

Hearing of the Senate Armed Services Committee

Subject: The implications for the Department of Defense and military operations of proposals to reorganize the United States Intelligence Community

August 16, 2004

Chaired by: Sen. JOHN WARNER (R-VA)

Witnesses: DR. James R. Schlesinger, former Secretary of Defense, Chairman, The Mitre Corporation; Frank C. Carlucci, former Secretary of Defense, Chairman Emeritus, The Carlyle Group; Dr. John J. Hamre, former Deputy Secretary of Defense, President and Chief Executive Officer, Center for Strategic and International Studies

SEN. JOHN WARNER (R-VA): The committee meets this afternoon to receive testimony from three very distinguished former public officers, all of whom have performed a service that eminently qualifies them to provide to the committee and to the Senate as a whole, indeed the Congress, their views: former secretaries of Defense James Schlesinger and Frank Carlucci, and former deputy secretary of Defense John Hamre. We welcome each of you back before this committee.

Your views on the various recommendations for reform of the U.S. intelligence community, particularly the recommendations of the 9/11 Commission and the proposals of President Bush, are critical to this committee's understanding of how those recommended changes will impact on the Department of Defense and future military operations. I note that the committee also invited former secretary of Defense Harold Brown to testify. He was unable to join us today, but without objection I shall place in this record his statement. A very interesting letter. I'm not sure, I think it was provided each of you.

The findings and recommendations of the 9/11 Commission have captured the interest of our president, the Congress and indeed, and perhaps most important, the American people. We are privileged to have with us today three individuals who have been attending a number of the hearings on behalf of the families, and indeed one who was a survivor of the attack: Mrs. Laureen Soleto (ph), Families United To Bankrupt Terrorism, who lost her 23-year-old son in Tower One; Mary Fletchit (ph), Voices of September 11, lost her 24- year-old son in Tower Two, and; Rosemary Dillard (ph), a survivor of the crash into the Pentagon.

The commission has given the nation, and indeed the Congress, a roadmap, a series of recommendations to move forward. It's now the responsibility of Congress, working with the administration, to thoroughly examine and evaluate these recommendations and to enact those changes which will strengthen -- and I'd emphasize strengthen -- our intelligence community. The hearings we are conducting this week, together with the many hearings that other committees in both the Senate and the House have or are conducting during the recess period are an important part of this process. I commend the president both for the swift action he has taken to embrace certain elements of the commission's recommendation, and also for the many things he has done to make our nation safer since the fateful day in September 2001.

Of the 41 recommendations made by the commission, some have already been enacted over the past several years. More will be done through executive order. As the commission noted, quote, "In the nearly three years since 9/11, Americans have conducted better protected -- have been better protected against terrorist attack." But we must constantly, Congress and the administration, work to even improve it.

It's not going to stop until such legislation has been enacted and we'll have to continue year after year to work on it. Our focus, however, today is on the Department of Defense. As our witnesses know, the Department of Defense is home to the largest portion of the intelligence community and DOD is second only to the president as the largest consumer of the intelligence produced by the intelligence community.

We must not lose sight of these facts as we consider the way ahead. My overriding concern as I examine changes to our intelligence community is what changes will best help the warfighter, the soldier, the sailor, the airman and the Marine who is fighting today and tomorrow and in the future to keep the terrorist threat far from our shores. How can we better provide the necessary intelligence to these warfighters?

I think we can all agree that the U.S. armed forces are the finest in the world. One of the reasons for that is we have a very professional military intelligence organization. An organization starts with the combat support agencies, the Defense Intelligence Agency, the National Security Agency and the Global Geospatial Agency which feeds through the regional joint intelligence centers to the unified commanders and then to the lowest level tactical unit on the ground.

This intelligence structure is an essential part of our military operations. This has not always been the case. This committee was very deeply involved in the military actions first in Iraq and it was not that long ago when national level intelligence support to the warfighter was deemed by many of the professionals as somewhat inadequate.

The military's experience during Desert Storm was a watershed event, from that time that General Schwarzkopf testified before this committee in June of 1991 and told the Congress that responsive national level intelligence support for his mission in the first Persian Gulf War was, quote, "unsatisfactory." Since then the department, together with elements in the intelligence community, has painstakingly built the intelligence and operational capabilities that we saw so convincingly demonstrated on the battlefields of Afghanistan and Iraq. As we examine ways to reform our intelligence community and this process we're in now we must ensure that we do nothing to break or degrade those aspects of the intelligence community that are working well now.

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

The commission has correctly pointed out that our intelligence structure failed to connect the dots in terms of observing and then fusing together the indicators of a significant threat from al Qaeda in the recent years and months leading up to the actual attack on our nation on September 11, 2001. Most agree that the most significant problems were an unwillingness to share information on the part of some agencies and a structural inability to combine domestic and foreign intelligence. The recommended solution, however, is to reorganize the entire community, not just to focus on parts that were unsatisfactory.

We must examine the reasons for these dramatic proposals by the 9/11 Commission and understand how the recommended solutions do or do not address the problems identified in the commission's report. As I've considered the recommendations of the commission and the unique challenges for our military forces in fighting the global war on terrorism, a number of questions come to mind. What is the essence of the problem: organization, budget authority or effective leadership or the appointment authority? How can the national intelligence director and the secretary of Defense establish a more effective partnership to achieve success at all levels: national, regional and tactical military operations?

Under current law the DCI, certainly on paper in statute, has significant budgetary authority over all elements of the intelligence community. How has this authority been exercised or not been exercised in the past? Is there a view that that current statutory authority is inadequate?

What should be the role of the secretary of Defense in the budgets and operations as he now performs them on behalf of the agencies which consume constantly about 85 percent of the national foreign intelligence program, that budget. Were the secretary to be excluded in some means, how can we assure that the requirements of the department, the combatant commanders and the warfighter be addressed?

These are sobering questions and they're questions that require careful consideration. Clearly we must seize this opportunity to act if we deem it necessary. But we also have a responsibility to ensure our actions are prudent, carefully analyzed and thoroughly debated.

Legislation of a similar importance to our national security structure, such as the National Security Act of '47, the Goldwater- Nichols Act of '86, were considered very carefully over a period of time before Congress acted. I'm confident that we, the Congress, can act if we deem it necessary during this session of Congress. And I have committed publicly that I personally am not engaged in a turf war with any other committee or any other part of this system. I personally will do everything I can working with my colleagues here in the Senate, most particularly on this committee and the intelligence committee on which I'm serving, to try and strengthen and to pass such legislation we deem essential to achieve that strengthening. Thank you.

Senator Levin.

SEN. CARL LEVIN (D-MI): Thank you, Mr. Chairman. Let me join you first in welcoming our witnesses today. They are very important witnesses. They've made major contributions to the security of this nation. We're grateful to them for that service, as well as for being here. This is the first hearing of the Armed Services Committee on the recommendations of the

9/11 Commission and the implications of those recommendations for the Department of Defense and military operations.

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

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

The 9/11 Commission recommends the creation of a similar national counterterrorism center, NCTC, which, like the TTIC, would be responsible for the fusion and analysis of terrorist intelligence. The main difference between the proposed NCTC and the recently established TTIC would be the NCTC's additional duty of joint planning, including operational tasking of counterterrorist operations, including apparently those conducted by military forces under the Department of Defense. The 9/11 Commission also recommended that we create the

position of a national intelligence director within the executive office of the president, with authority over the national intelligence budget and the hiring and firing power over the leader of the national intelligence agencies, including agencies that reside within the Defense Department.

Although the president has agreed to the establishment of a national intelligence director, he apparently does not support placing the proposed director in the executive office of the president or giving him control over the national intelligence budget or the hiring and firing power over the leader of the national intelligence agencies. Without such authority, the 9/11 Commission argues that the new national intelligence director would not have the power needed to manage and oversee the intelligence community effectively. Similarly, while the president has agreed to the establishment of the National Counterterrorism Center, he apparently does not support the commission's recommendation that the head of the National Counterterrorism Center, quote, "must have the right to concur in the choices of personnel to lead the operating entities," close quote and that he should have the authority to jointly plan for and assign operational responsibilities to other agencies and should be subject to Senate confirmation.

The Department of Defense has expressed concern that some of the proposals of the 9/11 Commission could make us less secure by confusing the chain of command for military operations and by separating warfighters from the tactical intelligence that they need on an urgent basis. Our committee has a special responsibility to weigh the impact of these

proposals on the Department of Defense and its military operations in light of these concerns. While we are clearly involved in a different kind of war than the Cold War, the lines between what might have been characterized in previous times as national or strategic intelligence and intelligence that is more tactical have become much less clear and distinct.

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

Regardless of what responsibilities that we choose to give to the proposed national intelligence director and the National Counterterrorism Center and wherever we decide to place these offices on the organization chart, we must take steps to avoid the shaping and exaggeration of intelligence information to support the policies of an administration. Independent and objective intelligence is a matter of vital national importance. Objective, unvarnished intelligence should inform policy choice. Policy should not drive intelligence assessments. We must take steps in any reorganization to minimize the potential for politicizing intelligence. And in that regard placing the national intelligence director in the White House may be problematic because this placement would seem to increase the likelihood of politicization rather than to decrease it.

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

SEN. WARNER: Thank you very much.

Dr. Schlesinger, we invite you to lead off. I'd like to say to the committee that I've had the privilege of knowing Dr. Schlesinger for many years. We served together in the Department of Defense around '72, 3 and 4, right in there. I've been fortunate to work with you when you were in DCI and all these many years we've maintained a close personal and professional contact. It's particularly enjoyable to see you here today and you have extraordinary experience on which to address these issues.

MR. JAMES R. SCHLESINGER: Thank you very much, Mr. Chairman.

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

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

The commission has rightly observed that the events leading up to 9/11 represented a failure of imagination. Yet, one should not assume that changing wiring diagrams is a sure fire way to stimulate imagination. Imagination always has an uphill fight in bureaucratic organizations. Creating an additional bureaucratic layer scarcely leads to bringing imagination to the top.

Mr. Chairman, in these brief remarks I shall attempt to discuss the issue of intelligence reform under three headings. First, the inherent problems of intelligence; second, why control of intelligence from outside of the Department of Defense is a particularly bad idea given the evolution of U.S. technology and military strategy. It would not following your remarks, Mr. Chairman, be of help to the warfighter. And third, to draw some implications for intelligence reform.

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

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

Mr. Chairman, if I may?

SEN. WARNER: Can you raise your voice just a bit, Mr. Secretary.

MR. SCHLESINGER: These are the dots that we observe in advance --

SEN. WARNER: Jim, you could borrow that mike right behind you. Just hold it in your hand.

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

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

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

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

In all of this, the accuracy, the immediacy and the believability of intelligence is crucial. Thus, in recent decades intelligence, when wedded to command and control and communications, has become the core of America's battlefield dominance and military superiority. In short, C3I has in itself become almost a powerful weapons system.

But commanders in the field must have confidence that the intelligence assets will be available with certainty and that information will be reliably and quickly disseminated. It is for this reason that plucking intelligence away from command, control and communications has become increasingly unwise. C3I and intelligence should be designed and operated as an integrated whole.

To illustrate the now enhanced role of intelligence in the system of systems that under girds U.S. military advantage, I have included as a backup -- but you can see on that chart -- an illustration from Vision 2020 with which you are all familiar. It illustrates the crucial role of information superiority in binding together the several aspects of military engagement to achieve battlefield dominance. It has taken many years to persuade our military commanders that national assets will reliably be available to them in the event of conflict. This started in the 1970s but did not really reach fruition until the Gulf War in 1990-91. Following your comments, Mr. Chairman, on that Gulf War, if one talks to those who participated, like General Horner, he is still irate about the failures of the national assets to be delivered to him in a timely way.

Sustaining that confidence of our military commanders that national assets will be designed and exercised with their wartime needs in mind remains crucial. In the absence of such confidence, the temptation for our combatant commanders will be to try to develop intelligence assets under their own control, even if those assets are inferior. To possess intelligence assets of one's own is a time honored goal for virtually all major decision makers.

That is why intelligence assets are so widely distributed. That is why the perennial quest for greater centralization has been both delusory and invariably negated. To shift control over

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

But that is not the end, Mr. Chairman. The question would be where does one draw the line? Take one critical example. Now central to information dominance and to our military operations is the Global Positioning System. It is an information system not normally regarded as part of the intelligence community. Nevertheless, it is critical for effective intelligence operations and thus to the effectiveness of our military forces.

Does budget control over GPS also pass to a director of national intelligence? In a complex system of systems, the perceived need to move further beyond what historically has been defined as intelligence will not cease. Historic intelligence and non-intelligence systems are now Siamese twins. King Solomon had a comparatively easy task in proposing to split the baby in half.

Third, intelligence management, like intelligence itself, is an inherently difficult business. There are countless questions. Which are the ones to bring to the attention of the decision makers. There are countless observations. Some are relevant signals. Most are noise. Where are the missing signals? Only in retrospect can one be sure of the answer.

Regrettably, we are not clairvoyant. Predicting the future is especially fraught with difficulty. To speak of the failure of imagination is really to acknowledge the limitations of the human intellect. Individual analysts will all have their slightly different interpretations of what is going on. Their views must be selected and combined.

Though we regularly urge to think outside of the box, that is mostly an exhortation. The problem with thinking the unthinkable is that nobody believes you.

Analysts will temper their views within the range of acceptability. Those who stretch receptivity likely will be viewed or dismissed as worrywarts, zealots or, even worse, oddballs. That does little to enhance one's status in the organization or one's career. As mentioned earlier, organizations also have their inherent limits. Different organizations will gravitate towards different ways of organizing reality based upon their range of responsibilities and also on their interests in a narrower sense. Most individuals make themselves comfortable in their own organizations by not challenging a prevailing consensus.

It would be an immense help if management were to encourage criticism, contrary views that challenge the prevailing orthodoxy. One way of doing this is to establish a devil's advocacy organization within the larger organization to challenge the predominant beliefs. But it is an imperfect solution, at best an ameliorative, and the individuals assigned to such an organization will have to be protected at the top from subsequent retribution.

Mr. Chairman, we should always bear in mind that intelligence assessments, hopefully objective, will then rise through the political hierarchy to inform the judgments of decision makers. Politics under normal conditions is typically an engine to soothe and to reassure it

reflects that political imperative known as optimism. Until the nation is aroused, alarmist views are treated with disbelief.

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

Moreover, national perspectives frequently are dominated by political axioms and intelligence failures so-called are quite frequently the failures of prevailing political axioms. In 1990 Iraq's neighbors reassured themselves that, quote, "an Arab state would never attack another Arab state." In 1973 a prevailing political axiom in Israel, an axiom which affected the intelligence, was that their Arab neighbors would never dare attack as long as Israel had air superiority. And, of course, I should mention the conviction, international as well as national, that without question Saddam Hussein has weapons of mass destruction.

The process of fashioning such a political axiom is strongly abetted that over time any caveats coming up from lower levels in the intelligence community get stripped away as information moves up the political hierarchy. Mr. Chairman, I trust that the Congress will remember Hippocrates' injunction first do no harm. In altering the structure of the intelligence community, it is essential to deliberate long and hard and not to be stampeded into doing harm.

