

**Remarks and Q&A by the Principal Deputy Director of National Intelligence
Dr. Donald Kerr**

**The Intelligence and National Security Alliance (INSA)
Leadership Dinner**

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MR. JOHN BRENNAN (INSA Chairman): (In Progress) -- We are here tonight to hear Dr. Donald Kerr who on October 4th of last year was appointed to be the Principal Deputy Director of National Intelligence. Don's resume reads in a manner that if a creative novelist or screenwriter were to put something together for a lead player in a novel or a movie people would say it's unrealistic, because when you go and look at what Don has accomplished throughout his career, it really is quite unbelievable.

In addition to being the Principal Deputy Director of National Intelligence, before that Don was the Director of the National Reconnaissance Office, the NRO; Assistant Secretary of the Air Force. In addition, before that, Don was the Deputy Director of CIA for Science and Technology. Before that he was Assistant Director of the FBI in charge of the Laboratory Division of the FBI. He was also in the Department of Energy. He served as Deputy Assistant Secretary and also Acting Secretary for Defense Programs within Department of Energy. He was the Director of the Los Alamos National Lab. He has wide experience in the private sector as well.

He was educated at Cornell. His undergraduate degree was in electrical engineering and his doctorate was in plasma physics and microwave electronics. He spends his spare time doing research in ionospheric physics, like many of us in this room do. (Laughter). He truly is a national treasure.

I had the great privilege to work with Don when he was in CIA and had the privilege also to be with him in a number of meetings including in the Oval Office when one of the things that we really remarkable about Don with his technical prowess and experience, I always found it very gratifying, not being a technical person myself, that Don could explain the most complicated, technical issue in very very understandable terms. It was greatly appreciated by me as well as other people in the Oval Office. (Laughter). I said by me and other people. (Laughter). Because the intelligence business is a very complicated one and it is involving increasingly very complicated and complex technical programs and capabilities. It's important that we have someone like Don.

But in addition, one of the things that I really have treasured about Don is that despite all the things that are going on in the intelligence world, Don was always the person who is unflappable. No matter the crisis, the issue, the development, Don would always be bounding

down the halls with a smile on his face and ready to take on the next issue and challenge. I always found it very rewarding that there was a person of his caliber and expertise who has been such a dedicated public servant over the past many decades.

So without further ado I'd like to have everybody welcome Dr. Donald Kerr, Principal Deputy Director of National Intelligence.

(Applause).

DR. DONALD M. KERR: Thank you very much. I almost feel like the appropriate citation is "friends and colleagues" because as I look around the room I see so many faces of people I've worked with and for over a great deal of time. It's really an honor to be here, to have this opportunity to talk with you.

When I last came to an INSA meeting this past June I was Director of the NRO. Of course what a difference a Senate confirmation can make. (Laughter). Although I must say there are some thoughts occasionally that cross my mind. It sure was nice to be number one. (Laughter). So I hold that thought every once in a while.

This is a leadership dinner tonight. I was almost tempted to start off saying, and Mr. Chairman, because this afternoon we had a budget hearing. It was actually a very pleasant one to your surprise, I'm sure, chaired by Mr. Holt of New Jersey. But of course you don't understand. He's a plasma physicist too. (Laughter). And once was the Associate Director of the Princeton Plasma Physics Laboratory. So if we have to we can talk about other things than the budget. (Laughter).

I'm going to talk a little bit about what we're trying to do in DNI-land to lead the Intelligence Community and some of the challenges that we're encountering along the way. This is work in progress. They're the things you find on your plate when you suddenly find that you're responsible in a day-to-day sense for leading the U.S. Intelligence Community. Now I don't do that by myself. I have a great partner and leader in Mike McConnell, but I think many of you are aware that his attention is often fixed on the external issues so I have to deal with the issues of parking places in space and buildings and grounds. (Laughter). It's kind of like what a provost does at a university. We all know about that.

