairman was struck by the lack of mention. I am struck by it. Because it is an issue, first of all, of organization or lack thereof, emphasizing the importance of the issue and the need to deal with it in an organizational sense. I have been talking for a year about the fact that the conglomeration of parts of different agencies and entities that have an interest in this into a sort of—what do you call it? It's not a working group. I forgot the name that you called the conglomeration that has no operational authority but gets together and talks about issues? The Counterproliferation—what is it?

Director DEUTCH. Center.

Senator KYL. Yes, Counterproliferation Center.

I have been talking about the fact that there needs to be a clear direction, a clear philosophy, a clear operational goal, and the ability to carry out that goal, residing in some central authority. You apparently agree with this. We talked about it a year ago. Yet in all of the recommendations for change, nothing at all about that which is the most serious problem of all, and instead, focusing attention on things like let's give the bottom line budget number out. There's a real problem.

Now, Dr. Deutch, I am going to talk about this for a minute, because I think it illustrates something that is very wrong that needs to be addressed here, and that is an emphasis that is very misplaced in certain areas. I began by saying I agree with many of your recommendations. I am not being overall critical, but I am saying in this critical area, I think the dichotomy between these two issues illustrates a problem. One, very important, not being addressed. One totally insignificant, it's being addressed. It is symptomatic of, I think, a mindset that needs to be dealt with here. It looks like you're trying to do something, you're trying to discover a problem that I submit doesn't exist. I have been to hundreds of town hall meetings and public meetings, I have talked to thousands of constituents over the last 10 years that I have been in the

U.S. Congress. I served on the Armed Services Committee in the House and I am now on this committee. Never once has one of my constituents come up to me and said, Congressman or Senator, we have got a real problem in this country, we're not disclosing the bottom line intelligence number on what we're spending on intelligence. We've really got to do something about that. The American public doesn't want to know that number. In fact, if there is a problem in this country, in terms of the American public's perception of our Intelligence Community, is that we are giving out too much information, that we can't control our national secrets, the Ames case being a good example.

So it seems to me that this kind of a recommendation makes those of us involved look very silly, finding a problem that doesn't exist and failing to deal with a very serious problem that does. Now, there is a problem with public confidence, that's true. This isn't the answer to public confidence. As I noted, public confidence deals with the fact that we've been letting too many secrets out. It's not going to be solved by letting out more information.

While I understand that this was one of the recommendations of the Commission, there are many professionals, including the immediate past Director, who say this is a slippery slope. The Chairman himself seemed to agree with this when he said this was only a minimal step. I want to know what more openness you are going to be proposing.

This information is not being requested by the American people. It is being requested by those who are opponents of our intelligence and military communities and their programs, who want to attack them. I guarantee, Dr. Deutch, that if this information is disclosed, nobody will pat you on the back for saying, boy, that's really great that we have this information; thank you. It really shows that everything is great. Rather, it will be used to attack you, to attack us, to attack the CIA, our intelligence programs, and to further denigrate our ability to do our job. It will indeed be the slippery slope that many professionals have said that it will be.

I submit that you will, by disclosing this number, make it easier for those attacks to succeed.

If the basis for the recommendation is that the bottom line number is discernable by careful analysis anyway—in other words, well, the cat is already sort of out of the bag—I've heard that—then the answer would seem to me to make it less so, and we have the capability of doing that. Especially since I think you agree that disclosure of more information would not be desirable. You have certainly not recommended that we make more information available.

I see the red light is on. I apologize for going on here. I guess I would just—obviously you deserve an opportunity to respond to my comments, and I didn't think that it would take me 5 minutes to express them. But I will simply conclude by saying I think this is a real problem. I agree with the Chairman that we really need to address the problem of counterproliferation in a serious way, and I would appreciate your responses.

Chairman SPECTER. I'm sorry, Director Deutch; there is no time for you to respond. We can cover that in Senator Kyl's next round.

[General laughter.]

Chairman SPECTER. Proceed to answer, Director Deutch.

Director DEUTCH. Senator Kyl, let me say that this issue of revealing—and we've got to decide whether we call it the top line number or the bottom line number, whichever——

Senator KYL. Whatever you want to call it.

Director DEUTCH. The top line number is what I call it, is an issue on which people have very different views. I have heard those views, I appreciate differences of view on it, and I understand and respect your position on that.

Let me offer you the most intense agreement on what you say about counterproliferation. I regret very much that the presentation that I made here obscured our absolutely 100 percent agreement on the vital importance of counterproliferation.

Now, the distinguished Chairman was talking about counterproliferation issues throughout the whole government, both policy and intelligence. Let me not address that. Let me just talk to you about what I know you and I share, and that is the absolute priority on counterproliferation, whether we're talking about Libya, whether we're talking about Iran, whether we're talking about Iraq, these are extremely—whether we're talking about chemical, nuclear, biological, as I believe I testified in this room here less than a month ago, were a missile. All of these are of vital security importance to the United States, and therefore they have absolutely top priority in the Intelligence Community.

But I would have put the counterproliferation under support to policymakers who are dealing with it. Support to the military who have to respond to it. Support to law enforcement, who also have an important export control function here. What I would very much like to do is have the opportunity to describe to you what we have in place in all of the Intelligence Community—human intelligence, signals intelligence, analysis, the strengthening of the Nonproliferation Center which deals with intelligence, which I do believe is placing the kind of priority on this very important issue that we both share. I cannot think of how we could be doing even more on it. But I think of the intelligence area in contrast to the broader policy area, the organizational structure and the authorities we have on this are pretty good. But the principal point I want to make to you, Senator, and I regret that this—the way I presented it here does not show the absolute top priority we are placing on these problems.

Chairman SPECTER. Thank you very much.

Senator Cohen.

Senator COHEN. Thank you, Mr. Chairman.

Director Deutch—actually I was going to call you Dr. Deutch as Senator Kyl has called you Doctor, and that may be a more appropriate title for the Director of Central Intelligence, because it seems to me director is an oxymoron. You have very—Director applies—implies that you have authority, that you have power, that you have the power to hire and more importantly—equally importantly, to fire. And of course, you have none of that.

So it seems to me that perhaps we should call you Dr. Deutch when we are talking about the Central Intelligence Community, and refer to you as Director when we are talking about the CIA. I think that is perhaps a more accurate description of your actual authorities.

But I was confused about your answer to Senator Kyl. You said there are differences of opinion about top line and bottom line disclosure. What's your personal opinion?

