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INTELLIGENCE COMMUNITY REFORM

HEARING

BEFORE THE

SELECT COMMITTEE ON INTELLIGENCE

OF THE

UNITED STATES SENATE

ONE HUNDRED EIGHTH CONGRESS

SECOND SESSION

INTELLIGENCE COMMUNITY REFORM

JULY 20, 2004

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HEARING ON REFORM AND REORGANIZATION OF THE U.S. INTELLIGENCE COMMUNITY

TUESDAY, JULY 20, 2004

UNITED STATES SENATE,
SENATE SELECT COMMITTEE ON INTELLIGENCE,
Washington, DC.

The Committee met, pursuant to notice, at 2:42 p.m., in room SD–106, Dirksen Senate Office Building, the Honorable Pat Roberts (chairman of the committee) presiding.

Committee Members Present: Senators Roberts, Hatch, DeWine, Bond, Lott, Snowe, Hagel, Chambliss, Warner, Rockefeller, Levin, Feinstein, Wyden, Durbin and Mikulski.

Chairman Roberts. The committee will come to order. The committee meets today in open session to begin what I hope will be a continuing discussion of the state of our intelligence agencies.

In the wake of this committee's report on prewar intelligence and the upcoming release of the 9/11 Commission's report, intelligence reform should be, and once again is, center stage.

I say "once again" because we have been down this road a number of times. Congress has, on a number of occasions, either of its own volition or in response to a specific event, attempted to reform the intelligence community. We have created new positions. We have made existing positions subject to Senate confirmation. We have reallocated resources. We have attempted to terminate and, at times, we have terminated programs and directed specific actions be taken.

We have not, however, undertaken a major reexamination of the intelligence community's mission and structure. That effort starts today. And today's hearing will be the first in this series where we will not only hear from Members of Congress on specific proposals for reform, but also from noted experts including current and former intelligence community experts and officials.

I have said many times that while the committee's Iraq report cites out for reform, we will approach the issue with deliberation and responsibility. We will examine closely all proposals for change and subject them to the rigors of pragmatism and reality. It is far more important to do this right than to do it quickly.

The committee's recent report on the U.S. intelligence community's prewar assessments regarding Iraq identified significant problems. Unfortunately, the problems we have found in the prewar intelligence are not unique. As stated in the Joint Inquiry's report of 2002, and with the impending release of the 9/11 Commission's report, it is also clear there were significant problems with U.S. intelligence before 9/11.

Unlike most congressional or commission reports, however, our report contains no reform recommendations. I believe very strongly that the issues involved are so complex and of such import that it is incumbent on the committee and the Congress to think very carefully and deliberately about the question of reform.

We must base whatever actions we ultimately take on facts and considered judgment, not expediency or media-generated momentum or politics. I intend to examine closely, as does the vice chairman, all proposals for change, certainly keeping in mind that we should, first, do no harm and avoid as best we can the law of unintended consequences.

A number of important reform ideas are being widely discussed. These proposals range from creating a director of national intelligence separate from the CIA to giving more power and resources to the CIA to splitting off the FBI's national security mission and creating a domestic intelligence agency similar to MI–5 and MI–6 in Great Britain.

Over the next several months, we will endeavor to identify the universe of problems and challenges, and then, only then, craft the appropriate legislative solutions. Not only must we be prepared to act legislatively to address these problems, we must also be prepared to accept the fact that many of the solutions may not be within our reach. In those instances, we will make recommendations to the president and strongly urge that the appropriate action be taken.

One of the important issues that will guide this committee's intelligence reform is the question of resources. Contrary to conventional wisdom, I do not believe that reform necessarily means more resources. It involves issues such as: information sharing, better management and leadership and being more aggressive and innovative in the way the intelligence community actually does its work.

The intelligence community has had a significant increase in funding since 9/11. And the questions is now less, as far as I'm concerned, a matter of, "Do they have enough?" than "Are they spending it wisely?"

For example, both the president and Senator Kerry have proposed improving our human intelligence, what we call HUMINT. I agree that better HUMINT is needed. Everybody on the committee agrees that better HUMINT is needed. It is always needed. It is important to note, however, that our HUMINT programs have already had a significant increase in funding since 9/11.

Our report points out that the CIA had zero sources in Iraq reporting on WMD after 1998 when the inspectors left. How much funding and personnel do you need to develop one source? Our report notes that many of the problems we've found in the HUMINT efforts that were directed against Iraq stem from a broken corporate culture and an overabundance of caution that will not be solved by additional funding and personnel.

It is important to note that our report does not say that individual CIA officers are timid. It says that they work in an organization with a risk-averse and a broken corporate culture. There's a very big difference between the two. If the CIA had asked for volunteers in 1998 to infiltrate Baghdad, I don't think there would

have been any shortage of volunteers. Whether they would have been properly trained and capable of executing that mission is another question entirely.

The President has also talked recently about making sure that the intelligence community has the most advanced technology and remains at the cutting edge of change. I agree, but it's important to think carefully about where in the intelligence process we invest the funds for improved technology. We continue to spend money on increasing intelligence collection when we still don't have the ability to fully analyze what we already collect.

The intelligence community has made strides in developing automated tools to help the analysts manage the mountains of intelligence that we collect every day, but we must do more. If we are serious about keeping the intelligence community at the cutting edge of change, we can no longer budget unnecessarily billions—and I mean billions—of dollars for new collection programs while dedicating far less for the analytical tools.

The president has also recently called for improved coordination among the intelligence agencies. We all agree with that. The most pressing coordination problem is the issue of information sharing. There has been much improvement in information sharing since 9/11, but we still have a long ways to go.

Our report describes a stunning lack of information sharing by the CIA's Directorate of Operations. The CIA has made some improvements in this area, but the next DCI needs to explain to the Directorate of Operations that it has an obligation to share its intelligence appropriately with cleared people across the entire intelligence community, not just within the CIA.

The public debate over intelligence reform has focused lately on the creation of a director of national intelligence, or what we call the DNI. We will hear from Senator Feinstein shortly on her proposal. And we thank her for her leadership and her presence.

I believe a number of questions—and I don't mean to perjure this legislation—but I believe a number of questions need to be answered before we consider such an approach in final form.

For example, what problems have we identified that will be solved by such an approach? What is the current DCI unable to do that he or she will be able to do as a DNI? Why should we move authority away from the Secretary of Defense, who is responsible for fighting and for winning wars, to a DNI, who is not? Why is it a good thing to strip the departmental heads of the authority to manage their own intelligence elements? What is it about the intelligence mission that compels us to elevate it to a Cabinet-level representation? Is the intelligence community really a community, and should we further try to facilitate this construct, or should we embrace a different approach?

I look forward to my distinguished colleague's testimony.

Regardless of what form the next leader of the intelligence community eventually takes, reform can begin with the naming of a new Director of Central Intelligence. Under current law, the Director of Central Intelligence has significant authority to shape the intelligence mission if he or she chooses to do so.

So the committee is prepared to expedite the nomination of a new DCI as soon as the president makes his decision and/or his selection.

I believe that there is a consensus on this committee that the intelligence community needs fresh thinking and fresh leadership. Many in the intelligence community agree and understand where they can and must do better. There are others, however, that have yet to appreciate, I think, the full extent of the problem.

To say that "We get it," and then imply that the problems with the intelligence community's WMD assessments were reasonable at the time, or to state that the problems with the prewar Iraq assessments were isolated shortcomings, says to me that there are still those that don't—don't—get it.

We need fresh thinking and a willingness to look in the mirror and honestly examine the community's performance over the last decade. It is my hope that the appointment of a new DCI, our Iraq report, and the 9/11 commission's report later this week will help really facilitate that process.

This committee's examination of intelligence reform will not focus exclusively on the executive branch, however. We will also look carefully at the way Congress really conducts our oversight of the intelligence community. We took an important first step on this front with a provision in our intelligence authorization bill this year that eliminates term limits for the committee members. This will end the practice of forcing members off the committee just as they are becoming knowledgeable enough to serve as effective overseers of the intelligence community.

There is wide bipartisan support for this measure, and I am hopeful the intelligence authorization bill will be brought up and passed by the Senate as soon as we can do that.

As we consider the reform of the intelligence community, I feel strongly we must ensure that we institutionalize change as a continuous process. We can't make the mistake of rearranging the organizational chart to meet the current threat and simply stop there. We must leave in place a system that will continue to adapt to the new threats that face us.

Whatever course the committee takes eventually takes on the question of reform—and we will not take it unilaterally—we will work with the executive branch and our counterparts in the House of Representatives and our colleagues in the Senate to construct an intelligence capability worthy of the men and women we ask to do this difficult and, many times, dangerous work and to better safeguard our nation's security.

The distinguished vice chairman, Senator Rockefeller.

Vice Chairman ROCKEFELLER. That's a good statement, Mr. Chairman. I congratulate you on that and welcome that.

We are going to be undertaking potentially the most important part of what we have done in the last several years, and that is the reorganization of the intelligence community. Today is the first of a series of hearings. I hope we have many, not only with wise people, but that we also go off by ourselves and talk over a period of a weekend on several retreats so that people don't sort of get stuck on one particular idea and then become associated with it,

and feel they have to defend it even if it doesn't stand the test of scrutiny.

It's terribly important that we be right on this. And I agree very much with the chairman. This has nothing to do with whether there's going to be an election or not. It has to do with that there has been 50 minus three years of the intelligence community and not once has there been really any kind of change made by the Congress.

And that's ridiculous. I mean, you're going back to the days when, you know, ships did Morse Code by light to each other. And just everything in the entire world has changed. However, the organization of the intelligence community has not.

I think, and I know the chairman would agree, that our recently-published report in the Intelligence Committee was probably the most devastating report on the analytical work of the intelligence community ever leading up to the decision to go to war.

When the report's conclusions are added to those of our Joint 9/11 Inquiry in 2002, which people forget took a long time to do and a large staff, and then the findings of the independent 9/11 commission to be released this Thursday, it leads to the inescapable conclusion that change is needed to address documented shortcomings within the intelligence community. And I think we would all agree that the time for that is long overdue.

Timely and accurate intelligence is the tip of the spear that protects Americans here and abroad. That is said so often that it is a cliche. Often cliches are not listened to very carefully and, therefore, aren't paid attention to. People better listen to this one. As such, intelligence successes can save lives, and intelligence failures, as we now tragically know, can result in the loss of life.

The failures detailed in our past investigations were, in some cases, individual failures as opposed to systemic ones: in some cases, failures of leadership; and in some cases, failures of organizations unwilling to share information or to take action.

Therefore, I believe it's important to approach the call for reform with an appreciation that there are not silver bullets. There is no instant answer, one solve-all approach. And there aren't panaceas when it comes to the improving the intelligence community's ability to meet the national security challenges of today and in the future.

It need not be said that the world has changed dramatically since the Security Act creating DCI was passed in 1947. I was 10 years old. The enemy has changed. The threats have changed. The technology has changed. One of the key questions before us is whether the organizational management structure established over almost a half century ago is the right arrangement of authority and personnel today. I think not.

Or to put it another way, if we were given the chance to create an intelligence community from scratch today, would we end up creating a DCI, Director of Central Intelligence, in its current form and with its current limited budget authorities to loosely, loosely manage 15 agencies, while at the same time being responsible for the daily operations of the Central Intelligence Agency? I think it is unlikely we would choose such a complex and split organizational setup. But that is what we have. If that is a consensus, than the most difficult question remains what to do about it.

I support the idea of centralized authority over the intelligence community. The creation of a Director of National Intelligence is one possibility. But I am open to ideas on exactly how to structure such an office. And, believe me, there are many approaches to such a concept.

And that is not the only thing which I am willing to listen to. I think all us, to be fair and to be accurate, have to be open to new ideas. There are some incredible books that have been written on this. We have to do a good deal of that and a good deal of talking with experts as well as with ourselves.

I think that most observers agree that whoever leads the intelligence community needs more authority than the Director of Central Intelligence has today in order to get the current array of intelligence fiefdoms working together.

The leader of the intelligence community needs more authority over budgets, personnel, tasking of collection assets and the appointment of intelligence agency heads. That person also needs to be separated from running the daily operations of the Central Intelligence Agency.

We must also further integrate the work of the different agencies by creating true joint operations, as the Defense Department did through its Goldwater-Nichols reforms, which have been declared by all to be thoroughly successful.

We must find a way to do this without ripping the different agencies out of the Defense Department and elsewhere. There are legitimate reasons that these agencies are where they are. And we don't want to lose the benefits of those arrangements, but neither do we want to leave them without being questioned, neither do we want to do that.

It is true that the special operations of the CIA may be less flexible—Dr. Odom, you discussed this in your book—than does the defense services. Combatant commanders have to be responded to immediately. And they cannot sort of go through an enormous process unless we can invent one which works. And I don't think you think that we can do that.

We need to continue and to accelerate improvements that we have made to our human intelligence collections programs. That we agree on.

In improving analysis, there are some actions that we can take right away, including the use of red teams, which is analysts whose entire job is to be contrarians and to try to pick holes in arguments and to do what could have happened a great deal more during these past number of months and also to challenge the assumptions of the national intelligence estimate. That would be a specific hope on my part.

One of our biggest challenges is finding a way to insulate the intelligence community and its head from the kind of political pressure that we may have seen. Intelligence must be completely objective, regardless of the past, and beyond the reach of politicization. One possibility is a set term for the head of the intelligence agency, as we have for the FBI director. It's a relatively simple matter. And I think it's isolated the FBI director rather well and effectively and gives some comfort to the American people and to the people working for the director of the FBI.

In the end, we need a flexible intelligence community that works well during both times of peace and times of war. We need an intelligence community that can fight the clandestine war against terrorists and, at the same time, support overt military operations.

We should not be timid in addressing the need for reform. We cannot dodge the difficult questions and the tough choices. We owe it to the families of those who died on 9/11 and those who have answered the call to arms in Afghanistan and Iraq to rise to the challenge before us.

Today's hearing is the start of an ongoing dialogue—and I hope it is truly that—on the committee, where all viewpoints should be presented and discussed. I am hopeful that the exchanges of ideas will yield in the end to a bipartisan and enthusiastically supported reform that we can send to the president for his signature.

Following Senator Feinstein's testimony on her bill to establish a Director of National Intelligence, the committee will hear from three very distinguished individuals who are eminently qualified to address the future of U.S. intelligence. And we're lucky to have them. And I expect we will be badgering them.

I am pleased that they were willing and available to be with us this afternoon, et cetera, et cetera.

Thank you, Mr. Chairman.

Chairman ROBERTS. I thank the Vice Chairman for his most pertinent comments.

It is my personal privilege to recognize a very valuable member of our committee to discuss her legislation. It is also co-sponsored by several members.

Please proceed, Senator Feinstein.

[The prepared statement of Senator Snowe follows:]

Senator Olympia J. Snowe
Statement
Senate Select Committee on Intelligence
July 20, 2004

Thank you, Mr. Chairman. I welcome this opportunity to discuss what I believe to be one of the most important issues we as a nation face today, the reform of our intelligence community.

First let me commend Senator Feinstein for her leadership on this critical issue and I'm pleased to have joined with her – as have Senators Lott, Mikulski, Rockefeller, Bob Graham and Wyden in championing the establishment of a Director of National Intelligence. I believe this is a significant component in the larger imperative of overall Intelligence Community reform. For the past year, this Committee examined pre-war intelligence on Iraq to reconcile it with post-war realities. As I have said, the ensuing report forms an inescapable indictment of the status quo – the facts speak for themselves, and they beg for, among other reforms, organizational overhaul.

As the committee well knows, a leadership vacuum created an environment in which multiple judgments regarding Iraq's WMD capabilities were based on old assumptions left virtually unchallenged – which bred a level of complacency and lack of analytic rigor. And we now know that – even after the lack of information sharing was found to have played a key role in the intelligence failures of 9/11, intelligence reporting *continues* to be highly compartmented and analysts with a "need to know" are not given access to critical information essential for sound analysis.

With the new world and new *reality* in which we live, delay is no longer an option. Increases in human intelligence, better information sharing, and greater

accountability are all issues that desperately need to be addressed and acted upon. It is my hope that the Intelligence Committee will aggressively pursue specific recommendations based on a Committee-authored report to make substantive changes that will address the flaws that have been tragically revealed.

On that note, a first and significant leap forward would be to create a Director of National Intelligence – because it simply does not make sense to have one person who is the Director of the CIA and also responsible for the entire Intelligence Community of 15 agencies. Rather, we need a DNI with cabinet level status whose sole responsibility is to direct and coordinate our national intelligence community to ensure consistent priorities are set and that all the gears of our intelligence gathering, analysis and reporting are synchronized – not ad hoc. Simply put, it is difficult to comprehend how the old structure at the top can be demonstrated to have produced the kind leadership and agency integration our new threats require.

For example, a DNI would have been better positioned to ensure the Intelligence Community would have been more aggressive in identifying issues that warranted the production of an NIE. Should we really have had to wait for a request from Congress for this community-wide assessment as we did in the instance of the last NIE given the critical nature of the issue at hand? The DNI would have greater impetus to consider the input of the *entire* community – and knowing the information needs of policy makers, the DNI could ensure something as obvious as a NIE on Iraq's WMD be available and updated regularly, rather than hastily put together at the behest of Congress.

A DNI would *also* facilitate a better atmosphere of *objectivity* – an element that has been *sorely lacking* in the Intelligence Community and one which is vital to the promulgation of intelligence gathering, analysis, interpretation and

dissemination. Separating the DCI from one specific agency would better allow the other 14 Intelligence Community agencies to be heard in the debates and arguments about the validity and voracity of intelligence information and analysis that have *direct* impacts on our national security.

A DNI would better "level the playing field" when it comes to the competition of ideas in intelligence analysis. Currently, as the head of both the CIA as well as the Intelligence Community, the DCI is the principle intelligence advisor to the President. This provides the CIA with unique access to policymakers. Although the goal of this structure was to coordinate the disparate elements of the IC in order to provide the most accurate and objective analysis this report reveals that in practice, this arrangement actually undermines the provision of objective analysis, allowing CIA analysts to control the presentation of information to policymakers, and excluding analysis from other agencies.

For example, the DCI was not aware of dissenting opinions within the Intelligence Community on whether Iraq intended to use the aluminum tubes for a nuclear program until the NIE was drafted in September 2002, despite the fact that intelligence agencies had been debating the issue since the spring of 2001. Since the DCI was not aware of the views of all the intelligence agencies, he could have only passed the CIA's view along to the President. This has to change.

The current structure also provides the CIA with unique control of intelligence reporting because the DCI is responsible for protecting intelligence sources and methods. Our report shows that the hampering of intelligence sharing had a profound impact on analysis. If America is well into an era of the "information superhighway," it can *also* be said our intelligence community all-too-often finds itself in an information *cul-de-sac*. Connectivity is *key*, as we saw when the CIA failed to share information on the reliability of two of the main

sources on Iraq's mobile biological weapons program with all biological weapons analysts. As we know, one analyst even said that if one of the source's reporting had been removed from consideration, it would have reduced his confidence in the assessment Iraq had biological weapon production units. In addition, the CIA did not share information with all UAV analysts–information that was essential for analysts to make informed judgments about Iraq's intentions to target the United States.

Senator Feinstein's bill also addresses the crucial issue of *accountability*. With one person as the head of both the CIA and the while Intelligence Community, accountability is at a premium. A single DNI will not have fragmented responsibilities and can be more accountable to the President, to Congress and ultimately, to the American people.

Furthermore, it is critical we establish a single investigative entity that bridges the gap between all the various agencies in order to identify problem areas to ensure critical deficiencies are addressed before they become crises – or tragedies, and to develop the most efficient and effective methods of intelligence gathering and interpretation.

