

Secretary of State Colin L. Powell  
*Intelligence Reform*  
Written Remarks  
Senate Governmental Affairs Committee  
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Madam Chairman, Senator Lieberman, members of the Committee, I'm pleased to be with you today and I thank you for this opportunity to share with you my thoughts on reform of the Intelligence Community. I have been a consumer of intelligence in one way or another throughout my forty-plus years in public service – from the tactical level on the battlefield to the highest levels of the military and the government. I hope that I can offer some helpful insights, now, from the perspective of the conduct of America's foreign policy.

Before I start, let me add my thanks to those of millions of other Americans to the members of the 9/11 Commission for their careful examination of what went wrong during the run-up to that terrible day three years and two days ago today, and for their thoughtful recommendations to ensure that nothing like that ever happens again.

Madam Chairman, let me say at the outset that I fully support President Bush's proposals on intelligence reform.

A strong National Intelligence Director, or NID, is essential. That strength is gained primarily by giving the NID real budgetary authority. In that regard, the President's proposal will give the NID authority to determine the budgets for agencies that are part of the National Foreign Intelligence Program (NFIP).

As recommended by the 9/11 Commission, the NID will receive funds appropriated for the NFIP and he or she will have the authority to apportion those funds among the NFIP agencies. The NID will also have the authority to transfer funds and to reprogram funds within the NFIP, as well as approval authority for transfers into or out of the NFIP.

The President has empowered the NID in other ways as well.

For example, in addition to the budget authority I've just described, the NID must concur in the appointment of heads of Intelligence Community agencies if those appointments are made by department heads. And if the appointments are made by the President, the recommendation to the President must be accompanied by the NID's recommendation.

Additionally, the NID will have authority:

- To establish intelligence requirements and priorities and manage collection tasking, both inside and outside the country;
- To resolve conflicts among collection responsibilities;
- To ensure full and prompt information sharing – to include making sure that all agencies have access to all intelligence needed to carry out their missions and to perform independent analysis; and
- To establish personnel, administrative, and security programs.

Madam Chairman, the President's proposal does not adopt the 9/11 Commission's recommendation that the NID have deputies from DOD, CIA, and the FBI. President Bush believes that we need clear lines of authority and to have in the structure people who have to report to two different masters would not contribute to clarity of responsibility and accountability.

The President's proposal does put the National Counterterrorism Center under the supervision of the NID. Moreover, if any other such centers were judged necessary, those too would fall under the NID. For example, the President has requested that the Robb-Silberman Commission look at the possibility of a WMD Center.

Madam Chairman, to give the NID the sort of independent help that he will require to do his job, the President's proposal includes a cabinet-level Joint Intelligence Community Council, upon which I and my national security colleagues would sit.

This Council will advise the NID on setting requirements, on financial management to include budget development, on establishing uniform policies, and on monitoring and evaluating the overall performance of the Intelligence Community.

Finally, the President's proposal will require important changes to the 1947 National Security Act – changes I know that the members of this committee will be looking at carefully.

An example of such a change would be the plan to establish the new position of the Director, CIA and to define the responsibilities of that Agency – responsibilities that will continue to include the authority for covert action and the need to lead in the area of HUMINT collection.

Madam Chairman, I know that this committee will look closely at the President's proposal. I have been in government long enough to know also that you and the other Members of Congress will make changes to the President's proposal. And that is your prerogative, indeed your duty as the people's representatives.

As you and the other members of this committee and the Congress are reviewing the President's proposal and as you are considering what the final product of your very important deliberations will actually be, I would ask that you take into account the unique requirements of the Secretary of State and of the conduct of foreign policy for which I am responsible to the President and to the American people.

Let me give you some insights on why the Secretary of State's needs are somewhat unique but why they too would be well-served by such reform as President Bush proposes.

Diplomacy is both offensive and defensive in its application. At the State Department, we are the spear point for advancing America's interests around the globe. We are also our first line of defense against threats from abroad. As such, our efforts constitute a critical component of national security. Our efforts must not be seen as an afterthought to be serviced by the Intelligence Community only if it can spare resources from other priorities. Madam Chairman, the old adage of an ounce of prevention is worth a pound of cure describes what I am implying to a "T".

In that regard, there are a few critical considerations that should be borne in mind as we—the Administration and the Congress—design an intelligence establishment for the 21<sup>st</sup> century.

**First, as Secretary of State, I need global coverage, all the time.** This does not mean that the Intelligence Community should cover Chad as robustly as it covers Iran or North Korea. But it does mean that I need intelligence on developments in all countries and regions. I need it to provide information and insight to our Ambassadors around the world and to those of us in Washington. We all must deal on a daily basis with problems that range from the impact of instability in Venezuela or Nigeria on world oil prices, to ethnic, religious, regional, and political conditions that challenge our values, spawn alienation and terrorists, threaten governments friendly to the United States, and impede or facilitate the export of American products. Many times in my career I have found myself dealing with a crisis in a country that was on no one's priority list until the day the crisis hit.

**Second, as Secretary of State, I need expert judgments on what is likely to happen, not just an extrapolation of worst case scenarios.** The Intelligence Community we have now provides fantastic support to the military, both planners in Washington and commanders in the field. And it should do that. In many cases, its organization, priorities, allocation of resources, and mindset have evolved specifically to support military planning and operations. Worst-case scenarios are prudent and often sufficient for my colleagues in the military, but they are generally not as useful for diplomacy.

They are not as useful because in the world of diplomacy, I need to know what is *most likely* to happen. What will influence the course of events. What it will take to change the course of events. And how much diplomatic capital or other blandishments it will take to achieve the President's foreign policy goals in specific circumstances. What usually happens, or what you must deal with, is something far short of the worst case.