Director DEUTCH. I've been testifying on this subject since my confirmation hearing——

Senator COHEN. And don't take 5 minutes to answer this question.

Director DEUTCH. I think that there is absolutely no danger to doing it and I think it is marginally beneficial for people to know what the top line is of the budget, provided that you don't go below that. The formulation we've offered, asking Congress to vote it, I think protects us from having a salami sliced getting more.

Senator COHEN. Do you agree with the description in today's *Washington Post,* an article by Walter Pincus, quoting from the President saying that this disclosure of the budget was in line with his determination to promote openness in the Intelligence Community, is that what you see as the purpose behind this disclosure, to promote openness in the Intelligence Community?

Director DEUTCH. No. I think that the importance here is to gain public support for intelligence.

Senator COHEN. For what?

Director DEUTCH. For intelligence.

Senator COHEN. For intelligence?

Director DEUTCH. Yes, sir.

Senator COHEN. Now, how is the public going to support intelligence unless it knows what the components are, and how much they cost? How do you do that? How do you—for example, why should you disclose the top line/bottom line unless you are willing to disclose top line/bottom line of NSA's budget, or NRO's budget, or the TIARA program, or any of the others? Why not disclose the top line/bottom line of each of those? Wouldn't that contribute to regaining public confidence of our Intelligence Community?

Director DEUTCH. You have to balance the advantage in this society of making those numbers public with the requirements of keeping secret the activities and the change in the activities of the different component agencies.

Senator COHEN. Isn't it really a false promise then to say we're going to disclose the number, which has been bandied about, and then to legitimize that disclosure and say that we are now gaining public confidence in our Intelligence Community? How do you carry on a dialog with the American people about how much we're spending on intelligence, without disclosing the individual components of that?

Director DEUTCH. Senator, I don't consider it a false promise at all. We have been talking about this issue—I've been talking about it for a year, and going back and forth on it in my own mind. We had a remarkably distinguished set of individuals, independent individuals in a commission set up by Congress, led by, including, I think, some Members of this committee were represented there. Members of the House and of the Senate were on the committee. They came up with this recommendation and I have decided——

Senator COHEN. But basically you're supporting what they're recommending?

Director DEUTCH. That's correct, sir. But if they had recommended the opposite, I think I would have been equally influenced by that. But I think this is a close call and I think they spoke to it, they considered it, they were members who were very knowledgeable——

Senator COHEN. OK.

Director DEUTCH. Your kind of guys, yes, sir.

Senator COHEN. My kind of guys.

All right, let's go back to my kind of guys. I notice in the report that the Brown Commission, which you've now cited as being the authority from which you would support this, indicated that you don't need any additional authority. The Commission concludes the DCI does not need additional authority, and implies that your inability to manage the Intelligence Community in the past has been attributable—not you, but the DCI—solely to spending too much time running the CIA. They don't recommend giving you the kind of authority that you are looking for.

Director DEUTCH. I don't agree with that characterization. The authorities that we are proposing here is completely consistent with what the Brown Commission recommended. I do not believe the Brown Commission recommended giving the Director greater authority in budget. Is that what you are speaking to?

Senator COHEN. Budget.

Director DEUTCH. I have tried to explain why the current system works as well as it does. I do think they did recommend reprogramming authority, by the way.

Senator COHEN. Would you have—do they recommend hiring and firing authority?

Director DEUTCH. They recommend concurrence in appointment of three of the agencies, sir.

Senator COHEN. Does that really give you the kind of authority that is necessary? I mean, here you're talking about giving you concurrence and yet if that person who you concur with authority to the appointment of, doesn't perform adequately, you can't do anything about it. Is that real authority? Does that really mean that you are the Director of Central Intelligence?

Director DEUTCH. Senator, saying that I don't have legislative authority does not say that I don't have influence to remove somebody from a position if I think they are not performing in it. It is true that I have to have the Secretary of Defense agreement to do that, and I think a lot can be said because of that arrangement. It does not leave the Director of Central Intelligence helpless.

Senator COHEN. Will you be compiling reports in terms of their service? In other words, making a service evaluation of their performance in that job?

Director DEUTCH. No.

Senator COHEN. A final question if I could, Mr. Chairman, coming back to this subject matter of disclosure. In the event that Congress does not pass legislation to this effect, do you intend to recommend or does the President intend to carry it out by executive authority?

Director DEUTCH. I don't think the President has faced that issue, but I would recommend to him that he not do it if Congress doesn't enact it.

Senator COHEN. Thank you very much.
Thank you, Mr. Chairman.
Chairman SPECTER. Thank you very much, Senator Cohen.
Senator DeWine.
Senator DeWine is not here.
Senator Robb has arrived. Senator Robb, your turn.

Senator ROBB. Mr. Chairman, I have just a couple of questions that relate in part to personnel matters. First of all, on the question on the National Imagery and Mapping Agency that you have recommended, I wonder if you could describe the planned relationship between military commanders and the central agency, if that is created? In that same context, I wonder if you could address the question of total personnel that are currently connected with the Defense Mapping Agency, the Central Imagery Office, and the National Photographic Interpretation Center? If they were combined, would that result in downsizing from the total numbers of employees in the three agencies that might be combined? You can understand why there might be some concern on that question; I wonder if you would address it.

Director DEUTCH. Senator, I think that with respect to the relative weighting of national and military users in terms of the tasking, the current balance between the Secretary of Defense and the Director of Central Intelligence would be maintained. That is our intent and that is certainly what we intend to have, which means that fundamentally in peacetime, the Director of Central Intelligence determines tasking priorities. In practice, this is done on a day-to-day basis by an interagency community, but any disagreement gets popped up to the Director of Central Intelligence to resolve. In wartime, quite correctly that would pass to the Secretary of Defense.

So that balance between national and military collection would not be changed by the proposed imagery—creation of the imagery agency. The collection management remains under the authority of the Director of Central Intelligence.

I can't give you precise numbers of the employees in the various agencies or parts of agencies that were put together in the National Imagery and Mapping Agency, but I would say that over the long term, the prospect is here to be able to accomplish these missions better with fewer people over the long term.

Senator ROBB. You mentioned your relationship with the Secretary of Defense and certainly your longstanding personal relationship has been a very good one, rooted in your prior service as Deputy Secretary of Defense.

I wonder whether or not there are any substantial differences between the way you see this reorganization and the way the Secretary of Defense sees the reorganization at this point.