That's why I've introduced *separate* legislation creating an Inspector General for the entire Intelligence Community. We can't afford a fragmented approach to producing the best possible intelligence - the people of this nation deserve a cohesive "big picture" approach to the issues of the world around us. Terrorists operate in the domestic and international arenas and they often exist in both the military and civilian realms. We need an Intelligence Community that can understand and combat this.

Some have raised the issue that a DNI would be too "separated from his (or

her) troops." Again, this is a theme I hope will be fully discussed and debated. First, I believe there is ample evidence that leadership in the past in terms of "the troops" has not exactly been what I would describe as "hands on." Furthermore, I want to be sure we know exactly which "troops" we're talking about. With 15 agencies all playing important roles in the Intelligence Community, we have a responsibility to see that one set of "troops" is not given too much deference over any other set – as we've seen evidence of in the past with the CIA. We call it the Intelligence *Community* – I believe we need to take steps to better ensure it functions as such.

Finally, let us remember that Senator Feinstein's bill is a vital *first step whose provisions may need to be revisited and discussed at further length*. For example, some have said that this legislation does not sufficiently empower the DNI to truly lead the IC. I believe that a DNI must have the statutory and budgetary authority that gives him command and control over IC money and personnel – but such issues deserve to be debated so we can determine how best to go forward with a proposal that I believe must be an integral part of any reform. So, again, I thank the Chairman and my colleagues on the committee for holding this hearing this morning.

In the final analysis, in the recent committee report to accompany the FY 2005 Intelligence Authorization bill, the committee acknowledged the need for changes in the Intelligence Community and stated that it believes the process of reform "must begin." Well, I couldn't agree more. In the end, our enemies aren't waiting to overcome bureaucratic hurdles and inertia to strike us again – we can't wait in rebuilding an intelligence apparatus equipped not to respond to 21st century threats, but to *prevent* them – that is the duty to which we are called.

Thank you.

[The prepared statement of Senator Feinstein follows:]

FOR IMMEDIATE RELEASE:
Tuesday, July 20, 2004

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Statement of Senator Feinstein on Legislation to Create a Director of National Intelligence

***Washington, DC** – The U.S. Senate Select Committee on Intelligence today convened a hearing on the proposal of U.S. Senator Dianne Feinstein (D-Calif.) to create the position of Director of National Intelligence. The legislation is cosponsored by Senators Olympia Snowe (R-ME), Jay Rockefeller (D-WV), Trent Lott (R-MS), Bob Graham (D-FL), Ron Wyden (D-OR), and Barbara Mikulski (D-MD).*

The measure, which Senator Feinstein first introduced in June 2002, would separate the current position of Director of Central Intelligence (currently held by one individual, who both runs the Central Intelligence Agency and the intelligence community as a whole) into two positions:

- *A Director of National Intelligence (DNI) to lead all segments of the Intelligence Community; and*
- *A Director of the Central Intelligence Agency (DCIA) to serve as head of the CIA.*

This concept was the first recommendation of the Joint House-Senate Intelligence Committee investigating the September 11 attacks and is expected to be endorsed by the 9/11 Commission later this week.

Following is the prepared text of Senator Feinstein's testimony to the Committee today:

Mr. Chairman and Mr. Vice Chairman, I want to thank you for holding today's hearing on the Intelligence Community Leadership Act of 2003. I think this is an important step toward much needed reform of the Intelligence Community.

Several of us on the Intelligence Committee are troubled by what I see as fundamental structural flaws in the Intelligence Community. In short there are two basic problems, and my legislation aims to address both in the most direct way possible.

The first flaw is one of leadership structure. Under current law one person holds two separate and critical jobs: head of the entire Intelligence Community, and head of the Central Intelligence Agency.

This may have been acceptable in 1947, with a vastly smaller Intelligence Community, and a simpler, bipolar, post-war world. Today, however, the fact that we do not have an independent head of all of our intelligence assets has become a significant problem. To use a nautical metaphor, we have a fleet of fifteen

ships without a full-time admiral. Instead, the captain of just one of those ships is trying to run his own crew and oversee all of the other ships in the fleet – it just doesn't work.

Even if one extraordinary person could manage the workload of both jobs, they are inherently incompatible in terms of fairness and what is best for the nation.

Second, to the extent current law provides for a leader of the Intelligence Community, the position of DCI is poorly equipped to manage and lead the community.

Lacking meaningful statutory and budgetary authority, the current head of the Intelligence Community lacks the basic tools to carry out his job.

The result of these two fundamental flaws is that there is one person, burdened with two incompatible jobs, and without the authorities to do either of them well.

I made these points in 2002 and again in 2003 when I first introduced legislation to "split" the DCI away from the CIA and replace the one job with two. The joint Senate and House Intelligence Committees investigating 9-11 made similar points, and it is likely that the 9-11 Commission, whose report is due in a few days, will as well. The report recently issued by this Committee is a chillingly detailed account of failed process and analytic judgments.

Let me quote from the report of this committee on the U.S. Intelligence Community's prewar intelligence assessments on Iraq:

> "The Central Intelligence Agency (CIA), in several significant instances, abused its unique position in the Intelligence Community . . . [t]he fact that the DCI is the head of the CIA and the head of the Intelligence Community, the principal intelligence advisor to the President, and is responsible for protecting intelligence sources and methods, provides the CIA with unique access to policymakers and unique control of intelligence reporting. This arrangement was intended to coordinate the disparate elements of the Intelligence Community in order to provide the most accurate and objective analysis to policymakers. The Committee found that in practice, however, in the case of the Intelligence Community's analysis of Iraq's weapons of mass destruction programs, this arrangement actually undermined the provision of accurate and objective analysis by hampering intelligence sharing and allowing CIA analysts to control the presentation of information to policymakers, and exclude analysis from other agencies." [Conclusion 7, Senate Select Committee on Intelligence Report, July 9, 2004]

Against that background, Senator Graham (the former Chairman of this Committee) and I, along with Senators Rockefeller, Lott, Snowe, Mikulski and Wyden have introduced legislation that addresses this problem as cleanly, and as simply, as possible.

Our approach is relatively straightforward.

First, we turned to the problem of leadership structure. Since we have identified the key problem as being the fact that two very different jobs are held by one person, we redrafted the operative sections of the National Security Act of 1947 to split those two jobs into two positions.

Second, because we also recognized that the head of the Intelligence Community needed more authority to properly coordinate activity within that community, we change those authorities and responsibilities which needed changing.

Primary among them was the lack of meaningful budget authority. Today, the DCI has only limited budgetary and management authority over the myriad agencies that include:

1. The Central Intelligence Agency;
2. The Defense Intelligence Agency;
3. The National Security Agency;
4. The National Reconnaissance Office;
5. The National Geospatial Intelligence Agency;
6. Army Intelligence;
7. Office of Naval Intelligence;
8. Air Force Intelligence;
9. Marine Corps Intelligence;
10. Departments of State's Intelligence and Research office;
11. Treasury's Office of Intelligence;
12. Department of Energy's Office of Intelligence;
13. The Department of Homeland Security's Information Assessment;
14. The Federal Bureau of Investigation; and
15. The United States Coast Guard Intelligence element.

Together, these agencies make up a huge network, with tens of thousands of employees and a significant, secret, budget. In practice the DCI currently only controls the budget of the Central Intelligence Agency, while 80 percent of the intelligence budget is under the control of the Secretary of Defense. This is untenable if we want a true leader of the entire community.

Secondly, the lack of effective personnel authority further hinders the current structure.

Thirdly, the lack of staff and resources to really lead the community also prevents effective management and control.

The result of our changes is a package that combines leadership structure with statutory and budget authority, but leaves room for the detailed change and reform which will be needed in the coming years. Those changes will be job number one for the first Director of National Intelligence should this bill become law.

The current structure of our Intelligence Community is a relic of last century's conflicts. It is a Cold War solution to Cold War problems. In fact, the structure dates to the 1947 passage of the National Security Act. This is important for two reasons.

First, our adversary was different back in the days of Spy vs. Spy, CIA vs. KGB and U.S. vs. Soviet Union. In a bipolar world, in which the task was to anticipate and track armies, tanks and planes, our system worked, and I believe it worked well. But it is unsuited for our current world of asymmetric threats, fast-paced changes, and a shadowy and brutal adversary. In many ways the old adversary, Communism in its many forms, was a distorted mirror image of ourselves, with similar tactics, weapons and structures. But the new adversaries -- amorphous terrorist groups, proliferators and rogue nations -- do not fit that image, and our intelligence services must change.

Second, much has changed here at home. The 21st Century Intelligence Community is much larger than it was in 1947. With the addition of the National Reconnaissance Office, the National Geospatial Intelligence Agency and the expansion of the National Security Agency to deal with an exponentially larger technological world, the Intelligence Community is much more complex than it was even a few short years ago.

To return to the nautical metaphor, our fleet has converted from sail, to steam, and then to nuclear power, growing in size, and the adversary has spread throughout the seas. And still we have nobody in charge.

It is not surprising that we are losing the intelligence battle against non-state actors who practice asymmetric warfare.

This legislation creates the position of Director of National Intelligence who will have the budgetary and statutory authority over coordinating our intelligence efforts.

The Director of National Intelligence we propose would be responsible for leading the entire Intelligence Community. Working within an independent office, which could be housed in an agency or separately, aided by a Deputy Director of National Intelligence and equipped with meaningful budget and personnel authority, this Director would provide the focused, independent and powerful leadership the Intelligence Community badly needs.

The DNI would be responsible for all of the functions now performed by the Director of Central Intelligence in his role as head of the Intelligence Community.

A separate individual would be Director of the CIA, which would retain its role as the central analytic element of the Intelligence Community and the lead agency for human intelligence.

Nominated by the President and confirmed by the Senate, the DNI will have to address such important issues as:

- Assessing the balance between expensive technical collection platforms, such as satellite systems, and human-source collection and analysis;
- Developing mechanisms to enhance our ability to collect foreign intelligence within the United States and setting the priorities and strategies in a new non-state asymmetric world;
- Evaluating and implementing a human intelligence capability with language and cultural knowledge in critically important new areas; and
- Reforming the analytic process to ensure effective peer review and analytic integrity to prevent the use of false intelligence in policy making.

The new Director of National Intelligence would not only have the statutory and structural position of leadership needed (and be freed from his responsibilities to run the CIA on a day-to-day basis), he or she would have the authorities and tools necessary to accomplish these responsibilities.

First, the legislation makes a substantive change to the current budget authority now vested in the DCI.

The new DNI would have clear authority to:

- Formulate and execute the budget – spending would be under his control; and
- Move funds and people between agencies and accounts subject to Congressional oversight, and in coordination with (but not subject to the control of) the Secretary of Defense.

In addition to these authorities, the new Director of National Intelligence will have the staff to carry them out. He or she will have:

- A community-wide General Counsel to advise and assist in setting and implementing policy, and ensure compliance with law.
- A community-wide Inspector General to guard against fraud, waste and abuse.
- A full staff, based on what is now the Community Management Staff of the DCI, to assist him.
- A set of deputies, including ones for Administration, Collection, Community Management and Analysis, to assist in making the community work together; and
- Direct control of the National Intelligence Council, to ensure that community-wide intelligence products, such as a National Intelligence Estimates, are really community products, and are not biased or the product of CIA-dominance.

I recognize that this bill will certainly not solve every problem within the Intelligence Community, but I believe it is an important, even critical, first step. Let me add that none of the provisions in this bill are sacrosanct — I am open to change as we further flush out the legislation.

My earlier legislation, first introduced over in 2002, was intended to start the conversation on this important topic. It is not meant to be the final word. I am very open to any thoughts or ideas that members of this committee or other members of congress, such as Ms. Harman, or intelligence community experts, such as Mr. Kindsvater, may have as to exactly how we construe this position. The goal is to make sure that we have the best possible Intelligence Community under the best possible leadership. I would like to work with all interested parties to prepare amendments and a revised version of this legislation for mark up before this committee at the earliest possible date.

Finally, in summary, the DNI would determine, manage and carry out the scope of a mission throughout the entire Intelligence Community – break down the "stovepipes," set a structure and methodology for communication across the chain of command – and be responsible to see that the collection and analysis of "dots" leads to the most accurate product possible.

The bottom line is that leading the U.S. Intelligence Community is a full-time position and, if it is to be done right, we cannot expect the person holding that responsibility to run a separate agency simultaneously.

It is time to put somebody in charge of the entire Intelligence Community and give that person the budgetary and statutory authority to accomplish the job. Unity of command and the tools to do the job are critical for the tasks ahead.

Mr. Chairman I want to thank you for holding a hearing on this important legislation.

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STATEMENT OF HON. DIANNE FEINSTEIN, UNITED STATES SENATOR FROM CALIFORNIA

Senator FEINSTEIN. Thank you very much, Mr. Chairman, and let me thank you for keeping your word and allowing this hearing to take place. It is very much appreciated.

I also want to thank my co-sponsors—the ranking member of the committee, Senator Rockefeller, Senator Lott, Senator Snow, Senator Mikulski, Senator Wyden, and Senator Graham. I'm very grateful for their support on this matter.

Several of us on the Intelligence Committee are very troubled by what we see as fundamental, structural flaws in the community. In short, there are two basic problems, and our legislation aims to address both in the most direct way.

The first flaw is one of leadership structure. Under current law, one person holds two separate and critical jobs: head of the entire intelligence community and head of the Central Intelligence Agency. That may have been acceptable in 1947 with a vastly smaller intelligence community and a simpler, bipolar post-war world. Today, however, the fact that we don't have an independent head of all of our intelligence assets has become a significant problem.

To use a nautical metaphor, we have a fleet of 15 ships without a full-time admiral. Instead, the captain of just one of those ships is trying to run his own crew and oversee all of the other ships in the fleet. It just doesn't work. Even if one extraordinary person could manage the workload of both jobs, they are inherently incompatible.

Secondly, to the extent current law provides for a leader of the intelligence community, the position of DCI is poorly equipped to manage and lead the community. It lacks any meaningful statutory and budgetary authority. It lacks the basic tools to carry out the job. The result of these two fundamental flaws is that there's one person burdened with two incompatible jobs and without the authorities to do either of them well.

I made these points in 2002, again in 2003, when I first introduced legislation to split the DCI away from the CIA and replace the one job with two. The Joint Senate and House Intelligence Committees investigating 9/11 made similar points. I worked with Chairman Graham of Florida. We redrafted my legislation, and we introduced it again. And that committee recommended its passage. And it is likely that the 9/11 commission, whose report is due in a few days, will make similar recommendations.

The report recently issued by our committee is a chillingly detailed account of failed process and analytic judgments. Let me call your attention to one conclusion. It's a conclusion entitled "Conclusion 7": "The Central Intelligence Agency, in several significant instances, abused its unique position in the intelligence community, particularly in terms of information sharing, to the detriment of the intelligence community's prewar analysis concerning Iraq's weapons of mass destruction."

Our findings go on to say, and I quote: "The CIA in several significant instances abused its unique position in the intelligence community. The fact that the DCI is head of the CIA and the head of the intelligence community, the principal intelligence adviser to the President, and is responsible for protecting intelligence sources

and methods, provides the CIA with unique access to policymakers and unique control of intelligence reporting. This arrangement was intended to coordinate the disparate elements of the intelligence community in order to provide the most accurate and objective analysis to policymakers.

"The committee found that in practice, however, in the case of the intelligence community's analysis of Iraq's weapons of mass destruction programs, this arrangement actually undermined the provision of accurate and objective analysis by hampering intelligence sharing and allowing CIA analysts to control the presentation of information to policymakers and exclude analysis from other agencies."

Now, Members, if you'll recall, every time there was a difference of opinion between agencies, it was the CIA view that prevailed.

Now, our approach is relatively straightforward.

First, we turn to the problem of leadership structure. Since we've identified the key problem as being the fact that two very different jobs are held by one person, we redrafted the operative sections of the National Security Act of 1947 to split those two jobs into two positions.

Secondly, because we also recognized that the head of the intelligence community needed more authority to properly coordinate activity within that community, we changed those authorities and responsibilities which need changing.

Primary among them is the lack of meaningful budget authority. Today, the DCI has only limited budgetary and management authority over the myriad agencies that include the CIA, the Defense Intelligence Agency, the National Security Agency, the National Reconnaissance Office, the National Geospatial-Intelligence Agency, Army, Navy, Air Force and Marine intelligence, State's intelligence, Treasury's intelligence, Energy's intelligence, Homeland Security's information assessment, FBI and the Coast Guard.

Together, these agencies make up a huge network, tens of thousands of employees and a significant secret budget. In practice, the DCI currently only controls the budget of the CIA; 80 percent plus, of the intelligence budget is under the control of the Secretary of Defense. This is untenable if we want a true leader of the entire community.

Secondly, the lack of effective personnel authority further hamstrings the current structure.

And thirdly, the lack of staff and resources to really lead the community also prevents effective management and control.

The result of our changes is a package that combines leadership structure with statutory and budgetary authority, but leaves room for the detailed change and reform which will be needed in the coming years. Those changes will be the number one job for the first Director of National Intelligence.

We are in the process of vetting this legislation, the bill language, with a number of different individuals, past and present, who have played significant roles in the intelligence community. And I believe we will have a substitute amendment when this bill comes to markup.

Suffice it to say that the current structure of our intelligence community is a relic of last century's conflicts. It is a Cold War so-

lution to Cold War problems. The structure dates to 1947. And this is important to understand. Our adversary was different back in the days of spy vs. spy, CIA versus KGB, U.S. versus Soviet Union. In a bipolar world in which the task was to anticipate and track armies, tanks, planes, governments, our system worked. And I believe it worked well.

But it's unsuited for our current world of asymmetric threat, fast-paced changes and a shadowy and brutal adversary in a different culture with heavy language issues.

In many ways, the old adversary, Communism in its many forms, was a distorted mirror image of ourselves with similar tactics, weapons and structures. But the new adversaries, amorphous terrorist groups, proliferators and rogue nations do not fit that image, and our intelligence services must change.

Secondly, much has happened here at home. The 21st century intelligence community is much larger than it was in '47. With the addition of National Reconnaissance Office, the National Geospatial-Intelligence Agency, the expansion of the National Security Agency to deal with an exponentially larger technological world, the intelligence community is much more complex than it was even a few short years ago.

The DNI we propose would be responsible for leading this entire community, working within an independent office which could be housed in an agency, or separately, aided by a deputy director of national intelligence and equipped with meaningful budget and personnel authority. This director should and can provide focused, independent and powerful leadership and management the intelligence community badly needs.

The DNI would be responsible for all of the functions now performed by the DCI and in his role as head of the intelligence community. A separate individual would be director of the CIA, and he would retain his role and its role as the central analytic element of the intelligence community and the lead agency for human intelligence.

Nominated by the President, confirmed by the Senate, the DNI will be a member of the cabinet and address such important issues as assessing the balance between expensive technical collection platforms, such as satellite systems, and human source collection and analysis. In this new world, how much of a role do we have to place on large satellites tracking armies across continents versus heavy penetration of human intelligence? That's a balancing role. Somebody needs to evaluate it.

Second is developing mechanisms to enhance our ability to collect foreign intelligence within the United States and setting the priorities and strategies in a new nonstate asymmetric world—in other words, someone that determines the scope of a mission across the entire community and sits down on a daily, weekly and monthly basis with the managers of those separate agencies and holds them accountable to specific goals.

Third is evaluating and implementing a human intelligence capability with language and cultural knowledge in critically important new and growing areas and, most importantly, reforming a broken analytic process to ensure effective peer review, red teaming and

adding analytic integrity to prevent the use of false intelligence in policymaking.