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

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

Thank you, Mr. Chairman.

SEN. WARNER: Thank you, Dr. Schlesinger. That's a very strong and clear message.

Secretary Carlucci, I'd like to also advise my colleagues that while you're best known maybe for secretary of Defense, you also served as the deputy to the director of CIA for some four years, am I not correct?

MR. FRANK C. CARLUCCI: Three years.

SEN. WARNER: So much like Dr. Schlesinger, you've worked with both of those agencies and the department.

MR. CARLUCCI: Thank you, Mr. Chairman, and thank you for including me in this distinguished panel. Senator Levin, members of the committee. I think this hearing is very important because any organization -- any reorganization, and I've been through a number, is disruptive and you have to be certain that the long term gain achieves the short term loss. We also have to be certain that the solution fits the problem. Mr. Chairman, I have a prepared statement. I'm going to summarize it if --

SEN. WARNER: Without objection, it will be admitted into the record.

MR. CARLUCCI: That the solution fits the problem. It's tempting because we have 15 organizations with the label "intelligence" on them to say they ought to be under common management. But as Jim Schlesinger has just pointed out, some competition, particularly among the analytical agencies, is indeed healthy, I would argue necessary. As this committee is well aware, unity of command is necessary for any military operation. So is intelligence, and Jim Schlesinger has discussed that in some detail and I agree with virtually everything he has said.

The failings of 9/11 as I read the report were in the areas of HUMINT and analysis. These can be improved without disrupting the DOD chain of command. The CSAs are already subject to the DCI's programming and budgetary authority as you, Mr. Chairman, pointed out in your opening statement. The DCI has a concurring authority on people. I question whether much more is needed.

It is true that DIA on the analytical side competes with CIA in some areas, but that is by and large healthy. I cannot find in the 9/11 Commission report a convincing case that 9/11 stemmed from any Pentagon failure to coordinate. The DOD's problem was mainly between domestic and foreign intelligence and intelligence on the one hand and law enforcement on the other.

And the counterterrorism center as proposed by the 9/11 Commission should go a long way to solving these problems. I would have the center report to the DCI. I do not favor the creation of a national intelligence director, certainly not in the White House for reasons, Senator Levin, that you have already discussed. But I lived through that as national security advisor in the wake of Iran Contra.

The dilemma is that if you give teeth to the national intelligence director, you risk disrupting combat support, as Jim has described it in some detail. You disrupt the unity of command and you have agency heads in one department, Defense reporting to somebody outside of that department, hardly a healthy relationship. If you don't give teeth to the national intelligence director then you've created a useless layer and in either case you've weakened the DCI and you've created a competitor to the national security advisor.

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

There's been a lot of focus on the organizational issue. Let me mention some other shortcomings which I think are at least as important, and they're not mentioned -- some of them are not mentioned in the 9/11 Commission report. I see no mention of better tradecraft in the recruitment of hard targets.

And I learned many years ago as an FSO in the field working with case officers that the best way to recruit is to be able to protect sources and methods, or at least have the perception that you can protect sources and methods. Unfortunately, the perception out in the real world is that our country can't protect sources and methods.

I can remember when I was DDCI, the head of the European Intelligence Service saying to me, "Frank, we don't give you all our information because you can't keep a secret."

Imagine, Senators, that you were an Iraqi under Saddam Hussein and the CIA case officer came to you and you took a look at the leaks coming out of the U.S. government -- there are a couple of investigations underway already: the Freedom of Information Act being applied to the CIA and the proliferation of oversight committees -- would you put your name on the rolls? All the Arabists in the world won't do us any good in that secretive part of the world unless we do a better job of keeping our own secrets. The commission did have some positive recommendations to make on the classification of information and on congressional oversight, but in general they were hostile to the need to know principle. I can't imagine distributing information to people who don't need to know. I think we need to retain the need to know principle.

Good collection of intelligence entails risk taking in the recruitment process. Ever since the days of the Church Committee we have discouraged risk in our intelligence organization. We've indicted professionals for carrying out their responsibility. We've made it more complicated or put a chill on the recruitment of people with human rights violations on their record when indeed those are some of the very people we need to be going after. Sure, there are failures and we need to determine why those failures came about. But there are also successes, largely unheralded, and we should not risk the successes by excessive finger pointing at the failures.

The final point is resources. I think we can all agree that in the 1990s we short changed DOD, State and our intelligence agencies. A rebuilding process is underway thanks to members of this committee among others, but it will take longer to rebuild than it takes to tear it down. When I think of the length of time required to recruit, train, organize hard cover for intelligence case officers, I agree with George Tenet when he says the rebuilding process will

take five years. Let's hope that we don't prolong this process by hasty and ill advised organizational moves. Thank you, Mr. Chairman.

SEN. WARNER: Thank you, Mr. Secretary. Another strong statement and very clear in your views.

Secretary Hamre.

MR. JOHN J. HAMRE: Chairman Warner, Senator Levin, thank you for inviting me. I acknowledge I come here with severe disadvantage compared to my colleagues at this table, who have such deep richness of talent and experience compared to me. But I do have the indisputable advantage in that I worked for all of you for 10 years, and so I throw myself on your mercy and hope that you remember kindly your children.

SEN. WARNER: Now, before you further demean your credentials -- (laughter) -- let me point out that you perhaps have as much experience as any of us with regard to the issue of budgeting and in the course of the colloquy here between my colleagues and myself and the witnesses, we will try and define your individual views on that.

MR. HAMRE: I'd be happy to respond to that, sir. SEN. WARNER: You do have experience there.

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

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

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

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

I also think it is really not a good idea to strip away from the cabinet secretaries their assessment capacity to evaluate intelligence on their own. They need to come to a meeting with the president, and frankly come before all of you in hearings on the Hill, with their own independent capacity to reach a judgment, not just simply receiving it from a central authority. So I do not think it's a good idea to focus in such a narrow way that we get one point of view coming out of an intelligence community. I really think far great risk lies in having that too narrowly constrained and for cabinet secretaries like these two gentlemen not to come before you in hearing and not to come before the president to make their case on their own assessment.

Now, I've seen what the commission has recommended, what Senator Kerry has recommended and I've seen what the president has recommended. And I probably, much like my two colleagues here, think that the current situation is preferable to the two that are on the table before you. I personally think that the 9/11 Commission's recommendation is -- would create a very dysfunctional situation in the executive branch.

But I also think that the president's recommendation is going to create a very weak director of national intelligence and the way it was announced could weaken the CIA in the process. I think that's a step back. So I've come to a conclusion, if the politics is going to drive us to have a director of national intelligence, then I have to conclude we have to find a way to make that individual have some genuine heft in the process.

They're not going to be strong to simply running interagency coordination structures. They're going to have to have institutional depth and so my recommendation, which I realize is controversial, would be to move the intelligence factories and that is the National Reconnaissance Office, the National Security Agency and the National Geospatial Intelligence Agency under the director of National Intelligence. Just the factories.

Now, some have asked me why do I not recommend that we move human intelligence? And, frankly, those aren't factories. Those are artist and craft shops and I don't think they're of the same scale. I think we should keep them where they are. I think they ought to be with the CIA and, to a lesser extent, the Defense Department or the Defense HUMINT services. I think you should leave them there.

But the factories that produce the raw material I feel could be brought under this and give genuine depth to that -- to the director of National Intelligence. Now, Secretary Schlesinger rightly raised how crucial it is for us in the Defense Department to have reliable intelligence for our warfighting and it isn't a matter of just getting a finished intelligence product. We need the electrons. We need the electrons on the battlefield almost in real time to be able to do our job.

Now, I will say that a good number of those platforms that produce tactical intelligence are under the management and control of the Defense Department already, and that would not change by moving the parent of the National Security Agency to this new director of National Intelligence. But I do think that there would be problems that would emerge if you were to move the factories over under this individual, but I think they're manageable problems. At

least, I know how I would manage it if I were to do that. We come to this - we, DOD, would come to this with considerable clout, frankly. Each of those three agencies would collapse if we pulled out our people and our resources.

Dr. Schlesinger said that there would be a tendency to reproduce those capabilities. Frankly, we can't afford it. I mean, we are going to rationalize our process.

We've had to do that by the expense of these platforms already. So I think that there would be a -- no question there would be some tensions, but I think it is something we could manage. I personally would recommend that the deputies, myself and -- if I'd been in the job, the deputy -- or the vice chief of the Joint Chiefs, as well as other deputies serve as a board of directors to the director of National Intelligence on really a daily basis to ensure that we're getting the kind of support and product that we need.

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

Thank you very much, Mr. Chairman.

SEN. WARNER: Thank you. The committee will now proceed to its six minute round. I'll start off with Dr. Schlesinger.

On page four I repeat your testimony, "to shift control over crucial intelligence assets outside the Department of Defense, risks weakening the relative advantage of the United States," and so on. The operative word is "to shift control." Then I look at the statement by the national security advisor to the president, Ms. Rice, and she said the following: "We expect that the national intelligence director would have significant input into the development of a budget."

Now, that's not shifting control in the president's position, and I recognize 9/11 is on a different -- but let's go back and explore. Is there a bridge between these two poles, so to speak, of shifting absolute control and the question of significant input? And may I suggest the following, which I have mentioned publicly, and that is let the secretary of Defense retain the budget structure, the actual people that work on all of these things and put it together. It's a very complicated -- we're talking about tens of thousands of people in these various agencies. Am I not correct in that, tens of thousands?

MR. SCHLESINGER: Yes.

SEN. WARNER: Leave them input -- let the secretary of Defense create the budget, but in coordination with the national intelligence director, coordination and allowing the maximum of input. And at the time presumably and optimally it would have a concurrence on the various points that they would then jointly submit that budget to the president so that there would be accountability to both individuals.

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

SEN. WARNER: I think that would be the objective of the legislation, which I hope by the way would not be driven by politics, Dr. Hamre. I hope it would be driven by good --

MR. SCHLESINGER: Let me mention two other things --

SEN. WARNER: So on that point you feel that that is a bridge between some of the poles here?

MR. SCHLESINGER: Yes.

SEN. WARNER: Would you like to speak to that, Mr. Secretary Carlucci?

MR. CARLUCCI: I think already -- or at least when I was in the CIA the director put together the end fit, which was then worked out with the secretary of Defense. I can remember when I was in the job, John Hamre was in as deputy secretary of Defense. I persuaded OMB to let me determine the intelligence budget because it was a straight trade off with the DOD budget because the president had already determined the top line of the DOD budget, and I gave intelligence a higher growth rate than I gave DOD. So there's -- the collaborative relationship already exists and I think your suggestion is appropriate.

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

MR. SCHLESINGER: I think that's correct, Mr. Chairman. If you recall, I think that what they're saying is we have failed to connect the dots. That does not mean that there's not coordination on the budget.

SEN. WARNER: No. Well, I think we've reached a consensus. Dr. Hamre, how do you feel? You've got a lot of experience.

MR. HAMRE: I sure have. I've put together eight budgets, three of them -- four of them as a comptroller and then four when I was in the deputy's job. And to be honest, there's not nearly the close review of the intelligence budget that people think there is. It doesn't -- when you look at what we submit to all of you, it's really quite skimpy by comparison to what it is that you ask that we submit for the Defense Department. And there is coordination but it's really quite limited.

And so I think -- to be candid, I think the quality of oversight inside the executive branch isn't as strong as it ought to be of the intelligence. That ought to be strengthened. But I think the reason it hasn't been, frankly, so strong is that there has been a de facto tug of war between DOD and the intelligence community over who's got the lead. And in that struggle, frankly, we just really have not dug into it as deeply as we probably should have.

SEN. WARNER: All right. Then do you feel that the creation of the post of NID with what I outlined is sort of a joint responsibility, that while the people would be retained in the Department of Defense the actual work product would be coordinated carefully with the NID and then they would both sign off on it and both names would appear as it goes to the president? Do you think that would help remove some of the criticisms you've outlined?

MR. HAMRE: I think that that is, as the secretaries have said, quite similar to what's done now. It needs to be strengthened, no matter what. Is it going to get better by creating the NID? Not necessarily. It isn't necessarily going to be better if you create the NID.

The process is weak right now because it is -- there are two bosses and there are two separate chains and, frankly, there is a lot of ambiguity between those two chains. And that's, frankly, replicated up here on the Hill. You know, we've divided the oversight of the intelligence budget and the armed service budget.

SEN. WARNER: That's a separate problem and we'll get into that. MR. HAMRE: So I mean we see this throughout the system.

MR. SCHLESINGER: Mr. Chairman?

SEN. WARNER: Yes?

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

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

Now, the national intelligence director simply doesn't have the benefit of having gotten to know those individuals through the many trips each secretary of Defense and service secretaries make to the commands and visited with them and families and everything else. Therefore, I think again I draw another parallel with the budget and that is that there would be a joint consideration and a joint submission of that name. But given that the Department of Defense would have more insight certainly into the military nominees -- now, I don't suggest that they always have to be military. So, again, I come down to a similar process on the hiring and firing and that would be a collaborative between the secretary of Defense and the NID and then a joint recommendation. Would I be correct in that assumption?

MR. SCHLESINGER: At the moment there is collaboration on the hiring side. I think that that collaboration would break down on the firing side.

SEN. WARNER: Well, let's hope it wouldn't. They both have to remain accountable if they have their two names on that nominee.

MR. SCHLESINGER: I think when you were the secretary of the Navy, Mr. Chairman, that you might have been hesitant to share certain information with somebody who was necessarily reporting to somebody outside the building. I ask you to reflect on that responsibility.

SEN. WARNER: Well, I think that we've come to the point, you know, there's the old adage, need to know, but we also now have the need to share, and there's got to be a greater sharing of information.

MR. SCHLESINGER: One very useful thing that an NID can do is to break down the classification boundaries between these intelligence agencies.

SEN. WARNER: You and I have discussed that. Secretary Carlucci, to my answer on the hiring and firing?

MR. CARLUCCI: I think there needs to be a mechanism for breaking down an impasse. That is to say, if they can't agree eventually one of them sends a name forward to the president with the dissent by the other, so that the president can make a decision.

SEN. WARNER: Well, if there were an impasse I would presume that the president would be involved in reconciling.

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

SEN. WARNER: It has been that practice.

MR. CARLUCCI: But by practice, so that one or the other of them should have knowledge of the military people that are proposed.

SEN. WARNER: Some knowledge, but perhaps not to a degree of the SECDE. Senator Levin.

SEN. LEVIN: Thank you, Mr. Chairman.

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

When it comes to execution of the budget by executive order that is now basically in the Defense Department. But, Secretary Carlucci, when you were deputy to Admiral Turner, as you just indicated and he indicated this morning, in the Carter administration that was done differently by executive order at that time. That execution of the budget was in the hands of the intelligence people. Is that correct?

That's what Admiral Turner at least told us this morning, and you -- and I thought you were indicating something like that earlier today.