Director DEUTCH. I believe that there is absolute agreement between the Secretary of Defense, the Deputy Secretary of Defense, the Chairman, the Vice Chairman and myself and my Deputy on all these matters of the National Imagery and Mapping Agency.

Senator ROBB. One last question, then. With respect to redundancy between the various agencies, there doesn't appear to be much of an effort yet to address that particular question. Would you address that philosophically?

Director DEUTCH. I think philosophically what we are going to have is a situation where the people who are employed in the National Imagery and Mapping Agency will have greater opportunity for professional development, greater opportunity for advancement. But because we have put together the four separate organizations serving separate customers, there will be the opportunity to reduce the overall numbers which are occupied there, between mapping and imagery analysis.

Senator ROBB. Do you have any sense of what the scale of that reduction might be?

Director DEUTCH. No, because I think it should be not numbers driven, but rather as you implement it and put it into—put it into operation, how well you can do the job. So this would sort of be what I would call keeping pace with how well one can do the job before you start cutting out people. The intent here is not to cut out people. It is one of the benefits of the reorganization, that's not one of the objectives of it.

Senator ROBB. But you don't see any commitment to retain redundancy for the sake of redundancy, do you?

Director DEUTCH. Quite the contrary. There is a commitment here to, where possible, and vigorously reduce the resources which are allocated here.

Senator ROBB. Thank you, Dr. Deutch; thank you, Mr.

Chairman SPECTER. Thank you very much, Senator Robb.

Director Deutch—and I am still going to call you Director because if you aren't, you should be, and some of us are going to try to give you sufficient authority to have you really be in a position to direct—I note a quotation from your 30 day hearing in June 1995 that, quote, "I have been struck by the relative lack of executive authority that the DCI has over elements of the Intelligence Community budget and the NFIP," National Foreign Intelligence Program, "other than that of the CIA."

I understand you have to be a good soldier and if the budget is to stay with the Department of Defense, that that is what your testimony is going to be. But it troubles me. Here we are talking about creating a new agency, National Imagery and Mapping Agency, which I think ought to come under the DCI. I do not know now just how many of the functions come under the DCI, contrasted with the Department of Defense, but we are being asked to create another agency. We have the NRO, the NSA. They are both appointed by the Secretary of Defense. The question is asked of you—Senator Cohen asked the question—you don't have any statute authority to fire and you respond, well, OK, but that doesn't mean I don't have influence. We talk about concurrence, but that still means that the final authority will be in the Secretary of Defense to appoint the head of the NRO. The question is asked of you by the Vice Chairman, I believe, well, we held you responsible, why shouldn't we go to the Secretary of Defense. And you responded, well, the Deputy Secretary of Defense is going to say he's too busy, so he's given it to the DCI, expects the DCI to do that.

Well, with the expectation that the DCI is going to do that, why shouldn't, if there is a dispute between the Deputy Secretary of Defense and the DCI, that the DCI have the authority to make the appointment?

Director DEUTCH. First of all, there is history here. And second, remember that these organizations exist to function in war time—to function in wartime. If there were no prospect of having to have these organizations function in wartime, if they were only for peacetime collection, first of all, I would tell you, sir, in my judgment, they would be smaller, but also you might think of an organization separately. But because you expect to do signals intelligence in wartime or photography to support air missions in wartime, it is in my mind quite justifiable and correct that execution of the program and management of the agencies should be the responsibility of the Department of Defense and the Secretary.

Programming and planning resources and deciding what should be the collection priorities of the future in peacetime, that's a different subject. There I think the DCI has clear authorities, at least as far as the National Foreign Intelligence Program is concerned.

Chairman SPECTER. Director Deutch, when you talk about concurrence, does that mean veto? If the Secretary of Defense wants to appoint somebody, and the statute says the DCI has to concur, does that mean that if the DCI does not concur, that person is not appointed?

Director DEUTCH. I think that it quite clearly would mean that if the Secretary did not get the Director of Central Intelligence's concurrence, at any stage of the game, the Secretary of Defense should feel free to go to the President and say I intend to make this appointment and I don't have the concurrence of the DCI. That allows the DCI to go to the President, should he or she wish to do so, and say, hey, this is a big deal, let's not go forward with it.

There is a way of resolving a dispute between two people—I don't want to use the statement, Cabinet members—but let me say two more or less co-equal people, go to the President and say we have a difference on something.

Chairman SPECTER. So it is not a veto? The Director—the Secretary of Defense does not have to put somebody up that you agree with?

Director DEUTCH. I think that these are all appointments which are made by the President. If they are all made by the President——

Chairman SPECTER. Well, the NRO Director—the head of the NRO is not made by the President, is he?

Director DEUTCH. Yes, he is, sir, and he is confirmed by the Senate. So in point of fact what we are speaking about is—he is Assistant Secretary of the Air Force.

Chairman SPECTER. NSA made by the President? I am told by staff that those appointments are made by the Secretary of Defense.

Director DEUTCH. I believe that what happens, the appointment of the Director of NSA, you're drifting me into a swamp here—the Director of NSA is a three star officer, and therefore the President nominates him and he does not become Director of NSA until he gets approved by the Senate Armed Services Committee.

Chairman SPECTER. How about NSA head, Director Deutch?

Director DEUTCH. I believe that the Director of NSA is a three star officer. He gets nominated by the President, recommends from the Secretary of Defense, nominated by the President, it goes to the

Senate Armed Services Committee who vote on his appointment to that position, and he does not have that position until the Senate Armed Services Committee votes on it.

That is true of all three star appointments, I might add. The President makes the appointment.

Chairman SPECTER. Those appointments are confirmed by the Senate, but we have a difference, and let's check the law to see precisely where—perhaps we can have an answer before the next round.

Director DEUTCH. Absolutely, sir.

Chairman SPECTER. Senator Kerrey.

Vice Chairman KERREY. Director Deutch, I would like to return to this NIMA issue. Before I do, I would like to comment on this budget issue. I don't regard it as a national security issue comparable to proliferation. Indeed I accord it approximately the same stature that you did in your testimony, page five, subparagraph d of ways to improve resources management. And the town hall meetings, if I am asked about anything that this committee does, including the budget, my answer is, you do not have a right to know. And what's happening is that as disclosures are made, whether it's Aldrich Ames or Guatemala or the failure to predict what's going on in the Soviet Union or all sorts of other things, the deterioration of confidence is acute by the citizen. And what I think is necessary is for me to be able to say, rather than their being afraid of violating a law by saying we spend X billion dollars as reported in the *New York Times* or the *Washington Post,* disclosed by the House Appropriations Committee last year by accident, I can say here's how much money we're spending, you put that in your brain, you think about that number, and here's why we're spending it. I think it does in fact give us -perhaps the—the questions raised by Senator Cohen are legitimate, but I do think it will help. I think it helps at the margin and I certainly would not accord it this kind of national security importance of some of the other areas that you have listed.