An old rule I've used with my intelligence officers over the years is: "Tell me what you know; tell me what you don't know; and, then, based on that tell me what you think is most likely to happen."

The needs of diplomacy require more than a good ability to imagine the worst. They require real expertise, close attention, and careful analysis of all-source information. To be helpful to me and my colleagues in the Department of State, many of whom are extremely knowledgeable about the countries and issues they cover, the Intelligence Community must provide insights and add value to the information we already collect. When the Intelligence Community weighs in with less than this level of expertise, it is a distraction rather than an asset.

**Third, to do my job, I need both tailored intelligence support responsive to—indeed, able to anticipate—my needs, and I need informed competitive analysis.** Precisely because my intelligence needs differ from those of the Secretary of Defense, the Secretary of Homeland Security, and the Secretary of Energy—not to mention the unique requirements of the Army, Navy, Air Force and Marines—I am not well served, nor are they, by collectors and analysts who do not understand my needs or who attempt to provide one-size-fits-all assessments.

I am well-served by my own intelligence unit, the Bureau of Intelligence and Research, or INR. INR draws upon comparable and complementary expertise elsewhere in the IC – and it must be able to do this to function at its best. But any reorganization of the Intelligence Community must preserve and promote intelligence units attuned to the specific requirements of the agencies they serve. Such units should be designed to ensure their independence and objectivity but at the same time be sufficiently integrated into the parent organization to ensure intimate understanding of what is needed, when it is needed, and how it can most effectively be presented to policymakers. My INR must also be able to recruit and retain genuine experts able to provide real value to the policymaking process. This requires appropriate and different career paths and training opportunities. We need specialists, not generalists; late inning relief pitchers and designated hitters, not just utility infielders.

**Fourth, we also need to take advantage of complementarities, synergy, competitive analysis, and divisions of labor.** While it is imperative to have more than one analytical unit covering every place and problem, it certainly is not necessary or sensible for everyone to cover everything. Nor does it make any sense to pretend that every unit of the Intelligence Community is equally qualified to make judgments on all issues. You would not give your dentist a vote on the proper course of treatment for a heart problem and we should not derive much comfort or confidence from any judgment preceded by "most agencies believe."

What I need as Secretary of State is the best judgment of those most knowledgeable about the problem. INR and the Department of State more broadly are home to many specialists who are expert on topics of greatest concern to those charged with implementing the President's foreign policy agenda. But INR is too small to have a

critical mass of expertise on almost anything. INR—and the Secretary of State—need comparable and complementary expertise elsewhere in the IC. This additional expertise ensures that as much information and as many perspectives as possible have been considered, that differences are highlighted, not muted, and that the sum total of intelligence requirements can be met by combining the different expertise of all IC constituent agencies.

Madam Chairman, it is equally important to recognize and capitalize on the role departmental units such as INR play in the overall national intelligence enterprise.

For example, INR is not just an outstanding analytical unit; it is also the primary link between diplomats and the broader Intelligence Community. Specialists, who understand collection systems and the unique capabilities of other analytical components anticipate, shape, communicate, and monitor tasking requests that ensure I receive the information I need, when I need it, in a form that I can use. The links among policymakers, analysts, and collection and operations specialists are very short in the Department of State and this is critical to ensuring that diplomats obtain the intelligence support they need and deserve.

Departmental units like INR, structured and staffed to provide high-value support to their primary customer sets, also support other components of the national security team. Written products are pushed to other agencies via targeted e-mail and posted on classified websites. We know that INR products are read and used by analysts, policymakers, and military commanders around the world who do not have comparable in-house expertise or want a second opinion on subjects of importance. The de facto division of labor within the IC that results, in part, from the existence and promotion of “departmental” units is critical to the strength and health of the overall intelligence enterprise.

Madam Chairman, let me make another point. The Intelligence Community does many things well. But critical self-examination of its performance, particularly the quality and utility of its analytical products, is too often not one of them. Thousands of analytic judgments are made every year, but almost none of them are subjected to rigorous post-mortem analysis of what was right or wrong, which alternative judgments are best supported by subsequent events and information, whether laws of evidence and inference were properly applied, whether too much weight was given to sources that proved problematic, and so on.

We have to do better than this. Senator Pat Roberts’ proposal, for example, assigns responsibility for conducting post-hoc evaluations to a new Office of the Inspector General. I think this is a good idea. One can imagine other places to locate this responsibility and other ways to achieve the desired end, but any reform scheme should include independent review of analytical products.

One more thing Madam Chairman and then I will stop and take your questions.

As you know, President Bush has issued an Executive Order to improve the sharing of information on terrorism. We need to extend its provisions to intelligence on all subjects.

In this regard, simple but critical guidelines would include separation of information on sources and methods from content so that content can be shared widely, easily, and at minimal levels of classification. For this to work, collectors must have clear ways to indicate the degree of confidence that the information is reliable and user friendly procedures for providing additional information to those who need it. Changes implemented by former DCI Tenet earlier this year and incorporated into the production of NIEs are an important step in this direction but we can and must do even better.

Similarly, decisions on who needs information should be made by agency heads or their designees, not collectors. Every day I am sent information that can be seen only by a small number of senior policymakers—who often cannot put the reports into proper context or fully comprehend their significance. Intelligence is another name for information and information isn't useful if it does not get to the right people in a timely fashion. Finally, we must do something about the problem of over-classification. Today the Intelligence Community routinely classifies information at higher levels and makes access more difficult than was the case even at the height of the Cold War. We need a better sense of balance and proportion. It isn't good enough for intelligence to reside on a highly classified computer system; if it is to be useful to policymakers, they must be able to access it on their SECRET-high systems, read it in their offices, and circulate papers incorporating that information to all with the requisite clearances.

Madam Chairman, let me stop here and take your questions.