The new DNI would not only have the statutory and structural position of leadership, he or she would have the authorities and tools necessary to accomplish these responsibilities.

First, the legislation makes substantive change to the current budget authority now vested in the DCI. The DNI would have clear authority to formulate and execute the budget. Spending would be under his control. He would move funds and people between agencies and accounts, subject to congressional oversight and in coordination with, but not subject to the control of, the Secretary of Defense.

In addition to these authorities, the new Director of National Intelligence will have the staff to carry them out, including a community-wide general counsel to advise and assist in setting an implementing policy and ensuring compliance with law; a community-wide inspector general to guard against fraud, waste and abuse; a full staff based on what is now the community management staff of the DCI to assist him; a set of deputies including ones for administration, collection, community management and analysis to assist in making the community work together, breaking down the stovepipes; and, finally, directing control of the National Intelligence Council to ensure that community-wide intelligence products, such as the national intelligence estimate, are really community products and not biased on the product of CIA dominance.

I recognize that this bill will certainly not solve every problem within the intelligence community, but I believe it's an important, even critical, first step.

Let me add that none of the provisions are sacrosanct. I certainly am open to change, and I believe our co-sponsors are as well. My earlier legislation, first introduced in 2002, was intended to begin the conversation. It's not meant to be a final word. So we're open to any thoughts or ideas that members of this committee or other members of Congress, such as Congresswoman Harman, or intelligence community experts, such as Mr. Kindsvater, may have, as exactly how we construe this position. The goal is to make sure that we have the best possible intelligence community under the best and strongest leadership.

Finally, in summary, the DNI would determine, manage, and carry out the scope of a mission throughout the entire intelligence community, break down the stovepipes, set a structure and methodology for communication across the chain of command, and be responsible to see that collection and analysis of dots reached the most accurate product possible.

The bottom line is that leading the United States intelligence community is a full-time position. And if it's to be done right, we cannot expect the person holding that responsibility to run a separate agency simultaneously. It's time to put somebody in charge of the entire intelligence community and give that person the budgetary and statutory authority to accomplish the job. Unity of command and tools to do the job are critical for the tasks ahead.

I want to thank you very much, Mr. Chairman, and members of the committee.

Chairman ROBERTS. Well you're certainly welcome, Senator. And thank you for your very comprehensive statement.

I have three questions. I'll try to make them quick, because I know we have a full membership and they do want to ask questions.

First of all, your bill makes an effort to give the DCI certainly much greater authority to set and enforce policies for the entire intelligence community. And we all see where this would be necessary, setting a community-wide standard for information sharing, for competitive analysis and even information technology, standards that would all help address the problems that both the Iraq review and the Joint Inquiry have identified.

Now, the question is how the DCI doesn't have that authority now. For example, the DCI, just two weeks ago, promulgated DCID 8/1. I'm not sure how many members of this committee were even aware that two weeks ago that that happened.

This new directive sets very high-level policy on information sharing for the entire intelligence community. It may be a day late and a dollar short, but clearly the DCI can set policy.

So what about enforcement? What if, for example—and I'm being the devil's advocate here, and this is entirely hypothetical—say the NSA refused to share information under the directive. The DCI is not helpless under current law. He could modify the NFIP budget request for the NSA. He could penalize them for not complying. He could call the Director of the National Security Agency or even the Secretary of Defense and say, "Hey, get in line."

Your bill does not give the DNI any direct operational control of all the 15 intelligence community elements equivalent to what the DCI has now over the CIA. So even if your bill was enacted, it seems to me like the DNI is in the same position as the current DCI on policy enforcement.

Would you cut the budget or call the department head? What are your thoughts on this latest development?

Senator FEINSTEIN. Well, my thoughts are, first of all, the intent is to give the DNI the authority. And in reading a CRS analysis of this, I believe it does. We would welcome comment if there is additional language to strengthen it further.

Chairman ROBERTS. So you would give the DNI the direct operational control of all 15 intelligence community elements?

Senator FEINSTEIN. That's correct. Now, clearly, the heads of the various agencies are going to run their own agencies. But just like anybody else, there has to be some central directive to management. I don't know how we can get intelligence in this new world we're in unless we have it, unless we understand what the mission is across the community, and then see how that mission is going to be carried out.

One of the things that bothered me very much as a member of this committee was seeing how, every time there was a difference of view, the CIA view prevailed against the views of the intelligence components in other agencies.

Chairman ROBERTS. Okay. Very quickly, I want to talk about personnel. This issue, there are certainly few, if any higher, priorities for the intelligence agencies other than support for the warfighter.

Under current law, the DCI can transfer personnel from one intelligence community agency to another for periods of up to a year only if the head of the department which contains the affected element or elements of the intelligence community does not object to such a transfer. Under the proposed legislation, the DNI can transfer personnel and the ability of the head of a department to object to such a transfer is simply eliminated.

I am told that the DNI's new authority would not apply to personnel funded under the Joint Military Intelligence Program and the Tactical Intelligence and Related Activities accounts. However, under the proposed legislation, the DNI could, over the objection of the Secretary of Defense, transfer military personnel funded under the National Foreign Intelligence Program from a DOD combat support agency and their forward-deployed elements to positions that would support strategic intelligence requirements.

Is this possible under your proposed legislation? And, if so, why is that a good thing?

Senator FEINSTEIN. Well, there are many different questions wrapped up in that. And I certainly think, you know, what is existing in the field in a different country in a military organization is somewhat different. But the thrust of the bill is clearly to say to the Secretary of Defense: You detail people to these missions. And the mission is essentially controlled by the director of national intelligence.

That's the thrust of this bill.

Chairman ROBERTS. When we had—and I apologize to my colleagues—but I wanted to bring this up in regards to Mr. Fingar and Mr. Kindsvater, and we've reached agreement with the Vice Chairman that we can speak of this and that it's unclassified. And we had Mr. Fingar up in regards to being the Director of INR—i.e., the arm of intelligence of the State Department—and also Mr. Kindsvater regards to the Director of Community Management with the DCI.

Both indicated some concern about being torn between two masters. In other words, if you have an event that pops up like say the USS *Cole*, you have the captain of the *Cole* who could certainly back that ship out of there and should have. He has, you know, unique control of that mission. That would come from Central Command, Secretary of Defense, the intelligence from the DIA, which it did not, and should have.

And how does the DNI work into that? Or, say, if you had the embassy bombings in regards to Africa, does that analyst, do those personnel do they work for Secretary Powell or whoever is Secretary of the State, or do they work for the DNI?

Senator FEINSTEIN. One of the things about this place, if you will, is territorial imperative. You know, whether it comes to inner servicing of bases or anything else, everybody has got to have their own with a fence around it. And I don't see that solving the problems of this new world.

I think common sense prevails on many of these questions. The movement of the *Cole* clearly would be a military decision. What kind of intelligence to set up, I think the DNI should have a role in that.

But I think when you break it down into the specific happenings in a combat theater, clearly the military would prevail. But we're setting basic parameters of intelligence collection among 15 different agencies. And it seems to me somebody has to manage that process, because under this very disparate, very different, very stovepiped systems, we're not getting the intelligence.

Chairman ROBERTS. Senator Rockefeller.

Vice Chairman ROCKEFELLER. Thank you, Mr. Chairman.

A couple of quick questions. The question of the Cabinet. Your bill proposes that the President's principal adviser on intelligence matters be, through a Sense of the Congress, should be a Cabinet-level officer of the United States.

Senator FEINSTEIN. Correct.

Vice Chairman ROCKEFELLER. Now that's very important and very interesting because what we are looking for is the non-politicization in an increasingly either political through the—I don't think the Republican-Democratic sense so much—but turf sense, which you have referred to in your statement several times, that if you put somebody in the Cabinet, there is ingrained throughout our history a sense of loyalty to the President of the United States. In other words, people always rise when he comes in and—or she—whatever.

Bob Mueller doesn't sit on that. And you know, Bob Mueller is a pretty brainy, efficient guy. I'd like to know what your sense of the balance is between having somebody with the symbol of being in the Cabinet and therefore purportedly having the ear of the President or being able to interrupt Cabinet discussions—which I guess aren't that regular—as opposed to the loss of perceived independence that he or should would have as a result of being on the Cabinet.

Senator FEINSTEIN. Thank you, Senator.

Look, we live in a certain world. And the key is how the individual functions in the world. You can give the individual, if you choose, a 10-year term and make it a term appointment or you can make it a pleasure appointment—either way.

But my view is that seminal to protecting against another attack on our homeland, seminal to be able to defeat the myriad of terrorist groups that are growing across the world, is someone that can really permeate the entire culture with what we need to know, the culture of the executive branch, that no longer is a President going to be the victim of a daily Presidential brief or a one-page national intelligence estimate. There is somebody right there with him all of the time that has the full feel and scope of the entire intelligence community.

I think that is real important. I mean, what all of us know is happening out there, even in our own country, we've got to change the structure. And it really bothers me that you have—sure, you can have a DCI send out a policy brief, but what I have found is that most of these agencies are pretty remote from what we do. They're pretty based in their own kind of bunker mentality. And I think having that strong manager that holds everybody accountable and has the power to do it, I think it can break through in a number of different areas.

At the very least, we should try it.

Vice Chairman ROCKEFELLER. And that leads me to my second question, which is also philosophical. There are kind of two schools of thought, and you are in one of them, I believe.

Senator FEINSTEIN. Correct.

Vice Chairman ROCKEFELLER. And I think you may be right. That is, one looks in Congress and if anybody is culpable, we certainly have to share in that, because if you talk about turf wars, we surely have them—what is it, 56 people that oversee intelligence? Sort of ridiculous—is that you either decide you're going to put forward a bill which challenges the traditions of Congress and the way things are done here; that is, let's say a top down, the way a corporation could do it through a vote of, you know, its 12 members. And it would become the operation of the corporation. That's why you have CEOs. It does make sense.

In government, things get very much more complicated.

So you have these sort of two decisions. One is, well, I don't think we can ever get that 80 percent of the Defense Department. And so, if we put up a bill which is predicated to do that in one way or another or to get parts of it or whatever, that they will fight it, that the President will back up the Secretary of Defense. And that it will go nowhere.

And the other is, well—and we learned this from the 1991, 1992 health care fights—you try to do too much and it fails, and so you then go incremental. When you go incremental, you kind of lose the attention of the Congress and the American people and the folks that report on such, and you don't get much done.

So the question I would have for you is, it may be—and I think this is your thinking—that post-9/11, we've got to go for the whole thing and in a sense put all of those people who will judge us in the Congress and those who surround the President and finally the President online, that we need to make an unpopular, not entirely defensible, but wholly different change, dramatic change, and that this is the only time we'll be able to do that.

And the other school is that that is where you start and then you come back from that a bit because ultimately what counts around here is making changes which improve the safety and security of the American people. And if that isn't the whole loaf, then surely it should be part of the loaf.

And I'm just interested in your reaction to that.

Senator FEINSTEIN. Well, I happen to agree with you in that. You know, we have changed our laws. Senator Hatch, Senator Durbin, Senator Chambliss, Senator DeWine, I, we all sat for weeks reviewing the PATRIOT Act, making substantial changes in that Act, brought about by the need to change law for this new world that we're in, to try to bring it to the terrorist cells and be able to mix it up and get the knowledge that we need to prevent another attack on the homeland.

But we haven't really changed the Cold War mentality that determined how these agencies grew. If I were President, Republican or Democrat, I would want to have a powerful head, one head, of the agency. I'd want him sitting at my right hand. I'd want him advising me all the time. I'd want him to talk at a Cabinet meeting and let departments know exactly what's happening, the things that he can share.

And we don't have that today. And I don't understand how a George Tenet could run an agency like the CIA, be the main adviser to the President, come down and talk to us and still be head of the intelligence community. To me, there isn't enough hours in the day to do it right—to hold the meetings, to sit down with the managers, to say a month ago I gave you this charge. I haven't heard. What are you doing? Why aren't you doing it?"

I think we've got to mix it up big time in this new world that we're in.

Chairman ROBERTS. Senator Levin.

Senator LEVIN. Thank you, Mr. Chairman.

Senator Feinstein, first of all, let me thank you for your commitment, extraordinary testimony and knowledge. You really bring us a breadth of knowledge here which is important, and a willingness to shake things up. That doesn't mean necessarily we should shake them up in your direction, but a willingness to do that, if it's called for, is essential here.

It seems to me that some of our goals ought to be as follows. One is independence. I do think we want somebody who will call them as he or she sees them in terms of intelligence, free from pressure from policymakers to support whatever the policy is, but a willingness and an ability to say this is all the intelligence that's available to us from all sources, and this is what we see.

How would somebody who is a DNI, who is in the Cabinet and therefore rubbing elbows with policymakers every day, every Cabinet meeting, be more likely to be independent in terms of the decision as to what that intelligence says than would the CIA director?

Senator FEINSTEIN. Because by statute we would make him that independent. In one of the earlier drafts of this, this was a term appointee. I think some people felt it should not be a term appointment. It could be.

I think we have to remember that a President appoints the Supreme Court independent, appellate court judges. We sit in the Judiciary Committee. We agree with it or we don't agree with it. We take a vote on the floor of the Senate. We approve it or we don't approve it.

But that's kind of our world. And I think the ability to mobilize an administration, to have a clear chain of thinking across these very departments—you know, we haven't had Homeland Security, this humongously large department, for very long. If you have a Secretary of Homeland Security added to the Cabinet, it seems to me that somebody that heads 15 agencies ought to be there, too, because these agencies are increasingly vital to the survival of our country.

Senator LEVIN. Your argument, then, is that somebody who sits with policymakers day in, day out and hears what they want in terms of policy is more likely to be able to call them as he or she sees them on intelligence matters than somebody who is separated and is called in to provide independent intelligence. That's your experience as a political figure.

Senator FEINSTEIN. No, actually it's a little different. I see this individual advising the Cabinet. I don't see the Cabinet advising this individual. What I want and what I hope we've created—and

if we haven't we should strengthen it—is giving this official all of the authority they need to really be the definitive figure.

Senator LEVIN. In addition to the independence issue, independence from the political pressure or political decision or policy decision, I think we want somebody who can consider all of the intelligence fairly and in a balanced way.

And I think your point that the CIA in almost every case, as we analyzed it, favored a CIA position over the other components of the intelligence community, is an accurate and a perceptive comment about the current shortcoming of the current structure to be able to consider all of the pieces in a balanced way.

Another goal that we have relates to who is going to be making decisions on allocations of resources. And this is an issue which particularly concerns me as a member of the Armed Services Committee.

We've got commanders out there who need capabilities and need them quite promptly. They've got requirements for intelligence collection. You've got people, let's say, in Afghanistan or Iraq who need those airplanes. And you've got an intelligence DNI who says, no, we need those unmanned aerial vehicles, those UAVs, for our borders right now. And sorry, I look at the whole picture, the big picture, and we're going to take the UAVs we've got and put them on our border. And you've got a commander out there in Afghanistan who says, we're after bin Laden. We need those extra UAVs. And we need them now.

Senator FEINSTEIN. Well——

Senator LEVIN. You, as I understand it, would give the ultimate decisionmaking, obviously, to the President. But putting that aside, you would give that DNI the correlation of all the resources. And that person sits at the elbow of the President and gives the decision as to how we would use those resources. And I think there's going to be some real nervousness in terms of some combat capabilities as a result.

Senator FEINSTEIN. I don't believe for a minute that this isn't a President's decision in that kind of a conflict—well, we can get bin Ladin, he's near Peshawar or here, and we can pick it up from the Khyber Pass or whatever it is, versus this.

Senator LEVIN. If he knows about it.

Senator FEINSTEIN. And it might happen around a Cabinet meeting. I don't know where it would happen. But clearly in these kinds of decisions, the commander in chief is going to play a role.

Senator LEVIN. If he hears about it, but you're giving——

Senator FEINSTEIN. And I don't think that's unhealthy, either.

Senator LEVIN. Okay. That is a concern.

Senator FEINSTEIN. I understand.

Senator LEVIN. Thank you.

Chairman ROBERTS. Senator, I apologize. I've been giving Senators seven minutes, but we have 11 Senators that would like to comment.

Senator LEVIN. I'd like to apologize for going over my time.

Chairman ROBERTS. No, you shouldn't apologize.

At any rate, if all Senators can be aware of the timeframe of five minutes. I apologize for that, but we do have a 11 Senators that

wish to as questions, and we have a very distinguished panel. And we do want to get to that.

Senator Chambliss.

Senator CHAMBLISS. Thank you, Mr. Chairman.

Senator Feinstein, thank you for bringing this issue to a head and for giving it your usual thought process that you always bring to the table.

What has bothered me about the concept of the DNI from day one is that we avoid creating another level of bureaucracy that is simply one more filter between raw intelligence and what gets to the President of the United States, and also how that information is used and acted upon.

As I understand what you have said your bill does, it creates a Director of National Intelligence and makes agencies now that may be responsible to the Secretary of Defense responsible to the Director of National Intelligence. It makes the director of CIA responsible to the Director of National Intelligence and probably these other 20 or so agencies that have some piece of the intel community responsible to that one person.

Now, that in and of itself, it bothers me a little bit that I think we do create another level of bureaucracy. But let me ask you this. Why wouldn't you just simply give the Director of Central Intelligence more power and authority, make that office the true director of national intelligence—if that's what you want to call him—move the domestic intelligence obligation from the FBI into the CIA, remove from the DIA any duplication that may be ongoing over there under the Director of National Intelligence or Director of Central Intelligence, whatever you call him?

Why couldn't we coordinate all of these entities that currently gather intelligence under the CIA, give the Director of CIA that budgetary authority which you're alluding to—and I think that's critically important and I think you've hit that right on the head—and require that person to be responsible rather than creating another level over and above the current director of CIA?

Senator FEINSTEIN. I spent a lot of time reading our report, you know, particularly before it was redacted. And if you look at how judgments were put together, for example, the aluminum tubes where the Department of Energy analysts who really would be in a position to know about aluminum tubes for gas centrifuge enrichment of uranium and to hear that the Energy Department said that they were not suitable for that purpose, and yet the CIA view prevails.

To hear that with respect to the unmanned aerial vehicles where those who would have the best knowledge, like the Air Force intelligence, who said they were most likely to be used for targets or aerial reconnaissance, and then to have the CIA view prevail, indicated to me that to have one person doing both of these jobs doesn't work.

If the proof is anywhere, it's in this pudding. Because every time there was a disagreement, and there was no real way to reconcile these differences, so what we got was a document that was not accurate.

And I think if you put every agency on fair and equal footing and you have one skilled manager—now, it is true a lot will depend

who and the talent and the determination of the one individual—but assuming there is such an individual out there, and I believe there are probably more than one, then it's really going to be his management in this difficult world and the degree to which he brings real expertise in how to go about it. I just don't think you can do both jobs. And I think the NIE was the conclusion that said you can't do both jobs in this new world.

Senator CHAMBLISS. Under your bill, who would brief the president?

Senator FEINSTEIN. The DNI.

Senator CHAMBLISS. Thank you, Mr. Chairman.

Chairman ROBERTS. We thank you, Senator Chambliss.

Senator Bond.

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

I'm going to try to give a little bit of time back. I appreciate very much the thoughtful presentation that the Senator from California has made. I think we've raised a number of very important issues. And I have some real problems saying that we ought to start out with going to a totally new structure with a DNI.

Having had some experience running a much smaller executive branch, I find that the power usually goes to the people that have the bureaucracy. And with the Department of Defense being a very large part of this operation, I might say that a simplistic solution would just be to make the Secretary of Defense the head of all intelligence, because that person has the resources.