Let me, for the record, the National Security Agency was established by Executive order in 1952. It's authorities are set forth in Title 50, not in Title 10. It's not designated by statute as a combat support agency. Congress has refused to do that. But it is designated by regulation by the Secretary of Defense as a combat support agency. Congress has refused to define it in statute as a combat support agency, just for the record.

But what I think is likely going to be necessary is to make sure that those things that do have a specific military function, like the Defense Mapping Agency, will go in Title 10 and those things that are national will go in Title 50 under NIMA.

My concern is not to try to drag things that have a specific military function. Indeed, I would defend the military's right to get access and control access to intelligence that is important for the execution of its mission. So I am not looking to pull mapping functions over to a national function under your control, but I am very much interested in preserving your authority to task those assets as you currently do.

Director DEUTCH. Senator, I think there is a problem with the point you were just making. One of the central motivations for the

National Imagery and Mapping Agency is a technological fact. The technological fact is when a photon hits a focal plane on a satellite or in an airplane, it doesn't say, I am headed to make a map, or I am headed to make a picture. Modern data processing technology will allow you to produce these products without reference to the old word, "map," or the old word, "picture." We can do it at the same time.

So we don't want to set up a situation that doesn't allow us to take advantage of where our greatest strength is as a country, applying——

Vice Chairman KERREY. I don't disagree with that. I am not disagreeing with you that we——

Director DEUTCH. That means maps and pictures have to be done together.

Vice Chairman KERREY. I don't disagree with that conclusion at all. But—and I don't—as I said, for emphasis, I don't want to pull military functions underneath the national accounts and national authority. I don't want that—that battlefield commander to lose control and to risk his troops as a consequence. That's not—I will defend the right of the military to have access to that.

Director DEUTCH. Right.

Vice Chairman KERREY. But I am very much concerned with the proposal that Admiral Dantone has given us right now to put currently classified national accounts in Title 10.

Director DEUTCH. I understand, sir.

Vice Chairman KERREY. I mean, I am saying in the second round that I think the solution is to leave those things that are military in Title 10, perhaps—that perhaps is a solution, but just to make sure there is a separation. I very much appreciate what you are saying about the technological problems, but there are very real personnel issues here when it comes to tasking those——

Director DEUTCH. May I give this point of your's, Senator, some thought. I don't have an immediate answer to it, but let me give this some thought, sir.

Vice Chairman KERREY. Getting to the personnel issues, Director Deutch, which I, as I said, I consider to be of the recommendations that you are making, I consider them to be close to the most important. I do support your proposal for increased jointness, and the question is whether or not you extend your personnel reforms across the community, most of whose agencies, even under our reform proposals, are still Defense entities. And if you do, does Secretary Perry support your proposals?

Director DEUTCH. Yes. And as I mentioned they would——

Vice Chairman KERREY. Are you talking then about—am I misunderstanding—are you talking about a community-wide person —a single community-wide personnel——

Director DEUTCH. Moving in that direction, with the personnel authorities required for all Defense intelligence agencies being considered under the Defense authorities. We have the CIA authorities. But we are moving that way, to joint standards, joint training, joint education, high mobility, the requirement for cross posting, similar kinds of performance measures. So the answer is yes, that's the way we're moving, but we're moving taking into account that there are different authority bases here, one in Title 10 and——

Vice Chairman KERREY. In the next round I would like to talk about some of these personnel issues. I mean, one of the things I think we need to stipulate almost to the point of boring ourselves with the stipulation, because I think it is not as understood by the citizens who control this thing, that there are special issues that exist as a consequence of the secret environment in which these people operate.

They are taking more risk, very often, and they don't have access to the kind of due process that one would expect in a public environment. It is much more difficult for them to make a case. And I think it is a very important stipulation at the beginning, because we are out there presuming that people are going to be patriotic enough to volunteer to want to come into this environment, willing to risk their lives in many cases, for us. I think the goal of jointness, in particular, the goal of having a single personnel system, is an admirable one and I think it will make it much more likely that we will be able to recruit, to train, to retain, and to promote the best.

Director DEUTCH. I thank you for that comment, Senator. You are absolutely right. The professionals who come into the Intelligence Community come through for a lifetime. They have frequently dangerous and often quite constrained lives as a result of it. We certainly don't want to put them in a situation where they go to work for others.

So we have to really look at it as having a long term responsibility to their professional development, and I appreciate your support on it.

Vice Chairman KERREY. I certainly don't want to get into an environment where we—I mean, we are—there have been some criticism of Goldwater-Nichols, that it has created a ticket punching mentality where you know you have got to go into headquarters and get your ticket punched, and it doesn't—in some instances it's conflicted with a goal of trying to promote people who have the ability to actually—or the willingness to run risks and be good operators.

Director DEUTCH. But generally Goldwater-Nichols has accomplished something remarkable, that is——

Vice Chairman KERREY. I don't—I do not disagree or subtract from its accomplishments by observing that in some cases it has created that mentality.

Director DEUTCH. Yes, sir.

Chairman SPECTER. Thank you, Senator Kerrey.

Senator Kyl.

Senator KYL. Thank you, Mr. Chairman.

I would like to get back to the matter of counterproliferation. I am not clear exactly how you feel about this, and we'll give you the full opportunity to describe your views about this. I thought that in response to the Chairman's display of the chart, and discussion about that, you were in agreement that some reorganization was called for. But you also said in response to my question that you couldn't—I think your direct quotation was you can't think of how we could be doing more on counterproliferation. Now, that may have just been related to purely intelligence gathering, I am not sure.

Director DEUTCH. That's correct, sir.

Senator KYL. Could you take the time right now to describe how you think the best organization for intelligence gathering and analysis is, both for general national purposes and also military support, and whether there are—whether you would offer suggestions that could improve that side of the equation, and whether there need to be some other kinds of policy or structural changes made with respect to the policies not directly involving intelligence, but rather the application of that intelligence in the furtherance of our national goals to prevent this proliferation.

Director DEUTCH. One second, sir.