There are fundamental questions we're trying to address, however. How should we look as an organization? What are the real threats that we should be planning on, that we should be preparing for, and understandably, that we should be prepared to pass on to a new administration next year. And to paraphrase Harry Truman, none of these questions are easily answered. If they were, someone else would have already done so. So internally, what are we up to?

We're confronting an identity crisis, fundamentally. Do we want to look like a DCI? Some of us remember what they looked like. Or do we want to be sort of like a Secretary of the Department of Intelligence? The answer right now is we don't really know. That's because of the way we were constructed. The middle ground we occupy, the space between a DCI and the leader of a cabinet department with 16 components was mandated by the Intelligence Reform

Act of 2004. That brings a certain tension to our lives, one that obliges us to take on big questions, but to do so while at the same time seeking the support of 16 community agencies and their six cabinet members. So we're in this strange position. We're too strong to do nothing and we're unable to do it by ourselves.

We try to take on the important things that affect all members of the community and can't be done by one agency on its own. It's like the line from the commercial, "We don't make the products you buy, we try to make the products you buy better."

For example, CIA can't fix security clearances across the community, but we can help do that. NSA can't change the information sharing cultures and policies of the community. DIA can't strengthen how we analyze intelligence across our 16 agencies. But the Office of the Director of National Intelligence can in fact contribute to those cross-cutting problems, and that's in fact the proper use of a lot of our time.

Jim Clapper, who nobly is off traveling tonight -- We all know him as the former everything but the present Under Secretary of Defense for Intelligence -- gave a speech earlier in this career where he shared a realization. The Intelligence Community can't reform itself from the inside. I agree with him. We need to be pushed to embrace change, and whether that means updating the Executive Order 12333 or some other effort at spelling out the vision for a DNI, we need to get on with that. A paper tiger cannot run America's Intelligence Community. By the same token, no one's going to respect a DNI who grabs authorities not granted in law.

These internal challenges, however, aren't the sum total of the work we face. We only need to look at this day in history, if you will, to remember that. Sixty-two years ago this week Winston Churchill gave a speech at Westminster College in Fulton, Missouri in which he coined the phrase "Iron Curtain." He called on the U.S. and Great Britain to join in a new alliance "to quash the expansive and proselytizing tendencies of the Soviet Union." So a thousand miles from here and a significant part of a lifetime ago, Churchill reminded our nation that the appeasement of our enemies is never an option and that victory, if it is to be ours, must be steadfastly pursued.

Today we face challenges and enemies that are not nearly as confined as the one we dealt with during the Cold War. A curtain is both too large in its embrace and too restrictive in its scope to separate them from us. The global jihadist threat we face today, while taking into account the setbacks jihadist networks are experiencing, is still a serious one. Let me give you the current lay of the land as we're looking at it.

The good news is al-Qaida in Iraq suffered major setbacks last year, although it is still capable of mounting significant attacks. Dozens of AQI facilitators and leaders have been killed or captured. We've seen indications that their image is beginning to lose its luster. Al-Qaida in Iraq has ebbed, but other terrorist threats in fact have continued to grow.

We see what's going on, for example, in the Federally Administered Tribal Areas of Pakistan in of course the context of a new government still waiting to form up, still providing a safe haven

for the major al-Qaida principals, a training space, a place for them to move money, to plan, and work on things which will of course be of great concern to all of us.

So we still have this bite in front of us. We still have to learn how to deal with it.

In Iraq we're dealing with it in a very fundamental and good way. We're providing security. We're providing a place where investment can take place. And ultimately, you could see an end game for the U.S.. In the FATA area we don't yet see that end game and until the new government of Pakistan is clear in its resolve, intentions and policies, we may not know the answer to that.

We also have to worry about home-grown extremists inspired by militant Islamic ideology who plan attacks inside the U.S. or against our interests. This is not only within the U.S.. Our European allies regularly tell us that they're uncovering extremist networks in their countries.