I don't think that flies. I am concerned about trying to bring together all of the different agency intel expertise under a separate heading because I think there may be intelligence that is very important in the entity in which it resides. I think the Defense Department would say if all of their intelligence assets were directed by a Director of National Intelligence, they would be very much concerned about the flow of information from the tactical to the strategic on their side.

So I appreciate your bringing it forth. I hope we don't go take one particular step. I think we need a lengthy review of the entire process, weighing all these issues.

And, Mr. Chairman, if either you or the Vice Chairman can carry a tune, it is Senator Mikulski's birthday, but I won't be so bold as to begin the singing.

Chairman ROBERTS. That information was classified, Senator Bond. [Laughter.]

At any rate, the chair would like to recognize the birthday girl.

Senator MIKULSKI. Well, thank you very much, Mr. Chairman. Certain aspects of that are classified. And if anybody reveals it, they'll have to report to me.

But, first of all, Mr. Chairman, I really want to thank you for convening this hearing. I hope that it will be the first step of many, but you've really responded to our call for not only reform, but for transformation. So thank you very much as well as our ranking member, Senator Rockefeller.

I'm going to come to Senator Feinstein in a minute, but I want to note our other panelists. And if I could, just an experience with General Odom. When I was a freshman Senator, I visited the National Security Agency, located in my own state, with regularity—

it was during the Cold War; it was during the Reagan administration—but so that I could really be briefed on the issues related to national security and ending the Cold War. General Odom was a great teacher.

And I look to him now, as we did then. And the service that he did for this young Senator at the time, really I think will be very valuable to us.

Senator Feinstein, of course you're known for your thoughtfulness and your due diligence about the way you go about legislation. And I think you're onto something here, and happy to be a co-sponsor.

Here are my questions, because I think we'll all agree, we don't want more bureaucracy. We've had a dismal experience with the drug czar concept. But in the actual, day-to-day operations of a DNI, how would you see this interacting with the Secretary of Defense and particularly a big agency like the National Security Agency or NRO? Or is he or she just going to be someone trying to blow a feather across the table?

Senator FEINSTEIN. Thank you very much, Senator.

In the first place, I know one of my own newspapers, the Los Angeles Times, had an article, "Feinstein Touts Intelligence Czar." And it just makes me shiver, because there's a huge difference between what we're proposing and a drug czar.

The drug czar had no real authority. You and all of us know that. It was an office, but it didn't have the budgetary and statutory authority that's really required to have any degree of clout here. And we have tried to change that.

You see, I guess I look at governmental entities as having to be managed, and that management is all important. Each one of these agencies would have their own head, but the heads would meet periodically with the DNI, strategize, prioritize, discuss, have the interchange of information across the spectrum of agencies.

And I really think that's important. In this business, you know, we're all very proud that the stovepipes are being broken down, but I would suspect that every one of us has come upon a situation recently where there were stovepipes and where information wasn't conveyed. And a lot of it is explained in this report.

So I think if you get somebody that's going to actively manage the agencies, that that will go a long way to delivering a better intelligence product.

Let me make one other quick point, and I can't go into this in any detail. But we all know when we do our budget and we look at satellite programs, that one or the other of us have questions about one or the other program. You've got to have somebody that crosses all of this and has the knowledge to take a look at what's in the pipeline, what should be followed through with, what shouldn't, what adjustments should be made, because the world we're in now is different than the world before 9/11. And I'm very concerned that, you know, these are tens of billions of dollars items, and we sure as heck better know what we're doing.

Senator MIKULSKI. Well, thank you. I think that clarifies some questions.

Thank you.

Chairman ROBERTS. Senator Hatch.

Senator HATCH. Well, I want to thank you for your thoughtfulness and the efforts that you've put forward. And I give you a lot of credit for that. However, I have a lot of difficulty seeing how this is going to change very much. And I also—having been here 28 years, I've seen great CIA directors and some who haven't been so great, but all of whom have tried and all of whom deserve credit for their devotion to our country.

I'm just very concerned that if we create another layer of bureaucracy, we may just be not getting anywhere at any time. Most people didn't realize that the CIA director only has about 20 percent of the budget and yet has 100 percent of the criticism that comes. And I think a lot of people have come to the conclusion, too, that part of the problem has been through the years Congress itself—continually critical, but never really giving the backing that the whole intelligence community needs in so many different ways.

And there's a risk aversion, in my opinion, that has arisen out of that that makes the bureaucracy even more bureaucratic.

And I know that's what you're trying to overcome, in part. And I respect you for that. I'm going to really study this and hopefully we can arrive at a conclusion that will help our whole intelligence community to work better than it ever has before.

But I think we ought to re-evaluate Congress, too, and our role, and see if we're part of the problem. I can just guarantee you we are. And see if we can find a way of having the Intelligence Committee work in an energetic and efficient and effective way, compared to some of those times when it hasn't been as energetic, efficient or effective.

But in any event, I want to thank you for your thoughtfulness and for your desire to make things better. And to the extent that I can help, I certainly will try. But I'm not sure that this is going to make the intelligence community any better. A lot depends on who's picked for these current positions and how well they manage those current positions.

Like I say, I've seen them managed very, very well. And I've seen them where they haven't been managed quite as well. But all have been dedicated in their efforts and have tried.

Thank you, Mr. Chairman.

Chairman ROBERTS. Senator Durbin.

Senator DURBIN. Thank you very much.

Senator Feinstein, thank you for your contribution to this. And I think most of us believe that since 9/11, as we've looked at the intelligence community and capacity, with our reports and others, that the wheels have changed and the wheels of reform grind exceedingly fine and exceedingly slow.

And even our best intentions, creating new departments and trying to merge cultures, trying to bust up the stovepipes, I continue to feel great frustration that there's still so much more to be done, even in light of 9/11, which leads me to my next concern.

What we're talking about with new legislation is building boxes, moving boxes, on the organization chart. And I'm wondering if, at the end of the day, even if we come up with a rational approach for reform and for restructuring the governance of intelligence, whether we still don't have a couple very fundamental problems.

And let me point to one. This new Cabinet-level person, this DNI, is a person who will have to bring some extraordinary talent to the job. We have usually kept the director of the CIA in the shadows of the highest levels of government, with the exception of President Bush's father. I asked the staff to think back to someone who was clearly a political person who ended up in that position, and there haven't been a lot of them. Some of them may have had political skills, but may not have had the personal political experience.

Most of us feel that we want to keep politics out of this equation. We want the CIA to be objective, dispassionate, honest, accurate, even in the face of political opposition. And yet it's hard for me to imagine someone sitting at that Cabinet table who wouldn't have political skills or need them to survive in that atmosphere.

And I'm wondering if we're not creating here a tension, between professionalism and political skills in the person that we're seeking by going to a Cabinet-level position. That's one of the things that crosses my mind, and I'd like your thoughts on it.

The other thing I would note is I'm just about finished with the biography of Sargent Shriver—which I recommend; it's very interesting—who with the ear of first President Kennedy and then President Johnson was given extraordinary responsibilities—create the Peace Corps and let me know when it's ready to go; create the war on poverty and tell me when you're ready to launch.

And he brought exceptional skills, a lot of luck and a lot of trial and error before it finally worked. And even with the backing of the president, it was hard to create these agencies anew, fighting with existing agencies and the like. It just reminds me again of how much we are vesting in the person that we're looking for, what kind of skill set.

The last point I'll make—and I think Senator Hatch referred to it—I think before we go looking for the enemy, we ought to look internally when it comes to reform. We need to do an extraordinarily better job here in oversight. We need more staff, more resources. This is a very demanding committee, but a very rewarding committee, and if we do our job right, it protects this country. And I hope that as we talk about reforming the intelligence agencies, we won't forget our own need to reform from within.

But could you address this idea of the Cabinet-level person, political skills, and nonpolitical nature of the job?

Senator FEINSTEIN. I think whomever it is, even if you don't pass this, a new DCI will be appointed. And he will be appointed by a President. And that President will have a relationship with him, not necessarily other departments, but that President will.

And the problem that various Senators are speaking of, including yourself, Senator Durbin, is inherent in the present situation. What the beauty of this is, not another layer of bureaucracy, but a strong central manager who has clout, who doesn't have to depend on wheedling his way one way or another. But he's got the budgetary and the statutory authority.

He can come before us. He's a part of the Cabinet. He mixes it up. I mean, I just couldn't comprehend him being used in this situation. And if he were, I don't think he'd last very long.

So my vision is a very much strengthened figure, but a very knowledgeable figure. I mean, I happened to have liked George Tenet very much. I think he was smart. I think he was good at what he did. But to have said the intelligence, if in fact he said say that, was a slam-dunk either showed me he didn't know what it was or some very bad decisions were made.

For example, how can you put the Secretary of State out before the world on mobile labs with four discredited sources? That alone, to me, is enough to change the whole bloody system. Before the world, at the United Nations Security Council—that can never happen again.

Now this is, you know, a four-star general, who has an impeccable career, whose integrity and credibility is a 10 on every scale. How can this happen? But it did.

And so what I want to do is see that doesn't ever happen again, that there is the red-teaming, the peer review, that agencies reach out, that there's adversarial discussion of intelligence and that we don't look like the gang that can't shoot straight.

Chairman ROBERTS. Senator Snowe.

Senator SNOWE. Thank you.

Chairman ROBERTS. Shooting straight.

Senator SNOWE. I'll try.

Thank you, Mr. Chairman. And I too, want to thank you as well, for holding this very critical hearing, which I know will be one of many as we begin to evaluate the need for reform and the types of changes that are absolutely essential.

And I couldn't agree more with my colleague, Senator Feinstein. And I want to applaud you for your longstanding leadership in spearheading this initiative for major reform. And I'm delighted to be able to join you in this effort. And I thank you for what you're doing in underscoring the fundamental need for a major overhaul and restructuring of our intelligence community.

I certainly was left with the inescapable conclusion, after we went through our year-long investigation on the prewar assessments concerning Iraq and stockpiled weapons of mass destruction and postwar realities, it left me with one final thought, and that is that we needed real reform within the intelligence community to function as a community.

And the fact of the matter is, we need a Director of National Intelligence to provide the coordination and the information sharing, the analysis, in a systematic and synchronized way and not in an ad hoc fashion.

I believe the DNI will facilitate an atmosphere of objectivity, connectivity, information sharing. And as you mentioned, some of the startling facts that were revealed as a result of our intelligence investigation, one is, there was not the sharing of information concerning the credibility of the biological weapons analysis and the sources that were used for that assessment; it wasn't shared with other analysts in other agencies.

We found that the Director was not informed of the dissenting opinions in other agencies with respect to the aluminum tubes. The fact is, that debate started internally back in 2001. It was almost a year, if not more, in 2002, that the Director became even aware of those conflicting opinions.

And again, when you're talking about the CIA Director, who is the principal intelligence adviser to the President of the United States, he has to be totally informed.

But those issues weren't joined at his level until the end, for a month or two before we voted on the Iraqi resolution or the assembling of the national intelligence estimate, which didn't happen until the request of Senator Durbin and our other colleagues on the committee, about three weeks prior to our consideration and votes on the Iraqi resolution granting the President the authority to go to war in Iraq.

It seems to me that here we had a threat over a decade, went to war already, that we already should have had a collection, an accumulation of analysis with respect to Iraq. But we depended on foreign sources. We relied on other liaison sources that obviously, as we discovered, were less than credible.

So all told, I think that frankly, for those who suggested that we can't have major reform, are opposed to this idea, really have the burden of proof to suggest why not, because I think the time has come that we really do have to overhaul the community.

So I appreciate all that you are doing in this effort. And I think, if anything, we have to explore the issues that will invite the kind of change that's going to be essential to moving this legislation in a direction that's essential.

Would you not think that in terms of information sharing and accountability, that a Director of National Intelligence would enhance that approach, not lessen it?

Senator FEINSTEIN. Thank you, Senator.

Mr. Chairman, just follow the women on the committee. [Laughter.]

Chairman ROBERTS. I get mail saying "Ms. Pat Roberts"—you never know.

Senator FEINSTEIN. Thank you, Senator.

Chairman ROBERTS. Senator Hagel.

Senator HAGEL. No questions.

Chairman ROBERTS. Senator Wyden.

Senator WYDEN. Thank you, Mr. Chairman.

Senator Feinstein, I think this is an important concept that you're advocating. And most of the opposition to what you're proposing seems to me to be mostly theoretical. And I want to get your opinion on this.

When we are at war and our troops are in harm's way, it's clear we're going to support the troops and we are going to be very sensitive to the concerns of what the military is seeking. But what the Iraq review shows and why I think your bill is important it that America isn't getting the intelligence the country needs before we go to war.

Is that really what you're trying to accomplish in this legislation? Let's set aside the theoretical. I think the points that Senator Levin and others have raised—the Chairman has raised—I think are very valid. And I certainly want to make sure that when our troops are in harm's way, they get everything they need and that we're very sensitive to the military.

So I think that the idea of conflicts with DOD are mostly theoretical. What's not theoretical is what our review showed, is that

we absolutely have to beef up the intelligence we're getting before we go to war.

And why don't you outline, using the short time I have, why you think your legislation would do that.

Senator FEINSTEIN. Well, I think that's right, because we had a deeply flawed process where intelligence was both bad and wrong. At least up to the present time, I think that's certainly the case. And we made a huge policy decision based on that.

I can only speak for myself, and perhaps this is why I feel so strongly. That's why I voted to authorize use of force. And if you really think about it, any doctrine of preemption is dependent upon accurate information, accurate intelligence. And if you don't have that accurate intelligence, and it isn't fleshed deep and actionable, you're behind the eight ball from the beginning.

And I think we have to take very seriously what was a massive intelligence failure. I don't really think anybody is to blame for it. The more I looked into it, it really was the processes and the structures of how things were done in this new world.

And again, that may have been all right in state to state kind of intelligence where you're kind of on level playing fields. But when you've got cultural, language issues, a dictatorial country, you can't place agents, you're dependent on the other countries for intelligence, Senator Roberts used a term groupthink, which really boils down to an over use of assumption—because X existed and the shell of X is still there like Fallujah 1 or Fallujah 2, therefore, these factories must be making X, Y or Z.

We can't afford that any more.

Senator WYDEN. I would only say in conclusion, I think this goes to the point you were making, Chairman Roberts. I just think it's important not to see this as a zero-sum game. When you listen to the debate in the past, the idea is if you give the intelligence community to do the job right, somehow you're taking away authority from the military. I don't think that's right. I think this gives us a chance to have a win-win, do a better job of intelligence and making sure that when our troops are in harm's way, we're still sensitive to the military.

Thank you, Mr. Chairman.

Chairman ROBERTS. Senator Feinstein, we thank you very kindly.

Senator FEINSTEIN. I thank you, Mr. Chairman.

Chairman ROBERTS. We have some questions for the record, and I'm sure that we can work those out and get the appropriate answer, more especially in regards to budget and the existing authority that the DCI now has.

We turn now to our distinguished second panel waiting patiently. It is the first of many and gentlemen, I would not be surprised if you were asked to make a return engagement. This panel is a who's who of expertise in national security. Please, just have a seat.

Our witnesses are Dr. John J. Hamre, who is president and chief executive officer of the Center for Strategic and International Studies.

Welcome, Dr. Hamre.

Dr. HAMRE. Thank you, sir.

Chairman ROBERTS. Dr. Hamre has served in senior positions in both the legislative and executive branches, including a stint as the deputy secretary of defense in the Clinton administration.

Dr. Hamre is joined by Lieutenant General William E. Odom, United States Army, retired. General Odom is a senior fellow at the Hudson Institute, but he has served in nearly every national security setting imaginable since graduating from West Point in 1954. He's best known to the committee as the director of the National Security Agency from 1985 to 1988. He is also the author of "Fixing Intelligence for a More Secure America."

Finally, we're joined by Mr. Jim Woolsey, who is a vice president at Booz Allen and Hamilton. His prior service, however, as the Director of Central Intelligence during the Clinton administration gives him a unique perspective on the reform issues we'll be discussing today.

Gentlemen, thank you for being here today. Thank you for your patience.

Dr. Hamre, you may begin.

[The prepared statement of Dr. Hamre follows:]

Testimony before the
Select Committee on Intelligence
United States Senate

"Reform and Reorganization of the U.S. Intelligence Community"

July 20, 2004

A Statement by

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Chairman Roberts, Vice Chairman Rockefeller, thank you for inviting me to testify before the Committee on this crucial subject. I believe we are in the middle of a near-constitutional crisis. America is coming to question the credibility of an intelligence community that we cannot survive without. It is not an exaggeration to say that the nation's future security rests in your review and actions. I am honored you have asked me to participate in this review.

I am humbled to share this hearing with two fine public servants who have extensive experience in the intelligence field. They are genuine experts. I am not. I was always a consumer of intelligence products, never a producer of those products. Therefore to be helpful to the committee, I propose to offer a few observations based upon my experience in government. My goal is to give you a sense of my perceptions of the salience and credibility of intelligence products when real decisions have to be made that affect the lives of civilian and military personnel. With that, I will try to offer brief comments on the key questions you are considering.

Isolated by definition

Let me begin with two general observations. First, as I reflect on my time as the deputy secretary of defense, I am often reminded of how isolated I was in that position. Let me explain this. I had a fabulous staff. I was never denied anything I requested. Organizations and individuals actively sought to get on my calendar to tell me of their work. I was inundated by paper. Every night I took home a sample case of paperwork.

Having said that, anyone who serves in these positions is very isolated. This is a product of several factors. First, the volume of material that comes to the secretary or deputy secretary is enormous. It has to be channeled for efficiency. Someone who works for you is deciding if you need to see it and when you need to see it. This is not a bad thing. This is just a fact of life.

Second, everyone who meets with you or sends you a piece of paper is trying to create a positive impression. Again, please do not take this in the wrong way. You hear lots of bad news as deputy secretary. But the Defense Department is a command organization and people want to be seen as constructive in accomplishing the mission of the department. This means that subconsciously, and even consciously, everyone who briefs you wants to be seen in the best light. Before they walk in the door, they ask their colleagues and themselves, "What is he interested in? What sets him off? How do we discuss this so as to get a constructive outcome from the meeting?"

These are not cynical manipulations. These are just the logical actions of dedicated individuals who have very limited time and access to decision makers and want to make the best of the time to get a constructive outcome. To their credit, it is also a demonstration of their appreciation for the limited time of the individual they are briefing. An uncomplicated and direct briefing is most productive for all involved.

I make this observation in order to draw a very simple conclusion. When you are insulated by staff, it is crucial that you realize that your actions and attitudes determine what

information flows to you. I found that I had to be careful not to distort the intelligence I received by the way I asked questions and the way I reacted to information. Because of the conditions I described, which are inherent in huge bureaucratic institutions, I found that I had to be very careful in how I interacted with people and organizations. People would shape what they told me based on how I interacted with them. If I reacted harshly when presented with bad news, future meetings could be tempered with overly optimistic perspectives that distort the situation. If I expressed interest in one subject, the briefer would take note and that aspect of a problem was always emphasized in future briefings.

I do not believe it is intentional, but the information you get is affected by the attitude you adopt. I don't know that this shapes analysis, but it does affect the way it is presented to you.

The quest for certainty

The second general observation I would make concerns what philosophers call epistemological questions: how do we know what we know, and how good is the information that comprises this knowledge? It is reliable? Is it true? This is the core of the intelligence community's problem. The intelligence analyst is always working with fragmentary information. The question is this: a fragment of what? Does the information represent a key fact that unlocks an understanding of a development, or is it unrelated to the hypothesis under consideration?