[Pause.]

Director DEUTCH. I believe, Senator, that this is best done in closed session. We have had some major changes bearing on nonproliferation, for example, in our collection activities, which I think are really best described in closed session.

But I also want to say that having been around at the time that our Counterproliferation Intelligence Center was created, I am convinced that there has been a tremendous centralization of the Community, all of the Intelligence Community—I am now talking about intelligence only—to assure that we have a very aggressive and forward leaning set of both collection and analytic activities in nonproliferation intelligence, counterproliferation intelligence. That is what I was restricting my response to in your case. I clearly spoke a little hastily in saying I can't imagine anything better. I certainly would be open to changes which would strengthen it, but I think it is a pretty impressive story. Best you giving me some time to think about how to present it and lay it out in a closed hearing, because there are aspects of it which are right on the tip of my tongue but I just don't think it is proper to let——

Senator KYL. That's fair. What I would request is that as soon as is practicable, if you could prepare something in writing for us that we could analyze and then get together with you in a closed session, having been able to review that, it would be very helpful.

Director DEUTCH. It would be my pleasure, sir.

Senator KYL. Also, if I could make this request. Since public confidence, by definition, relates to public statements and we all know in politics that repetition is required, because not everybody is always paying attention at the same moment, and certainly most of the citizens of this country have far better things to do with their own individual lives than trying to acquaint themselves with all of the details of what we're doing here, like how much money we're spending on intelligence activities, for us to have public confidence in our decisions—decisions relating to the budget issues and the programmatic issues relating to military and intelligence matters—we need to talk to them plainly about the most important things over and over again. It is in that spirit that I suggest that you not pass up an opportunity to always mention this most serious of problems, along with the others, that require our attention, our dedication, our commitment, our unflagging efforts, and in so doing and by becoming a broken record on it, people will finally say, that must be pretty important, he keeps talking about it, and then the things we have to do in closed session, fine. But at least public con-

fidence will be there that we are doing our best to deal with this difficult issue.

Director DEUTCH. I accept the point absolutely, sir. It's a good point and I will make sure that I do that.

Senator KYL. Thank you very much.

Chairman SPECTER. Thank you, Senator Kyl.

Senator Cohen.

Senator COHEN. Thank you, Mr. Chairman.

Secretary Deutch—Secretary Deutch; another Freudian slip here. You mentioned your relationship with the Defense Department as being beneficial to you as DCI. Does that mean that future Directors should also have that same sort of experience or relationship with the Department of Defense in order to overcome the kind of jurisdictional turf battles that necessarily arise, or is that not a prerequisite? If you're going to prevail upon the Department in order to influence either the programming or the personnel decisions, by virtue of your prior service, does that mean that we should look to the Department for future Directors to maintain that same sort of reciprocal relationship? Or should we institutionalize it, which is being talked about, at least among some of us here, in terms of giving the DCI greater statutory authority in the field of programming and budgeting and personnel?

Director DEUTCH. No, absolutely not, Senator. I do not for one moment think that there is a unique formula for selecting Directors, or I would never suggest that you would make service in the Department of Defense a requirement.

Senator COHEN. No, but what you indicated is that by virtue of your prior service at DOD and by virtue of your good relationships with the Department, both past, present, and potentially even future, that you have perhaps an ability to influence decisions beyond that of most Directors who have served in the past relationship.

Director DEUTCH. I didn't mean to imply that. I think that prior Directors differed with respect to personality, had an equal ability to influence, that any prior Director who had a serious problem, for example, with one of the senior intelligence managers, would have certainly gotten a very serious hearing. But does not have the authority.

Senator COHEN. So you don't think then that for the future, that DCI's need to have additional authority in the fields that we have been talking about, namely in the budgeting and programming and planning?

Director DEUTCH. That's what I have testified; that's correct, sir.

Senator COHEN. I don't have a chart comparable to the Chairman's chart dealing with weapons of mass destruction, those agencies that have jurisdiction in that field, but if we were to take, by way of example, the collection of signals intelligence, and if we were to, in the spirit of openness in Intelligence Community matters, be able to stand here with a chart saying here is our capability as far as signals intelligence, and here are the various agencies who have jurisdiction in this field, with each agency having procurement authority over various systems, it would present a maze of complexity comparable to that chart that was shown to you by the Chairman.

The question we have to look at in the future is is there any effort underway, if you can discuss it, how a director or someone can coordinate the acquisition and the rationalization of these systems, which today goes pretty much unrationalized?

Director DEUTCH. Well, actually, I think it's a very good example. You would see a very complicated chart in the case of signals, certainly, especially if you included tactical SIGINT units which are associated with specific commands. It would be very complicated, every carrier task group and so on. But we do have, relative to some other areas, a person who is in charge of being the advocate for the acquisition, research and development, and exploitation process, and that is the Director of the National Security Agency.

So I would say that that individual has—and that's what we are trying to do in the National Imagery and Mapping Agency would set a similar person, wouldn't have absolute, would still look complicated, but that individual does have the authority to manage that system.

Senator COHEN. To whom does that person report to now?

Director DEUTCH. Which one, the Director of the National Security Agency? Reports to the Secretary of Defense.

Senator COHEN. What input, if any, do you have in terms of the systems acquisitions? In other words, what's your role in all that?

Director DEUTCH. If the system is being acquired today, formally, with the National Foreign Intelligence Program, under the Combined Cryptologic Programs, CCP, I have the authority to present that budget—present that budget to the Congress, and the authority to set out its 5-year program structure, which is important when you are talking about the acquisition of major systems.

The execution of it is the responsibility of the Secretary of Defense.

If you are talking about the Joint Military Intelligence Program (JMIP), I only have an ability to influence that in the presentation. But we have worked together, so that influence is not inconsiderable.

Senator COHEN. You have a number of detailees that are assigned to work with the Agency from the military services, correct?

Director DEUTCH. Yes.

Senator COHEN. Do you perform appraisals of their service and make evaluations that go in their file?

Director DEUTCH. I believe that when they are detailed here—and I have to get an accurate thing—that there is a military line of command always for their appraisals. Yes.

Senator COHEN. But you don't make a——

Director DEUTCH. No.

Senator COHEN. OK.

I think Senator Kerrey is going to talk about this in a moment, but the question is, how do we encourage jointness within the Intelligence Community, and the question I would like to ask you is would you support the creation of a senior executive service for the Intelligence Community for which service outside of one's agency would be a prerequisite?

