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Hearing of the Senate Armed Services Committee on U.S. Intelligence  
*Transcript of Testimony by Secretary of Defense Donald H. Rumsfeld, 325 Russell Senate Office Building, Washington, DC, Tuesday, August 17, 2004.*

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SEN. WARNER: (Sounds gavel.) The committee meets today to receive testimony from Secretary of Defense Donald Rumsfeld, Acting Director of Central Intelligence John E. McLaughlin, and Chairman of the Joint Chiefs of Staff General Richard B. Myers on the implications for the Department of Defense and current and future military operations and proposals to reorganize the U.S. intelligence community. We welcome our witnesses, and I see that you're joined by Dr. Cambone. We welcome you. First, an administrative announcement to members of the committee. In consultation with Senator Levin, we have scheduled a hearing of this committee for immediately following our return, on the 9th of September. The question at that time will be the oversight review of our committee of the remaining reports, as we understand it, concerning the prisoner abuse situation in Iraq. Those remaining investigations, particularly the Fay-Jones investigation into the role of military intelligence and the Schlesinger-Brown panel's overall view, should be completed in that period of time.

Would that be correct, Mr. Secretary, and available for review? Your building has so advised me of that. I just --

SEC. RUMSFELD: It's -- that is the current schedule. Whether something would come up that would cause one of them to delay for some reason or another I can't know, but at the moment -- what is the date you're planning to be back?

SEN. WARNER: The 9th of September.

SEC. RUMSFELD: As far as I know, those two that you mentioned would be completed.

SEN. WARNER: We've received excellent cooperation from your staff on this in the scheduling, and I've had an opportunity to work along with Dr. Schlesinger on these issues.

SEC. RUMSFELD: Good.

SEN. WARNER: So I thank you, Mr. Secretary.

Now the views of our witnesses today on the various recommendations for reform of the U.S. intelligence community, particularly the recommendations of the 9/11 commission and the proposals of the -- President Bush, are critical to this committee's understanding of how those recommended changes would impact the Department of Defense in future military operations.

The impressive work of the 9/11 commission has given America a road map, a series of recommendations on how to move forward.

And I might add that the government operations committee this morning is hearing from the families and some survivors of the tragedies of 9/11, and I think I join with all my colleagues -- we're very impressed with their contributions into this national debate.

So now it's time for the Congress to thoroughly examine and evaluate all these recommendations and to enact such changes as we deem will strengthen our intelligence community. President Bush has taken swift action to embrace certain elements of the commission's recommendations prior to the 9/11 report. We must be mindful of that because this is a continuum of steps that have been taken, all the way from the Patriot Act to the establishment of the Terrorist Threat Integration Center -- those steps to make our nation safer each day that we go forward.

Of the 41 recommendations made by the 9/11 commission, some have already been enacted over the past three years; more will be done through executive order and quite possibly the Congress will provide legislation in the very near future. But as the commission noted, in nearly three years since 9/11, Americans have become better protected against terrorist attack. But none of us can rest. We must constantly work each day, each week, each month to make America safer.

As our witnesses are well aware, the Department of Defense is home to the largest dollar -- that is, budget allocation within the defense community. DOD is 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 concerns, speaking for myself as I examine changes and proposals and recommendations to the intelligence, is what changes will best help provide the strategic warning we need to protect the nation to keep our president and his subordinates fully informed, while at the same time supporting the warfighter -- the man, the woman, the sailor, the soldier, the airman, the Marine -- who at this very moment are taking risks throughout the world and fighting to keep the terrorist threat from our shores. How can we better provide the necessary intelligence to all of these consumers?

It was not long ago when the national-level intelligence support to the warfighter was inadequate. All of us on this committee remember very well. The military's experience during Desert Storm was a watershed event. From the time General Norman Schwarzkopf came before this committee in June of 1991 and advised us that responsive national-level intelligence support for his mission in the first Persian Gulf War was unsatisfactory, the Defense Department, together with other elements in the intelligence

community, has painstakingly since that time built the intelligence and operational capabilities that we saw so convincingly demonstrated on the battlefields of Afghanistan and Iraq in the recent past.

As we examine ways to reform our intelligence community, we must ensure that we do nothing to undermine the confidence that the battlefield commanders have in the intelligence support on which they must depend.