MR. CARLUCCI: I have trouble understanding what you mean by execution. If you mean has the money been spent, has the program been carried out the way the Congress directed --

SEN. LEVIN: And including reprogramming.

MR. CARLUCCI: And including reprogramming? Well, the answer to your question then is yes, that was done by the DCI.

SEN. LEVIN: That was done by DCI? So that by executive order, I emphasize, this shift could be made back, if it were desirable.

MR. CARLUCCI: Sure, sure. SEN. LEVIN: To the intelligence --

MR. CARLUCCI: But the point I tried to make, that we don't necessarily have to have statutes here, there is some flexibility.

SEN. LEVIN: So that's, it seems to me, point one. To the extent that it's desirable to shift back reprogramming into the DCI or his successor, that could be done by executive order without legislation.

Now, when we look at the failures, the 9/11 failures, what I don't see is any connection between the failures and where that reprogramming authority on the budget should lie. I don't see any connection to the remedy which is proposed. Do any of you see the relationship between the remedy proposed, which is basically put reprogramming or execution of the budget back in intelligence, and the failures which preceded 9/11? If so, can you --

MR. CARLUCCI: I think we're fixing a non-problem, to be honest with you.

SEN. LEVIN: Do either of the other witnesses here see the relationship between that remedy and the flaws before 9/11?

MR. SCHLESINGER: No. Here's the thing, Senator Levin. One of the commissioners confirmed that they spent 18 months studying the problem of 9/11, and three weeks to put together this reform of the intelligence community. I think that that tells us that this is not a close fit.

SEN. LEVIN: Well, but specifically though. That's a general comment, but specifically, at least then I won't -- Dr. Hamre, unless you have a difference on this, I'll say so far we don't

have any connection between the flaws before 9/11 and that particular remedy relative to who has the reprogramming power.

MR. HAMRE: Well, the reprogramming isn't really going to solve a problem like that, it's really our capacity to structure the intelligence community prospectively through your budget --

SEN. LEVIN: Through the budget, which by law, by title section 403-3 of 50 USC, it belongs right now -- or is right now in the DCI. Now, if this is right, what we've said so far, we have this situation, that the remedy relative to the budget change does not correct the flaws. And to the extent it's desirable anyway, it can be done by executive order. Now, that's my summary of what your testimony is so far, at least where I'm -- what my own inclinations are.

Now, on the personnel side of this issue, we have under current law the requirement that the secretary of Defense obtain the concurrence of the DCI before submitting to the president any nomination to head the NSA or NGA or NRO. The only one left out of that would be the DIA. So right now under law, with that one exception which I think would be continued probably by the 9/11 Commission, although I may be wrong, right now the concurrence of the director of central intelligence is required before the appointment at least is made.

So that if that is robustly implemented, presumably we have a DCI who has a veto over any intelligence head of those three agencies. Is that -- are you with me so far? Okay. Is that not an adequate input into who the heads of those agencies are, to meet the goals, it seems to me, which are desirable goals, of the 9/11 Commission? Which is that there be that kind -- a significant input into who is going to run the intelligence for those three agencies.

Why is that -- why doesn't that meet or does it meet the 9/11 Commission's very legitimate point about having intelligence, the person responsible for intelligence also having hiring authority for the people who are going to be collecting it? Is that -- do you agree with that?

MR. CARLUCCI: I think you're right. I agree with you.

SEN. LEVIN: Okay. Now, on the question of the accountability for the failure -- for the -- just an accountability issue. This is perhaps one of the two most troubling things to me. Is that the commission did not address, in my book, the accountability failures prior to 9/11. And I disagree with you here, Dr. Schlesinger. We have all those dots up there, it's not just that the dots weren't connected, it's that the information was not shared which would have allowed for the dots to be connected.

And you put dots on a board and obviously, you know, there's no automatic logic to connecting them. But the information which would have allowed the dots to be connected was not shared as required by job description. So that you had people in the CIA who knew that al Qaeda operatives, who had attacked the Cole and were members of al Qaeda, had entered the United States and never notified the FBI, as their responsibility was.

And you had FBI people in Minneapolis, in Phoenix, who did what they were supposed to do, notify the national FBI office, the bin Laden desk at the FBI office, and nothing was done

with critically actionable information about people in the United States who were clearly connected to bin Laden. Those are failures to do one's job, and there's no one been held accountable for that.

How do we get greater accountability into this process to address those kinds of failures, which were at the heart of the 9/11 failure? They weren't the budget -- who has budget responsibility, it was people not doing their jobs. How do we get that into this process?

MR. CARLUCCI: If this were today, if that were to be happening today, we would look to TTIC. And presumably after we set it up, we'd look to the Counterterrorism Center.

SEN. LEVIN: Anything to add to that? Either one of you? My time's up.

MR. SCHLESINGER: Well, my only observation is that after the 1970s, it was prohibited from sharing intelligence information with law enforcement, and that that was one of our problems. I agree fully, Senator Levin, that we did not share as much as we could, but there were restrictions.

SEN. WARNER: Thank you very much, Senator Levin. Senator McCain.

SEN. JOHN McCAIN (R-AZ): Thank you, Mr. Chairman, and I want to thank the witnesses for being here. There's no three individuals who I have greater respect and appreciation for their incredible contributions to our country, and I'm very grateful they're here.

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

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

I don't know how long we're going to keep blaming the Church Committee. It's been about 30 years now since the Church Committee had their hearings. Maybe the effect of the Church Committee would have some kind of half life after a while. Yes, we've had successes, but for us to rest on those successes given the ample evidence of massive failures that caused the worst attack on the United States of America in our history, I think would not be satisfactory to my constituents.

Secretary Carlucci mentioned that rebuilding is under way, and that Secretary Tenet -- former DCI Tenet said it would take five years. What was he doing the previous years when he was in charge? As a member of the Weapons of Mass Destruction Commission I've been finding

out more and more information, most of which is public knowledge, that there were massive failures.

I guy named "Curveball" gives information which was accepted on its face and somehow became a part of secretary of State's testimony before the United Nations Security Council. That and other information he now deeply regrets that he presented as fact. According to Mr. Woodward, the WMD information was a, quote, "Slam dunk" to the president of the United States.

I guess my counter argument to the testimony is for us to maintain the status quo is simply not acceptable. And I'm not a member of the Intelligence Committee, but reading this report, no matter whether they spent three days or three weeks or three minutes, they did some incredibly valuable work. So I guess -- and there's one area, I'd be glad to hear your responses, but my question also is that in your testimony none of you have addressed the recommendations for a fundamental reorganization of how Congress exercises its oversight.

They are very critical of Congress' oversight capabilities and activities, responsibility and blame that I think is well deserved, not because of the nature of the individuals but the nature of the system. And I'd like to hear your comments to mine. But also response to if you have any ideas or thoughts on reorganizing how the Congress could better exercise its oversight responsibilities.

Dr. Schlesinger?

MR. SCHLESINGER: Fools rush in where angels fear to tread, and recommendations as to how the Congress should reorganize itself usually fall on deaf ears. I think that you should carefully consider the joint committee prelude that we had for Atomic Energy as a better way of organizing activities on both sides of the

aisle. I'm not recommending it, I think you should consider it. As to what is wrong with intelligence, that is a matter of good analysis, improved analysis and hiring good people.

It is not -- the problem was not the Church Committee, it was the reaction to the Church Committee in law and executive orders that said, don't talk amongst each other. And there's some very silly examples that occurred a response to those injunctions.

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

MR. SCHLESINGER: Absolutely right.

SEN. McCAIN: There's a lot of things that happened that there's no law or no action of the Church Committee that would have prevented this incredible stovepiping, which has been identified by a large number of experts as one of the serious problems that we have.

MR. SCHLESINGER: That's absolutely right, and we need to get rid of the stovepiping, and that's one of the things that an NID can indeed do, because only the clout of somebody with authority from the president can eliminate some of those classification barriers.

SEN. McCAIN: Secretary Carlucci?

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

So you can enhance the DCI's authority, let's look at Senator Warner, who's already doing it, let's look at the DCI's authority and see where the shortcomings are, set up the Counterterrorism Center and proceed from there. There may be things that we could do afterwards that would be important, but to take what Jim Schlesinger said, first do no harm.

SEN. McCAIN: Do you have any comment about reorganizing the Congress' oversight responsibilities?

MR. CARLUCCI: Well, it's not been my area of expertise. Clearly there are too many committees, and to set up some kind of a joint committee would be a highly desirable thing to do. I mentioned trade craft. And there's been a lot of talk about connecting the dots, and that was a failing of our intelligence system. Okay, so be it.

But had we had one asset inside of al Qaeda we might have had highly accurate information. So let's also look at our trade craft, let's not just say it's a matter of organizational structure or connecting the dots.

MR. HAMRE: Senator McCain, first, our current system of budgeting is weak when it comes to the intelligence community, and it's because we have two different chains, and frankly there's a lot of ambiguity over who's in charge. People fight for the authority, not necessarily following through with the kind of details that we should have.

I frankly see the same extending up here on the hill. The quality of oversight is very uneven. The committees are too big, as Secretary Carlucci said. Far too much time is being devoted to arguing over budget inputs, not enough about what's coming out of the system. The Intelligence Committees and the Armed Services Committees compete with the Appropriations Committees to try to do the same job, control dollars. I think that's something that we really should look at.

There are a range of things, I've got some ideas, I think we would -- it'd be useful to have, as Secretary Schlesinger said, a joint oversight committee that is comprised of the two Intelligence Committees to really

do oversight of the intelligence process. So there are a number of things that need to happen. I mean, it's a rather wide set of recommendations I think you'd want to consider if you were looking at oversight for the community.

You don't have any jurisdiction, for example, over -- or the Intelligence Committee really doesn't have much over the FBI. And yet the connecting the dots problem was very much a domestic foreign intelligence issue. Those all have to be put on the table. And how you structure to deal up here is going to involve some fairly big changes. I'd be happy to come and talk later, I got myself in a lot of trouble in the House for being too public, but I'll do it again if you want.

SEN. McCAIN: You can never get in trouble here. Thank you, Mr. Chairman.

SEN. WARNER: Thank you, Senator McCain. Senator Kennedy.

SEN. EDWARD M. KENNEDY (D-MA): Thank you, Mr. Chairman, and I join with all of those in welcoming a very distinguished panel.

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

And now we are attempting to deal with these recommendations, and it's against a background where I think all of our panelists have acknowledged the extraordinary progress that's been made in terms of communications, intelligence and information. Gulf War I, 72 hours in the time of a sighting onto a target to the time weapons could be delivered to now to 20 minutes. The progress that's been made has been extraordinary.

No one wants to upset that, no one wants to disturb it. But the fact is we're facing a new world, a new world with al Qaeda, a new world with al Qaeda. And this is not the issue of changing and ensuring that government is going to do what it has to do and should do and has the most important responsibility to do, and that is to protect its people, to protect its people and also to secure obviously the best that we can in terms of our defense forces. That's obviously important.

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

The one I want to speak to you about, I haven't got the time to go on through them, is the Scowcroft Commission report. This isn't someone that is reckless in recommendations. This is a person that has served under seven presidents, then as a distinguished military leader but a national security officer, heads the National Security Office for Bush I, now the head of the foreign intelligence.

He had some enormously important recommendations that are not greatly dissimilar from the recommendations of the 9/11 report. And let me just summarize, this is a -- just very quickly from a Time Magazine story.

"Scowcroft chaired a year long study on the subject and sent his report to the president in March, there it collects dust. At a black tie dinner last week" -- this is in December 2002 -- "when he presented an award to CIA's George Tenet, Scowcroft broke cover again. 'For years we had a poorly organized intelligence system,'

he said, 'but it didn't matter because all the threats were overseas. So now we have a huge problem.

'It is unfair,' he said, 'to ask Tenet to take responsibility for intelligence matters when he has authority over only some of them. I think it's time we give him all the tools he needs to do the job.' The room full of spooks, spy chiefs, exploded in applause."

Now, maybe the Scowcroft Commission recommendations aren't the answer. Maybe 9/11 is not the answer. But the American people know we're dealing with al Qaeda that's out there in towns and communities, trying to steal weapons of mass destruction, bioterrorism, working day and night in terms of its kind of a threat.

And I think we have to be able to evaluate, I don't know why we can't look at the Scowcroft Commission and make the recommendations, but we have to have serious recommendations, rather than, as Senator McCain had mentioned, just saying things are working okay.

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

MR. HAMRE: Well, Senator, that's a much broader question than just the issue before us. I think that -- first I would say I think there's a good deal more cooperation between the intelligence and law enforcement communities than ever existed before. Is it sufficient to divert the next attack? Maybe not, I don't know. But it's certainly much, much better than it was.

The focus, we've got many more people that are no worrying on this issue compared to where we had before. Now, institutionally you'll have to ask, does that have staying power? And I think the issue in front of you and the rest of the Congress is, do you need to put an institutional framework to this? I personally think that the system that we have right now is we tend to have a weak coordination structure, and it's not that the authorities aren't strong for the DCI, he has very, very strong authorities, but he's not chosen to use them all.

And they've fallen into, frankly, disrepair, because he's bucked up against very powerful secretaries of Defense through the years.

So I think now you have to ask the question, do you change that? Do you basically ask him to override the secretary of Defense? Or do you institutionally give him more standing, independence and power, as was recommended by the commission?

At some point we're going to have to restore in a more institutional way some of those authorities to coordinate across the government. But I think that there's a lot of risk of doing it the way the 9/11 Commission recommended.

SEN. KENNEDY: Are you familiar with the recommendations of the Scowcroft Commission?

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

SEN. KENNEDY: And could you give us any reaction as to --

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

SEN. KENNEDY: Could I ask the other -- if time permits, Secretaries Schlesinger and Carlucci, whether you're familiar with the Scowcroft, or if not in detail by what you could tell us about your reaction to it?

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

Secondly, none of us --

SEN. KENNEDY: Do you think we ought to have -- my time's up. Do you think we ought to have that before the committee? The Scowcroft Commission?

MR. SCHLESINGER: I think that whatever you do, you must have a better coordination between CIA and FBI for the very reasons that you remind us of.

SEN. KENNEDY: I was thinking about the report.

MR. SCHLESINGER: On the report, as my remarks indicated, I do not think that it would be wise for the warfighter or for the Department of Defense to take coordination between C3 intelligence out of the Department of Defense. I think that that would do damage to the warfighter, and I think that the attempt of commanders in the field will be to substitute other assets for the ones that they think have been lost to them.

MR. CARLUCCI: Just one quick point. Nobody has said that the intelligence system is working fine, let's keep it the way it is. We've all made recommendations for change, I agree with what Jim has just said.

SEN. KENNEDY: Thank you.

Thank you, Mr. Chairman.

SEN. WARNER: For the record, the Scowcroft Commission report has not been released by the White House, though there have been some public discussion of its major points, so we're going to look into seeing whether or not we can have greater access to it.

Senator Roberts.

SEN. PAT ROBERTS (R-KS): Thank you, Mr. Chairman, I just had a talk with Brent Scowcroft last Thursday. And even at my age I begged him on hands and knee to release the report to the Intelligence Committee and to the Armed Services Committee. He pointed out he is still the president of the president's foreign policy advisory board, and as such comes under the jurisdiction of the NSC and would have to receive clearance from the White House to make that report public.