Director DEUTCH. I think yes, and I think that is part of the proposal we are making to you, for civilians. My prior answer had to do with uniformed officers.

Senator COHEN. Right.

Director DEUTCH. Now but for civilians, absolutely, yes, sir.

Senator COHEN. OK.

My final point of clarification, Mr. Chairman, I believe with reference to NSA, that the Senate Armed Services Committee confirms the appointment of a three-star, namely, the appointment of the rank confirms the status of a three-star general as such, or whatever level the flag officer might be. We do not, I believe, actually confirm the NSA Director. We only confirm the status of a three-star. That's all that the Armed Services Committee passes upon; that's my understanding.

Director DEUTCH. I am not going to get into a public quarrel about this, but I think you actually approve the individual assignment.

Senator COHEN. We will confirm that before the day is out.

Thank you.

Chairman SPECTER. Thank you, Senator Cohen.

Senator DeWine.

Senator DEWINE. Thank you, Mr. Chairman.

Mr. Director, you and I have discussed both publicly and privately on several different occasions the whole issue of the relationship between the law enforcement community and the Intelligence Community. I would like to reference for you a letter that we have received from the Justice Department from Deputy Attorney General Jamie Gorelick, and I would like to read a section of the letter and then ask you to comment on it.

She is referencing the—I assume the committee draft. It says Section 717, "This Section would amend the National Security Act of 1947 to allow intelligence agencies, upon the request of United States law enforcement agency, to collect information outside the United States about individuals who are not United States persons, notwithstanding that the law enforcement agency intends to use the information collected for purposes of a law enforcement investigation or counterintelligence investigation." Then she goes on, "This provision apparently would permit such collection by the intelligence agency even if the collection did not satisfy any foreign intelligence requirements, but was conducted solely for law enforcement purposes."

In the next paragraph she expresses reservations concerning this provision.

I wonder if you could comment on your reaction to this proposal.

Director DEUTCH. I have not read this letter and, you know, Jamie is a tremendously thoughtful and close friend, but there is an issue here where we have to move to a new world. We have to decide how we are going to—if and how we would rebalance the traditional relationship between law enforcement and foreign intelligence collection. But let me just say, as I understand the passage you just read, let's say a law enforcement agency comes to one of the national intelligence agencies and says we want you to collect information on this foreign citizen—is that how I understood it, Senator, foreign citizen?

Senator DEWINE. Let me just interrupt you, because I don't want to be unfair to you and you have not seen the letter and I didn't know if you had seen the letter.

Let me read the second paragraph and maybe that will put it in perspective.

Director DEUTCH. Let me say, the implication of the paragraph you did read me is who is going to do that foreign intelligence. Does that mean for the category that you are speaking about there that law enforcement will do the foreign intelligence?

Senator DEWINE. No. I read it, a request comes from the law enforcement agency.

Director DEUTCH. Then I would say to you that is——

Senator DEWINE. The request.

Director DEUTCH. I would agree that if the law enforcement agency requests it, we should move to try and collect that information for that purpose. I would agree with that, with what I understand is the proposal. Not her reservation.

The reason I would agree with it is because if the answer to that is in the negative, then who will do the collection, or will it not be done at all?

Senator DEWINE. Here's what she says in the second paragraph, I'll just put it in perspective.

"This proposal raises very sensitive legal and policy issues which we believe should receive closer consideration before being implemented in legislation. As you know, courts assessing the legality of searches and surveillance under the Foreign Intelligence Surveillance Act have traditionally required that the search or surveillance have a, 'primary purpose of gathering foreign intelligence.' Intelligence agencies also traditionally have applied this test in evaluating requests from law enforcement to collect information. Thus, before approving such a request, intelligence agencies ensure that the collection satisfied an existing foreign inteligience requirement." That is my emphasis in reading.

Director DEUTCH. Yes, sir.

Senator DEWINE. That is the essence of what she is saying.

Director DEUTCH. I think that what I would suggest is that in response to a law enforcement request, we should be more prepared to work to contain information about international terrorists, international drug traffickers, international criminals, if they request us to, then has heretofore been the case because of the foreign intelligence restriction.

But it certainly deserves the most careful consideration, which I must say I have not——

Senator DEWINE. I appreciate that and I appreciate your reaction to this. You know, this is a different world we live in and we are going to have to sort of break out of—while protecting our constitutional rights, and in also worrying about different separations that we want to maintain, we do have to realize that we are in a different world today and break out of some of the artificial boxes maybe we put ourselves in over the years.

Director DEUTCH. Right. But Senator, she was referring to foreign, overseas situations, of course.

Senator DEWINE. Correct.

Thank you.

Thank you, Mr. Chairman.

Chairman SPECTER. Thank you very much, Senator DeWine.

Director Deutch, you'll be happy to know as we approach the 2 hour mark, that we are almost concluded. I have just one more to finish up on the strand that I concluded on round one as to how to take a look at the weapons of mass destruction. Take that chart with 96 different units and try to figure out how it ought to be reconfigured. The Vice Chairman and I were just talking about whether we ought to do it on a commission—it's hard to get an Aspin-Brown Commission function to analyze it. You and I had talked informally about getting someone appointed especially to the National Security Council to do it. How would you suggest, with all the experience you've had in the Defense Department and DCI, that we tackle this issue as to who ought to analyze it and how we ought to figure out how you reorganize that massive 96 unit bureaucracy to have effective centralized control?

Director DEUTCH. Mr. Chairman, you are now talking about a much broader set of concerns here than just intelligence. You are talking about dealing with all of the policy aspects——

Chairman SPECTER. Correct.

Director DEUTCH [continuing]. Of counterproliferation.

Therefore, I think that that is a subject—that coordination is a subject for the National Security Council and the National Security Advisor. So my advice on this, just as an individual, would be to try and have a person appointed and empowered to work for the National Security Advisor for a specific period of time to come up with proposals for improving and streamlining that very complicated set of interlocking agencies that you drew attention to on your chart. So that would be the way I would choose, which I understood was one of the proposals that had been under consideration by yourself.

Chairman SPECTER. That is true. That is one of the options. It is a little hard to say to the National Security Advisor to the President who has the National Security Council at his disposal for his advice, that we want them to take a look at weapons of mass destruction and reorganize the Government, but that is certainly a possibility.

Director DEUTCH. I like that better than a commission, sir.

Chairman SPECTER. Why do you like that better than a commission?