In relationship to this quest for certainty, I observed two phenomena when I was in government. First, I noticed that fragments of information gained greater certainty the farther away they were from the intelligence professional. The intelligence analyst is usually careful to note the reliability and timeliness of the intelligence "fact," but the qualifiers of the fact are often summarized and often dropped as the intelligence briefing moves up the decision-making ladder. A data element of questionable reliability can gain credibility as it rises through the intelligence hierarchy until it becomes authoritative evidence. This does not mean that the intelligence fact was wrong. It does mean that there is a tendency to bestow greater credibility to the data the more removed the data is from the intelligence professional.

Second, I noticed that once a general proposition was accepted as valid, it was usually repeated without question in subsequent analyses. Group consciousness develops in the intelligence and the policy world when basic propositions are accepted as true. As we saw recently, the entire intelligence community and the policy community—and I include myself here—were convinced that we would find major stocks of weapons of mass destruction in Iraq. We have not. This demonstrates that a group consciousness can overcome the intelligence and policy world in the quest for certainty in what is inherently an uncertain enterprise.

Implications for intelligence use by policy community

In light of these phenomena, which I believe are inherent in large bureaucratic institutions and in the intelligence enterprise, what should we do? How do we insulate ourselves from the problems that we confront as a consequence of these factors?

I realized when I was in office how dependent security leaders are on our intelligence community. Because we are so dependent, we must insulate ourselves from the adverse conditions as much as possible. One of the most important ways to do that is to insure competition among analysts. To accomplish this, we need redundant analytic capabilities in our intelligence community. We need competing organizations that report to different bosses in the federal government so that we *profit* from the competition that is inherent in bureaucratic politics.

This will not insure that no mistakes will be made--witness the errors we made concerning WMD in Iraq. But, it is one of the important steps we can take to bring as much dispassionate analysis as possible to inherently uncertain questions.

Second, in order to counter the instinct toward "groupthink", we must augment the intelligence process through so-called "open source" methods. We must have, of course, classified research. But, I believe "open source" methods serve to broaden the perspectives of those who work within the confines of classification. The intellectual community advances through open competition of ideas. It is hard to do this in an intelligence community that is already limited in size and necessarily constrained in terms of work product. Analysts in the intelligence community need to interact with the wider ideas community, and the only feasible way to do that is for the intelligence community to create "open-source" disciplines to parallel classified work.

Third, all of us in policy community have to realize that we do shape the quality of ideas that come to us from the intelligence community by the way we interact with the community. This is not to say we should be passive consumers of intelligence product. Far from it. Because we are so dependent on the community, we have an obligation to challenge it, to understand the depth and quality of information that informs its findings. Intelligence analysts need to be asked to explicitly discuss the quality and depth of data that underlies their analysis. They should be explicit in identifying gaps and contra-proofs of their reasoning. These elements of introspection should be explicit annotations to the reports themselves, so that policymakers are aware of the constraints faced by the analysts.

Should we create a Director of National Intelligence?

You asked in your letter of invitation that we consider the question of whether or not to create a new position of Director of National Intelligence. We face a difficult tradeoff. On the one hand we want a new organizational structure that facilitates coordination so that we can—I hate this metaphor, but it is so common now—"connect the dots." On the other hand, we already have too much group-think in a fractured intelligence community. I fear bringing it all under one chief would seriously threaten what little competition for ideas we have.

Personally, I feel this is not the critical problem we face. I hearken to the experience we had in reforming the Defense Department. I was a staff member of the Senate Armed Services Committee when we developed the Senate version of what ultimately became the landmark Goldwater-Nichols Act, the most recent defense reform initiative that transformed the Defense Department. What is not often appreciated in Goldwater-Nichols, is that the Congress basically reformed the Department by tackling the "demand" side of the Department, not the "supply" side. What do I mean?

The Military Departments—Army, Navy and Air Force—are all suppliers of military forces. Heading the "demand" side of the Department are the unified commanders in the field. They are the joint war-fighters. Goldwater-Nichols fundamentally raised their prominence in the system, and the voice of the Joint Chiefs which represents the CINCs in Washington. That was what propelled reform in DoD—giving much greater strength to the voices that demand better military capabilities.

That is what I think is missing in the current debate. All of the debate on intelligence reform is still a debate about organizing the "supply" of intelligence. There is no real debate on improving the "demand" for better intelligence.

I apologize in advance to you for saying this, but I feel the quality of over sight—both here and at the White House—has deteriorated during the past 15 years. We are not demanding better intelligence products—we are arguing over the inputs to the intelligence organizations. I was a part of this when I worked here in the Senate. We spent all our time fighting over the budget details which were really the inputs into intelligence-making. We rarely evaluated the outputs and asked why we missed the mark so often.

From my standpoint, I believe the greatest need is to strengthen the demand for better intelligence. I think that needs to start here in the Congress. You have started that process with your report last week and your hearing today. But it must go beyond this. I ask that you devote attention to this question—how can the Committee systematically undertake real oversight? Would a joint-task force or subcommittee with the House strictly for purposes of policy oversight make sense? Should the Committee establish a standing procedure to consult with the President's Foreign Intelligence Advisory Board? Should the Congress appoint a "board of visitors" to oversee each of the major intelligence organizations and require quarterly reports and/or meetings with those boards on the quality of analysis produced in the community? Should you require a bi-cameral system for the National Intelligence Council, with one "house" comprised of the current suppliers of intelligence and the other voting "house" comprised of major consumers of intelligence products?

I offer these as ideas to start a much-needed debate. I advocate no specific actions at this stage because I have not through them through adequately, and have not heard from a sufficient cross-section of professionals to know whether or not these are good ideas. But I do know that we need to do something to strengthen the capacity to demand better intelligence.

Conclusion

Mr. Chairman, distinguished members of the Committee, I realize that these are modest contributions to your deliberations. I offer them based on my own experiences in government. The years that lie ahead for America will be very challenging, and we will be very dependent on a healthy and vibrant intelligence community to chart these dangerous waters. We must take appropriate steps to insure that this community remains healthy and vibrant. That is the responsibility that lies before this Committee. I am honored to have the opportunity to present my views to you, and I look forward to answering any questions you may have for me.

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

Dr. HAMRE. Mr. Chairman, thank you.

I'm a little embarrassed to be the first witness because I have two colleagues here who are far more expert than am I. I've always been a consumer of intelligence products, not a producer. Both of these gentlemen are genuine experts as producers. So it's a little embarrassing for me to begin. So I'll be very brief.

Let me first thank you, Chairman Roberts and Vice Chairman Rockefeller, for holding these hearings. I honestly believe that we're in a near constitutional crisis right now, a crisis of confidence at least, about an intelligence community that we can't live without and one that we've no longer come to trust. And it's really going to have to be through your efforts that we recover a sense of trust and confidence in an institution that we can't live without. We count on our government and we count on you to both safeguard our lives and protect our liberties. And that's what I think is at stake here. And so I'm very grateful that you've taken the lead to do this, Mr. Chairman.

Let me say, I personally have not used the words "intelligence failure." And I've done that intentionally, for a reason, because I think that it tends to lead us toward the mechanical solution to a problem. And I think that this is a much bigger problem than can be solved with a mechanical solution of rearranging the boxes on a wiring chart. I think that this is inextricably tied with how the intelligence community and the policy community have interacted and do interact. And I don't believe that they're easily severable.

So simply starting by saying it's an intelligence failure tends to lead you to a path of trying to reform the supply side of an equation. And I'll speak to this in just a moment. You and, I think, Senator Hatch spoke to the issue of the reforms in the Defense Department, and how Goldwater-Nichols was so instrumental.

But I remind everyone here—and I was lucky to be just a little staffer who was working on this at the time—that when we were dealing with Goldwater-Nichols, we didn't deal with the supply side of the problem, we dealt with the demand side of the problem. We didn't deal with the military services which are responsible for organizing, training and equipping the forces. What Congress did was to strengthen the organizations that were demanding better military capability, the CINCs and the Joint Chiefs.

It was an improved demand side that really led to the reform of the Defense Department, that really brought truly integrated operations. Goldwater-Nichols put a much stronger premium on institutions which demanded outputs, not who argued for inputs.

And I honestly think that's part of the problem we have when we're looking here at this question of intelligence reform. Far too much of the debate is really about rearranging the boxes of the supply side of the equation and far too little discussion about improving the demand side of the equation.

I'm just as much culpable of failure as anyone in this, so I don't excuse myself. But we have not spent anywhere near the time that we should be spending on saying how good is the output of this

community. We've been spending far too much of our time arguing about the inputs for intelligence.

I have to say that oversight reform really has to start up here, on Capitol Hill. I think we have to honestly say that the committees are spending far too much time arguing with each other about the various attributes of the input to the equation, rather than the quality of what we're getting from our intelligence organizations. Oversight in general has deteriorated in Congress. This area, it has, too. It's not been insulated from it.

I do not exempt myself. I was a deputy secretary for three years and failed to insist on a quality outcome from a system that I was living with every day. So I'm not exempting myself.

I would ask that you spend time thinking about how do you get better quality by demanding better quality. How do you institutionalize better demand? I hope that you consider some changes here in the Congress. In a way, I think the Intelligence Committees have simply become too big and they are spending far too much time on arguing about the inputs to the intelligence process—what should the next satellite look like? What should the receiver dish be like? What signal structure should we use for the antennas? Far too much time is being devoted to those kinds of questions, and not enough to asking why our analysis systematically misses major developments.

I think you should institutionalize that oversight in a more deep way across the community.

Senator Snowe, you've introduced legislation on creating an inspector general. I think it's an important step. How you, this Committee, connect with an inspector general, how you interact with him, I think that's a very important thing. It will help far more in driving and shaping the quality of outputs from this community.

I think we should ask ourselves, should the NIC, the National Intelligence Council, only have on it members who represent the supply side of the equation—that is members of the leadership of the organizations that produce intelligence? Should it have a bicameral approach, where you've got an equal body that's on the demand side, asking how good is this analysis, does this help me make a decision, does this help me execute a war plan? We aren't doing enough on providing demand side.

So I would just plead for the Committee to see that beyond the question of organizing, rearranging the organization of the departments, look to how good we are or how poorly we're doing in demanding better quality from a system that we have to have.

Mr. Chairman, thank you for inviting me to be a part of the day.

Chairman ROBERTS. Dr. Hamre, we thank you very much. Again, we thank you for your patience, and thank you for your very sound advice.

General Odom, it's a privilege to have you here, sir.

[The prepared statement of General Odom follows:]

TESTIMONY BEFORE THE SENATE SELECT COMMITTEE ON INTELLIGENCE

20 July 2004

By William E. Odom

Good afternoon, Mr. Chairman, and members of the committee. It is an honor to appear before you today and to offer my views on how to improve the performance of the Intelligence Community. You have asked me to address 1) the strengths and weaknesses of the Intelligence Community, 2) structural changes that might improve its performance, and 2) the concept of a Director of National Intelligence.

These questions are best answered by recognizing three distinct sets of issues.

First, the competency of the Intelligence Community.

Second, the competency of the policy-makers in directing the Intelligence Community and using its products.

Third, structural problems that can be addressed by organizational change, not just policy changes within the present IC structure.

On the first set, I can be brief. This committee's recent report on intelligence for the decision to invade Iraq is a valid assessment of the CIA, both its HUMINT capabilities and its analysis and production capabilities. They have deficiencies. They are not new. Most of the criticisms in the SSCI report were also valid in the 1980s when I was serving in the Intelligence Community. Thus I do not see anything exceptional about them.

As far as the performance of the rest of the Intelligence Community, by far its largest and most important parts, the report deals only tangentially with NSA, NGA, DIA, and the three military department's intelligence organizations. The FBI is also omitted.

All of these agencies also have problems. I am not adequately up to date on them to comment with specificity, but I am sure that other investigations, such as the 9/11 commission and the intelligence commission, will produce no less critical assessments of these agencies. At the same time, it would be wrong to conclude that they are in a desperate state of disrepair and to exaggerate their deficiencies.

The FBI, responsible for domestic counterintelligence, is an exception, in a class of incompetence all its own, needing no special investigation to convince a serious observer of its need for radical change.

On the second set of issues, the policy-makers' direction of the IC and use of its products, you have not raised that question directly in your letter inviting me today, but no assessment of the IC's weaknesses and strengths can be valid if it ignores the role of policy-makers and other users.

I would like to demonstrate the validity of this assertion by offering a historical example. It concerns the relationship between several senior commanders in WW II and their intelligence officers.

As the German Wehrmacht prepared for its counteroffensive, known as the Battle of the Bulge in December 1944, several bits of intelligence suggested that it was coming. Montgomery and his obedient intelligence officer stubbornly rejected the facts; Bradley and

his G-2 remained skeptical and passive. Eisenhower and his G-2 were somewhat quicker to sense the danger but slower than Patton, whose G-2 saw it coming several weeks beforehand, prompting Patton to initiate contingency plans to respond to it. Unlike the others, Patton was well known for his obsession with intelligence, his heavy demands on his G-2, and his praise for good work by his intelligence personnel.

Here we have a clear test: four commanders with essentially the same intelligence turned in different performances. Patton was slightly disadvantaged in being at a lower echelon than all the others with a narrower focus but far ahead of all the others in his appreciation of the impending offensive.

The late Harold Deutsch, a military historian with the US Army in WW II, in writing up this case study, shows how the dominating personalities of these commanders created an intimidating atmosphere for their intelligence officers, discouraging them from emphasizing unpleasant intelligence findings and pursuing different lines of analysis. In his words, "Whether the commanding general was on the correct or wrong track, therefore, the G-2 was likely to be right there with him. Perhaps the fine performance of Gustave Koch [Patton's G-2] was largely due to being lucky in his boss."[1]

The relevant point should be clear. When you ask how to improve the performance of the Intelligence Community today, you must recognize that it cannot be much better than the performance of the policy-makers and commanders who own it. If they sit back, as

[1] Harold C. Deutsch, "Commanding Generals and Uses of Intelligence," Intelligence and National Security 3 (No. 3, July 1988): 194-261.

Montgomery, Bradley, and even Eisenhower did, discouraging skeptical analysis, or, to use a term recently made popular, accepting so-called "unactionable intelligence," the solution is not a better intelligence officer, but rather a better commander who will demand a better intelligence officer.

On the third issue, structural reform, I support the legislation creating a Director of National Intelligence, albeit with a couple of reservations or recommendations for changes. First, he does not need budget execution authority. As I will later explain, program budget management, which the DCI has long had, provides far greater influence on budgets of the several agencies within the IC than would budget execution authority. Second, the draft legislation does not clarify how the DNI would relate to the Defense Department and to the regional commands, such as CENTCOM, EUCOM, PACOM, and others. Unless these matters are properly clarified, the largest and most important user of intelligence, the military services, will withdraw their support of the IC, and in that event, two thirds of NSA's work force disappears. The same is probably true for NGA. And the regional CINCs, never very happy with CIA's poor support, would have to create their own clandestine service. The resulting fragmentation between military operations and the national intelligence agencies is not pleasant to contemplate.

Creating a DNI, however, is not essential. The president could separate the posts of DCI and Director of CIA by an Executive Order and assign a person to each instead of following the longstanding tradition of double-hatting one person as both. In light of the reluctance of presidents to do so over the past 20 years, and

because of the desperate need to separate the two jobs, I am now persuaded that creating a DNI by legislation may be the only way it will happen soon.

And it needs to happen because it is the precondition for all other reforms. I spelled them out in my book, Fixing Intelligence, for managing both intelligence production activities and IC resources. They cannot be fully elaborated in a short statement, but I mention them here to help refute a major criticism against creating a DNI. Critics worry that he will be weak like the drug tsar because he will have no bureaucratic base and will therefore be unable to control the Intelligence Community.

Indeed, a DNI needs a bureaucratic base, and in my scheme he will have one. He will keep the DCI's National Intelligence Council and Community Management Staff. He must also be given the Directorate of Intelligence from the CIA to augment the National Intelligence Council because it must assume a much larger role than just preparing national intelligence reports. This change will leave CIA as the national HUMINT organization, not an intelligence production agency, giving HUMINT the same single-collection discipline focus as NSA gives SIGINT and NGA gives IMINT.

The Community Management Staff will also require basic restructuring, providing additional bureaucratic ballast for the DNI. And he could also usefully have an Intelligence Community staff college under his direct control. Thus the DNI position need not be lacking an organization base. At the same time, a DNI's real power is not in the size of his supporting bureaucracy but in his skill in executing three IC-wide responsibilities: program budget

management, collection management, and national intelligence production. If his staffs are not kept small and lean, they will hamper him rather than serve as his instruments for control.

Although urgently needed, these organizational changes will not ensure better IC performance. No organizational design can compensate for poor leaders. Poor organizational design, however, often prevents excellent leaders from performing well. That has been the case in the IC for a long time.

My proposals for restructuring have been described by some critics as excessively radical. In fact, they are quite moderate, based on extrapolating past trends. They follow the logic of evolutionary development long under way in the IC, building on fundamental changes made in the 1970s.

An important example is found in changes in the DCI's resource management authority, i.e., control of budgets and personnel. In 1970, President Nixon assigned program budget management responsibility for the entire IC to the DCI. Every president since has reauthorized that responsibility, at least until today. I do not know if President Bush has continued the practice. The claim that the DCI has no budget control is simply not true. He had the authority when I was the Director of NSA to change my program budget anyway he pleased.

As another example, also in the mid 1970s, the DCI created National Intelligence Officers to manage national intelligence production, i.e., NIEs, SNIEs, and IIMs. He also formed the Intelligence Community management staff about the same time. The National Intelligence Council was formed a bit later, in 1977. Thus

the emergence of an IC management structure for the DCI is not a radical change but rather a logical process that cries out for continuation.

The same is true in the collection disciplines. CIA has had control of all clandestine HUMINT since 1947. NSA was created to manage all national level SIGINT in 1952, and NIMA was created for IMINT in 1997. Thus an inchoate system of "national managers" of the collection disciplines already exists. Yet it has never been used by the DCI to implement a planning, program, budgeting system (PPBS), the kind established by Secretary McNamara inside the Pentagon to relate resource inputs to combat outputs. As long as the NRO has an independent budget, the IC cannot move to a PPBS system for intelligence outputs. Yet the lack of such a system is the source of vast waste and terrible bureaucratic struggles among the agencies of the IC.

I am inclined to believe that a DNI would create a system of national program managers because that is the only way he can assert genuine control over IC resources. Giving the DNI "budget execution authority" will not do that because the monies are already locked into spending categories when the budget becomes law. The place to assert control over resource allocations is in the building process of the program budget. The aspect of the draft legislation for creating a DNI that specifically assigns budget execution authority to the DNI strikes me as ill-advised. It is difficult to see either how he would use it or why he would want to use it.

A DNI, if one is created, should be required to complete a structural review of the Intelligence Community every five years to

ensure that additional changes are made when needed. Changing technologies often are best exploited by structural changes. We see that in the high-technology business world, and it is no less needed in the high-tech world of intelligence.

Let me end by mentioning one additional structural issue that does not seem to have gained sufficient support: counterintelligence reform. As long as domestic CI remains within a law enforcement agency with arrest authority, it will neither be effective nor shared with users that need it most. Nor will there ever be a comprehensive CI picture available. I know the popular objections to creating a national counterintelligence service under the DNI, and I believe they are based on fundamental misunderstandings. I mention this matter here because it is one more reason for having a DNI. If, in the future, serious CI reform is undertaken, the DNI system creates a roof under which to locate a CI agency where it can be properly controlled and made an effective part of the Intelligence Community.

In brief, these are my recommendations for improving US intelligence. Thank for your attention, and I am now prepared to elaborate in answers to your questions.