I agree with Senator Kennedy and I agree with you, and finally after struggling from my hands and knees I said that Senator Rockefeller and I would make that request, and that we would also make a personal call to the White House to see if we couldn't get that done, and with all of the horsepower that the chairman has and the vice chairman has, I am very hopeful we can get that done.

Let nobody state that we are abrogating our responsibilities and challenge to try to implement the goals of the 9/11 Commission and to meet our responsibilities with the families. Senators Collins and Lieberman just concluded a hearing as of this morning where they had the directors of central intelligence, Webster, Woolsey and Turner, all three indicated that they were for a national intelligence director, with some modification.

I don't want to say that, you know, carte blanche, and also the Counterterrorism Center, there was no comment on how we fix the oversight of the Congress in which, by my count, we have at least eight committees plus OMB in charge of these decisions. Let me say that with Senators Warner and Levin and myself, I'd like to include and I was also hopeful that Senator Rockefeller would be able to attend, being the vice chairman of the Intelligence Committee, I share their very strong feeling that we must preserve the tactical intelligence to the warfighter.

That's a given, that's the TIARA part of the program in regards to tactical intelligence. Now, we've got seven committees, I think, that have held hearings during this break. And it's not a break. We have about 13 to go, and it'll probably be up to 20 by the time we hit -- the time we come back into session. So I think there is real work being done in September, and I'm very thankful for that.

Mr. Chairman, I'd like to ask unanimous consent that the speech that you made on the Senate floor as of the 22nd of July be inserted at the record at this point. You spoke before the Senate -- or as the chairman of the Senate Armed Services Committee. You talked about the 9/11 report being a roadmap, but then you also pointed out that there was not especially a 9/11 but other comment that amounted to a sweeping indictment that we have been dysfunctional in our oversight.

I've been a member of this committee for eight years, of course you've been the chairman, you know, off and on along with Senator Levin. And you pointed out that you structured the Goldwater-Nichols legislation, we created a special operations command through the efforts of Senator Lieberman and Senator Coats, you have also created the Subcommittee on Emerging Threats and Capabilities. That subcommittee, by the way, warned in 1999 on what could happen to the World Trade Center. In that subcommittee we have made a lot of progress with regards to joint experimentation, homeland defense, counterterrorism, future technologies and concepts that will be needed to confront all sorts of future threats. And then you had a minority view report, and this report is 10 years old, signed by Senators Warner, Danforth, Stevens, Lugar and Wallop.

Bottom line, reductions in the U.S. intelligence capabilities in this period of international stability are unwise and do not serve the nation's long term security interest. There's more, basically this is 1994, 10 years ago. So I'd like the entire speech to be made part of the record, I think it's pertinent, and in setting the record straight I congratulate you, sir, and I think you made some fine comments.

SEN. WARNER: Without objection. I think we should also note that you've been the distinguished chairman of the Subcommittee on Emerging Threats since the day it was created.

SEN. ROBERTS: As always, your humble servant, sir.

Let me just say that if I can sum up the testimony, and I know that I should not do this with Senator Collins being present, who's doing an outstanding job along with Senator Lieberman on the government affairs committee, but the three of the witnesses there pretty much got on the NID stage and the counterterrorism stage and left town. No, they didn't leave town, but at least that was their recommendation.

And from what I hear of the witnesses, I'm not sure that you're on the NID stage or not. Do you support really granting the NID, or the national intelligence director, direct supervision and control over the DOD elements of the NFIP? Now, saying that there's 15 agencies, there are four of them under the Department of Defense, then you've got the four services, that's eight, and then the rest of them are under the Intelligence Committee as all three of you well know, the suggestion has been made by the distinguished chairman that somehow we could work out some kind of arrangement whereby there by better coordination.

But it was just like Senator McCain said, I think that the 9/11 Commission, with a lot support in this town and with the administration moving toward that goal, and it's not a set policy yet,

if they are for the national intelligence director and they are for this counterterrorism national center, yes, no, are you for it or against it?

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

MR. SCHLESINGER: Thank you, sir. Now, we used to have greater uniformity in that prior to the 1970s the Central Intelligence Agency was under the control of the Armed Services Committee. So what we have been doing on the hill has been to split those authorities, reflecting the public reaction to the so-called scandals of the 1970s.

No, I don't think that the authorities in the Department of Defense should be placed under the NID. SEN. ROBERTS: Secretary Carlucci?

MR. CARLUCCI: I agree with the concept of the Counterterrorism Center, I do not favor an NID. If we're going to have an NID, I don't think he ought to have line management over the CSAs.

SEN. ROBERTS: Dr. Hamre?

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

SEN. ROBERTS: Let me give you the counter argument. I've noted what appears to be a very redundant, often wasteful procurement of intelligence system, in my view as chairman of the Intelligence Committee, shared by many. Across the several intelligence budgetary mechanisms down through the years, different agencies and different Congressional committees, obviously that's no surprise, you have the entrenched interests of several of these bureaucracies. We may see that when an intelligence requirement is levied the NRO always finds one of its satellites to be the best solution, if not all of them.

The NGA will feel its imagery is the best, the NSA may offer signals intelligence, the Air Force may prefer its UAV and the CIA may obviously feel an agent collecting information is the best. Not to mention a poor Marine who would just want new tires on his Humvee.

Sadly, all of these programs may be funded to meet similar or even redundant needs, and yet the secretary of Defense cannot do all that. We have an undersecretary of intelligence now who has his hands full, and the secretary of Defense certainly has his hands full. Would a national intelligence director with more powerful authorities be able to make the tough and unpopular decisions that fiscal responsibility requires?

It doesn't have to mean that you put the whole agency out of the Department of Defense over to the NID, but at least that person would have funding authority, hiring and firing authority, shifting personnel authority and also transfer authority in regards to funds. What I'm trying to say is the reprogramming. Is still your answer no?

Jim?

MR. SCHLESINGER: I think that the NID can do much more in the area of centralizing collection, which is the big money area as your question raises. The NID should not be engaged in suppressing competition amongst the agencies, the secretary of Defense and the joint chiefs should have their own DIA.

MR. CARLUCCI: The way you've described it, I can see an NID building a huge staff right now. And that would be just another layer, so I think we've got to be very cautious about giving him all this authority. Either he builds a staff or he yanks something out of DOD, there's no in between.

SEN. ROBERTS: Dr. Hamre?

MR. HAMRE: I'd agree with what Dr. Schlesinger just said to you.

SEN. ROBERTS: Okay. My time has expired, and I thank you, Mr. Chairman.

SEN. WARNER: Thank you, Senator Roberts.

Senator Lieberman.

SEN. JOSEPH I. LIEBERMAN (D-CT): Thank you, Mr. Chairman. Thanks to you and Senator Levin for these

hearings.

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

I want to pick up on the question of Senator Roberts and some of the others, the line of questioning that they've been following. I mean, you can't read the 9/11 report without concluding, I did, that it's an indictment of the status quo. That in some measure, they don't quite say this but it certainly left me with the impression that if the kind of reorganization they recommend was in place prior to September 11th, maybe it wouldn't have happened.

And it goes to the connecting of the dots, to the focusing of resources where they were necessary, I mean, the bottom line seems to be, no one was in charge. The commission says that, Mr. Zelikow, the executive director, testified to the Government Affairs Committee that that remains the case. No one's in charge of the American intelligence community. And as a result there is stovepiping, there is -- there's not an overview by somebody at the top, where priorities are and therefore where the money should go.

In that report I believe that it says that our intelligence community is according to the best management principles of the 1950s. Which is not surprising, because it came into being in

the late '40s, when the world was very different and the enemy was very different. The Soviet Union as opposed to all the diffusion of terrorism. Incidentally, we know the toughest part of this is what to do about the Defense intelligence budget, and the questions have been raised.

It's true that a lot of the criticism in the 9/11 Commission report was focused on other agencies, particularly the failure of CIA, FBI, et cetera, to cooperate, but there is some criticism of the NSA, the National Security Agency, which is in the Defense Department obviously. And I'll just read from the Commission report, page 80 -- let me start with 87.

"An almost obsessive protection of sources and methods by the National Security Agency and its focus on foreign intelligence and its avoidance on anything domestic would, as will be seen" -- in the report -- "be important elements in the story of 9/11." Basically an accusation that the considerable assets of the National Security Agency were not being focused on the war on terrorism.

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

" Finally, from page 417, "In the 9/11 story, for example, we see examples of information that could be accessed like the undistributed NSA information that would have helped identify Nawaf al Hazmi in January of 2000."

It goes on. So that there is some direct connection in the report to failures of cooperation by intelligence assets now under the control of the Department of Defense. Senator Roberts asked about whether you were for the NID, and there was -- as recommended I think you generally said no. Bob Gates, former DCI, said in testimony submitted to our committee this morning, a strong statement, "The new intelligence director as described" -- he actually talks about the White House.

He says, "The president recently announced his initial decisions in response to the Commission recommendation. I hope, as the White House spokesman has suggested, that these decisions are only a first step, because the new intelligence director as described will impose a new layer of bureaucracy but has no troops, no budget authority and no power. And therefore the new position would be worse than the current arrangement."

So what's my question? My question is this, you've answered in part -- let me go at it this way. And you're all -- you've had the extraordinary experience in administration, both in the public and the private sector. How can we, in something so fundamental as this war on terrorism, go on without having somebody in charge? And if you put somebody in charge, doesn't it mean they've got to have budget authority? Including over the department of -- or at least significant non-TIARA, non-tactical parts of the Department of Defense intelligence budget?

Secretary Carlucci?

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

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

MR. CARLUCCI: Absolutely.

SEN. LIEBERMAN: Instead of creating an NID. MR. CARLUCCI: Absolutely.

SEN. LIEBERMAN: Secretary Schlesinger?

MR. SCHLESINGER: The first point that I make is that the stovepiping that so badly damaged our ability to deal with 9/11 evidence beforehand was basically between the FBI and the CIA. And that if that is the area that you must bring greater integration, how far the TTIC does in bringing FBI information to the benefit of the counterterrorism area, I don't know. The FBI has historically been outside really of the intelligence community.

Second point. You mentioned that the NSA was obsessive about protecting its sources and methods and information. And the reason that it was obsessive was that during the 1970s and '80s we told the NSA, never eavesdrop on an American citizen. If you tell people not to hear things and then certainly if they've heard things inadvertently not to pass them on, they will be obsessive.

SEN. LIEBERMAN: Well, I guess you know better than anybody, and you'd say it yourself, we're not in the '70s and '80s any more, we're in the new century with a new enemy, about whom we need to know everything we can know.

MR. SCHLESINGER: Absolutely, absolutely. And those restrictions should be dropped, and they have been dropped.

MR. HAMRE: But, Senator Lieberman, you really don't need to add more authority to the DCI on budget. He's already got very, very strong authority, but he doesn't really use it. And the reason is is he's up against very strong cabinet secretaries.

SEN. LIEBERMAN: So how do we deal with that? Because we know the secretary of Defense has a lot of authority and power. And how are we going to equalize that competition, that tension, in a way that gives more resources to the war on terror? I mean, here we have, George Tenet declares war on terrorism as DCI, as the commission reports, in 1998. And nobody responds to him. Maybe it's because they didn't think it mattered because he didn't have any budget authority over them.

MR. HAMRE: But, Senator, it's not the only war we're fighting. I mean, we've got a lot of things we're having to do besides the war on terrorism, it is not the only focus. And I think

that's the primary worry I have, we're going to organize around just that one concept. And I think that's where I have to ask you to be careful.

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

Thanks, Mr. Chairman.

SEN. WARNER: Thank you, Senator Lieberman. MR. HAMRE: May I, Mr. Chairman?

SEN. WARNER: Yes, sure.

MR. HAMRE: There are bureaucratic problems within the CIA. And when George Tenet quite rightly said, we are at war, even within the CIA there was not the resource shifts that should have come, given the fact that we thought we were at war.

SEN. LIEBERMAN: That's a point well made.

SEN. WARNER: Senator Sessions.

SEN. JEFF SESSIONS (R-AL): Thank you, Mr. Chairman.

You know, a lot -- we're talking about the problems, and I think the panel has dealt with the problems, the deficiencies we had at the time of 9/11, but a lot has happened since 9/11, for heaven's sakes. The terrorism center that's been established with CIA as the head officer, I think it's in the FBI building, supported fully by FBI and every bit of intelligence involving terrorism is filtered through there so it can be properly analyzed.

I guess first of all, that's a big step forward, I think, and it's the kind of thing that was not happening before 9/11, and also I noticed in the commission's report that our expenditures for intelligence fell every year from 1990 to 1996. And from 1996 to 2000 it was flat, except for a Gingrich supplemental, they note. But since then we've been spending a lot more money on intelligence, particularly in human intelligence and other things that we know we were, in the aftermath of September 11th, to do better about.

And do any of you doubt that there is a great deal more cooperation within the agencies now? A great deal of effort to knock down the stovepiping that obviously existed before 9/11 in the months since 9/11?

Secretary Hamre, I guess you're the most recent --

MR. HAMRE: And I -- just by way of disclosure, I serve on an advisory board to both the FBI and the National Security Agency. And there's more cooperation than I have ever recalled between these agencies. And with the NSA and with the CIA there's dramatically more cooperation. There still are organizational impediments. The law enforcement perspective is constraining from an intelligence standpoint, to be candid.

So there are issues like that, but as you pointed out, lots has happened, lots of good things have happened.

SEN. SESSIONS: Secretary Hamre, I know you served as deputy secretary and also as the comptroller to the Defense Department under President Clinton's administration, but let me ask you about this. It's the Central Intelligence Agency. I presume that means it's supposed to be the central source of intelligence for the country.

Was that be the purpose of the founding of this agency, or one of the purposes of it?

MR. HAMRE: Well, sir, it's supposed to be the one and only all source intelligence center, and it's supposed to provide for the --

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SEN. SESSIONS: Well, if we create another one now, we're kind of putting layer on layer. Is that one of your concerns?

MR. HAMRE: Well, sir, I think the proposal that the commission is recommending is not to duplicate the CIA, but indeed to split off the central coordination role of the director of central intelligence from the CIA. That's where my concern lies, is that I think that recommendation, if left at that, will actually weaken both, and that's not a good idea.

SEN. SESSIONS: I had the opportunity recently to have dinner with some CIA agents, station chief, not real recently, and it was 8 o'clock, they said that was the earliest they'd been at home, they're working all seven days a week to serve this country. I don't think they think that this Congress or the American people have any idea of what they do, and my impression was they simply felt that what they were doing was critical to this country, and they were doing it because they loved this country.

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

MR. CARLUCCI: I'm glad you raised that, Senator Sessions, because I don't think enough focus has been given to the recruitment of human assets around the world. I have worked with these people through a 26 year foreign service career. I have seen them do their day job during the day, do their CIA work all night, I've seen the strain on families. I've seen the dedication. There's no recognition. They can't become ambassadors. They just do it out of pure dedication.