The 9/11 commissioners correctly pointed out that our overall 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 years and months leading up to the actual attack on our country on September the 11th, 2001. The recommended solution, however, is to reorganize the entire community, not just focus on the parts that were unsatisfactory. Therefore, we must examine the reasons for these dramatic proposals and understand how the recommended solutions address or do not address the problems identified in the commission report.

Clearly, we must seize the opportunity to act, and I personally am confident that Congress can and will do something in the balance of this session, but we should do it with great care. I'm ever mindful of the legislation to our national security structure, the National Security Act of 1947 and the Goldwater-Nichols Act of 1986, in which many of us on this committee were full participants. These were not considered in haste, and we must not be rushed to judgment in this case.

I personally, as I've studied all the recommendations, feel first and foremost that we must be mindful that this nation is at war at this very moment, with tremendous risks being undertaken by many people. We're at war, Mr. Secretary. And were we to try and do massive dismemberment of the Department of Defense at this point in time, I think -- and I will listen to the secretary and our witnesses -- it could result in turbulence that might degrade this level of intelligence so essential as we continue to fight this war, as we continue to hear almost every week or month of the threat levels against this nation, quite apart from the conflicts in Iraq and Afghanistan.

So with that in mind, I personally want to proceed, but with great caution, and do what we can to strengthen this system, at the same time cause, hopefully, no turbulence or disruption in the intelligence system that now, I think, serves this nation reasonably well, can be better.

I look at the proposal by which we could take the current position of the director of Central Intelligence, elevate it to -- in every possible way to that of a full Cabinet status.

And as I look at the current body of law, you have extraordinary powers already on the statute. Perhaps some correction could be made or addition by Congress to the existing powers, so that there is no limitation to your ability to work as a co-equal with your peer group, be it the secretary of Defense, secretary of Homeland (sic), secretary of State or whatever the case may be.

Perhaps we could change the name, call it the national intelligence director. But if it's desired that Congress move forward and create the entire new entity and a new layer, then I think we ought to do it in such a way that it's a partnership relationship between the secretaries, secretary of Defense working in

consultation with the NID and his structure; and at such time as the budgets are brought forward, they work on them together and present those budgets jointly, as they would present jointly to the president any recommendations for key personnel to serve in the various intelligence agency (sic).

So those are two approaches that this senator's considering, such that we minimize any disruption to the essential collection of intelligence today.

Senator Levin.

SEN. CARL LEVIN (D-MI): Thank you, Mr. Chairman. Let me join you first in welcoming our witnesses today.

This is the second hearing before this committee on the subject of the recommendations of the 9/11 commission to reorganize the intelligence community, and the implications of such reorganization for the Department of Defense and military operations.

We have suffered from two different types of intelligence failures in recent years.

The first was the failure of agencies to share information necessary to connect the dots before the 9/11 attacks. That failure is attributed by the 9/11 commission mainly to problems in the organization and management of the intelligence community. The second failure, the massively erroneous intelligence assessments relied on before the war in Iraq, appears in significant part to have been the result of the shaping of intelligence by the intelligence community to support the policies of the administration.

As we consider legislation for the reorganization of the intelligence community, we should recognize the significance of both types of failures: those resulting from poor organization and management, and those resulting from politicizing intelligence. Changing the organization of the intelligence community, as proposed by the 9/11 commission, may help address intelligence-sharing problems, but does not address politicizing intelligence and could even make that problem worse.

Relative to the failure number one, the 9/11 commission made major recommendations to reorganize the intelligence community that could have significant implications for our military, which we want to explore today.

One recommendation is to create the new position of a national intelligence director, who would have greater authority over the national intelligence budget and programs, and over hiring and firing people to head the national intelligence agencies, including agencies that are currently located within the Defense Department such as the National Security Agency, which is responsible for collecting signals and breaking codes, and the National Reconnaissance Office, which is responsible for building satellites.

Another recommendation is to create a new national counterterrorism center, which would combine all-source fusion and analysis of terrorist intelligence, similar to what the Terrorist Threat Integration Center now does but with the additional function of planning and tasking counterterrorist operations, including those conducted by military forces under the Department of Defense.

Another recommendation is to transfer the lead responsibility for all paramilitary operations, both overt and covert, to the Department of Defense. Currently the CIA is responsible for covert operations, which require a presidential finding and prior notification of Congress.