STATEMENT OF LIEUTENANT GENERAL WILLIAM E. ODOM, U.S. ARMY, RETIRED, SENIOR FELLOW, HUDSON INSTITUTE, FORMER DIRECTOR, NATIONAL SECURITY AGENCY

General ODOM. Thank you, Mr. Chairman. And it's a pleasure and honor to appear before you and the Committee.

I've already submitted written remarks, and I won't repeat those. I would like to pull out a point or two and give it some special emphasis.

Chairman ROBERTS. That's a rare occasion, and we certainly welcome that, sir.

General ODOM. Concerning this issue we've been discussing about the Director of National Intelligence as a new position, I long ago concluded that separating the Director of Central Intelligence from the director of CIA is essential. Double-hatting one person in these two jobs blocks an evolutionary process that's been under way for a long time, and in the intelligence community it began at least in 1970. And it desperately needs to be continued. I think it bogged down some time ago because of this double-hatting.

Now, the separation could easily be done by executive order. It does not require legislation. In fact, given the resistance to making the change, however, I've come to support this by doing it by legislation since there doesn't seem to be any other way to push it through.

That's my basic reaction. But when I look at the details of the bill in its present form, I see that they could create more problems than they can solve. And let me focus on those that I think are problems.

The DNI's budgetary authority. The bill gives him both program budget management and budget execution. Now to achieve the spirit of control of the legislation—that is, really influence where the money goes and can move it around—he really doesn't need execution authority. I think it will cause him more headaches than he can imagine and he'll rue the day he ever had it. Let me explain why.

Maybe everyone isn't aware, but there are three budgets operative all of the time. The first is the budget you're spending, which you have put in law. There is the budget that's being considered before your committees now. And there's a budget being built for the following year. If you're the Director of Central Intelligence or the head of NSA or any other, you're dealing mentally with those three simultaneously. So let's separate them so that we're clear what we're changing.

The first budget, as I said, has been written into law. There isn't much room to move money around. You can come back to Congress for reprogramming. But otherwise, once the money is locked in, it's going to be spent like you asked for it to be spent. And each department—Army, Navy, Air Force, Defense Department, Treasury, State, Energy and others—have their own accountants, controllers, who run the details of this spending process.

If one of these agencies wants to move money around above the reprogramming threshold, it has to get the DCI's permission to come over here to the Congress to get your permission. So the DCI could cut that off right there if he wants to today. Thus, I don't think budget execution authority is really what Senator Feinstein

wants, that is, in light of what I heard her say she wants to achieve with this bill.

Now, the second budget, the one that's pending before Congress, that's already locked in as far as Intelligence Community agencies are concerned. The only way to change it is by the suasion of their arguments to you. And you know more about that than I do, and I won't try to elaborate on it.

The third budget is a program budget being constructed each year in the intelligence community, in the Army, Navy, Air Force, State Department, et alia, for submission to OMB and then to Congress.

Secretary of Defense McNamara, you may remember, introduced a planning, programming budgeting system, or PPBS, for constructing this budget in the Pentagon. It gives the Secretary much greater influence on the allocations than a line item budget does because he can line up the money inputs against combat outputs. Now, prioritizations go on all year long in the various programs he's established to see how better to get the money lined up behind the policy outcomes he wants.

The real influence over resource allocation is exercised in this process, not in budget execution. If the DNI is to exercise budget influence, this is the place to do it. Curiously, the DCI has had this influence for a very long time. In principle, he had it in the 1947 Act. But since there was no PPBS idea at those times, he really didn't have a very sound basis for using it.

But I know for certain that President Nixon signed the memorandum in 1970 giving him program budget authority, and that every president since then has reaffirmed that in a new memo. And I think Nixon probably did that because he was responding to the fact that McNamara had left this system embedded in the Defense Department. He probably used it for building the National Foreign Intelligence Program.

The problem has been that DCIs have not used that authority effectively. They have never established a system of program managers who could relate program inputs to program outputs. And the big obstacle has been the NRO's independent budget, which means nobody can stand up and speak for and allocate and talk about trade-offs within imagery intelligence or within the signals intelligence, nor is there a program where a single program manager looks out for the analysts.

We were discussing earlier the fact that poor analysts never get looked after. That is true because there's no program management above each independent part of the budget for analysts, nor is there a program manager for counterintelligence that has the authority to move the program monies around, seeking better output performance.

Now, that's the obstacle. Until the DCI uses his management authority, I don't see how giving him more authorities on paper can do anything but worsen his relationship with others departments and agencies.

The second problem I see concerns the DNI or the DCI's relationship with the military services. The military services are the largest and most critical consumers of intelligence in both peacetime and in wartime.

And over the past 20 years, we have achieved something I never thought we could achieve when I was looking at the intelligence community in the 1970s. National level collection has been linked in through technology to support tactical level collection. This first happened in the SIGINT world. It should now be happening in the imagery world as well. It has not happened, to speak of, in the HUMINT world, and interestingly because CIA does not like to work for regional commanders under a CINC's operational control.

Now there is integration over turf boundaries between the National Foreign Intelligence Program and TIARA, although probably not yet enough. There are people in NSA, probably in the National Geospatial-Intelligence Agency, who don't like that integration. I know when I was the director, I had to resist such internal opposition at NSA. But progress was made.

Would a Cabinet-level DNI have the effect of fragmenting the national level from the tactical level in that regard? I don't know. Maybe not. I would pay attention to that possibility.

Another dimension is the connection between the DCI, CIA and the military services concerning special activities—i.e., covert action and paramilitary operations. I can't go into this topic in detail in an unclassified forum. Just let me say that anyone with experience in it, if he looks at the draft legislation, he would see potential for serious bureaucratic clashes and dysfunctional behavior, greater than what we have experienced without overcoming it in the past.

Now, to some degree, these problems will also exist if you just separate the DCI from the Director of CIA. I don't think they are reasons not to do so. I think these are just areas you need to be careful about damaging to make sure that you solve them properly.

Let me end saying that I don't think you can do effective reforms unless you separate these two jobs. I think the best metaphor for the problem of double-hatting is to see the DCI as having meant to have been the teacher on the playground and the directors of the other agencies as the kids.

Now when the DCI is double-hatted, he becomes one of the kids and fights with them. What you're really asking for is, as I heard Senator Feinstein describe it, is for the DCI or DNI to stand up and be the teacher. And I don't think that adds another layer of bureaucracy. The bureaucracy is already there in the IC staff, the National Intelligence Council and a couple of committees. The problem is that this bureaucracy is just not doing its job.

Now, let me add an additional point, which you didn't bring up in this discussion, but I want to take this opportunity to get on the record, and that is counterintelligence. The so-called MI–5 model is not a good solution. MI–5 has serious flaws. A separate national counterintelligence service does make sense. Any counterintelligence agency that has arrest authority will never rise above being a police agency. Police agencies are users, not distributors of intelligence.

You can see that in the Navy's Naval Investigative Service and the Office of Special Investigations in the Air Force where criminal investigation and CI are combined, and then you see it separated in the Army. The Army has poor performance cases, but it's also had some good performance cases, attributable in part to separation.

Also, this relates to having a DCI or DNI separate from the Director of CIA. If you created a CI organization sometime later, there's no place to put it but in competition with the CIA, without a referee, making this present intramural game in the IC even worse. If the DCI is separate, you put the new CI agency at the same level as the CIA and the DCI or DNI.

Let me end by saying I think organizational reform will not ensure competent performance, but dysfunctional organization can prevent good leaders from turning in good performances.

Thank you.

Chairman ROBERTS. General, we thank you very much for your very comprehensive statement based on a great deal of experience.

Mr. Woolsey.

STATEMENT OF R. JAMES WOOLSEY, VICE PRESIDENT, BOOZ ALLEN HAMILTON, FORMER DIRECTOR OF CENTRAL INTELLIGENCE

Mr. WOOLSEY. Thank you, Mr. Chairman, Senator Rockefeller, members of the committee.

I would note one matter in my biography that may be relevant here. When I was general counsel of the Senate Armed Services Committee in the early 1970s for Senator Stennis, I was one of three congressional staffers who was responsible for the staff work on oversight of the intelligence community. And I know something of the difficulties of oversight and what an important job it is and what an important thing it is to do it well.

Let me just address two issues here this afternoon—first of all, the wisdom or lack thereof of splitting the current job of the Director of Central Intelligence into an official who is the head of the CIA and a separate official who is, let's say, the Director of National Intelligence; and, secondly, what the effect would be on our ability to do some things right that we have not done right in the past.

It's about sort of a 60–40 proposition. I believe that splitting the current job would be a wise decision. I say 60–40 because I don't think this is one of those issues which is absolutely clear-cut. I think there is a risk of layering and adding an added bureaucracy, as several Senators have suggested.

And I believe the job could be done by one individual in ideal circumstances. What I mean by ideal circumstances is if the current Director of Central Intelligence had a close and cordial working relationship with 10 people—the President, the Secretary of Defense, and the chairman and ranking members of the oversight committees and the Senate and House Appropriations Subcommittees.

But you need all 10 of those. I had eight. I didn't have a bad relationship with President Clinton; I just didn't have any relationship at all. And I believe I got along reasonably well with seven of the eight senior members of the committee in the Congress. But it's no secret that Senator DeConcini, the chairman of this committee at the time and I agreed on virtually nothing over a two-year period.

Partly as a result of that, Congress was in session 195 days my first year in the job, in 1993. And I had 205 appointments on the Hill. I was up here an average of more than once a day. I'd say

three-quarters of that was attempting to restore funds for satellites or supercomputers at NSA or Arabic language speakers that Senator DeConini and I disagreed about and that had been cut from the budget.

It takes a great deal of time if one is in less than an ideal situation. And one cannot count, as a Director of Central Intelligence under the current system, on having a close and profitable and useful working relationship with 10 individuals. Sometimes, it just will not work out that way. So in my judgment, dividing the job makes more sense than not.

It, I think, should not be a czar. I hope we can banish the use of that word from discussion of this issue. To my mind, half a millennium of stupidity, rigidity and autocracy, followed by the victory of Bolshevism, is not a good model for the management of the American intelligence community.

But I do believe that it is a better idea than not to establish an overall head of the community, someone who has important responsibilities in dealing with the President, dealing with the Congress and dealing with coordinating the community's work.

And the system will probably work better under those circumstances if this committee and its counterpart in the House are alert to the risks of a bureaucracy and the like that have been discussed before.

Should this person be a Cabinet member? I believe that for the overall Director of National Intelligence, yes, that makes sense. It's largely honorific. The difference between being an executive level two and executive level one essentially is zero in terms of pay. And the main difference is you get to take your chair at the end of the administration from the Cabinet room.

But when President Reagan named Bill Casey as a member of the Cabinet, he said something special about his relationship with Mr. Casey. And I think that it is a good idea for the Director of National Intelligence—let's call him or her—to be a Cabinet member and to have that status and authority.

What would be the effect of such a change on the intelligence community's ability to provide sound intelligence, to do some of the things that Bill has talked about, such as integrate intelligence with battlefield requirements, for example?

I think there is no way around the proposition that the new Director of National Intelligence has to be a partner, particularly with the Secretary of Defense. Much intelligence goes to the Defense Department. Defense is a very important consumer. Much of the technical requirements have to do with defense.

This system simply will not work—the new one or the old one, I would say, the current one—without a close partnership between the Secretary of Defense and the DCI. In this regard, I was very lucky. I first had Les Aspin and then Bill Perry, old friends of mine, and wonderful individuals, easy to work with. That relationship in my tenure, I think, worked well.

Will this improve our ability to avoid 9/11s? I think probably a little bit, but not a great deal, because I don't regard 9/11 as principally a failure of foreign intelligence. The CIA did a very bad thing in neglecting to put Messrs. al-Mihdhar and al-Hamzi, who had been at the 2000 January meeting in Malaysia that planned

9/11, on the watch list and, therefore, made it virtually impossible for the State Department to keep them out of the country or the FBI to find them once they finally started looking for them just before 9/11.

But many of the other failures were failures either within the FBI, the failure to coordinate bright agents looking at situations in Minnesota with those looking at the situation in Arizona, the failure of the Air Force of not having fighter interceptors anywhere near either Washington or New York, the failure of the FAA in permitting flimsy cockpit doors.

I think we need to face the proposition that the nation was asleep at the switch before 2001, and it's very important to realize that the terrorists know our system very well. Most of the planning and organizational work for 9/11 was done in two countries where the CIA doesn't spy, and where essentially the United States doesn't collect foreign intelligence—the United States and Germany.

The terrorists knew exactly what they were doing. We would have probably had a better chance of finding out what they might have been working on if they had been operating out of, let's say, Syria.

I think that it is also important to realize that information sharing is not the be all and end all. One wants to share with the right people, but sometimes the people one trusts are a Rick Ames or a Bob Hanssen or the Walkers. And one does certainly not want to share with them.

So the answer is not just more sharing. It's care and precision, avoiding stovepipes that don't make sense, avoiding keeping intelligence within certain channels where it cannot be exploited effectively. But in a sense, one wants competition in intelligence collection. The way we at the CIA developed the Predator in 1993–94 was precisely because the Defense Department's way of going about building unmanned aerial vehicles was extremely slow and expensive. And so we competed with them and I think, on that one, did a better job.

One also wants competition, I believe, in analysis. Getting two different sets of eyes on the problem is a good idea, not a bad idea. What one doesn't want is competition between stovepipes of data that don't get integrated and don't get shared with the right people. But it is not simply a matter of fusing everything and sharing it widely.

Finally, I think our domestic intelligence collection and utilization will be an absolutely vital part of avoiding and limiting the effect of terrorist attacks in the United States.

In some ways, the key relationship of finding out about a possible terrorist attack in the United States is a relationship, if I could figuratively say, between Mr. Hassan in Dearborn, Michigan, who runs the corner grocery store and Officer O'Reilly, who is walking the beat. If Mr. Hassan feels comfortable in alerting Officer O'Reilly to something that he thinks maybe the officer should know about and that information is dealt with fairly and decently by our local law enforcement forces and they coordinate properly with, say, the FBI, we will have a much better handle on the possi-

bility of avoiding or limiting the effect of terrorist attacks than with most anything else that we could do.

Should we move toward a British style MI–5? I don't think, yet, that is a good idea. I think the FBI deserves a chance to use the 25 percent or so of its personnel that it's set aside to look at counterterrorism, to work with its state and local contacts and the rest.

I think it's important to watch how it does, with particularly the Islamist organizations in the United States, Wahhabi-funded organizations, organizations such as the ones in Herndon, Virginia, that have been investigated that have been supporting of terrorism. If they do a good job with that, I believe that they should continue to have the domestic intelligence collection job. But I think the jury is still out.

Finally, human intelligence overseas. Do we need more of it? Yes. Do we need to be better at it? Of course. Was it unwise to cut out all those CIA stations in the early 1990s and close them down overseas? Yes. Should we have spent more money on Arabic and Farsi? Yes, of course.

But keep in mind that Mr. Kay told us, after he stepped down last fall, that he believed that the individual generals—and I believe he said all of the individual Iraqi generals—who had been in charge of battlefield units, and they had been kept separate from one another after they were captured, each one said that, no, his unit didn't have any chemical weapons, but he believed that the unit to his right and the unit to his left did.

Now, put yourself in the position of poor George Tenet and his Director of Operations. Suppose they had been the most skilled spymasters the world has ever seen, and somehow they managed to recruit a dozen or so senior Iraqi officers as informants, as spies. And those dozen sincerely believed that the units, each on his right and each on his left, had chemical weapons.

A country such as Iraq before the war was a wilderness of mirrors. And it is not going to be the case that just by doing better and having more effort on human intelligence, we are going to necessarily be able to do a better job of understanding when we are being deceived and when we are being—well, when misleading statements are being given to us.

As a general proposition, I think bills of the sort that Senator Feinstein and the one I've had a chance more to review, Congresswoman Harman's, head in the right direction. And I would urge the committee to support a bill of that sort.

Thank you.

Chairman ROBERTS. We thank you very much for your testimony. Let me start by saying you mentioned the frequency with which you visited Congress, either heels dragging or not. I hope we've been a bit easier on the schedule for those that have followed you. As a former staffer and as a frequent visitor, I am interested in your take on the repeal of the committee's term limits in this year's Intelligence Authorization Act.

Mr. WOOLSEY. I am delighted to see the repeal of the term limits, Mr. Chairman. I never thought they were a good idea. I think Frank Church was wrong that the CIA was a rogue elephant that was likely to seduce any congressman or senator into supporting

whatever it did if they stayed on the committee more than a few years.

I saw, as general counsel of the Senate Armed Services Committee, a great deal of expertise built up in individual Senators and individual staffer members' backgrounds over the years. I think congressional committees work well that way. And I would really be very much pleased to see the repeal of all term limits.

Chairman ROBERTS. General Odom, do you have any view about that?

General ODOM. I would be delighted to see the limits lifted. Reeducating or educating new members all the time, when I was Director of NSA, was a challenge. And I don't see how anybody can, with the busy schedules you have, divine the nature of this arcane community in the time you have available. I think it takes quite a while. And once you have people with a reasonably sound understanding of it, they're valuable. They shouldn't be pushed off the committee.

Chairman ROBERTS. Dr. Hamre.

Dr. HAMRE. I support it. And may I also add that I'm a big fan of the seniority system. I frankly think that we ought to honor the seniority system. I think that it makes sure we have leaders in charge of the committees who have got a lot of experience and are more detached from the parochial interests back home.

Chairman ROBERTS. Well, obviously, as you're here longer, the more you appreciate it. [Laughter.]

Mr. Woolsey, how much has congressional concern over turf contributed to your difficulties, or in general the DCI's difficulties in carrying out the duties over the years?

Mr. WOOLSEY. Well, I'm only really cognizant in detail, Mr. Chairman, of the two years I was DCI.

And I would say then it was less, except with one exception, it was less a question of turf. Certainly turf between the congressional committees was not that big a problem as it was of substantive disagreement. Senator DeConcini and I just had different views on virtually everything, and it meant that it took a great deal of effort for me to work with other members and him, when I could, work out compromises and the like.

In the aftermath of the Ames case, this committee drafted legislation which would have transferred all counterintelligence, including overseas penetration of foreign intelligence services, to the FBI. And, of course, we opposed that in the CIA because, although having a strong FBI role for counterintelligence in this country is important, for the FBI to try to undertake overseas penetration of foreign intelligence services struck us as a very bad idea.

That was a turf issue in a sense, because the House and Senate committees, happily, saw that issue very differently. The CIA and the FBI saw it differently. Eventually, we ended up with a system that did not make that transfer. That was the only case I can recall of the two years I was DCI where we had so-called turf issues salient.

Chairman ROBERTS. Let me ask this question of you three in the 11 seconds I have left. What would you do to improve congressional oversight of the intelligence activities, and more particularly, the Senate in this case? Is there a problem with the structure in re-

gards to overseeing the intelligence activities in terms of authorizing and appropriating budgets?

Because that really gets to the nub of it in regards to—we have 37 staffers. We have 17 members on this committee. We like to think we do a good job with many, many, many closed-door hearings in going over the priorities of the intelligence community.

We make recommendations. That goes to sequential referral to the Armed Services Committee. Then there are the appropriators. And we make every endeavor to shine their shoes and to clean their windows and to carry their suitcases and do things of this nature to gain some degree of influence.

Then you have to deal with OMB, and you have to deal with the agency involved. And so this is the typical lament of the authorizer. I'm sort of leading you here in this regard, but would you have any comment in terms of how we can do our job better?

And we can just go down the line—Dr. Hamre.

Dr. HAMRE. Sir, this is going to take a lot longer than an 11-second reply, and I'd like to come back and talk with you about it. And I'll only speak to my experience——

Chairman ROBERTS. Glad to have you back.

