Remarks by the Director of National Intelligence
Mr. Mike McConnell

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DIRECTOR MIKE McCONNELL: Thank you very much. Thank you for that very kind introduction. I understand our time is a little more limited than what I'd planned. And I have some prepared remarks, but you have to be flexible in this business, so what I think I'll do is just talk about some things that are on my mind and then maybe try to save a few minutes for some questions at the end. As I understand, our target is to be finished here at 1:30.

I want to touch on three topics. One of them, the first one, is the importance of a strong, professional, apolitical Intelligence Community. I feel very, very strongly about that. I think the nation is well served by treating its intelligence professionals the way we do our military. We don't hire admirals and generals; we hire youngsters that then work their way through the system. And my recommendation is that those who lead this community should grow up in this community so they have an understanding of what it does for the country and how it works and how it can serve in a professional way.

The second topic is I want to touch on the most serious threat to the nation today, which is al Qaeda, and what the current situation is. And then I'll touch on a forecast of what we see out over the next 15 years or so. The community has a tradition of looking at a forecast, which we do over the year to be published after the election and before the inauguration. That has served us well in the past. We also have found that since the government prints something, there's no copyright. Foreign nations take our output, put it in their language and it becomes a best seller. So let's see if I can figure out a way to capitalize on a bit of that.

I once asked someone in the diplomatic corps, what do you think about intelligence as a professional? What is an intelligence professional? I was interested and surprised by the response. The answer was, well, let me tell you what a diplomat is. A diplomat is someone that can tell another person to go to hell and make them look forward to the trip. An intelligence officer is someone who can tell another person to go to hell and has the means to deliver them to that track. (Laughter.)

Now, the message I want to deliver them is that many have an understanding of this community based on the Cold War when, by and large, it was passive: We observed, we collected

information, we did analysis. And it was described largely as passive. It is not passive today. It is very operational. It's engaged not only with the State Department but very much so with the Department of Defense and with our allies in a very aggressive way.

Now, interestingly, America does not like spies. (Laughter.) Think about it – as a nation, we don't quite trust spies. When we were founded as a nation, the image that was created by the founding fathers was not to have something that resembled anything like a police state because, in many nations of the world, intelligence organizations look internally more than they do externally. And that's notwithstanding the fact that the first spy-master in the country was also – is also referred to as the father of our country; it was George Washington. George Washington ran spies, he developed his own codes for communication. But, by and large, the nation does not like spies.

There's some history of abuses in having the organization look internally in our past that have been addressed and addressed, in my view, in the most appropriate way. We have a very necessary and intrusive oversight process in the Congress; that's a good thing. And where it has us today I think is in the right place with regard to the mission we have to perform that is focused on foreign enemies in an effort to protect the nation.

Now, let me give you a little historical context. We are never quite prepared for the next crisis from the Intelligence Community's point of view. If you look out over our history, our process was to build it when we need it and then disassemble it. In World War II, we were not ready. Now, two things were produced in a relatively short period of time: a robust human intelligence organization, these were the guys that ran parachuting behind the lines, that ran the resistance organizations; and we learned from the British a great deal about codebreaking.

So, throughout the war and World War II, we not only ran humans behind enemy lines, but we also read German high command communications and we also had good fortune against Japanese communications. So those were the things, in addition to other activities like mapping and targeting and so on that come with the intelligence turf, that's what happened to us in World War II.

Now, we were about to do at the conclusion of World War II exactly what we always do, which is to start to disassemble. Now, fortunately for us, Winston Churchill had a knack with words and he kept saying things like cold war and iron curtain and focused on this thing called communism. And, therefore, some decisions were taken. And the struggle for how would the Army and the Navy get along in the future and will we have a Department of Defense and creation of the Air Force, all of that debate was going on in the mid '40s. And the 1947 National Security Act created not only the Air Force and Department of Defense, but the Central Intelligence Agency.

Now, we made a decision at that time that we would not have a department of intelligence. We did not then and we do not today. The DCI was responsible for coordinating across the community. Most of the focus of the DCI, by necessity, was internal, focused on the Central Intelligence Agency. Now, throughout the Cold War, we had bipartisan consensus, we had

robust funding. Our primary area of interest was denied to us 13, 14 times along with the denied territory. And what we were able to do is use technology to penetrate this denied territory.

We captured the high ground. We captured space. We could look and listen and see and hear and observe in a way that was very, very intrusive. And that served the nation's interest well. Well, in 1991, at the collapse of the Soviet Union, the two words in Washington, D.C., were peace dividend. Another way to describe that is declining budget. So the Intelligence Community, much like the Department of Defense, declined about 40 percent over about a six-, seven-, eight-year period. And we were in a position where, at one point, we had more FBI agents working in New York City than we had CI case officers in the world, not a good situation as the nature of the threat changes and we have to adapt.