We in the U.S. have been fortunate because so far cells detected within our borders have lacked the level of sophistication, experience, and access to resources of terrorist cells overseas. Their efforts when disrupted have basically been in the nation phase. But as we have much on our side, our enemies are making use of technology on theirs.

The growing use of the internet to identify and connect with networks throughout the world offers opportunities to build relationships and gain expertise -- something that previously was only available in overseas training camps.

If I had to think of one thing that worries me, I had the opportunity to spend most of the last two weeks in Latin America. Of course there you see the conjunction of narcotics trafficking and terrorism and there may be a nexus forming between them. They share the need for money laundering. In fact in Latin America you have a real presence of Hezbollah. Hezbollah, after al-Qaida, is the terrorist organization that has the most American blood on its hands. So if you need to worry about something you might think about our hemisphere where a terrorist organization is involved in money laundering, narco-trafficking, and very close to other criminal enterprise. That to me is the kind of thing that we need to worry about looking forward, not just fixating on the East/West prospects we have for the conflicts we're in today.

We of course had the death of a senior Hezbollah leader a few weeks ago. That, too, may spark retaliation. You may recall, the last time there was an event that took on Hezbollah, retaliation took place in Argentina in 1992 and 1994 with attacks in that country, not in Israel or the U.S. or other places that might logically have been the locus of such an attack.

So we need to be watchful, pay attention in fact our back yard and to just Iraq and the Afghan/Pak border. That was one reason I went to Latin America.

One of the things I'm proud to report to you is that even before last weekend I had the opportunity to meet with President Uribe. This is a leader of a country that's actually succeeding in his endeavor. The number of FARC are now under 10,000. There was, of course, a

significant further loss last weekend but I think the important thing for all of us to understand, this is a leader of a democracy who has an 80 percent support rating from his citizens.

What are his principles? They're really simple. Democracy leads to security. He's trying to provide a climate for investment. And he's trying to build the institutions that provide social cohesion. That leads to confidence in the electorate and why he has, of course, the 80 percent rating.

He does some other simple things that all of us know how to do but may fail to do. That is, he does town meetings throughout his country. He takes his National Security Council to meet in a different city each week. And so if you want to look for hands-on leadership that's succeeding you need look no further than Colombia where they're really taking on this question of narco-trafficking and terrorism and doing it in their own country. I think we need to support that and learn from it.

Now if you think about what I just said, I've just talked about something that's not very different than what we've achieved with the surge in Iraq. We provided more troops, provided the security window, the ability to train up the Iraqis. We now have the CLCs, the concerned local citizens, taking back their own communities. What we hope is, of course, that investment and social cohesion will follow. So this is not a lesson that need be learned over and over again. It's one we simply need to pay attention to and apply as we take responsibilities in different parts of the world.

One of the things I think we need to pay a great deal of attention to, you've all heard of our problem of volume of information, of the concerns we have in dealing with it, analytic overload is a frequent complaint. At the unclassified level the community today collects more than one billion pieces of information daily. But it's not intelligence. It's had no value-added from an analyst with training, experience, access to history, who can look for similarities, differences, draw conclusions. So some of the things we need to really focus on are how do we multiply the effectiveness of those who are dealing with all of this information? That's one of the main priorities we have.

Second, we need to work very much on our close access technologies. This doesn't mean everybody's going to be a James Bond. What it really means is that as we deal in a set of conflicts and engagements where we're not dealing with a materialistic adversary, we're basically at the point of tracking people by name, understanding them by name, and we need to be close to them as a consequence. So we have to be better spies at the end of the day. We have to provide our assets and agents with the communications, with all the rest of the things in the tradecraft they need to do the job up close and personal.

Another thing we have to worry about, there aren't many people here who are older than I am. There are a few, fortunately, but we have a lot of folks leaving the scene right now. Some of you may have seen the Washington Post article recently talking about our nuclear capabilities and the fact that the people who understood the U.S. nuclear weapons program are largely retiring. They're the same people we depend on to understand other countries' nuclear programs. Of course if they retire and leave the scene totally we won't have people who understand the tools

and techniques for analysis, the way in which you collect information. So we have to come up with new ways to keep people engaged in this problem set.