Director DEUTCH. Because I think it gives the authority to the National Security Advisor, who really has the responsibility here, and remind—and I remind you, this may not be something that needs to be done by legislation; it may be something that should just be suggested. But it would be—you asked me for my opinion about what approach would work best; that would be the one I would choose.

Chairman SPECTER. Well, what I am really looking for is a recommendation, somebody to sit down and go through all of these agencies and figure out how you cross the lines of State and Defense and Justice and CIA, etc.

Director DEUTCH. I have given you the response, the avenue that I would take there.

Chairman SPECTER. All right, thank you very much.

Senator Kerrey.

Vice Chairman KERREY. Director Deutch, on personnel issues, you've separated them into community reform and CIA reform, as I read your testimony. And, for community reform, you have stated that you now have delivered to OMB legislation for their review, and under CIA reform, breaking it down into six elements, there will be some requirement, as you indicate, for funding in 1997.

When we asked for a look at the legislation, we were told at the time that legislation would not be available to the committee when the request was made to us for a $50 million wedge. We did not include it in our budget recommendation. We have scope to do that. We were told when we asked for it and we did not provide it that the reason we were not given access to the legislation was because there was a need to talk to employees and employee unions prior. Now that it has gone to OMB for review, and I presume that we have at least as good a capacity to keep secrets as OMB from your employees, would this legislation be available to us now to review?

Director DEUTCH. First of all, there are two pieces, as you properly mentioned. The CIA piece does not require legislation——

Vice Chairman KERREY. I understand.

Director DEUTCH [continuing]. And therefore consideration of that funding increment could proceed today in whatever detail you and the staff want.

Vice Chairman KERREY. As you propose—as you state in your own testimony, the two are not only consistent, you see it as a seamless web, one dependent upon the other. You want both.

Director DEUTCH. You bet.

Shortly, I hope I mean days or hours, not longer, we will have the legislation cleared by OMB, which is a consideration of the Defense piece of this, and that would also require modest resources to begin the implementation process. I will try and get the——

Vice Chairman KERREY. I say with respect, Director Deutch, it is going to be—it is very difficult for us to honor a request or act friendly on a request to fund part of a comprehensive personnel proposal unless we can see the details of that proposal.

Director DEUTCH. I appreciate that, Senator, and the real message there is that we will work as hard as we can to get that up to you shortly. I mean very shortly.

Vice Chairman KERREY. When you say in your testimony that the goal is to create a single system, do we expect to see in the legislation that we are not creating a single system, we are moving toward a goal?

Director DEUTCH. I think you will see very clearly that it moves us toward a single system.

Vice Chairman KERREY. But it will not create a single system.

Director DEUTCH. It will not create a single system. It will create—incidentally, it will take a tremendous step in creating a uniform—uniform authorities within the Defense Department, which has different personnel legislation now for NSA, DIA, and the services. So at least it will create a single uniform system within the whole Department of Defense Intelligence Community which is a considerable, considerable advance.

Vice Chairman KERREY. In your testimony you list or you identify three things: combined statutes, time limited appointments, and adjustment in force.

Director DEUTCH. Yes.

Vice Chairman KERREY. Is this——

Director DEUTCH. That in the Department of Defense proposal.

Vice Chairman KERREY. Yes.

Can you provide us any indication at this time what you mean by combined statutes? What does this——

Director DEUTCH. You see, currently the personnel practices for NSA, DIA, and the services are all different. So you would have a uniform way of managing that within the Department of Defense. I can certainly get you further detail on this.

Vice Chairman KERREY. OK.

Now, that's exactly what I was questioning.

Director DEUTCH. Yes, sir.

Vice Chairman KERREY. A time limited appointment is being requested for what reason?

Director DEUTCH. I think a time limited appointment is a—gives you the opportunity to hire a young person, especially in a technical field, and say to them you have 3 or 4 or 5 years, and at the end of that period of time—between 3 and 5? Five years—and at the end of that time you have a permanent position or at the end of that time a decision is made that the skill base that you have or the performance you have are at least not a reason to continue it.

Vice Chairman KERREY. An adjustment in force, what does that reference?

Director DEUTCH. Adjustment in force is a way of downsizing, which downsizes based on skill requirements—future skill requirements, this is based solely on longevity.

Vice Chairman KERREY. Say that again. You're going to downsize with what requirements in mind?

Director DEUTCH. Future skill needs rather than just longevity.

Vice Chairman KERREY. How do you assess—what's the process for assessing future skill needs which would determine what the——

Director DEUTCH. Each one of the component agencies will have to have in place a careful process for determining what are their needs in the future, and I might say also, an appeals process for any action which is taken.

Vice Chairman KERREY. Talk to me a bit about this concern that I raised earlier in the other round about the ticket punching mentality, and again, I stipulate I am not hostile to Goldwater-Nichols at all. I believe it has been largely successful in improving the collaboration. I see it in particular with special operations, where I have an interest, that the joint nature of the operation has improved the effectiveness of the operation. So I am not hostile to that idea at all. It's just that I am alert, talking to people both on the personnel side as well as people that are making career decisions that there is developing a little ticket punching mentality where I know I have got to get into headquarters, I have got to get out and get into headquarters to advance.

Do you see problems, particularly in an environment where there is not public disclosure of what these individuals are doing?

Director DEUTCH. Not at all. I think we have a communication problem here about explaining to people what the opportunities are

rather than the rigidity of a requirement. The point that we are trying to encourage is individuals to see the broadest possible aspects of intelligence rather than to maintain a narrow focus in their own division. I have seen time and time again opportunities—if we had a more flexible system, opportunities for an imagery analyst in one location working for one agency, to work elsewhere. It is not anything but to try and encourage a broader view and more leadership for the future.

Vice Chairman KERREY. If I could take a concrete example, Director Deutch, particularly on the Defense side, and I should, I suspect as a preliminary, give you an opportunity to add in the open your thinking when you say that, as you have on a number of occasions, that Defense HUMINT needs to be pulled more directly into DO HUMINT. Isn't that your view? I would like to give you an opportunity to comment on the rationale for that as opposed to saying that there are specific requirements for the military that might necessitate having HUMINT being done by military agencies.

Director DEUTCH. First of all, the consolidation of the clandestine service part of defense HUMINT agencies with CIA was recommended by the Brown Commission.

Vice Chairman KERREY. I understand.

Director DEUTCH. Their justification for that was for a particular kind of intelligence—clandestine intelligence of a long term character that you should have a single, national operation for your clandestine service. That has been broadly supported by many, many different people who have considered how best to run a clandestine service.