Now, we all know about and have lived through many times the tragedy of 9/11 and we've had many reviews and lessons learned and recommendations with regard to the community. If you go back in time and look at our community, it has been studied 41 times. Every 18 months since 1946, this community has been examined by some high-level group. The most amazing thing about those studies is they all said the same thing: better integration and sharing of information, better integration of the community, better collection, better analysis, use business processes to manage the community in terms of efficiency and accounting and auditing, acquisition improvement; and then make sure the authorities and the responsibilities are properly aligned. That's been reviewed 41 times and it's all, each time, said the same thing.

So when I was asked to be considered for the nomination, rather than reinvent the wheel, what I decided to do was just take advantage of all of those 41 studies and see if we couldn't put some teeth into doing those things. And we've had some success. We've been able to achieve joint duty across the community. What does that mean? Just like in the military, if you aspire to flag rank – a general or admiral – you can't be promoted to that rank unless you have jointness, meaning you left your parent command – your parent organization, Army, Navy, Air Force, Marine Corps – to serve in a joint environment. Well, we have that rule now in the Intelligence Community; if you're going to be a senior leader in CIA or NSA or NGA or one of the others, to arrive at that senior level of promotion, you have to leave your parent agency to serve in one of the other agencies or in what we call a joint assignment.

We think that's a positive development; you'd think it would be easy to do, because it served the Department of Defense so well. It took us two years – two years of hard-fought negotiations. But it's done and, fortunately, having Secretary Gates, who previously served as the DCI, now serving as the Secretary of Defense, made it a little easier for us to come to closure. Executive Order 12333, last signed by President Reagan in 1981. It took us over a year to get the current version updated and signed, and it was signed in July of this year. And that was the effort to align responsibilities and authorities in a way that embraced the new organizations – the Department of Homeland Security – the new role of the FBI, having a primary mission now, of preventing terrorism, having a primary mission now of intelligence collection. So accommodating all those changes in 12333 – that was our objective.

So the things that we have left yet to do include causing the nation to be prepared for a cyber attack. Now, we've had some rather simple discoveries that I would like to share with you. The

first of all – the first of the three – is that the United States is the most vulnerable nation on Earth to cyber attack – the most vulnerable. It's a simple reason; we're the most dependent. Now, this conference is all about military communications and the ability to deliver assured information.

Everyone here knows just how important that is. But extend that thought beyond a military command and control regime to banking, our transportation, our electric power, global finance – all the things that, today, ride what we refer to as the Internet – as one global net. Grandmother's fruitcake recipe is going over the net to the family, is riding the same physical infrastructure as military, top-secret command and control, or banking and financial transactions that are moving hundreds of millions of dollars. That's why we are more at risk than any other nation.

The second simple discovery is, we all talk about things like hacking or denial of service or exploitation. That is a lesser-order issue for us than another simple thought; data destruction. If you think about finance, there's no gold standard, there are no dollars in the bank, there are no coins; it's accounting entries. So if someone could scramble the data, then it could, potentially, destroy a bank and we're witnessing that, to some extent, in the current financial crisis, it could have a cascading effect.

And so that's another reason that we have come to the simple realization that data destruction is so much more important and a greater threat than the fact that we are attacked by a foreign nation to steal information for competitive advantage – that's bad enough in and of itself – or hacking for defacing websites, or denial of service, which we saw in Estonia some years ago and in Georgia most recently, when Russia invaded Georgia. Those things are serious, but it's not like destroying the data that's the soft underbelly of what makes the nation function.

The third simple discovery is, we all talk about attack; everybody wants to focus on the attack. We're going to hurt someone else, we're going to make someone else pay the price. The attack equation pales in comparison to the responsibility for defense. Defense is not just from a Department of Defense point of view, protecting camp, post, or station; it's protecting San Francisco, or New York, or Chicago, or the Federal Reserve, or banking and finance, or transportation. That's why it's become such an issue for us.

Now, here's the simple discovery: Whether you are focused on attack or focused on defense, the enabling feature for each of those is exploitation. You have to be able to exploit the other side to understand their capabilities and, just as importantly, their signatures. The way our system is arranged, you can hold people out if you know the signatures. So the appropriate level of exploitation to understand capabilities and signatures to be able to, very quickly, at network speeds, prepare our defenses to hold attackers out is the likely way we're going to address this problem going forward.

Let me switch just for a second, if I could, to al Qaeda. I'll start with al Qaeda in Iraq. Without being too specific on detail, let me give you the summary-level view. Since 2007 – January of 2007 – the level of capability of al Qaeda in Iraq has been reduced somewhere between 65 and 80 percent – 65 and 80 percent reduction. Now, everyone's familiar with the surge, and that was required to have stability on the ground – to be able to control territory.