These recommendations and a -- these recommendations raise a host of questions that need to be considered as we reform our intelligence community. The relationship between the intelligence and defense entities and their specific responsibilities and authorities are not questions of turf; they are vitally important to both the security and well-being of our nation, and the safety of our troops.

I would hope that our witnesses will address in their opening statements whether they agree with the following five recommendations of the 9/11 commission, and I'm quoting these recommendations.

Recommendation one: "The national counterterrorism center should perform joint planning. The plans would assign operational responsibilities to lead agencies," including Defense and its combatant commands.

Recommendation number two: The national intelligence director should have, quote, "the authority to reprogram funds among the national intelligence agencies to meet any new priority."

Recommendation three: "The national intelligence director should approve and submit nominations to the president" of the individuals who would lead the CIA, DIA, NSA, NGA, NRO, and other intelligence capabilities.

Recommendation number four, and again I'm quoting: "Lead responsibility for directing and executing paramilitary operations, whether clandestine or covert, should shift to the Defense Department."

Recommendation five: "The national intelligence director would manage this national effort, managing the national intelligence program and overseeing the component agencies of the intelligence community, with the help of three deputies, each of which would also hold a key position in one of the component agencies."

Now if we fail to make needed reforms, we may be leaving ourselves vulnerable to future intelligence failures. But if we unwittingly create a system that results in confused, unclear or duplicative lines of command or responsibility, our security would be diminished. So we need to proceed urgently but carefully as we consider reforming our intelligence system.

Regardless of the responsibilities we might choose to give to the proposed national intelligence director and national counterterrorism center, and wherever we decide to place these offices on an organization chart, we must take steps to avoid the second major intelligence failure, the shaping of intelligence assessments to support administration policies, any administration's policies. Independent and objective intelligence is a matter of vital national importance.

Objective, unvarnished intelligence should inform policy choices; policy should not drive intelligence

assessments. The Intelligence Committee's report of July 9, 2004, on the intelligence community's prewar intelligence assessments on Iraq is a multi-count indictment of faulty intelligence assessments.

For example, when the CIA's unclassified white paper said that, quote, "most intelligence specialists assess" that Iraq was trying to obtain aluminum tubes for a centrifuge program for nuclear weapons, it did not explain that the Department of Energy, the intelligence community's nuclear experts, specifically disagreed with the assessment that the aluminum tubes were intended for Iraq's nuclear program.

Similarly, when the CIA's unclassified National Intelligence Estimate stated that, quote, "Iraq maintains several development programs, including for a UAV that most analysts believe is intended to deliver biological warfare agents," the CIA eliminated a footnote to the effect that U.S. Air Force intelligence, the intelligence community agency with primary responsibility for technical analysis on UAV programs, did not agree with that assessment.

And when the CIA's unclassified white paper included the statement, quote, "potentially against the U.S. homeland" with respect to the use by Iraq of biological weapons, it did not acknowledge that its own classified National Intelligence Estimate on the same subject did not include that frightening assessment.

And when the director of Central Intelligence's testimony before the Intelligence Committee addressed, quote, "training in poisons and gases" of al Qaeda by Iraq, which, quote, "comes from credible and reliable sources," the director did not mention that the underlying intelligence and his own classified statement called into question the reliability of the sources of this information.

These are but a few examples from the highly critical intelligence report of the Senate Select Committee on Intelligence on the intelligence failures before the war with Iraq. It is unacceptable for the senior U.S. intelligence official, whether that be a director of Central Intelligence or a national intelligence director, to exaggerate the certainty of intelligence assessments and tell the president, the Congress, the American people and the world that something is an open-and-shut case, a slam dunk, when it isn't; when the underlying intelligence, in fact, has uncertainties and qualifications. And whatever changes we make to the organization of the intelligence community, we must do all that we can to ensure that the intelligence upon which our nation relies, often for life and death decisions, is independently and objectively analyzed and presented.

Thank you, Mr. Chairman.

SEN. WARNER: Thank you, Senator Levin.

Mr. Secretary, we welcome, again, your appearance here.

I recognize you just got back from an important trip to our forces abroad, and I recognize that you've been in consultation this morning at the White House. I presume -- perhaps of this subject and others. And we're anxious to hear your views.

And may I courteously ask that you bring the microphone up as close as possible, because we have a very

full room and the acoustics are somewhat diminished.