And we need to support them. I know the name Dewey Claridge probably doesn't mean much these days, but there was a man who was indicted for carrying out his professional responsibilities. And we don't treat them well. We need -- one of the things people say, we're not recommending change. I'm recommending a very serious change, that we make sure we support our intelligence officers in the field.

Recognize, sure, there are mistakes, there are intelligence failings, but there are a hell of a lot of dedicated people out there doing a fine job.

SEN. SESSIONS: And perhaps what Mr. Tenet meant when he would take five years to get this thing back on a level we'd like to see it move to, he was talking about the delays that occur when you establish human intelligence. You just can't do that overnight, isn't that correct, Mr. Carlucci?

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

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

MR. SCHLESINGER: My observation is that unless a czar is given an agency, that sooner or later, like Nicholas II, he winds up at Ekaterinburg with a bullet in his head.

(Laughter.)

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

fit into the new system.

Second point. We are now dealing with a different kind of conflict, and the central intelligence agency was established to bring together all of the information that came from the then Army and Navy that was lost during the run up to Pearl Harbor. It was not designed to bring in the FBI. When I joined the government in 1969, the director of the FBI was Herbert Hoover, who had given orders to all FBI personnel never to speak to anybody in the CIA.

Now, that is real stovepiping. Of course, there were all these clandestine, if I may use these, exchanges of information, because the people in both the FBI and the CIA recognized that to some extent they had to work together.

SEN. WARNER: Thank you very much, Senator.
Senator Reed.

SEN. JACK REED (D-RI): Thank you very much, Mr. Chairman.

And thank you, gentlemen, not only for your testimony, but to your service to the nation over many, many years. It seems to me we've had two extraordinary failures in intelligence, both 9/11 and Iraq. They were failures in collection, analysis, distribution of information and ultimately decision making. And they represent if not two sides of the coin, they represent slightly different phenomenon.

And I would suspect that if we focus only on 9/11 we might not fully realize all the changes we have to make. The 9/11 problem has a domestic component, which is not the case if we look at North Korea, we hope, or Iran. Those are strategic problems we have to deal with. In 9/11 it was more of a failure of warning, in Iraq it certainly wasn't a failure to warning.

Consistent, though, were belief structures. We believed before 9/11 that they could never do anything like this. And with respect to Iraq, we believed they were going to do something the next day. So again a very general question, but in terms of collection, analysis, distribution, decision making, what specific advice would you have for us?

And also, what about this notion of belief structure? We fool ourselves sometimes, not the bad guys, but we fool ourselves.

Jim?

MR. SCHLESINGER: Let me comment on weapons of mass destruction, if I may? SEN.

REED: Yes.

MR. SCHLESINGER: Given the information that the analysts had, theirs was not an unreasonable conclusion that Saddam Hussein had weapons of mass destruction, given his history. The problem with the intelligence that went public was that it did not include the caveats that should have been included, all of the doubts, all of the holes. The real problem with intelligence on WMD was not the analysts, it was the failure to have decent human intelligence from inside Iraq, which is, unlike the Soviet Union or China, more readily penetrable.

And that -- you know, we had no solid information. The analysts were working on the basis of inferences, and that's all they had, and the inferences are not unreasonable.

SEN. REED: Yes. Mr. Hamre?

MR. HAMRE: Sir, I think you've identified a very central problem, which is this, as you talked about, belief structure, or, you know, some people call it group think, which sets in. I can only think of one really structural solution to that, and that is to make sure that you -- that the various elements of the government that have to come together to make a decision in the executive branch, have to report to different oversight committees up here on the hill and explain it to people with different perspectives.

That's the only way I can think you can do that. And therefore they need to keep, retain intelligence capabilities for assessment purposes for their own department.

SEN. REED: That presupposes that our oversight will be vigorous and consistent. MR. HAMRE: Yes, sir. And I hope it will.

SEN. REED: Thank you. This issue of stovepipes is interesting. We all understand about stovepipes, but eventually they end, and that's in the national command authority, where the president -- not just this president, but any president, has to challenge these agencies.

MR. SCHLESINGER: Usually stripped of their caveats.

SEN. REED: Caveats, yes. But that's where the president will ask about the caveats, one will hope, because to assume that this all simple stuff I think misses the point from the beginning. Which raises a question, maybe it's a mundane question, but with all this anticipated moving around of institutions and organizations and analysis, how will that help the president, the White House, make better decisions? I think is really one of the fundamental questions.

And I'd appreciate your comments.

MR. SCHLESINGER: Well, look at the issue of the weapons of mass destruction once again. My problem with that is that the agency that had the best technical knowledge was disregarded. The Department of Energy said, all of our people who have looked at it said that these particular tubes are not intended for centrifuges and the overall was pushed aside. And you have to have a system that has respect for those who have the closest technical knowledge.

SEN. REED: Again, I think that kind of nuance in detail is not being captured in the discussion of creating a director of national intelligence and the combined threat center. But that's really where it -- eventually you make the judgments, which is basically giving the experts their play, letting them give you the analysis. In that case they did connect the dots, but they were ignored. So it's not all the time about just connecting the dots, it's having decision makers who are willing to listen and to probe the analysis.

MR. SCHLESINGER: We not only want to connect the dots, we want to connect them correctly.

SEN. REED: Can I ask another question? It looks as if we will do something. And I would ask you, what do you think is the minimum we should do, Mr. Carlucci, Dr. Schlesinger, Dr. Hamre. And then what things specifically we might defer because they're hard and they require more cogent thought and they require perhaps just more time. Dr. Schlesinger, any thoughts in that regard?

MR. CARLUCCI: Well, let me start. I think we ought to go ahead and create the counterterrorism center with the operational planning component in it. I'm a little nervous about putting operational planning too close to intelligence, but I think given the changed circumstances -- Senator Lieberman, you said it's not the '70s -- we ought to do that. We ought to find ways to tighten up cooperation between domestic and foreign intelligence. I would do that by looking at the DCI's authority, seeing if that can be enhanced, seeing what kind of participation the FBI is going to have in the counterterrorism center. I would defer the

question of a national intelligence director until we've had an opportunity to give it more study.

SEN. REED: Dr. Hamre? Dr. Schlesinger?

MR. HAMRE: Jim.

MR. SCHLESINGER: Go ahead.

MR. HAMRE: Sir, as I've said, I think that, you know, the 9/11 Commission recommendation would give us too strong a DNI for what we want. And I think the president's recommendation is too weak a DNI. So if we're going to have a DNI I think you've got to ground him with enough institutional heft so he can carry out the duties that I think Secretary Carlucci just outlined. He's not going to become a strong coordinator if he has no underlying institutional base for it.

SEN. REED: Dr. Schlesinger.

MR. SCHLESINGER: I agree with what Frank said and partially agree with what John said. The point to keep in mind is that one can establish a czar who has a sunset provision, not at any fixed date. But the power of a czar tends to fade over time, so when it's first established there's great fanfare and so on. Two things that the national intelligence director could do. One is to break down the impediments to the flow of information that are represented by each agency having its own special classification system. There is no way that much of the agency material cannot pass from one to another. And somebody with the authority of the president, whether in the White House or out of the White House, can break down those classification barriers.

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

SEN. REED: Thank you.

Thank you, Mr. Chairman.

SEN. WARNER: Thank you, Senator.

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

MR. SCHLESINGER: That would be correct.

SEN. WARNER: All right. Then the record is correct. Dr. Collins.

SEN. SUSAN M. COLLINS (R-ME): I want to return to the issue that was raised by Senator Lieberman and Senator Levin, albeit it from different perspectives, about whether there is a link between the failures prior to 9/11 and the issue of budget authority for the national intelligence director. And I want to return to this because I think there is a link and that there is an important link which the 9/11 Commission revealed. The commission talks about DCI Tenet issuing a directive in December of 1998, in which he says the following. "We are at war. I want no resources or people spared in this effort, either inside the CIA or in the community."

But the commission goes on to note nothing really happened after that directive was issued. To me, that is directly attributable to the fact that the DCI does not have the authority to mobilize resources across the government. And that's why I do think the idea of an NID with significant authority is part of the answer. Secretary Carlucci, you mentioned this morning Stansfield Turner testifying before the Governmental Affairs Committee. And, as you know, he endorsed the creation of a national intelligence director.

He tells the story about how shortly after he took over as DCI, you came into his office as deputy and said

something to the effect of, we have a lot of levers in this office, but I've come to the conclusion that the wires have been cut and that they aren't actually connected. I love that quote because I think it sums up what's wrong. That we have on paper a position that looks like he would have considerable authority, but that when it comes to mobilizing the entire intelligence community, the powers that are needed, the authority is simply not there. Secretary Carlucci, I'll start with -- could you respond to that, since I'm quoting or trying to quote you back to yourself.

MR. CARLUCCI: Well, I've not had the opportunity recently to do an analysis. Certainly I felt that Stan had ample authority and exercised that authority. My point is that if you don't have the requisite authority with the DCI, don't create another layer. Give the requisite authority to the DCI. Let's analyze that, see what he needs, he or she, and make sure that that person has the tools to do the job. I'm very much afraid of the disruption that goes with creating another layer and the impact that might have on our warfighting capability as well.

SEN. COLLINS: Dr. Schlesinger?

MR. SCHLESINGER: When Director Tenet made that observation in 1998 that we are at war, he certainly had authority within the Central Intelligence Agency, which has large numbers of people. Every element of the CIA said, that's right. Just don't take any resources away from me. So that you wound up with six or eight or 10 people being assigned to Osama bin Laden. It wasn't that he did not recognize the problem. It was that there was bureaucratic resistance or lethargy, whatever you want to call it. I am sure that if the director of Central Intelligence talks to the director of NSA and says, this is our problem, listen carefully, that the director of NSA will respond to that. And if he doesn't, a conversation with the secretary of Defense would have been -- should have been sufficient.

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

SEN. COLLINS: Dr. Hamre?

MR. HAMRE: Senator Collins, I think if you were to look at the statute that currently gives authority to the DCI, you would find it really gives the authority that you're seeking in the NID. So to Secretary Carlucci's point, you really could -- it's already there. I mean, the authority is there. I think you have to ask, why hasn't it worked? Why hasn't it happened? And I think the candid reaction is that the director of Central Intelligence bucks up against big powerful Cabinet secretaries. And there's always compromise in all that.

I mean, I don't want to quarrel about the priorities of the 1990s but we were fighting other wars at the same time. And so you're using -- you're always apportioning your scarce resources, your intelligence resources, your military resources for a range of things, and you're making a judgment as to where you have to put them at the time. I don't think anybody consciously said, well, we know there's a big terrorist threat out there. We're just going to ignore it. Nobody ever said that. I think there was a consciousness change on September 11th that made all of our decisions on September 10th irrelevant. And I think that's now what we're looking at. We're looking back at that period with the consciousness we now have on September 11th that we didn't have before. Now, you have to ask yourself, what do I do about that in terms of changing the government.

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

I see my time has expired. Thank you.

SEN. WARNER: Senator Collins, your question to me, it goes to the heart of a point that I raised in my opening statement. Dr. Hamre said that the DCI has all the authority he feels he needs now. It's a question of whether he exercises it. I wonder, do the other two witnesses concur that the DCI, under current law, has sufficient authority to do those things that we envision the national intelligence director would do?

MR. CARLUCCI: I haven't made a study of it but I think he does.

SEN. WARNER: Beg your pardon?

MR. CARLUCCI: I haven't made a study of it but I think he does. Certainly he did when I was in the CIA. SEN. WARNER: I don't think the law has been changed that way.

Dr. Schlesinger?

MR. SCHLESINGER: I think that -- I don't know whether he has all the authority. He certainly has a great deal more authority than was exercised. I might observe, Mr. Chairman, that we had national complacency in that period, and it is important not to blame national complacency on the failure of the intelligence community. It was a general national failure.

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

SEN. WARNER: Thank you. Senator Ben Nelson.

SEN. E. BENJAMIN NELSON (D-NE): Thank you, Mr. Chairman. I'm intrigued by the discussion about solving the right problem, because I think that the tendency in Washington or in other areas of government in the states is typically if there's a problem we need more money, a reorganization, some other layer of bureaucracy to solve it, and that's what we typically do. So I'm hopeful that we will avoid doing that here.

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

MR. SCHLESINGER: I think the first act of this committee might well be to make an inventory of the changes that have actually occurred in the intelligence community and beyond the intelligence community since 9/11. Then you will be able to deal with the situation as you see it today, rather than the defects of the period before 9/11.

MR. CARLUCCI: I think your point is right on and endorse what Jim said. MR. HAMRE: I agree.

SEN. NELSON: Now, in that regard, holding back perhaps on the NID might make a lot of sense because if you're going to put somebody in a position to be part of the solution, you're going to have to deal with the authority issue. That will relate to budgeting, hiring and firing, policy relating to implementation.

And would that also require sort of an inventory or what really needs to be within the power of that NID if we choose to make that part of the solution?

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

be done.

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

SEN. NELSON: I was about to say that that's sort of what we had with the homeland security, but I would suggest that we're still having it.

Dr. Hamre?

MR. HAMRE: I'd agree with what you just and I'd agree with what my colleagues say.

SEN. NELSON: What an agreeable group. I really appreciate that. And as we relate to the executive branch with the oversight from the legislative branch, can you give us some enlightenment, your thoughts about how we exercise oversight in this particular area with a number of committees having some degree of oversight, some of it overlapping? Is there a way to help straighten out the relationship between the executive and legislative branches, having served in both myself at state level and then here now in the legislative branch.

MR. SCHLESINGER: Well, Senator, if you --

SEN. NELSON: Is that a bigger question than we have time for?

MR. SCHLESINGER: If you can persuade your colleagues to put protection of turf further down their priority list, you will have accomplished a great deal.

SEN. NELSON: Are you going to touch that one, Mr. Carlucci?

MR. CARLUCCI: I've never been on the Hill so I'll bow out of that one.

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

SEN. NELSON: Do you think it also -- when you say amplifies, it just creates --

MR. HAMRE: It reinforces -- SEN. NELSON: Reinforces them?

MR. HAMRE: Reinforces the parochialism inside the executive branch. The hearings you tend -- Congress tends to hear from, its favored departments and agencies, and that gets reinforced in the bureaucratic fights that we take into the executive branch. So it's -- you know, there does -- it really does in many ways start here. I would think that spending some time figuring out some reform, bringing yourselves together in a cleaner oversight would help.

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

Thank you, Mr. Chairman.

SEN. WARNER: Thank you, Senator. I believe that under the leadership of Chairman Robertson and Vice Chairman Rockefeller that that is the subject of review of the Intelligence Committee on which I serve.

SEN. NELSON: Sir, it won't work without it, I don't believe.

SEN. WARNER: Beg your pardon?

SEN. NELSON: I said I don't believe the process will work without reform on the inside here as well. SEN. WARNER: Thank you.

Senator Talent.