Our National Counterproliferation Center is trying to lead the way in developing a plan to have a Counterproliferation Reserve Corps. It's really an adjunct to the Intelligence Reserve Corps that we already have, but we're really trying to bring these people back in a way that we can get another ten years or so out of their accumulated knowledge. It's going to be very important not just in the proliferation area. I think there are a number of others where we're going to have that same issue.

The problem we have, of course, is that we don't have an industrial base any more in some of the technologies that are most important in dealing with proliferation. Proliferators, by definition, are some years behind the U.S.. So we can't just automatically assume that our own industrial base has all the capabilities we need in the future to deal with some of these important problems.

We hope that we can bring back 50 people or so in this one area over the next three years, but then we have to figure out how to do the information transfer, the expertise transfer, from them to a new generation of analysts and operators. That's going to even be harder.

The last challenge I'd like to talk to you about tonight is the one I have no answer for, but it's really this. How do we do these things in a way that helps people understand how we in the Intelligence Community operate? Not as political pawns, but as professionals and apolitical experts. How do we pull back the curtain just a little bit for a society that of course automatically distrusts and dislikes secrets without sacrificing our sources and methods?

In the U.S., for example, we talk a lot about trying to support moderate Muslim leaders and dispelling myths about U.S. intentions and goals, and quite frankly, Americans as people. We are not really that good at communicating here at home when it comes to perceptions about the Intelligence Community. No poll has been conducted in recent years asking people about their feelings on the Intelligence Community. We should probably be thankful for that, for the number might be depressingly low.

That's not because people don't appreciate what we do or the lives we save or the tomorrows we make possible. It's because they don't understand what we do. That's in effect entirely our fault. If you brought in the best PR firm in the nation to diagnose our problem, they would sum it up pretty simply. We've allowed our detractors to frame the national debate and cast us as the villains.

We in the Intelligence Community are not winning hearts and minds in the U.S.. We're not even trying. That's what bothers me most.

Director McConnell is always saying that Americans love spy movies and they hate spies. Why is that? I think it's because we've done a very poor job of communicating what we do and why we do it. And most importantly, what we don't do.

In the 1940s when our community was born it made sense to have operational security to guard against penetration, and for that matter anyone without a Top Secret code word clearance. We could get by with that back then. The American people were not as distrusting of their government. But as times have changed we've stayed pretty much the same. Indiscretion of our community as exposed during the Church-Pike era only exacerbated our stand-offishness. There's been a slow bleed of public opinion and support since then. In our community it's become a good news day when we aren't in the news.

Yes, we've kept the world out and it's cost us. In trying to maintain OpSec we've lost something we never knew we needed until we didn't have it -- the support of a grateful nation.

The question we have to ask now, and this is something everyone here should help think about, is how do we get it back? This isn't a matter of a slick PR campaign. People see through slick. It's about being honest and open in a way that doesn't give away sources and methods. A thin line, admittedly, but one I think we can walk. The problem in the past is that we have not really tried.

In an age of terrorism born out of small, remote cells around the world we can no longer keep the public at arm's length. They're not just first responders, they're the first preventers.

Think back to the Fort Dix terror plot last summer. Six men were charged with planning an attack to kill hundreds of people at Fort Dix by disguising themselves as pizza deliverymen. How did the authorities come on that group? The men made a video recording of themselves and others firing assault weapons at a Pocono shooting range. The militia-themed video showed them calling for a holy war and shouting, "God is great" in Arabic. Then one of the plotters took the video tape to a store to have it converted to a DVD so it could be used as a training tool. It didn't feel right to the video clerk. (Laughter). The good news is he called the FBI, and thank goodness for that.