SEC. RUMSFELD: Thank you, Mr. Chairman, members of the committee. I appreciate this opportunity to discuss the subject of strengthening the intelligence community in the United States, as well as some of the recommendations of the 9/11 commission.

Needless to say, some of what I will be saying will be my personal views, because while the president has made a number of decisions, and announced them, that he believes will improve the intelligence community, some aspects of his proposals have -- are still under discussion, and in that case, I may very well be back some day to discuss those decisions as they arrive.

As you know, he's proposed the establishment of a national intelligence director, as the commission recommended; the creation of a national counterterrorism center; and the issuance of a number of executive orders to will implement other recommendations of the commission, such as reform of the community's information sharing.

I think what I'd like to do is to ask my complete statement be put in the record, and I will abbreviate it substantially.

SEN. WARNER: Secretary, that's a very wise course. All statements by the three witnesses will be admitted into the record.

SEC. RUMSFELD: The president will continue to listen to the debate on the subject of intelligence reform, as will others in the executive branch. I think the hearings are a good thing. The experts that have been testifying have a lot of background and experience and knowledge and certainly add dimension to the discussion.

The objective of intelligence community reform is to provide the community with a renewal, to refashion it to better succeed in this still new and different 21st century. Those objectives include improved indications of warning of impending events in enough time to anticipate them and to permit effective action. This requires, in my view: - Aggressively breaking down the stovepipes within and between domestic, foreign and military intelligence;

- Integrating domestic intelligence into the intelligence community while providing for appropriate protections for civil liberties. And that's not an easy task; it's a big issue for this committee and for the country.
- Authorizing and enabling intelligence users to access required intelligence data wherever it may reside;
- Improved analysis of the environment to reduce the likelihood of surprise, especially by terrorists.

And this requires conducting, in my view:

- Competitive analysis within the offices of the NID and within and among departments and agencies, based on all-source intelligence, seeking to avoid "group think" as recommended by the commission;
- Balancing the need for intelligence and warning against the current threats in light of the need for longer-term strategic analysis;
- Improved ability to use intelligence to effectively deter and disrupt, defeat and defend against attacks on U.S. interests, especially by terrorists.

It requires ensuring that departments and agencies charged with deterring and defending U.S. interests possess highly capable, all- source intelligence capabilities commensurate with their missions; developing and executing integrated, joint responses by executive departments to effectively employ the instruments of national power appropriate to a task or mission; maintaining clear lines of authority and responsibility between the president and the heads of the executive departments and those operational agencies.

Mr. Chairman, I come to this subject with a background of interest in intelligence capabilities.

As I recall, I appeared before this committee in January of 2001, more than three-and-a-half years ago, for a confirmation hearing, and I was asked by one of the members of the committee what subject kept me up at night. And I answered simply with one word: "intelligence." The answer remains the same.

Adversaries have many advantages in denying information to and receiving -- deceiving intelligence analysts and policymakers alike about their capabilities and intentions. And as a result, they're capable of surprising us as well as surprising friendly foreign countries. This is the reality our country faces as we consider various proposals for improving capabilities to the U.S. intelligence community to meet the 21st century problems.

A variety of proposals for achieving the objectives have been advanced. I'm persuaded that the attributes we seek in the intelligence community -- imagination, intuition and initiative -- may best be encouraged and developed by organizations where planning is centralized, but the execution of plans is decentralized.

An intelligence community organized around areas of substantive expertise -- for example, foreign, domestic and military intelligence -- would possibly be more likely to generate in a timely fashion the indications and warning of crises and provide the intelligence support needed by the executive departments of government in the performance of their respective missions than is one organized around a single or preeminent national intelligence organization.

As some have suggested, organizing the U.S. intelligence community around the national collection agencies like NSA, NGA and NRO and aligning them under direct NID leadership could conceivably lead to some efficiencies in some aspects of intelligence collection and some modest but indefinable improvement in support of those agencies provide to other elements of the government. At the same time, however, it is possible that by their sheer size and the broad extent of their activity, those collection



agencies could come to form the center of gravity of the NID's organization.

If a consolidation of those agencies outside DOD were to be considered, we should be certain that it would actually help resolve the intelligence-related problems and difficulties that have been described by the 9/11 commission and that we face, and that they would not create additional problems. As an example of the latter, we would not want to place new barriers or filters between the military combatant commanders and those agencies when they perform as combat support agencies. It would be a major step to separate these key agencies from the military combatant commanders, which are the major users of such capabilities.