REP. JAMES M. TALENT (R-MO): Thank you, Mr. Chairman. I really want to thank you for holding this hearing. It's been one of the best I've attended. And I came in here really leaning towards this whole idea of an NID, and I have to say you've made a very powerful case against it which, in all candor, I don't think has been shaken very much by those who questioned you and who supported.

It seems to me -- and tell me if I'm wrong -- that what you're basically saying is if we create this NID and he's too weak, it's just another layer of bureaucracy that no one wants. And if he's too strong, there is a considerable risk that he will disrupt -- or the actions of his new directorate will disrupt the considerable amount of good work that is going on within the agencies and certainly within the department, without fixing what, in your judgment, what was what really went wrong because I take it from your testimony that you just think there's no substitute for getting good people on the ground who are exercising good analytical judgment on the basis of both good technical and human intelligence. Is that a pretty fair summary of what you're saying?

MR. CARLUCCI (?): Perfect.

MR. SCHLESINGER (?): Perfect.

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

MR. CARLUCCI: Back in the days, Senator Talent, when we could protect sources and methods. I can remember as a foreign service officer having a particular important but highly sensitive contact. I deliberately turned him over to the agency because they could run him in a covert way and that would better benefit the U.S. government even though it would not help my career.

SEN. TALENT: So you turned him over to the agency because you knew they could stovepipe it? MR. CARLUCCI: No, I knew they --

SEN. TALENT: Put it that way. They could protect that source.

MR. CARLUCCI: Exactly. They could protect that source, and he went on being protected for years.

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

MR. CARLUCCI: Jim made the case very well I thought.

MR. SCHLESINGER: May I --

SEN. TALENT: Yeah, go ahead, please.

MR. SCHLESINGER: -- go back to your first statement? It was perfect except in one respect, that NID can be too strong and too weak at the same time.

SEN. TALENT: Having only five minutes, I don't know that I'll go into -- besides, I understand it in the less nuanced way that you've presented it to this point. I don't know that I want to mess up my understanding. And I feel strongly about that also. I have seen this work, I think we all have, in classified settings, and I know that commanders in theater now have confidence in this. And I think if we turn this over to a directorate, I think you're absolutely right, Dr. Schlesinger, there's a tremendous danger that either it won't work or they'll believe it won't work in theater. And that could cost us lives.

And the funny thing is if it does cost us lives and there is some huge failure, we'll probably appoint some commission and then have a bunch of hearings after that and go back and ask ourselves why that happened, and it will have been the result of not being careful not to fix what isn't broken.

The second point I hear you saying is, look, if there are further obstacles to prevent sharing between FBI and CIA, we ought to get rid of them. Now, are you -- and let me just utter a little dissenting point of view. I remember some of the abuses in the '70s that were the reason why those Chinese walls were set up. I mean, can we do the sharing without the abuses? I guess this isn't any of your field of expertise, but you want to comment on it?

MR. CARLUCCI: Well, one thing that that ignores is the degree of oversight that you currently have. I mean, Jim Angleton couldn't perform today the way he had performed -- the

way he performed back in the '70s. The Congress would have full knowledge of the activities. So I think oversight takes care of that problem.

SEN. TALENT: Okay. So, again, yeah, allow the sharing, encourages sharing, but have effective and honest people in charge to do the oversight.

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

SEN. WARNER: And I appreciate, Senator, arranging your schedule to be back here for today and tomorrow, and your participation. Thank you.

Senator Dayton.

SEN. MARK DAYTON (D-MN): Thank you, Mr. Chairman. I join with the others in thanking you for convening

this and tomorrow's hearing. And, gentlemen, thank you for your appearance and your service.

I want to focus on a different set of failures that were disclosed in the 9/11 Commission report, which were the failures, as I read it, that follow some of the existing protocols and procedures and thereby a failure to respond to the actual attack on 9/11. And given such your experience at the very top of the chain of command, I'd just like to see whether what strikes me as some egregious disconnects were, in fact, what I perceived them to be. Because we talk about this need for fundamental reorganization reform and these different words at these levels of sophisticated intelligence gathering, coordination, et cetera, which I don't dispute. And we've spent now -- swearing in another committee this afternoon, you know, about six hours well spent on these various aspects.

But according to the commission report, at least two and probably three orders from the vice president of the United States, through a military aid to NORAD to communicate to the fighter planes that were in the air at

that time, the authority to shoot down an incoming enemy plane, a hijacked plane, were not passed on to the fighter pilots by the mission commander on page 83. Both the NORAD mission commander and the senior weapons director indicated they did not pass the order to the fighters circling Washington and New York because they were unsure what the pilots would or should proceed with this guidance.

Leaving aside this authorization from the vice president based on, as he's communicated, his conversation with the president occurred two hours after the first hijacking began and 10 minutes after the last plane actually had crashed in the fields of Pennsylvania, the fact that it was not passed on by NORAD to the pilots to me is just astonishing. The commission goes on in the next paragraph to say, quote, "In most cases, the chain of command authorizing the use of force runs from the president to the secretary of Defense, and from the secretary to the combatant commander."

The president apparently spoke to Secretary Rumsfeld for the first time that morning shortly after 10:00. No one can recall the content of this conversation, but it was a brief call in which the subject of shoot down authority was not discussed. Then the secretary of Defense, who I give full credit for going courageously to the site of the Pentagon explosion, returned at 10:39 -- this is two and a half hours now after -- almost two hours and 25 minutes after the first hijacking commenced, and the vice president is understandably of the belief that he's passed on these orders and that they're being carried out.

And the secretary of Defense seems to me very appropriately saying, "Who did you give the direction to?" And the secretary of Defense, "Let me -- has that directive been transmitted to the aircraft?" Vice president, "Yes it has." Secretary of Defense, "Just to be clear, so we've got a couple of aircraft up there that have those instructions at the present time?" Vice president, "That is correct. And it's my understanding they've already taken a couple of aircraft out."

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

MR. CARLUCCI: Certainly not acceptable. Defense never trained for this kind of circumstance. But that's no excuse, but that's a fact.

SEN. DAYTON: They're trained to follow out the command? That's what I'm trying to understand - - -

MR. CARLUCCI: They're trained for --

SEN. DAYTON: -- the failure to establish the proper chain of command. If the secretary of Defense had given a command from the president of the United States, would that have been carried out without question? Or in this case, given that it came from the vice president, based on a verbal conversation with the president, who's up on Air Force One understandably -- I mean is up there and by his own testimony is having difficulty with the communication system there, which is another concern, to communicate on an ongoing line of communication with the vice president. The vice president transmits an order for instruction from the president to NORAD and it's not passed on. I mean, where's the breakdown here? Just because it hasn't been rehearsed?

MR. CARLUCCI: I can't answer that.

SEN. DAYTON: No, I mean, it I -- I'm astonished.

MR. HAMRE: Sir, I'm not going to try to answer it. But for something of this nature, you know, there are procedures that an action officer and a command officer will check to see so that he's received a valid order. I mean, very few action officers actually are talking to the vice president on the other end. So there is a procedure and a set of very specified directions so that you get a validated order. So, you know, you are under the authority of the commander and chief of the United States to take an action.

I surmise that that wasn't in place. It was happening in such a chaotic way and it just wasn't there. And people said, well, wait a minute.

We didn't get XYZ kind of a message from such and such, and they probably said, well, how do you know this is real? I'm speculating here, sir, but we need to be -- we know now that we have to be ready for this.

We didn't have that consciousness on the 11th of September and my guess is that they didn't have -- they didn't follow a pre-designated format for authenticating a communication from the president of the United States. We know how to do that for nuclear war. We've never had that for an episode like this.

And so before we just say that there was an egregious failure of duty. My guess is there are some operational details I need to understand better before I could jump to the conclusion and say that it was a dereliction of duty. I don't know the --

SEN. DAYTON: I'm not suggesting that at all. I think people were individually responding, according to their own judgment. Suddenly the vice president was running the command post there and the like. But I just -- the fact that we didn't -- weren't receiving the kind of income enemy attack that we thought we would be receiving in some other circumstance obviously is
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MR. HAMRE: Yes, sir. Yes, sir. I certainly understand your question, yes, sir.

SEN. DAYTON: The other point I would just make, because it leads to -- and I don't have a lot of time here, but due to I think the good graces of the chairman of the committee and the location of the national airport in the state of Virginia, we're operating that at some risk to the Capitol, to the White House and the like. We had the situation with the governor of Kentucky which has been largely overlooked by the Congress and by I think the powers that be in the last -- about two months ago that says to me, if you look at the failure again of the communications, we evacuated this entire complex. A couple of thousand people were literally running for their lives out of the buildings because a failure again -- and I can't get into this all -- of the FAA to communicate with NORAD, to communicate in this case with the Capitol Police.

So, you know, the axiom "What is condoned, continues." Yes, we were caught very much by surprise on 9/11 but I see continuing evidence of the failure of these established procedures to be followed in a situation two months ago. Fortunately it was the governor of Kentucky in a propeller plane, rather than some other kind of attack. But it really alarms me. And, Mr. Chairman, I just would submit that I hope we can pursue this because we can do all the intelligence reorganization and we can spend billions more or billions differently, but we don't have basic lines of authority that we're going to follow in those situations of national emergency -- I mean, it doesn't matter, frankly, how much we spend. It's going to fail again.

Thank you.

SEN. WARNER: The senator's point is well taken. Dr. Schlesinger.

MR. SCHLESINGER: I can well understand why you were perturbed, stunned, but not astonished. You know, the order to shoot down a passenger airliners is met with a certain incredulity. And we were not prepared for this occasion. A fundamental point to bear in mind is we had a clear chain of command, and yet there was a failure. Reorganization is not going to solve that problem.

SEN. DAYTON: Right. Thank you. SEN. WARNER: Thank you very much. Senator Chambliss.

REP. SAXBY CHAMBLISS (R-GA): Thank you, Mr. Chairman.

Gentlemen, you bring a wealth of experience and knowledge to this particular issue, and by being here today you're again performing a great public service to your country. So we thank you for your service here today. I'm one of the folks who started out not being supportive of a national intelligence director, and for a lot of the same reasons that you have enunciated here today, particularly Secretary Carlucci, your statement regarding another level of bureaucracy continues to bother me today, even though I've come around to thinking we need this position.

But if we create simply another level of bureaucracy, we're going to do a lot more harm than we're going to do good, and the next 9/11 report is going to be twice as thick, say the same thing, and yet we're going to have another incident that has occurred. But the fact of the matter is that there are a number of agencies involved. We've talked about a lot of them here today. We've been primarily concentrating on defense, but there are a number of department heads that we've not even alluded to today, some of which are scratched from a surface standpoint in the 9/11 report.

For example DOT. We were just talking about FAA here. You've got Amtrak involved. You've got all of our major transportation systems in every major city in the country that would have to be involved. The one major issue that again is touched on by the 9/11 Commission report that complicates this issue even further is the immigration issue. We're in the process right now, Senator Kennedy and I, of trying to make some major changes relative to how we deal with visas and who comes into this country. And you have to have some mechanism for tying all of these issues, whether it's defense, immigration, transportation or whatever, together, and make sure that all of that information is getting into one funnel and that that funnel is where it ought to be and it can get there in real time, and not just get in the funnel in real time but get out to the other people that need that information in real time.

And because of that, I have come to the conclusion that an NID can act in the same manner as a CEO of a major corporation if he has the right tools with which to do it. If you don't give them to him, then he's not going to be able to do it. But there's nobody out there right now, even with the powers that the DCI has -- he has no control over the FBI. Director Mueller is responsible to General Ashcroft. He should be, and we can't change that structure.

The DIA is responsible to the secretary of Defense. We can't change that structure. You all are absolutely right that the warfighter who is on the ground in Iraq has got to have the confidence that his military superiors is who's going to give that answer to him. So there's got

to be somebody out there to kind of get all of this information together and get their arms around it and make sure that these folks are talking to each other, the stovepipes are broken down, the Chinese walls, Dr. Schlesinger, that you referred to between law enforcement and intelligence, they're down as a result of the PATRIOT Act. They've got to stay down. It's absolutely imperative that they do, and somebody's got to coordinate all of that. And I guess it's our job to try to figure out, taking the information that you and other folks are giving us as to how we do that.

There is a statement that you made, Dr. Hamre, which I appreciate, and I wrote it down, where you said that "DNI really has to have an institutional base if he's going to be successful." And I know your comments relative to moving NRO and our other two agencies out of DIA or Department of Defense under an NID would go towards doing that. But I'd like you to expand on that a little bit. What else does this individual need to have?

We can say you ought to be able to hire and fire, you ought to have budget authority. But as you and I were talking earlier, from a practical standpoint, that is going to be extremely difficult and we're not going to be able to do this by the October 1 deadline that's been imposed on us. But would you expand on what you mean by that institutional base and where we need to go?

MR. HAMRE: Well, yes, sir, Senator Chambliss. The reason I don't want -- I don't want to take away DIA from the secretary of Defense, I don't want to take INR away from the secretary of State. I mean, they need those things. But there are a set of the large collection agencies, the factories that run the satellites, that run the

listening stations. I mean, they're in the business of just collecting wholesale large amounts of information and then distributing it to the analysts.

My view is that that could be brought under this director of national intelligence. This would be a very significant institution. This would be, you know, tens of thousands of people, tens of billions of dollars annual budget. It would be a very substantial base and he would be -- or he or she would be the supplier then of intelligence to the analytic agencies, which would remain with the secretaries. That would be considerable institutional clout.

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

So I don't personally believe that you need to have budget control in order to get good quality out of those agencies. Frankly, it hasn't been budget tools that we've largely used to get the coordination at the tactical level. It's been -- it's making it a combat support agency. I personally would want to make sure that the head of those agencies is a military officer and remains under military command and control. I think there are ways you handle that.

But that way you'll put genuine heft under that NID. If you don't have that, then he really -- I think a little like Secretary Schlesinger said, he's a czar with power for the first half a year, and then it starts to atrophy quite quickly.

SEN. CHAMBLISS: Anybody else have a comment on that?

MR. SCHLESINGER: The first comment is that any reorganization is going to have advantages and it's going to have disadvantages. And you want to be sure that the advantages outweigh the disadvantages. The second point is this: there are a variety of ways to handle this. You could raise the DCI from executive level 2 to executive level 1. You could double-hat him as not only the head of the CIA and DCI but he could be designated as part of the executive office, as advised to the president, without splitting the analytic activities in a way that simply adds another layer to the system.

And you can create by legislation that the clandestine services, the directorate of operations is handed off to a deputy. You could do what has happened in the Department of Energy, which is to strip out the national security functions and put it under a quasi-independent agency known as NNSA in which the clandestine services would be responsive to an administrator of clandestine services, whatever you call it. So there are a whole variety of things that can be done. But having a DCI and a DNI at the same time it seems to me is going to be counterproductive.

SEN. WARNER: Thank you very much, Senator. Senator Clinton.

SEN. HILLARY RODHAM CLINTON (D-NY): Thank you, Mr. Chairman. And thanks to our witnesses for being here today. Mr. Chairman, it seems to me that we're struggling with two very significant questions that are difficult to answer. One is in a system with different and sometimes competing intelligence agencies both for collection and analysis, how do we ensure accountability?