The thing that is not as well-known is that the United States Intelligence Community, supported by our allies, achieved a level of collection, persistence, integration, collaboration and sharing that's unprecedented. Secretary of Defense Gates made that comment just recently in the Oval Office to the President; in his 40 years, he had never seen the level of integration and operational support be what it is today. Now, just imagine, if you will, the area of focus is Sadr City. We have persistent surveillance, 7/24; we have intrusive signals intelligence collection; we have human agents; and if the bad guys move, we observe. And when the bad guys move, then Special Operations Forces can carry out their mission. So since January 2007 until now, 65 to 80 percent reduction – that's the good news.

The bad news; many are walking away. What was flowing into Iraq and identified by Osama bin Laden as essential for al Qaeda to prevail – the center of the caliphate was supposed to be in Baghdad – many of those fighters are leaving and going to places like North Africa, East Africa, Yemen, and Afghanistan. So the problem has been contained in one area, but it's potentially growing in another. Let me just address al Qaeda senior leadership, located in the Federally Administered Tribal Area of Pakistan, located on the border between Pakistan and Afghanistan. Currently, the senior leadership is more focused on their personal survival than they are planning attacks into the United States or Europe. That's because the Pakistani military and our efforts have been very successful in placing them on the defensive. We've actually seen some members walk away because of our effectiveness in disrupting the global network.

So we've had great success; the question is, how do we sustain, over time, and can we put this threat in a position where the trends are in the opposite direction – instead of attracting new members, they're losing members? And we are approaching that tipping point now if we haven't already reached it.

Increasingly, Islamic leaders, voices of moderation are condemning al Qaeda. If you examine it, most of al Qaeda's victims have been members of the Islamic faith – Muslim faith. So increasingly, we are optimistic that we will see this trend reverse and go in the opposite direction. However, we have to worry about Yemen and Somalia and Algeria and Lebanon, areas where we are starting to see increased activity.

Let me finish my remarks by just forecasting a bit for the future. When we sat down to do this with some of our best and brightest on the inside, we made it a global enterprise. We invested time with academics, diplomats, and other governmental leaders around the globe to get their input and their observations. And this report will be released in a week or so. I would commend it to you. It will be on the web and it will be published in hard copy.

By and large, it says that the potential for conflict over the next 15 to 20 years is going up not down. That's because of the competition for resources. That's because of the explosion in global population. Over the next 15 years, we'll add another 1.4 billion people. It just so happens that number, 1.4 billion, also coincides with a number of people in 36 countries that will not have access to water – water for drinking or water for agriculture. During this period of time, the price of food will go up 50 percent.

Production of oil in most of the countries that produce oil is currently on the decline. We will see a shift away from oil. But most likely, what we will see a shift to is coal and natural gas, unless there is a technological breakthrough that we don't know about currently. So the pressure across the globe is going to change in the context of competition for natural resources. We're going to see not only government groups compete for – governments compete for resources – we're going to see nongovernmental organizations, businesses, and terrorist groups also have something to say about it.

Increasingly, because of the incredible technology of the last 50 years, significant power is placed in the hands of a very few people. And while we are not predicting a nuclear incident or a nuclear use of a nuclear weapon – that's a very low likelihood it would happen – the likelihood in the next 15 to 20 years is greater than it is today.

Let me close by just mentioning Iran. Iran is currently pursuing fissile material. We suspect – although we cannot prove – that Iran secretly desires a nuclear weapon, certainly a nuclear device. If Iran achieves such capability, then the stability of the Cold War that was witnessed between the United States and the Soviet Union or NATO and the Soviet Union would be unlikely to be achieved in the Gulf. And that's going to – at least in this observer's view – going to set off an arms race in the Gulf that would be very destabilizing and could have global impact. We are going to be dependant on oil for the foreseeable future. A major portion of it still flows out of the Middle East. And with Iran armed with a nuclear weapon, it would be incredibly, incredibly destabilizing.

I frequently get to go in the Oval Office. Normally, it's six days a week. The day starts pretty early – about 4:00 in the morning – and goes pretty late. I'm frequently greeted by the President as a bad news guys in a bad news world. But I hope sharing a few of these insights would reinforce for you the importance of your work and also the importance of the nation's investment in a global, sustained, professional Intelligence Community very analogous to the U.S. military – apolitical, professional, responsive to the commander-in-chief, and responsive to appropriate oversight from Congress. It's been a pleasure sharing some comments with you. I hope you all – I wish you all the best in your conference and wish you all the best. Thank you.

(Applause.)

(Music.)

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Director of National Intelligence, Mike McConnell, addresses the 2008 MILCOM Conference & Symposium in San Diego, California.