Now there's a story that floats around the Intelligence Community about the days of the first DCI, Sidney Souers. In January 1946 President Harry Truman whimsically presented Souers with a black hat, black cloak, wooden dagger, and declared him the Director of Centralized Snooping. At that time the DCI had no CIA to run, no independent budget or personnel to manage, no authority to collect foreign secrets, and no power to bring about a consensus among other agencies. So it's easy to understand why when Souers was asked shortly after his appointment, "What do you want to do?" He replied, "I want to go home." (Laughter).

Now I wouldn't have recommended him as the keynote for a leadership dinner at that point in time. (Laughter). Not in his first few days. But I think as time went on, one of the first lessons that Sidney Souers learned was that he couldn't do the job alone.

The same lesson, of course, is true today, even when the head of the Intelligence Community is imbued with a bit more authority. We all have a role to play in this work. We need the expertise not only of those across the community but in the private sector, academia, and dedicated Americans across our country. More than that, we need your trust -- something that we need to work hard to maintain and in some cases win back.

It's a difficult agenda to think about today, particularly in this endless political season that we're all enjoying so much. But in fact, we have to consistently make the point -- intelligence is a profession, intelligence is a team sport, and in fact we won't succeed unless we learn to honor that thought and do it together.

The challenges before us are immense. There are many more that I didn't touch on but all of you know about. The costs of failure are too great for us to ignore both the lessons we've learned and the opportunities that we have. We can't go it alone.

In closing, thank you for inviting me. I remind you of what I told the House appropriators today. Intelligence is a team sport. I was backed then by the major agencies of the community. I feel confident with those people, those agencies, we can do a fine job for the United States but we need your understanding and support to do it. So thank you very much.

(Applause).

MR. TIM SAMPLE (INSA President): Any questions? Don's agreed to take a couple.

DR. KERR: At least one. (Laughter).

QUESTION: Hello. I am Pam Hess of the Associated Press.

DR. KERR: We've spoken before, Pam. It's so nice to see you. (Laughter).

QUESTION: (Inaudible). I'm curious, aside from (inaudible) community, what was the negative effect of the loss of trust from the public?

DR. KERR: It's an interesting point. I've always put it in personal terms. Could I go and explain to my next door neighbor what I do? I should be able to. Sure, they know my job title or something but they wouldn't know necessarily how I spend my day. But I think it's important that we make it clear that the practice of intelligence as a profession is not all secret. There are pieces of it that are important in terms of tradecraft, training, professionalism, that we can be proud that our community shares and that's what we teach our people. It's that part of it I think that we want to get across. But it's not a shady profession at all. It's one in which the participants take great pride. They've invested careers and lives in it. And we want them to be able to explain that and be appreciated for doing it.

QUESTION: You've obviously come from a background of space-based intelligence (inaudible). Now that you've had a chance to look out over the community (inaudible) can you comment on your perspective on the relevance, strategic relevance of (inaudible) part of the community (inaudible).

DR. KERR: Actually I've spent more time in what I'll call the up close and personal HUMINT business, not the space business.

In a very simplistic way I think about two kinds of intelligence. One is HUMINT and that comprises those things that we can only learn from other people. Whether it's agents and assets or diplomatic reporting or attaches, it still at the end of the day is face to face.

The other big part of it of course is technical collection. Technical collection has an unfortunate property. The means for doing it tend to be very expensive. There tend to be profits associated with it that are not similar to what you might find in the HUMINT area. I've never found a lobbyist for HUMINT. (Laughter). Hi, Jeff. (Laughter).

The other point to make is, in this very simple construct, both exist in the context of what I'll call open source, that which we can all go find given the energy and smarts to go do it.

Our job at the DNI is to try to balance the different pieces. Now some will disagree with me and say that all knowledge is not found in three buckets, but that doesn't matter. The point is we have to balance the way we apply resources and so what you have to ask is, if your biggest problem is tracking people by name and understanding their intentions, that may not be as amenable to remote sensing as keeping track of someone's mechanized infantry was two decades ago. So you have to adjust the balance between these things.