And the second is how do we ensure that executive branch officials do not cherry pick the intelligence that most conforms to their views, or I think in the words of Secretary Schlesinger, the concept of reality that they hold. We're dealing with human beings, we're dealing with politics, we're dealing with unfortunately partisan politics.

You had a Defense Department that already controlled 80 to 85 percent of the intelligence budget, and yet the

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current secretary of Defense thought it necessary to create an Office of Special Plans and go and find even more intelligence to be used for whatever concept of reality existed. You had a vice president who went over to the CIA not once but innumerable times to find out what he could find out that would fit his concept of reality.

So we need a system that can ensure accountability but also put some checks and balances back into this system. It is certainly clear that many signals were missed. There's, you know,

no doubt about that. But I think it would be a shame and a tragic indictment of all of us if we are not more straightforward and honest about the problems we face.

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

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

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

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

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

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

So I think that it's important that we take seriously the need to reorganize if it is necessary. But there's a much more important, deeper issue at stake here, you know, and that is to try to depoliticize the collection, analysis, cherry-picking, utilization of intelligence, no matter where it comes from. And I hope that that won't even be an issue post-9/11. But as I say, you

know, the outing of Valerie Plame does not give me a lot of confidence that we would use a CIA operative for partisan political advantage.

So I guess from my perspective -- and I take very seriously what each of you have said. I have high regard for your opinions, based on many years of service. But let's focus for just a minute in the area of each of your expertise.

Are there types of changes that you think our defense and military intelligence need to make to improve on its

performance going forward in both battlefield situations, like Afghanistan and Iraq and with respect to the point that my colleague Senator Dayton made? He's been beating this horse quite vigorously in every hearing because he is, as I think rightly so, quite appalled by what the tick-tock is that broke down a chain of command under unusual but nevertheless pressing circumstances. So could each of you just address the defense and military intelligence issue for a moment?

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

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

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

MR. CARLUCCI: I'd just make -- certainly, I think we can all agree, those of us who have served professionally, that partisan politics is very damaging to our intelligence capability and to our military efforts. I think the one area that requires some attention is the distinction between national intelligence and tactical intelligence becoming increasingly blurred. You mentioned Tora Bora. Well, that fighter in the field actually has to know everything there is to know about bin Laden, his whereabouts. Things that used to be considered national intelligence now have to get into the tactical area. So that argues once again for some kind of closer relationship between the DCI and the Defense Department intelligence agencies.

MR. HAMRE: Senator, lots of areas that we need to work. Specifically, I think the need in DOD is for what we call long dwell collection capabilities. You know, we have two types right now. We have collection that comes from airplanes that fly around and that's a little like,

you know, looking over an area with a spotlight. And so, it can only look at a little spot for a period of time.

And then, of course, we have satellites and they have huge coverage, big floodlight type thing. But they last for 10 minutes and then they won't be back for another hour and-a-half. What we're really needing in the defense world is what we call long dwell, the capacity to get broad area surveillance that can linger so it has the best attributes of both. It has the capacity to see wide areas but stay over the target area for a long time.

Now that's going to be done with a new generation of remotely piloted vehicles largely. It's going to be the way we'll do this. It's a ways away and there's some very serious technical challenges associated with it. They should be military assets, in my view. They should be funded under the TIARA and JMET because you want them integrated into warfighting. But they'll have tremendous capacity in the national world as well.

And that's a very good example where the tactical systems will feed the national environment. We do that a lot. That's a good case in point where you would not want to break that relationship. And you probably want to put the lead on developing that inside the Defense Department. But that's a case in point and we can come up with other examples like that for you.

SEN. CLINTON: Thank you.

SEN. WARNER: Thank you, Senator. Senator, I'm sure you're fully aware because of your interest in the situation of the Wilson -- Joseph Wilson's wife that the Federal Bureau of Investigation is now having an on-going criminal investigation. And it's been my experience that, when that is taking place, should a parallel investigation begin in Congress, it could impede or imperil the work of the FBI.

SEN. CLINTON: Mr. Chairman, I remember very well federal grand jury investigations that had Congressional investigations going on simultaneously.

SEN. WARNER: I defer to your recollections.

SEN. CLINTON: I have personal experience with that. SEN. WARNER: Senator Dole.

SEN. ELIZABETH DOLE (R-NC): Thank you, Mr. Chairman. Let me say to each of you it's a privilege to have you testifying here today. I certainly appreciate your outstanding service to this country and I've had the privilege of working with two of you in past lives. So I particularly want to welcome you here today. I'd like to follow up on what Senator McCain and Senator Nelson said earlier. Since the 9/11 Commission has made its recommendations, we as lawmakers have been told to look at ourselves in the mirror. Congressional oversight has been called lax, uneven and dysfunctional. Critics have attested that overlapping jurisdiction and turf battles are promoted rather than the desired result which is accountability.

I think we can point to the recently created Department of Homeland Security as an example of where lessons may be learned and incorporating a government overhaul of this magnitude.

While we've been at war, the secretary of Homeland Security, Tom Ridge, and his top deputies have testified at 290 hearings in the past year and-a-half. They have received more than 4,000 letters from Congress requesting information.

Furthermore, 88 committees and subcommittees assert jurisdictional interest over this department. Is it not instructive to look at this most recent example of a major government overhaul as a reality check for a realistic timetable for Congress to work under and perhaps a reason to exercise prudence and discipline rather than rushing to judgment in considering the proposed recommendations?

Secretary Hamre.

MR. HAMRE: Yes. Absolutely. I agree.

SEN. DOLE: Anything else you'd like to add, utilizing this example.

MR. CARLUCCI: I think the disruption that goes with the large scale reorganization can't be overestimated. SEN. DOLE: Right.

MR. CARLUCCI: It's very, very harmful to performance. So I think your point is right on.

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

SEN. DOLE: Secretary Schlesinger, you have stressed the necessity of cautious interaction between intelligence and policy making. Secretary Kissinger has said recently -- this was a Washington Post piece just in the last couple of days -- intelligence should supply the facts relevant to decision. The direction of policy and the ultimate choices depend on many additional factors and must be made by political leaders. How effectively would the administration's proposal allow our national policy makers to direct the intelligence efforts without compromising the independence and quality of analytical products? And are there better alternatives in this regard?

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

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

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

SEN. DOLE: Surely.

MR. HAMRE: I don't have the 42 recommendations under my belt and what's been done. I've heard it said a large number has been implemented.

But I just don't know that personally and I'd be glad to get back to you on that. SEN. DOLE: Fine. You could submit it for the record.

Thank you, Mr. Chairman.

SEN. WARNER: Thank you very much.

Senator Bill Nelson.

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

And so, what I would like to ask is the question that is begged, do we have a system that is set up that is too sensitive to the personalities of the people, the personalities of the president, the secretary of Defense, the secretary of State, the DCI, the attorney-general? And, if so, how do we fix it?

MR. SCHLESINGER: The second question is a lot harder than the first. Sure, we have a system that is sensitive to the personalities. That is, I think, unavoidable. Some of those are elected officials. Some of them are appointed officials.

The appointment of officials comes for a variety of reasons, including campaign contributions in some cases. Obviously, you're going to have different levels of ability as well as backgrounds that may or may not be appropriate for the jobs to which these individuals are appointed. I can't answer the second question. That's kind of the nature of our system. We have to -- the system in part adjusts to weak personalities in different executive branch positions. They lose influence. So others take over to a greater extent.

MR. HAMRE: I would agree that the system is very sensitive to personalities. But I would argue that may not be totally undesirable. That's why we have elections. We're not satisfied with the personalities, we throw them out. It is true, as Senator Clinton pointed out, that we need to try and insulate intelligence from the political vagaries. And some thought could be given to a fixed term. But I don't know that that totally insulates the DCI from politics. I think you ask a very fundamental question. But I don't have a ready answer. I'm like Jim.

SEN. NELSON: You must have the answer.

MR. CARLUCCI: No, sir. I certainly don't know the answer. But first of all, I think collection environment, collection process is, I think, less susceptible to personalities. I think it tends to be more in the assessment. What do you make of what it is that's in front of you? And here, my only recommendation is, I think, you want lots of diversity in that and you want those people to have to come up to different committees in the Congress and explain why they think that.

We need to force our system -- as much diversity and perspective in our system as possible. And I think that you use more open source material, make sure that the oversight system appears quite rigorous, that there is a -- I have a long dwell fly here, excuse me -- that collection is available to everyone, that you are putting us through a process of explaining our thinking both in classified and unclassified hearings. I think much more rigorous oversight and insistence that we come forward and explain what we're doing would be good. I think that would be the most helpful thing you could do, sir.

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

SEN. NELSON: Well, in summary, I sense that there are two things, two ideas around which you all would clearly congregate, that came out of the 9/11 Commission report recommendations. A number of them that you disagreed with, which we appreciate very much your input but these two, I think, you would. Obviously, Congressional oversight and direction ought to be much more robust. And then the other one is I have heard all of you speak favorably -- and correct me if I'm wrong -- about a counterterrorism center, that being the place that you could bring together all the collected information so that you're getting analysis of it and that all the various agencies dealing with intelligence would be knowledgeable of that and participate in that analysis and then determine how to use it.

MR. SCHLESINGER: I agree. Those in the community who keep their nuggets to themselves and refuse to share them should be removed from the community.

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

MR. SCHLESINGER: There is a distinction between a failure of communication and a deliberate failure of communication and the latter, I think, that we should be able to cope with.

SEN. WARNER: The senator from Texas.

SEN. JOHN CORNYN (R-TX): Thank you, gentlemen, for being here today and for hanging in there -- SEN. WARNER: Senator Cornyn has been very patient.

SEN. CORNYN: Well, you were patient too to wait until we get all the way down to this end of the table for questions. I appreciate that very much. I especially appreciate all three of you talking, at the outset, about the fact that solutions must logically flow from problems identified. In other words, I trust that we will be on guard about a solution looking for a problem. And indeed, I was also interested to hear a number of references to the fact that the specific causes of 9/11, as identified by the 9/11 Commission, had very little to do with the issues that we are talking about when we talk about budget authority and particularly the role of the Defense Department in supporting the warfighter.

But I think this is a very constructive and important exercise and I commend the members of the 9/11 Commission from doing an outstanding job. But I think it's a difficult and complex subject. The one thing that I think cannot be overlooked is the fact that this administration and this Congress have not waited for three years for the 9/11 Commission to issue its report to act in many ways that I think have been very constructive and designed to solve the problems that we all know have existed. For example, we've talked some about the creation of the Terrorist Threat Integration Center, TTIC and the National Counterterrorism Center, which is one of the 9/11 Commission's recommendations -- would indeed build on that to enhance the information sharing between the CIA and the FBI as appropriate under the law.

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

But I believe, of the recommendations that have been made by the 9/11 Commission, the National Counterterrorism Center and certainly the legislative oversight reform which we have not talked about much here today other than to avoid the subject because it is not necessarily the role of this committee but certainly a matter of interest. But, to me, it seems less important, when we look at reform, to try to see how we can reorganize the wire diagram or the organizational chart.

Indeed, as I think has been alluded to several times, the kind of authority that some have proposed giving to the national director for intelligence already exists since 1997 when the Congress passed legislation which created a deputy DCI for community management and gave that person responsibility for coordination of all intelligence agencies. And I hope we would not give too much -- we would not elevate the anecdote about DCI Tenet declaring war

in 1998. We would not elevate that too much because indeed we all know it takes more than a declaration of war by the DCI to make things actually happen and that's really where the rubber meets the road.

But let me ask really a question that I think, Dr. Hamre, you alluded to but we haven't seemed to talk about very much. I don't think that the 9/11 Commission report really addresses this. In addition to the failure of human intelligence, which has literally made us blind to what happened in Iraq since 1998 and I fear -- we won't talk about it here -- but I fear that's not an isolated event.

Open source intelligence collection. We spend a lot of money on satellites and all sorts of interesting gizmos that indeed I think are very useful in terms of intelligence collection. But are you familiar with any effort in our intelligence community anywhere to have a systematic and comprehensive open source intelligence collection?

MR. HAMRE: Sir, there are procedures that the intelligence community uses to survey the thinking in the private sector on issues as they are trying to derive an assessment. For example, the National Intelligence Council will routinely go out and pull in the thinking of outsiders. It tends to be in the assessment phase. That's a little different from open source which is seen as a collection as well as an assessment activity.

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

SEN. CORNYN: Secretary Schlesinger.

MR. SCHLESINGER: I think, Senator, if you look at the fusion methods of the Special Operations commands down in Tampa that they have brought together or have attempted to bring together open source information,

in part because the part of the world that they deal with, you have basically more open source information than you have secret information. A problem -- it is a long historic problem of the CIA or the -- has been that if something is good, it's got to be secret and sometimes we just get the gems out of open source.

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

MR. SCHLESINGER: We should.

MR. CARLUCCI: Well, if I may comment --

SEN. CORNYN: Secretary Carlucci.

MR. CARLUCCI: We, of course, have FIVUS (ph) where we monitor all the radio broadcasts -- SEN. CORNYN: I'm sorry, could you get a little closer to your microphone?

MR. CARLUCCI: We have the FIVUS system where we monitor radio broadcasts around the world and CIA has had a domestic collection division for some time. But more fundamentally, what you describe is a basic responsibility of embassy reporting. It is up to the embassies around the world to deal with open source information, to tell the Department of State what the press is doing in country X and country Y, what the politicians are saying. That's why we have political sections in our embassies.

SEN. CORNYN: My time has expired. Thank you, Mr. Chairman.

SEN. WARNER: Did you wish to follow up on Secretary Carlucci's response to you? SEN.

CORNYN: Are we going to have another round, Mr. Chairman?

SEN. WARNER: Yes. We'll each --

SEN. CORNYN: I'll reserve any other questions at that time. Thank you very much. SEN.

WARNER: Thank you, Senator.

Senator Levin and I will just take a brief round of questions -- so apiece here. Let me see if I can bring some conclusion to this very important contribution that each of you made. It seems that you would want the Congress to very carefully explore what we could do, by way of law, to give to the director of the Central Intelligence Agency all those powers needed such as he or she, as the case may be, would then be on a coequal basis with the secretary of Defense, the secretary of Homeland Security and the secretary of State and that that would, in my judgment, require less disruption.

If you start pulling DIA and NSA out of DOD, all of the things accompanying that at a critical time in the history of this country, when we are on the verge of a presidential election, of a congressional election, with the understanding that we could take a look at how that works for a period of time and then perhaps come back and reexamine the need to have some other individual or converting the director of Central Intelligence to the NID and then bring in subordinates under him to raise -- to do the work of the agency. Is that a possible thing that we should consider, Mr. Secretary Schlesinger?

MR. SCHLESINGER: I think so and I think you were out of the room, Mr. Chairman, but elevating the DCI to executive level 1, which --

SEN. WARNER: Yes, I heard that testimony.

MR. SCHLESINGER: -- so that there are a number of things that can be done --

SEN. WARNER: Put him on a total par.

MR. CARLUCCI: You may not need legislation.