Dr. HAMRE [continuing]. On the Armed Services Committee, not on the Intelligence Committee. But frankly we are caught in an endless competition to try to be relevant compared to the Appropriations Committees. And we define too much of our relevance as an Armed Services Committee by trying to do what the Appropriations Committee is doing. They have the upper hand because they have money. We have a hunting license; they have rabbits.

If we're going to really find a relevant role for the oversight committees, it's got to be in that role providing oversight. The power of the committee rests in you and the Senators. It doesn't rest with the staff in their capacity to second-guess a lieutenant colonel who's coming over from the department.

So finding a way for you to put a higher premium on the kinds of questions that Senators ask—the deep-probing, very simple questions they're asking on behalf of citizens—and trying to find an institutional structure to help you, I would advocate that you create a task force for oversight inside your committee and set aside a small, special staff element. Don't staff it extensively. Staff it in a very small way, and have it ask big questions as a starting point.

Appoint a board of visitors for each of the intelligence agencies and ensure the Committee meets with them. What are you finding? What are you hearing? How good is this? Why isn't it better? Why did we miss this? Those sorts of questions aren't being asked because we're spending too much time at looking at budget inputs.

Chairman ROBERTS. I thank you for your comments. And I meant to say the committee is going to have the heads of all 15 of the intelligence agencies, the acting director at the CIA and others, to indicate what they have done since 9/11 and what they have done since our report in regards to progress if, in fact, that much has been made.

General Odom.

General ODOM. Mr. Chairman, I was always surprised that the committees did not force us to present a program planning budg-

eting structure for you so that you could see what you were buying with the dollars in and out.

I knew we couldn't provide it, but I thought if you asked us, it might put the pressure on us to do it. And if you asked us to it, if you had asked me to do it in my day, and I had had the authority to program all of the SIGINT monies, my agency would have gone crazy with all the pressure I'd have had to put on it to organize properly a program budget. But I know at least NSA had the info necessary to produce a proper one.

The other thing that occasionally did happen, which I liked, was that you Members of Congress can speak to the public and you can tell Americans whether the intelligence community is violating their rights or not. We in the intelligence community cannot convincingly reassure them that we do not. When I was the Director of NSA, I wanted you to see inside my agency and to know what went on there so that you could stand up and say, yes, your rights are being protected as Americans.

And I think that's a major role you can play. And I would subscribe to some of the points that Dr. Hamre made as well.

Chairman ROBERTS. Mr. Woolsey.

Mr. WOOLSEY. You have pretty much unanimity here, I think, Mr. Chairman. If there are some 50 people I guess on this committee, involved in oversight, I imagine you're in the ballpark of 150 for the Congress as a whole, with the members of the House committee and the members of the two Appropriations Subcommittees and the staffs.

And that's a lot of people. And particularly, frankly, on the staff side, people used to get into when I was DCI some extraordinarily detailed technological arguments. You know, it seemed to me much to the detriment of spending time on the sorts of things that both John and Bill have addressed and which seem to me to ought to be more of the focus of a distinguished committee of this sort.

Chairman ROBERTS. Senator Chambliss.

Senator CHAMBLISS. Thank you, Mr. Chairman.

Gentlemen, I could sit here and listen to you all all afternoon. Your insight because of where you've been is truly fascinating on this very complex issue that we're trying to deal with.

I want to ask you just one question, and it's basically the same question I addressed to Senator Feinstein a while ago. Rather than creating this separate DNI with the CIA, FBI, DIA and every other agency still in place, why doesn't it make more sense to bring all of the intelligence community under one umbrella whether you—I don't care what you call it, but let's assume it's under the current Director of Central Intelligence and create a Ford Motor Company or any other major corporation with the departments out there of domestic intelligence—and defense intelligence so that we don't have the overlap?

Right now, I envision that there is a lot of confusion. And obviously there is. That's why we missed some of the pre-9/11 signs, and we all know that.

But is there a way—John, I'll start with you—maybe to make the Director of Central Intelligence the Director of National Intelligence and bring all of these agencies under him, give him that

power to hire and fire and the budgetary authority without creating another level of the bureaucracy?

Dr. HAMRE. Senator, let me just start by stating my overriding worry: Because we are so dependent on this community and we need it so much and we need it to be good, we can't afford to have it not have a richness of thought inside the community. I worry about trying to bring all the agencies under a single structure that has, you know, mission control in a budgeting sense. And that is likely to narrow how we understand problems, not broaden how we think about them. So I personally would worry about that side of it for you. But that's a more philosophic question.

Could you pull out of the Defense Department the elements that do intelligence and put it under the Director of Central Intelligence? Well, ultimately you could, but this is like trying to remove the lymphatic system out of the body and not touch blood vessels. Military intelligence is deeply, deeply tied to battlefield operations. And how you then surgically remove that, put it in a different body and not bleed to death, is, I think, going to be the key question. I think we would have a lot of difficulties, frankly, doing that.

I understand what you're describing is a central problem. Our system, you know, we envision a 100 percent perfection in execution, and we really usually get 20 cents on the dollar when we do it. I would worry that we'd lose a lot in the process, just to be perfectly candid to you, sir. But I understand what you're trying to do.

General ODOM. Senator Chambliss, my answer will be, yes to some things, no to other things. You can centralize certain kinds of technical activities like SIGINT, like imagery, et cetera. But you cannot centralize analysis. It must be like distributed processing, and everybody needs his own analysts in his own office so that he's interacting with them so the analysts know what he wants.

You cannot sit at NSA with a big mainframe computer and have people on dumb terminals out in the field calling up and asking what's on the other side of that hill. You've got to distribute that task to the local scene. The answer is, you have to have both centralization and decentralization.

Now, let me try to give you another way to see this issue. In the military, there are several staff functions. The J–1, the J–2, the J–3, the J–4 are the principals—personnel, intelligence, operations and logistics. It's the G staff in the Army. It's the S staff down below the general officer level. You have the same staff functions at all levels.

The intelligence function, a staff function, is just like the operations functions where the war plans are written. Would you outsource the writing of the war plan from the J–3 to somebody outside the Defense Department? Would you outsource the J–1, the personnel function? Would you outsource all of the logistics?

You can outsource some parts of it, but finally, each commander must have a particularized war plan; for that reason, he has to have the people who design it directly on his staff. And because there are so many people making decisions at so many levels, and in different departments, they must be supported on a highly distributed, process-driven basis, both for intelligence analysis and operational planning.

Try to use the analogy of thinking of intelligence as a news service. Think of SIGINT, say it's radio. HUMINT is print news. Imagery is television. Now if you are in the business of doing something for which you need news, you'll subscribe to all three, and you won't subscribe to every program, but you'll start picking and choosing the ones most relevant to your business. You'll put what you need together in a particularized form.

What NSA and an imagery agency and a HUMINT service at CIA can do is provide this kind of news service, allowing intelligence analysts in many user agencies to subscribe and receive that service.

The director of this whole operation, the DCI, has to orchestrate it, make it responsive. The influence of the DCI or DNI on the President's thinking that is most important is not exerted by sitting in the Oval Office and talking to him. I've witnessed the process. I served four years in the Carter White House and watched the DCI come in at NSC meeting after NSC meeting. The intelligence influence that counted poured into the Situation Room as both raw intelligence and all-source analysis that was distributed to the NSC staffers, who integrated it into their analysis. The President daily is reading their integrated policy memos. Additionally, there were three or four intelligence summaries a day that the national security advisor took up to the President, explaining why and how they were important.

There is no way that the DCI can come occasionally and whisper the whole intelligence picture into the President's ear and thereby supply all of his intelligence needs. If the DCI never showed up in the White House but had these feeds of intelligence into the Situation Room working effectively, he would have a powerful impact. I've actually seen a situation where my own agency reversed the President's position 180 degrees in four days. I didn't go to the White House. The NSC staff received the steady flow of reporting and recognized what it meant for the President's policies.

So we have some popular images of how this works that are at odds with the reality. If you go to an NSC meeting, don't think the Secretary of Defense, the Secretary of State, Chairman of the Joint Chiefs come waiting breathlessly to hear what the DCI is going to tell them about what's going on in the world. They know before they come, because their intelligence staff have made it available to them. The great service the DCI has done is to orchestrate all distribution, to have collection, analysis and all of these news services clicking and getting their information to the right people at the right time.

And as we sit here and are critical of our intelligence community—and I'm one of the sharpest critics—we should remember there isn't any other country in the world that has an intelligence organization that works anything like as well as ours. So in a comparative sense, you're dealing with a Cadillac, not a worn-out Chevrolet. And the question is whether it needs a 50,000 mile checkup, whether it needs a new ring job or a few things like that.

That's the perspective I would put on it.

Mr. WOOLSEY. Senator Chambliss, three quick points.

First of all, having this same individual, the current DCI, who runs the CIA and has some authority in the community, continuing

in that job, as I said, is a question really of time and attention. One of these books that has come out about the 1990s quotes someone anonymously from the CIA saying Woolsey wasn't really interested in us. He was always worrying about satellites.

Well, I did have to worry about satellites some because otherwise the country would have gone blind if the cuts had gone through. And so there's just so much time in the day if you're trying to have one person do this job.

Second, with respect to foreign intelligence coordination, I think it is a problem if the Director of Central Intelligence, also the head of the CIA, is thought to be sort of the referee between, say, CIA and NSA. NSA won't really trust that. And so that's one problem with having the job all in one person today and having it all underneath the single individual. And finally, if you put domestic intelligence collection under it, something like the FBI or if you move to an MI–5, you really don't want the public believing, I think, or it to be the reality, either or both, you don't want the public thinking, accurately or inaccurately, that, if I can be blunt, the dirty tricks of foreign intelligence are being used against them.

CIA officers are effectively trained to lie, cheat and steal for the United States. They go abroad to lie, cheat and steal in order to obtain intelligence. That's their job.

And the whole tradition and culture of criminal investigation on the part of the FBI of chain of custody of evidence, of the way in which they have to question witnesses, all of that is a completely different culture. It may not be the right culture from the point of view from maximizing the ability to run domestic intelligence collection. But we ought to remember that the FBI ran successful long-term penetrations both of the American Communist party and the Mafia.

Now those were not normally the skills that they used in kicking down doors and grabbing the 10 most wanted and helping prosecutors get convictions. But they had some bright and able people who were able to do that.

I think we're better off trying under the current system to let Mr. Mueller give it his best and see if he, operating through the Justice Department and so forth, under the current system, can set aside this 25 percent or so of the FBI and work with state and local and run domestic intelligence collection, in a sense, outside the aegis of the foreign intelligence world.

I realize that means it's going to have to be coordinated and you're going to have to have much more seamless communications than we have now. But some of the barriers to that seamless communication have been knocked down in the PATRIOT Act. And I think the communication is better between the Bureau and the Agency than it was before 9/11.

Chairman ROBERTS. Senator Durbin.

Senator DURBIN. Thank you very much.

I have how many minutes, Mr. Chairman?

Chairman ROBERTS. I beg your pardon?

Senator DURBIN. How many minutes do I have?

Chairman ROBERTS. Well, we've been operating under the four-minute rule that has been stretched to eight.

Senator DURBIN. Well, I'm going to try not to abuse that. I have four questions. So let me, if I might, just pose these four questions, one more particularly to Mr. Woolsey, to see if I can receive a reply from the panel and any person who feels encouraged to respond.

Mr. Woolsey, if you start with the premise that the reason that our intelligence agencies cannot share information is the fear of an Ames or a Walker or a Richard Hanssen, how in the world will we ever get cooperation? Why would the FAA tell the FBI about the people who are on the passengers' list for fear that perhaps there's a Richard Hanssen sitting in the FBI who's part of it? That seems to me like a perfect recipe for no communication. I wonder if you could expound a little bit on your statement on that.

Secondly, you said—and perhaps others feel the same—we were asleep at the switch on 9/11. And you pointed out three or four specifics. Where are we asleep at the switch now? Where do you look at the current situation of the security of the United States and feel that it's obvious that we're asleep at the switch again, we're missing another vulnerability? I'd like to know if you could share.

Third, has the world changed in intel with the preemptive strike doctrine that this administration has suggested? Are we now in a shoot first, ask questions later situation where we don't have the time to sit down and carefully go through the intelligence for fear that 9/11 occurs before we reach the right conclusion?

I recall what happened on September 9 before the invasion when I sent the letter and asked the CIA where is the national intelligence estimate. We're getting ready to vote on a war and we don't have an NIE. And they said they scrambled then in three weeks to put one together where it ordinarily took six months. And it struck me that they were not ready to ask the questions and answer them. They were moving forward on an agenda and with a process that I guess is unprecedented.

The final question is this. What are we losing with an acting director of the Central Intelligence Agency? There's a lot of consternation. Senator Chambliss and I were on a show over the weekend. When they asked us the question are you going to fill this spot, I'm not sure we could if we wanted to. It's a pretty tough spot to fill—George Tenet's shoes. But what are we losing today in terms of the defense of this nation by having an acting Director of Central Intelligence as opposed to someone permanently appointed?

Those are the four questions.

Mr. WOOLSEY. I'll take a quick stab at them, Senator Durbin.

First of all, fear of a spy, a penetration: how can we share material across agencies if that fear exists? That fear will have to continue to exist. It's a realistic fear.

I think we need to look for better technological ways to enforce need to know. It has to be the case that one can confidently share a bit of sensitive information about, say, a source with one or two key analysts in another agency without feeling as if it's being opened up to a lot of people. And I also think for security purposes, frankly, we put far too much stress on the polygraph. I think much of it is not only a waste of time but is counterproductive in that it gives too many false positives. I would highly commend to the

committee the excellent National Academy of Sciences study of this about a year, year and a half ago.

Where are we asleep now? I think that one of our biggest vulnerabilities here is not understanding the impact that the Wahhabi ideology out of Saudi Arabia has had on creating the infrastructure of terrorism and people who are willing to support it, including organizations, including organizations here.

I do not mean to suggest this is true of the whole Saudi state. I think the crown prince, for example, is basically a reformer, a moderate reformer who is trying to make some positive changes in Saudi Arabia. But the Wahhabis, their religious ideology suffuses what they send out into the world, and they spent some $70 billion since 1979 suffusing their ideologies in to the madrassas of Pakistan and the prisons of the United States. And I think we really need to focus very hard on that kind of threat.

Yes, the world has changed, I think, with the preemptive policy the administration enunciated in '02. I think there was a reason behind that policy. We may have to move in some circumstances because of a joint concern about weapons of mass destruction and ties of a dictatorship to terrorist groups. And that's a much harder situation than we faced in the Cold War with deterrence and containment.

And what are we losing with having an acting director? I think for the number of months having John McLaughlin as an acting director is a perfectly reasonable thing to do. He's an extraordinarily able, loyal man.

I think it would be difficult to move toward having a new DCI under the current circumstances until one decides whether one is going to keep the DCI structure you have today or move to something more like the DNI split job that Senator Feinstein and others have suggested. I don't know exactly what one would be confirming a new director for.

So I think that John McLaughlin is an extraordinarily able individual and the country is very well off in having him in that acting position. And I think he could do the job for a substantial period of time if necessary.

Dr. HAMRE. May I just speak to one thing?

Chairman ROBERTS. Certainly.

Dr. HAMRE. I don't think we pay enough attention to the interplay of criminality and terrorism. In general, what we're now learning is that criminal networks become the logistics backbone for terrorist activities. We see it in the Balkans. We see it in South America. We see it in the Middle East. And unfortunately that falls in the cracks of the fault line that exists in our organizational consciousness. Law enforcement tends to be a law enforcement activity, not an intelligence activity and vice versa.

We tend to send—you know, the FBI has its attaches overseas now. We reinforce that fault line. But if there's one single thing that I think is the most serious thing we ought to be looking at now is this interplay, this heavy, heavy interplay of transnational criminality and transnational security threats.

Chairman ROBERTS. So General Odom, do you have any comments?

General ODOM. First, concerning the preventive war doctrine, I must find it hard to square with the U.S. Constitution and our whole tradition. I can understand that if you know an attack is eminent, that's one thing, but when you wage preventive wars, which it seems to me what we did in Iraq, the cost of that, you know, this gets beyond the intelligence world. And so that's a bigger issue.

What are we asleep on? I think we're asleep on understanding the bigger issues. I think we have terrorism prioritized way above where it ought to be and that we should be looking at intelligence to help us understand how to achieve stability in this region of the Middle East, Southwest Asia, and then decide where dealing with the terrorism fits into it and where proliferation fits into it.

And failing to understand the impact of a number of our policies and actions, recent ones, old ones, and how they're changing things, and how they're going to present us with surprises, and we'll say well, why didn't we wake up for that? Well, we're out causing some surprises by our wrong-headed priorities.

Finally, on appointing a new DCI now, if you're going to—I couldn't imagine anybody really wanting the job until he knows how the election will come out and he knows whether you're going to legislate reform. So it's kind of a moot issue, I think.

Senator DURBIN. Thank you.

Chairman ROBERTS. Senator Snowe.

Senator SNOWE. Thank you all for being here today. It certainly provides some exceptional insight into many of the challenges that we're facing as a country and within the intelligence community.

First of all, I mean, obviously the great impetus here is the report that we disclosed. And obviously it was extremely troubling from the standpoint that most of the major conclusions were wrong in the final assessment.

Can you give insight to this Committee what your reaction was to this report and any particular areas where you thought it was unusual that problems manifested themselves either with the collection, the analysis, the failure to share information, the credibility of sources, the lack of knowledge, the way in which the NIE was assembled? Was there anything that really emerged as particularly troubling?

Because I hear that the problems aren't new, but the threat is new. And we're living in a different world and we have to develop an infrastructure within the intelligence community that is especially agile to address the asymmetric threat.

And what I see is interorganizational misfirings. And, you know, I just believe that we've gotten to a point that we're bogged down within a bureaucracy. And I frankly think the creation of a DNI is a way of breaking down the bureaucracy and the barriers that currently exist.

We have 15 agencies across the board, and you have one agency that, oh, by the way, oversees the rest of the intelligence community, and yet its hands are tied to exercising any authority over the other 85 percent of the budget. And so I just don't see how within the current system, given all of the problems that have been revealed as a result of our report, how you can change it—maybe on

the margins, but not in a fundamental way that will bring about the need for real reform.

And I think that is my concern, is that what I found was most revealing is that across the board there were some serious systemic problems that I don't believe can be changed by, sort of, you know, making some marginal restructuring efforts without total reform. Not to mention, I think, that the Director of the CIA being dual-hatted, has to manage the day-to-day operations of an agency and then also the entire intelligence community and be the principal adviser to the President of the United States.

So I would ask you, how did you see this report? Was there anything, you know, that was particularly unusual to you, troubling, surprising?

Mr. WOOLSEY. Senator Snowe, I have read the conclusions and I have read chapter 12, the Iraq-al Qa'ida issue, in which I have a particular interest. But I've only read the conclusions on the weapons of mass destruction issues. So let me just say a couple of words about the Iraq-al Qa'ida question, because I think the committee dealt with this subject quite well in this report.

It is a very important issue. And it has become suffused, I think, with a lot of confusion in the press. The committee talked about a dozen or so reports of chemical and bacteriological warfare training of al Qa'ida by Iraq and said that this was "the most disturbing set of reports."

It had other reports about evidence of combat training, bomb making, chemical, biological terrorism, false passports, safe haven. And it assessed the relationship between al Qa'ida and Iraq as not an alliance and not formal, but that "Saddam was not averse"—and these are quotes—"to enhancing Usama bin Ladin's operational capabilities, although he didn't endorse al Qa'ida's overall agenda. It was not a close relationship, but it was a tactical one. The mutual suspicion was suborned by al Qa'ida's interest in Iraqi assistance and Baghdad's interest in al Qa'ida's anti-U.S. attacks."