That said, there's no lack of use of the overhead assets in pursuing the intelligence problem set that we have today. Their role may be a little different. They may be used in supporting other tools and techniques for gathering information, but at the end of the day you also have to remember that we have to be able to speak to those we serve about the confidence we have in a judgment.

Typically the last thing you want is a single threaded argument about a particular question. So even if you had good HUMINT, you remember that people are notoriously unreliable, and so if you have technical collection, for example, to back that up, to give you an independent judgment on the truth of the point you're trying to make, it matters a great deal.

So it's a mix. You can't rule anything out. What you do have to do is adjust the mix for the problems that you face.

QUESTION: (Inaudible), four percent of GDP (inaudible). Do you have a view about what (inaudible), how much (inaudible)?

DR. KERR: I wish I did because it's the hardest problem. I'm sure everyone here is aware at the instance of the Congress we've declassified the top line of the national intelligence program, so this past year it's a mere \$43.5 billion. So you really have the question of saying is that the right number? What do you buy for that anyway?

Another way to look at it is it's sort of roughly ten percent of the defense budget.

I don't know the answer to that question. We have no analytic methodology that helps us answer the question of how much is enough. Is the thing we tell the President one morning more important than the preparation and backing we give to a trade negotiator? We won't know that

for years. And so we're trying to come up with metrics, but at the end of the day we produce a product that has no market value. There's no legal market for it. As a consequence, you've asked one of the hardest questions of all.

Can we be more efficient? Of course we can. Can we relearn things we knew from the past which is some of the best intelligence activity has been carried out by very small teams of well-trained, mixed discipline capabilities.

What we've tended to do in recent years is produce big teams and the inefficiencies that go with leading and managing big teams.

So I think there's going to be a continual readjustment of necessity. If someone is smart enough to come up with an economic theory for intelligence I'd like to meet that person.

I had a good friend years ago, many of you knew him, Gordon Negus, who was then the Executive Director of DIA. He actually set out to write a book on the economic theory of intelligence. Unfortunately, he never finished it, and I'm not sure anyone can at this point. But it's a great question and I'm sorry I can't do better on it.

Any others?

QUESTION: (Inaudible)

DR. KERR: One, we're going to prepare. (Laughter). Second, we have to go through a very interesting period because some time after August and September not only will we be supporting a sitting President every morning, we will have two candidates with their perhaps different needs, views, and ways of accepting information. So we'll learn of course what their approaches may be.

One of the things we're working on very hard is to be sure that to the greatest extent we provide the incoming administration with completed actions rather than just plans or ill-formed ideas. The things we can do that we can put into place that we think will serve for the long term we're focused on right now.

We recognize that a new administration will go through a shakedown period and we want to be sure that the institutions that need to be there to support them are robust and able to do that. Because on the 21st of January the new President will need intelligence to make decisions to do the job where they've just taken the oath of office. So we can't expect there will be a vacuum in that period. We have to have continuity in what we do through it.

So we're very much focused on how the professionals in the Intelligence Community will weather that transition and provide the support that's needed. It's the only sensible thing we can do and we're committed to do that.

Any others? What a docile group this has become. (Laughter). Tim, what have you done?

MR. SAMPLE: I don't know.

(Applause).

MR. SAMPLE: Don, I want to thank you for a wonderful presentation, and especially the points that you made at the end clearly resonate for us because one of the main reasons that we've done the transition from SASA to INSA is because of advocacy, of providing a public policy forum, because there is no national advocate for intelligence and to the extent that we will continue in that cause hand in hand, I think it's for the betterment of all citizens. There's not only a lot of truth, but a lot of thought behind some of the things you've said, and we truly, truly appreciate it.

As a token, a very small token, of our appreciation I would like to present you with the widely coveted and sought after INSA coaster. (Laughter).

(Applause).