SEN. WARNER: Beg your pardon?

MR. CARLUCCI: You may not need legislation. It's good to look at the possibility of legislation. But, as Senator Levin pointed out, you may not need it.

SEN. WARNER: Well, my point is that -- use that as an interim step. MR. CARLUCCI: Oh, yes.

SEN. WARNER: From the extraordinary confluence of events taking place in the United States now made two very significant -- elections of both the president and the Congress.

MR. SCHLESINGER: Some DCIs have been very timid about exercising the community power. I think that a strong statement from the Congress that we expect the DCI to be seriously in charge of the community would be helpful.

MR. CARLUCCI: With oversight follow-up on that.

SEN. WARNER: I understand that.

Dr. Hamre, we were exploring, as you stepped out momentarily -- MR. HAMRE: Sure did, sir.

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

MR. HAMRE: I think I agree with my colleagues. I think it certainly would be less disruption. I think it's very hard to keep the energy behind an initiative like that for very long. You know, things will fall back into their old patterns very, very quickly.

SEN. WARNER: So then your conclusion, we have to go to the NID?

MR. HAMRE: No, sir. I think you need to take time to make sure we get this right.

SEN. WARNER: I'm sure the Congress --

MR. HAMRE: And I know you're going to do that.

SEN. WARNER: -- the leadership of the Congress will make certain that we do take the time.

MR. HAMRE: And so, you know, it is not the sort of thing, just by putting emphasis behind it. You know, it will

fade quite quickly. So you'll need to decide whether or not you want to make this decision or to take other structural changes to increase the standing in stature of the DCI, if you want to stay with the current structure.

SEN. WARNER: I'm not suggesting we stay with the current structure. I think we could enhance the DCI considerably so that he's on a total par. Very often in your testimony today,

you feel that the secretary of Defense -- and I'm not suggesting the personality of the current --

MR. HAMRE: No, no. But 30 years --

SEN. WARNER: But the office itself is overwhelming of the DCI and therefore he has not been able to exercise maybe some of the current authority he has now through the law.

MR. HAMRE: The DCI actually has more expansive authorities than the secretary of Defense does in oversight and use of funds and that sort of thing. He has enormous authority, the authority that the secretary of Defense had 50 years ago. But, as Secretary Schlesinger said, often some of the personalities have not fully exercised that, for whatever reason.

SEN. WARNER: They have been neutralized through the process, the interagency process through time. At any rate, you all think that that's a proposal that we should at least consider. Is that worthy of consideration?

WITNESSES: Yes.

SEN. WARNER: I thank you. Senator Levin.

SEN. LEVIN: Mr. Chairman, I think what the witnesses are saying is that, interestingly enough, that if you put the secretary of Defense on a par with the DCI or whatever the successor of the DCI is, you will demote the DCI legally from where the DCI now is legally, in terms, at least, of developing and presenting the budget. Because, under Title 50, it is the DCI who is responsible to develop and present that budget. It's not par -- it's the DCI who has responsibility for various reasons which our witnesses have outlined, that has been watered down over the years for reasons of interagency conflicts and whatever the reason is.

But by law and to the extent we worry about such things, under Title 50, as I'm reading it -- I think I'm reading -- this is an exact quote, I hope. "The development and presentation to the president of the annual budget for the national foreign intelligence program is the responsibility of the DCI." I'm not sure I will want to change that. That would be a reduction in the authority of the --

SEN. WARNER: I'm not suggesting that be changed. I'm simply saying --

SEN. LEVIN: Well, I wouldn't put them on a par in terms of that. But I think what you're suggesting, Mr. Chairman, if I can be a little technical here and legalistic, which I know is not my wont. But let me try it anyway.

(Laughter.)

Not too much laughter here, please. My wife may be watching this. When it comes to reprogramming in the execution of the budget, I think is what the chairman -- and I don't want to put words in his mouth -- would like to see a greater equality. Because, right now, that really belongs to the secretary of the Defense rather than to the DCI, when we come to the reprogramming. Now the secretary of Defense is a serious responsibility in that because I

believe that there must be -- it must be concurrence under current law when it comes to reprogramming. Does the secretary of Defense have to --

MR. HAMRE: That depends entirely on where the dollars are appropriated and what part of fiscal law is governing. There is enormous flexibility in the intelligence budget --

SEN. LEVIN: But the law itself and Title 50, when it comes to the reprogramming -- MR.

HAMRE: But, sir, it all depends on where it's appropriated up here.

SEN. LEVIN: All right. Okay.

MR. HAMRE: That's what's governing.

SEN. LEVIN: But even, I think that's an area that we ought to be looking because that's a very critical area. Then when it comes to the hiring and firing point, there we've got in the DCI, in effect, the power now to veto in law.

MR. HAMRE: The DCI --

SEN. LEVIN: Except for the DIA. But for these other three agencies, the concurrence of the DCI is required under 10 USC. So that's pretty powerful position that the DCI is now in. He doesn't exercise it apparently. But that's not the lack of authority. That's the lack of the will to exercise it. I don't know if we can legislate willpower but nonetheless, that's where the current law is. So I think that the one area where we really have got to focus in terms of where the chairman is discussing this, at least from my understanding of what he's saying or perhaps his intent, is that area of budget execution or the reprogramming area. That's where it seems to me there is a real need to consider this power question.

Now I just have one --

SEN. WARNER: Let me just comment on that because I was addressing this question of how the secretaries of the several departments, Defense, Homeland Security and so forth, which contained the affected elements or elements, the intelligence community does not object to such reprogramming transfer.

Now it seems to me we took -- we got veto power now. What I was trying to do is make certain that the DCI -- I didn't mean to demote him. I don't know how I'd be demoting him if we passed laws to further strengthen him --

SEN. LEVIN: In developing and presenting the budget?

SEN. WARNER: Well, that's right. And also to eliminate these vetoes over his reprogramming.

SEN. LEVIN: Now, reprogramming, I misspoke. Let me just go back to the reprogramming issue for one minute --

SEN. WARNER: Well, at some point, we would want to hear from the witnesses.

SEN. LEVIN: Well, I misspoke and I'd like to get their reaction to see if I want to correct myself. By executive order, the reprogramming power is now in the Defense Department. But, as Secretary Carlucci has said, he was the deputy to the DCI and as Admiral Turner said today, when he was the DCI, President Carter put that power in the DCI so that, by executive order, with a stroke of a pen, literally, that power on reprogramming could go back to the DCI, if that's what President Bush or the next president wants to do. So we don't even need a legal change for that one because that's an executive ordered allocation. That's my allocation. Am I correct on that, Mr. Carlucci? And then I'd ask the others, have I stated --

MR. CARLUCCI: That's my understanding.

SEN. LEVIN: Okay. Now, if the other witnesses want to come in on that, then I'll be done on that.

MR. SCHLESINGER: I'm not sure I'm answering your question or the chairman's observation. But it would really help if the senior leadership got together every once in a while and just talked. The head of NSA, the

head of the DCI, the head of DIA. Right now, you have people coming to what used to be USIB and is now the Foreign Intelligence something or other Board and their representatives of their agencies. It would help enormously if we had the principals meeting.

SEN. LEVIN: That's true. But I'd be very precise. There is an Executive Order Number 12333, which now designates the secretary of Defense the power to provide fiscal management for National Security Agency, for defense and military intelligence and national reconnaissance entities. That means that, by executive order, the secretary of Defense is given the power to supervise execution, including reprogramming, of that NFIB budget. That's an executive order. That can be changed back to what it was in the President Carter years when it was the -- if we want to, if the president wants to, not me or us, if the president wants to, he can give that power right back to the DCI or the successor. So I just want --

MR. HAMRE: That's true, sir. But it is a remarkably thin budget justification material that comes with the intelligence budget, nothing compared to what you insist coming from us and DOD. I mean, I remember when the NRO piled up \$3 billion worth of cash and nobody knew about it. I didn't know it.

I was the comptroller, I didn't know about it. Okay. I mean, this happened. They do not get much oversight. And so they have tremendous flexibility right now. So I'm not sure that this is really the panacea that you think it is.

SEN. LEVIN: What?

MR. HAMRE: Moving the authorities around a little bit for more flexibility for money. I mean, they've got so much flexibility they don't even know where the money all is.

SEN. WARNER: My simple question, it was, if we did by combination of executive order and, if necessary, statutory change to elevate the DCI to level 1 to put him on a par and

hopefully, they would meet, Mr. Secretary, would that be an interim step avoiding a lot of dislocation at this critical point in our --

MR. CARLUCCI: I see no objection to that.

SEN. WARNER: Do you have any support for it?

MR. CARLUCCI: Oh, I think it helps. Gives it a little more clout.

SEN. WARNER: All right.

MR. SCHLESINGER: I think it might be desirable to establish a committee of principals and force the heads of these agencies to talk about their common interests.

SEN. WARNER: Well, that's certainly in the realm of the president. All right. Thank you very much. Senator Sessions.

SEN. JEFF SESSIONS (R-AL): Mr. Chairman, this has just been a marvelous hearing and a marvelous discussion about government and responsibility and how to improve it. We have some of the finest people that I know of that work in our government agencies. I spent fifteen years in the Department of Justice, I know how fine the FBI agents are and I've worked with them. But bureaucracies intercede, and we have real, real problems.

The best example that I've seen in my experience of change in government was early in the Reagan administration, when he put a young leader in charge of coordinating law enforcement around America. It was Rudy Giuliani. He was third in command of the Department of Justice. But everybody knew he was setting the policy on law enforcement and he made things happen. The drug czar, a non-Cabinet agency which we're talking about here, under Bill Bennett's leadership for several years was a pretty significant force in

establishing drug policy and coordinating drug efforts for a number of years.

But I'm willing to bet that our drugs czar today, his name is not known by a majority of the DEA agents. They probably don't even know his name although John Walters is a fine person doing a good job. But as Secretary Hamre said, it tends to fade. They've got 150 people and they're going to tell the Department of Justice how to run their business?

Somebody with 200 or 300 is going to order the Department of Defense around? It's just -- over time, it doesn't seem to work. So I guess I am intrigued and more inclined to be supportive of your views that let's take the system we've got, see if it is broken so badly we need major reform or maybe the better approach is to see if we can deal with the problem itself.

Now, we talk about these agencies and they deal with one another as if they're foreign nations. They enter memorandums of understanding which is the equivalent of treaties. They are -- and it takes years of negotiating these things. It's worse than dealing with the Russians to get an agreement and sometimes they never agree on issues.

It seems to me that really, the president can set this tone. If the president says the CIA is going to coordinate my intelligence, every agency is going to bat and if they don't, I want him to come and tell me and then I'm going to call in the secretary of Defense and the secretary of State and we're going to have a prayer meeting over why you aren't working with the CIA director. Am I off base?

MR. CARLUCCI: You're absolutely right. And the one thing we haven't really talked much about is the National Security Council and the role of the National Security Council in implementing that kind of presidential directive.

SEN. SESSIONS: I know the president really stepped up his commitment to this and the whole nation, bipartisan, Republicans and Democrats, since September 11th, we've dealt with many of the problems we've talked about today already and made a lot of progress.

Together, we've done that. But I do think ultimately, if the president does not assert himself effectively, we won't see the progress we need there and all these agencies will retreat to their turf.

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

Secretary Schlesinger. MR. SCHLESINGER: Yes.

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

MR. HAMRE: Sir, I think the key is what you said, probable cause. I mean that's where the complication comes in. It's what does it take to establish probable cause for purposes of the surveillance. That's where it has been problematic in the past. It's not difficult once you have probable cause to get a FISA court order. It's that standard of probable cause that has been very high.

SEN. SESSIONS: Dr. Hamre, you're correct. On a normal surveillance of a foreign operative, you don't have to have the reach and level of probable cause which is a very high burden -- which as a prosecutor I know --

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

MR. HAMRE: I actually think there have been some changes in that regard. I'm not a lawyer myself. I'd want to defer to general counsel out at NSA. I think the minimization rules are still in place but I think that there are some greater flexibilities and we use them. But I'd defer to them to answer that, sir.

SEN. SESSIONS: It's referred to some in the commission report but I should study it more carefully. Thank you.

SEN. WARNER: Thank you very much, senator. Senator Dayton.

SEN. DAYTON: I don't really have any more questions, Mr. Chairman. I was in Iraq last year with the chairman and I resolved never to leave a room before he did. So it has held me in good stead.

SEN. WARNER: Thank you very much.

SEN. DAYTON: Although I -- if you are aware of any other \$3 billion just lying around with any of these entities, if you could let us know, that would be great. Thank you.

(Laughs.)

MR. HAMRE: I was pretty surprised to find it.

SEN. WARNER: All right. Thank you very much. The senator from Texas can wrap her up.

SEN. CORNYN: Thank you, Mr. Chairman. I just have one final area of questioning and that has to do with the dangers of consolidation in the intelligence community. The best analogy I can think of is how much different your world view would be each day if you only read one newspaper and it was the Washington Post and how much different it would be if every day when you got up, instead of the Washington Post, you read the Washington Times.

And I worry that if we are consolidating all of our intelligence collection and analysis and routing it up without the caveats perhaps as it goes through each layer, we present a nice pretty package and we claim we have now consolidated the authority in one person, the national director of Intelligence. But in effect, we are limiting the range of information that the policy makers really need in order to make the best possible decisions. Is that a poor analogy or is that something that --

MR. CARLUCCI: Exactly right. It's a good analogy. You don't want -- too much uniformity in the intelligence business is bad.

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

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

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

SEN. WARNER: Thank you, Senator. But if I might just take an observation from your very important observation you made, the one thing that goes through this report that struck me is the word "imagination". Is not imagination the direct product of competition of differing intelligence views, Dr. Schlesinger?

MR. SCHLESINGER: Yes. Unquestionably. Look, there were balls that were dropped here and was given Manila -- the episode in Manila, given the seizure of the French aircraft that was supposed to fly into the Eiffel Tower. Our problem was a failure of imagination, sir, not to be cured, not to be cured by restructuring. In Manila, it was said -- whoever the name, I've forgotten -- he said that we were going to take an aircraft and drive it into Langley headquarters of the CIA. I would think that that would really get the attention of the CIA.

SEN. WARNER: I think it would too. But it is the product of competitive intelligence analysis. And again, going back as I did with my colleagues on the Intelligence Committee in looking at the problems, the DIA was very skeptical as was the Energy Department about certain aspects of the findings in the Central Intelligence Agency. Again, is not imagination a product, Dr. Carlucci?

MR. CARLUCCI: Yes, yes. It's a problem. I think the report performs a useful service in pointing that out. But the report also points out that the policy makers do not act on warning, which is another issue we haven't discussed today that's beyond the ken of just pure intelligence. But the interaction between the intelligence community and policy makers is very important.

SEN. WARNER: Dr. Hamre.

MR. HAMRE: I strongly believe that you want competitive analysis --

SEN. WARNER: To give you the imagination as a product.

MR. HAMRE: Absolutely, absolutely.

SEN. WARNER: Gentlemen, thank you. You win an endurance contest for we are almost at four hours. Thank you very much.