I think that is a sophisticated and well-formulated explication of what has become a very, very messy issue in the public debate. People like Dick Clarke saying there was no connection of any kind, ever, between al Qa'ida and Iraq are clearly refuted by this. On the other hand, there is certainly no evidence the Committee points to of an Iraqi involvement, for example, in 9/11.

But I would say the Committee has done a great service to this part, very important part, of the debate, by the way it expressed those issues.

And as people begin to look now at the relationship between Iran and al Qa'ida in the 9/11 Report and elsewhere, the failure to stamp the passports for the eight terrorists and so on and so on, I think what we will find is that al Qa'ida had a tactical and occasional and training relationship and safe haven relationship of one kind or another with both of these dictatorships.

After all, in the Middle East, the enemy of my enemy can be my temporary friend. And I think that this Committee has done an excellent job of setting out the nuances of that kind of relationship and will, as more and more journalists finally read the report rather than just reading the conclusions, I think it will have a very positive and enlightening effect on the overall debate.

Senator SNOWE. General Odom.

General ODOM. Well, I would quickly say, I don't think the report is quite as tilted in the direction that Jim Woolsey says. I read it to say that there's really no operational connection.

Mr. WOOLSEY. You really ought to read it more carefully, Bill.

General ODOM. But let me go over the other points that I would answer more directly to your question. The surprising thing to me about the report is, as you put it, not the substance. The same substance could have been found in the 1980s. I can think of a case to fit in almost all the places cited in the report. If you really want to shock yourself, get into a lot of case history in the FBI, and you will make the CIA look really good.

Structural reform versus policy reform, and I think that's getting mixed up in the discussion here, and I would, therefore, like to make a distinction between the two.

Some of the things you're saying we need to do concern policy changes, and yet you go back and expect structure to repair them. I think there is a connection, but let me clarify the difference.

Let's suppose we have a ship and it's not in good repair. If we want it to sail well, we'll put it in the dry dock and we'll fix it. Or we can say, the Cold War's over; therefore, we need to sail to a different port. Sailing to a different port is a policy issue, not a structure issue.

If the ship will sail to one port, it will sail to another port. So I don't think the terrorist problem or these other things are the structure issue. A good news service is not broken because the news stories change. It can shift. And the intelligence community can do this.

Now, some of the shifts are difficult. Take the ones that Jim Woolsey cited earlier—language training, et al. It takes years to change some of these things. It takes years to develop capabilities in other regions. So you want to keep that in mind and realize that structural changes can help you with some things, but they can't help you with others.

To me, if I had to simplify, I would say that there are two places where structural change is imperative and can have a positive effect. I repeat, it won't ensure it, but it'll make it possible.

Separating the DCI from the Director of CIA role is essential before you can ever develop a program budgeting system that allows you to see what the monies buy. It will also allow you to pull the Director of Intelligence out of CIA and to put it inside this Director of Central Intelligence, or DNI. They will be less likely to compete with other intelligence agencies for analysis, but acting as their supervisor, their mentor, leading a collective and constructive effort.

The other essential structural change concerns the FBI. No one has ever shown me how a law enforcement agency can create an intelligence culture. The FBI's poor CI performance is not the fault of the people there. To demand that the FBI carry the CI responsibility is like asking the Redskins to play in the American Baseball League. You're just asking FBI personnel to do something that they're not trained to do. And I understand the reluctance, politically, to step up to this problem, because people say, well, we won't tolerate a spy agency, a domestic spy. We have one. It's the FBI.

It's not whether we have one, it's whether it's properly overseen and whether it's effective. And if you create a separate CI service, I think it ought to have dual oversight by the Judiciary Committee as well as this committee.

So I actually think you could put us in a better position for domestic spying with a national counterintelligence service that's separate than we now have with the FBI. Thank you.

Senator SNOWE. Thank you.

Dr. HAMRE. Senator, may I speak to the question of the budget issues that you raised?

Senator SNOWE. Yes.

Dr. HAMRE. I used to run the budget for the Defense Department. I was the comptroller for four years. We had a big, very elaborate system. We produced around 40,000 pages of printout every night, you know, for the system—thousands of people working on it for six months. And it all built up to an hour and a half meeting with the Secretary to look at 12 issues.

So the system of oversight is not strong through the budget process. And, indeed, it's a system that lets you perfect whether or not your obligation rates are right, and we have too much outlays, or this sort of thing. But it doesn't really demand a qualitatively different performance on the battlefield.

The system we had for budgeting hasn't changed for 50 years. That wasn't what Goldwater-Nichols was about. Goldwater-Nichols transformed the department when we elevated people in the department and made them demand better quality out of our military. That's what I think is missing in all our discussions about intelligence reform.

Bringing the budgeting process around the DCI and let him manage a great, big elaborate process isn't going to produce better intelligence; it's going to provide a more elaborate system for our giving over inputs.

You've got to get a system that reaches down and says how good is this analysis. Is it really meeting my needs? Why can't it be better? I have to have it better if I'm going to serve my responsibilities on behalf of the President.

We need to democratize the demand process for intelligence product. That's what I would ask that you would consider.

Senator SNOWE. Thank you.

Chairman ROBERTS. Senator Hagel.

Senator HAGEL. Mr. Chairman, thank you. Gentlemen, thank you. You have offered invaluable counsel and wise counsel. And as the chairman noted, we will call upon you often because you have helped—I can speak for myself only—frame these issues to get us a little more focused on what our responsibilities are as to how to implement whatever reform and change, restructuring we are going to implement. So thank you.

I want to go back to a point in your testimony, Secretary Hamre, and just briefly read it back and then ask a question based on this, and then ask the three of you to respond.

And here's what you said in your testimony regarding competition: "To ensure competition among analysts is very important. To accomplish this we need redundant analytical capabilities in our intelligence community. We need competing organizations that re-

port to different bosses in the federal government so that we profit from the competition that is inherent in bureaucratic politics."

Now, I think this is a very, very important point that we are gliding over the top of in our initial analysis here and the legislation that's been introduced. There will be more legislation introduced.

But I'd like to go a little deeper into this, and particularly from the three of you—obviously I want to get the other two witnesses' thoughts on this, they may not agree with you on this. But the question would be: How does this competition and how does this interaction then get—and it's, I think, the central point here—get analyzed, processed and into the hands of the policymakers on a timely, real-time basis so that they can do something with this intelligence?

I mean, after all, it is, as you note, and the three of you have said, it's the demand side. It's those who are charged and accountable to doing something with it. So how do we get it to them? And this competition piece that you think is important, how does that then work through whatever we may do or want to do in the future with our intelligence community?

Thank you.

Dr. HAMRE. Senator, again, I need to defer to my colleagues who have been leaders in this system, and I have not. I've been an outsider looking into it.

First of all, my goal is to get competition for strategic intelligence insights, not necessarily tactical developments. I don't think we want two competing SIGINT systems on the battlefield, that sort of thing. I'm not advocating that.

But when it comes to making major national choices and decisions—is this an imminent threat, is it getting worse, is this something we have to act on now, what consequences would flow from it—that level of decisions, we need lots of different brains thinking about that, competing with each other for stronger ideas.

We try to do that through the National Intelligence Council and by developing a national intelligence estimate. I think that has varied in its success. The NIC has on it members who are proponents of their organizations. There's a reason for doing that. You want to do that. They're the experts. And you want that competition.

We probably also need some objective readers of the NIE. Is this really meeting my needs if I have to execute on this, if I'm trying to carry out a policy directive, do I know enough? Is this sufficient guidance? Is this adequate for me to make a decision and then direct my forces?

I suspect that the process has had its ups and downs. I think that it's become a bit rigid, rather stilted in some dimension. And frankly I think the shortage of dollars through the 1990s led too much of the community to chase after the same rabbit, you know, hoping they could get a little bit more money from OMB with the next budget review.

So I think part of it was scarcity of resources.

But I think you need institutional venues where you have these multiple voices that are helping interact and come to a consensus on what should we be thinking about and what alternatives do we present to the policymakers.

I think the National Intelligence Council is supposed to be doing that for us. We probably need to strengthen it. I'd like to defer to my colleagues who are actually inside that and have actually sat on the NIC to really answer that question.

General ODOM. The point that John Hamre made about time sensitive or non-time sensitive is important. And those are two different worlds. And you understand why you can't have a lot of competition out at that level.

I have mixed feelings about the competition. The competition is okay, if you have open-minded people who will accept new evidence which bears on their conclusions. But what do you do when you have competition where both sides refuse to accept any new evidence that would change their bottom line?

And my experience in the National Foreign Intelligence Board back in the 1980s was that DIA, CIA and other agencies were locked into positions so that new evidence was just not going to change their views.

I'll give you an example. I was briefed once by DIA—we were going over either an NIE or something—about the Soviet Union, whether we could affect them by denying technology transfers. DIA's position was: of course we can. We have to block technology transfers. But at the same time, they insisted on saying that there's nothing we can do to keep them from producing as many missiles as they want.

I said, well, you can't have it both ways. If they're unconstrained in resources for building these missiles, then cutting off the technology is not going to make much difference. So why oppose technology transfers? Well, analysts get locked into those kinds of positions. You had similar kinds of inconsistencies on the CIA side.

I'll give you another example. People always argued about how big the Soviet defense budget was. I never understood why we asked the question. We're not worried about being attacked by rubles or dollars. We're worried about being attacked by rockets, airplanes, tanks and these sorts of things. The real question is how big the forces were and what their capabilities were, not the rubles that they put into it. And we had a pretty good track record on what we knew their forces to be.

Another one that I think started over here with Senator Moynihan and the Congress was that we failed to predict the end of the Cold War. Well, it depends on why you think it ended. I happen to have done a fair amount of investigation into it, and I think it ended because Gorbachev decided to end it. And if he's a man that has free will, by definition we can't predict how he will exercise his free will. And, therefore, to have not known that the USSR would come apart on the 31st day of 1991, I don't feel the intelligence community can be blamed for that.

There's another aspect to that question, though. What would we have done differently between 1985 and 1991, at the end of the year, if we had known that date in advance? We pulled off the largest strategic realignment in Europe, the reunification of Germany within NATO, the collapse of the Warsaw Pact, in the history of Europe without a war.

So I don't know that the intelligence community's failure to predict the end of the Soviet Union is relevant to anything, but we've wasted a lot of time blaming CIA for failing to predict the collapse.

I would just finish by saying in my proposal for how I would staff a separate DCI, I'd want him to take with him and slim down the Directorate of Intelligence out of CIA, because I think one smart analyst will always beat 12 mediocre analysts. In fact, intelligence insight is probably inversely related to the number of analysts at work.

A smaller DI attached to the DCI's National Intelligence Council would be in a position where it would not be competing with DIA, INR and others, but act more like a dissertation supervisor, who will turn to DIA and INR or the Army and say, this is an issue you ought to be looking at. They may say, we don't have time. Well, the DCI can tell his own analytic element at the DCI level, go look at that issue. If it proves interesting, the DCI can turn it over to the appropriate all-source analysis center, give it some additional money, and direct them to continue to handle it as a "national" level responsibility.

Then I think you will get a more intellectually dispassionate climate within the intelligence community, where people are willing to hold the evidence up and say, does this really bear on our conclusions?

Now, I've been a professor for a number of years, and I've seen the academic debates. And sometimes you can wonder if political science departments, sociology departments and history departments increase enlightenment by competitive scholarship or whether they just bog it down into theological disagreements. So, yes, I want some competition, but I also cite these examples of competition as warning flags.

Thank you.

Mr. WOOLSEY. I think there is a fair amount of competitive analysis in the current system. There really was in the famous NIE. It's just that the key judgments of the shortened version eliminated a number of the caveats. And I haven't seen the classified version, but I understand from various reports that if one reads the whole NIE, one does get a much better idea of the issues on which people disagreed, such as the mobile laboratories or whatever.

So the system in its current form does have some important competitive analysis. We tried to heighten that when I was DCI.

I was very lucky to be able to persuade Joe Nye, then and later dean of the Kennedy School at Harvard, to come down to be the head of the National Intelligence Council for me. And Joe and I worked out a system of encouraging people to use gambler's odds, for example. Say they thought there was probably a 1 in 10 chance of something or a 2–1 chance, not that you can run history twice and tell whether—or more than once—and say whether you're right or not, but it gives a feel for whether you think it's a high probability or low probability, but still a dangerous situation.

We tried to operate the National Intelligence Council in such a way as to get NIEs drafted so they were educating national leaders—for example, on the way the drug trade worked—rather than predicting the price next year of cocaine on the streets.

Joe was very good at this, and I think the kind of leadership you have on the National Intelligence Council itself can help one come up with competitive analysis, even under the current system, that educates better than trying to reach single conclusions. It's that thirst for a single conclusion and giving an answer to a decision-maker that often leads—it's almost always what leads to intelligence failures.

I mean, I'd take one example from something Bill said. Contrary to him, I think it was very important what the size of the Soviet GDP was, because that would have enabled us, if we'd done a better job of assessing that, to have a better feel for how much stress the huge Soviet military expenditures were putting on the system.

If one had a system that encouraged competitiveness, even if, let's say, the DCI agreed with Bill, rather than me, and said, look, I don't care about the size of the Soviet Union's GDP, what I just care about is its military capability, if you had a system with competitive analysis, someone in there would be saying, well, look, there may be a low probability that this is going to affect the overall outcome of the Cold War, but it's a very important question, even with a low probability, so here's my analysis of that.

I think the current system can work to give you competitive analysis and a better job of educating the senior government leaders than apparently happened this time around. It would be wise to look for people like Joe Nye to be the head of the National Intelligence Council.

General ODOM. Can I just add one point? You know, not only did Joe Nye do what Jim Woolsey said—and I think that the cases that he described are really instructive—but he also farmed out to non-governmental centers tasks to do parallel NIES to those done by the NIC. Some of them—I remember one on Europe—turned out to be really quite on the target. So there's another dimension there.

And I also will accept the point here that there were really important reasons to know how big the overall Soviet GDP was. I would just emphasize that it too often was made the issue for either lowering or raising the U.S. defense budget. And I didn't think that made good sense.

Dr. HAMRE. And could I just say I think Ambassador Hutchings, who currently heads the NIC, is really trying to do a very good job of trying to bring strength and competition of ideas into the NIE process. So this is a place where you want it to happen. But it has to be there. You need a very strong competitive environment in my personal view.

General ODOM. But you did get an attitude from the Director of Central Intelligence that encouraged a diverse set of views in a non-hostile or non-threatening way. And that's what produces the competition in intelligence that I think will really be good.

Chairman ROBERTS. Senator Hatch.

Senator HATCH. Well, I want to thank you—the three of you—for being here. Mr. Woolsey, you were one of the better DCIs, I think, one of the best in my experience in 28 years. I appreciate your service.

Mr. WOOLSEY. Thank you.

Senator HATCH. And, General Odom, I recognize the great service you gave there and, Dr. Hamre, your abilities.

Could we do a lot of this by changing some of the policies without overlaying another layer of bureaucracy that may or may not work? It's nice to be able to have change, but couldn't we change some policies? Wouldn't that be a quicker, better methodology? I don't know.

General ODOM. Can I answer your first one?

Senator Hatch, I think you were out when I made the point earlier.

Senator HATCH. Yes.

General ODOM. I think you can separate the DCI from the director of CIA by executive order—not pass legislation. You don't create a new layer of bureaucracy. The bureaucracy is already there. The DCI has a staff—a community staff. If you look at the proposals I've laid out, I don't create a new level of bureaucracy. But I do separate it from CIA.

And I would say that I don't think very important changes can continue or can be made if you don't separate the two jobs. But that's not to say you have to do it by legislation. And as I said in my testimony, I think there are dangers in some aspects of legislation. If you made it law as the draft bill is now written, I can see serious difficulties arising from it.

Senator HATCH. I guess one question—and you probably covered this, as well. I'm sure you covered a lot of things because I had to go meet with the military for an hour.

I guess what I'm trying to get to is this: I'm having difficulty trying to change the tops of these organizations when it seems to me the one part of intelligence that really needs a direct czar, who reports to the President and maybe the DCI, is a person who's over the analytical section—the various analytical sections—and who really is independent so that the analysis really—it has to be independent to be effective.

And I'm just wondering if that wouldn't be a better change than trying to just put another person who's over everything at the top. I admit that budgetary considerations are very important.

But wouldn't it be important to kind of create an analytical approach that has an independence to it that transcends politics and has the leader over it that would have to report to other people, but still independently can run the analytical processes of intelligence?

Mr. WOOLSEY. Senator Hatch, I think the independence won't come so much from having a separate reporting channel, as it will from the President and the Senate selecting people who are willing to call it the way they see it and let the chips fall. I realize that it's not always easy to tell who that's going to be.

But a number of DCIs have done that. Dick Helms, quite famously now from some of the memoirs, very early in the Vietnam War, went to President Johnson very privately with an extraordinarily critical assessment of our prospects in Vietnam. And President Johnson accepted it and thought about it and used it. It didn't ultimately make the decision for him of what to do. But a number of DCIs have called it the way they saw it. I tried to. I think a number of others have.

And there's a big negative side to splitting the analysts out of the rest of their organization. I tried, in a way, to begin integrating the

Directorate of Operations and the Directorate of Intelligence a lot more so they could share language training and understanding of sources. And we went so far as to distribute the art from different parts of the world around into their common areas in the CIA.

I, for better or worse, tried to head things in a different direction. I tried to integrate analysis more with the people who had feet on the ground in a country in a region, quite frequently spoke the language well.

And I think that there's ultimately not going to be any guarantee. One can try with the fixed terms and so forth, but ultimately, there's not going to be any guarantee other than having the head of these two or three key agencies and the overall head of the community be people who are willing to call it the way they see it. And I don't know that there's any organizational shortcut to make that happen if the propensities of those individuals are not that way.

Senator HATCH. So you think it comes down to the choice of who manages these matters?

Mr. WOOLSEY. I really do.

Senator HATCH. And you don't think there's any analytical process or procedural way that we can help?

Mr. WOOLSEY. Whether there might be, but I haven't been able to chance on one. The best way I can figure out how to do it under the system we've got now is to get someone, as I said, with the creativity of a Joe Nye to help pull all this together in a way that would push analysts toward educating decisionmakers so they can make judgments as distinct from the analysts sort of secretly going away and putting everything into a document which came up with a conclusion.

Joe and I kept fighting against single conclusions. And I think sometimes people say, you darned intelligence analysts, can't you tell me what you think? Can't you tell me what's going to happen? And the answer is no. This is reality. Quite frequently one cannot tell people what's going to happen.

In the example I used before, if we'd recruited a dozen Iraqi generals just before the war they might, each one, as David Kay suggested, tell us that they weren't going to have chemical weapons in their unit, but the unit to the right and the unit to the left did.

There's not going to be a way to get through this and end up with an intelligence community that is going to save work for senior decisionmakers and give them an answer in different circumstances.

What you hope, I think, the intelligence community can do is educate people about what the issues are a lot better than they do now, give them a judgment about what may be more likely than not and a judgment about the consequences of what would be less likely to happen but could still happen.

I think that's the best you can do.

Senator HATCH. Thank you. Thank you, Mr. Chairman.

Chairman ROBERTS. I thank all the panelists for your patience and for your service. And as I've indicated again, we are likely to have you back. It might be a more informal setting, although this is now getting to be pretty informal.

But we thank you for your contribution, and the hearing is adjourned.

[Whereupon, at 5:48 p.m., the Committee adjourned.]