I would point out to you that it is not part of the proposal that we are putting forward to you today, and so it is not a major—it is not part of this initiative.

Vice Chairman KERREY. Yeah, I think it's a very difficult thing to do, by the way, to separate that long term national intel on the defense side from the tactical side. I am not going to this morning get into a discussion with you on that, because I am not sure how to accomplish that either, while preserving how to pull the national piece back into DCI without also pulling the tactical.

Director DEUTCH. Well, no one is suggesting pulling the tactical support, which we want very much, and certainly I more than anybody, but this is not a proposal that we are suggesting be included today, even though it was recommended by the Brown Commission.

Vice Chairman KERREY. I do understand and appreciate, although, as I said, I have an interest in doing it, I just don't know how to do it without doing damage to the military's ability to accomplish its objective.

Director DEUTCH. Senator, it allows me to reaffirm once again, this—we are proposing a set of steps here, they may not be the final steps, we may want to take additional steps in the future.

Vice Chairman KERREY. Can I ask you, this is going to be my final prior to both your and my lunch question, just a practical question, again it's on the defense side and it relates to personnel policies.

Very often, particularly on the human intelligence side, that is to say, information that is provided to us by human beings as opposed to machines of any kind, the ability to provide that informa-

tion, that intelligence comes directly as a consequence of the development of relationships, and that is especially true, it seems to, if you are trying to develop relationships with people who might become important figures in some nation's military operation—if you want to get good information, developing those relationships, the liaison relationships become very important. I have had some experience myself with situations where people on the military side, their career pattern is—their career is short circuited as a consequence of any long term intel relationship. In other words, they get—they have to make a decision, do I want to—do I want to become a colonel, do I want to become a general, do I want to have a career here or do I basically say I am willing to stay at a junior level officer because I know I can't advance, even though it is important for me to carry—even though it is important for the country to carry out that mission. Have you seen similar situations, or am I merely observing a couple?

Director DEUTCH. No, I—Senator, I think you're right. I think attaches, incidentally, are a separate category——

Vice Chairman KERREY. Yes.

Director DEUTCH [continuing]. And there is reason to think in ways of making them stronger as a career.

But I would say to you that one of the things we are seeing here in the technology—NIMA is a reflection of it, the National Imagery and Mapping Agency, is a blurring of operations and intelligence. To the extent that blurring occurs, I believe that the opportunities for young officers going into intelligence is going to become vastly better. Or alternatively, which I would, incidentally, encourage quite a bit of, too, without it being ticket punching, operations officers spending some time on intelligence assignment. That is going to happen naturally, and I think we even begin to see some of it happening now, because intelligence has become such a vital part of maintaining the strength of our military forces.

You know, Napoleon said that a military commander should always choose a good intelligence officer rather than an additional battalion, but never does so. I think that is changing. Our reliance on timely and accurate information is so important to military commanders that we will see that influence the career patterns and the value placed on the professional intelligence officer in the military.

Vice Chairman KERREY. Well, I am very much interested in the legislation that you've got for community-wide personnel changes, and I want to underscore again my desire to help not just in this committee, but in other committees where I am sure it will be referenced, and I hope as soon as possible we are able to see that legislation, and again, the scope of our legislation allows us if we reach the conclusion that it warrants doing so, to provide that wedge resources that is requested under the CIA part.

So I say, as I said at the beginning, Director Deutch, your testimony, I believe carried the requisite sense of urgency across the board. It is quite clear, quite thoughtful, quite strong, and I think quite helpful, and moving the issue of reorganization up on the agenda, and I am hopeful that we are able to accomplish even a fraction of what you are recommending here today, because I think the country will benefit from it.

Thank you.

Director DEUTCH. Thank you very much, Senator.

[Thereupon, at 11:40 p.m., the hearing was concluded.]

PREPARED STATEMENT OF SENATOR RICHARD H. BRYAN

Mr. Chairman, I appreciate this opportunity to discuss the reorganization of the Intelligence Community. Given the many difficulties faced by the Intelligence Community recently, this hearing and the legislation being considered by the committee are long overdue.

Overall, I support the direction this committee is headed with the legislation we are considering today. For too long, the Intelligence Community has been rife with examples of waste, mismanagement and redundancy. The Aldrich Ames espionage case exposed serious deficiencies in the management of our human intelligence. The United States has been embarrassed by the CIA mishandling of situations in Guatemala and France. The inexcusable financial mismanagement of the NRO can be directly attributed to the lack of a clear line of responsibility for this organization, and its existence in a nether world between the Department of Defense and the Director of Central Intelligence.

I do not support abolishing the CIA or dismantling the current Intelligence Community. For every example of failure, there are many more examples of great successes—where our intelligence capabilities have directly and specifically assisted national policymakers or protected United States citizens overseas.

Nonetheless, in this time of declining Federal spending and across-the-board budget cuts, we can no longer afford to purchase every conceivable intelligence gathering technology. We can no longer pay for four different agencies to collect the same information in four different ways. We need to recognize the exponential growth of information technology, and understand that most of our government's information needs can be satisfied through open sources outside the Intelligence Community. We need to better prioritize intelligence requirements so that we take necessary risks to collect important information, but we do not take needless risks to collect marginal information.

The committee legislation takes a number of important steps in rationalizing the structure of the Intelligence Community, and reducing the chances of duplication in intelligence collection. Most notably, it strengthens the authority of the DCI to truly become an intelligence manager for the community, and not just for CIA. Also, I support the declassification of the aggregate level of spending on intelligence, and I am pleased that President Clinton has endorsed this position.

However, I do have concerns regarding the implementation of this legislation. In particular, by increasing the authority of the Director of Central Intelligence, I feel it is vitally important the DCI is truly an Intelligence Community manager, and not closely tied solely with the CIA. I do not support CIA management of all intelligence agencies, especially those now considered a part of the Department of Defense. Clearly, the Department of Defense has unique and specialized requirements and missions, and any new authorities of the DCI over traditional defense agencies must recognize this.

In addition, I have concerns regarding the ultimate impact of this reorganization. Any new management structures imposed by this legislation should replace the current structures, not add another level of bureaucracy. I also am concerned about any costs associated with this reorganization. Although upfront costs may be justified to save money in the future, these costs must be kept to a minimum.

Again, I look forward to hearing the views of Director Deutch on this important legislation. Thank you.

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