With respect to solving problems that have been identified, my impression is that the technical collection agencies collect more than we can analyze today. This suggests we need more analysts and capability to process data.

It's also my conviction that we must repair our human intelligence capabilities. They were especially hit in the budget cuts during the 1990s.

It's my belief that any changes that are made to meet the objectives identified earlier need to focus on building a community for the 21st century along 21st century lines:

Networked and distributed centers of analysis within executive departments and agencies, with access to all available data, focused on employing instruments of collection, wherever they reside, as tools for exploring hypothesis and conducting alternative analysis.

This implies a national intelligence director with authority for tasking collection assets across the government, setting analytic priorities and ensuring all-source competitive analysis throughout the intelligence community.

Importantly, the personnel management and training to alter the culture in the community. It's not something that's been discussed extensively, but real change -- most people are discussing organizational changes. And in my view, we need to think also about the culture. If you think of the Department of Defense and the number of almost decades it's taken to instill the culture of jointness in that institution, it ought to remind us of the importance of culture with respect to the intelligence community's issues.

Information security and access policies, information technology standards and architectures across the community are also enormously important, and reallocating resources in the year of budget execution.

As I said, the precise extent of such authorities and other issues are still under consideration. But an NID likely will need some authorities of these types.

The department, through the services and the combatant commands, has worked to break down stovepipes between foreign and military intelligence that support DOD activities. The impetus for this effort was, as you pointed out, Mr. Chairman, the lessons learned from Desert Storm some 12 years ago. And you recalled disappointment that existed with the timeliness, speed and scope of intelligence support for those

operations.

The result of a decade's effort to establish a timely and seamless interaction between DOD and CIA activities has become apparent in Afghanistan and Iraq and in the ongoing war on terror. I suppose anyone can have their own opinion, but in my view, we're about as well connected as we ever have been, although we're probably not as well stitched together as we conceivably could or should be.

But any change to the intelligence community, it seems to me, should be designed to help us close further those gaps and seams, not to reopen them.

The 9/11 commission has focused the nation's attention, and very usefully, on questions related to strengthening the community. I think it would be unfortunate if we were to lose sight of the commission's reflections on the nature of the world in which we live and the recommendations for the national security policies needed to protect and defend the country and the American people.

In addition to the recommendations offered by the commission, we could usefully consider the following.

Further improving U.S. domestic intelligence capabilities while preserving US civil liberties. I think that is one of their most important recommendations, and it's receiving relatively little attention and discussion. And as part of this initiative, I would just mention that the Department of Defense a panel headed by Newt Minow to look at ways and means of achieving our domestic intelligence capabilities, or the defense intelligence capabilities, consistent with our laws and values to help counter 21st century threats. It's conceivable that such an outside panel could be useful in this instance.

The president's been actively engaged in developing initiatives that engage people at risk to subversion by extremist ideologies. In no case is this more evident than his Broader Middle East Initiative. These initiatives could be embraced by the Congress so that educational institutions abroad that emphasize religious toleration are supported, including provision of information technologies for schools; foreign scholarships and fellowships for exchanging American and foreign students and scholars are established to improve cultural understanding; helping to mobilize private philanthropy and nongovernmental groups to promote ideas and amplify those local voices that oppose transnational terrorism and extremist ideologies, and provide counterweights to terrorist-related organizations.

Providing the executive branch with the necessary flexibility to manage the 21st century war of terror. Congressional approval of the administration's requests for funds for combatant commanders' use in the field to aid in humanitarian relief and reconstruction. Those of you who have visited Iraq and Afghanistan know that our combatant commanders believe that those dollars are as powerful as bullets in the work they're doing. I think a reexamination of train and equip authorities and missions to explore opportunities for improving the efficiency and effectiveness of such assistance programs. Consider conducting an interagency -- an interagency roles and missions study to rationalize responsibilities and authorities across the government to meet the 21st century threats.

In pursuit of strengthening our nation's intelligence capabilities, I would offer one cautionary note. It's important that we move with all deliberate speed. We need to remember that we are considering these

important matters, however, while we are waging a war. If we move unwisely and get it wrong, the penalty would be great. If you think back, the National Security Act of 1947 established the Department of Defense. By 1958, it had undergone no fewer than four major statutory or organizational changes. Another round of major change was inaugurated with the Goldwater-Nichols Act in 1986.

I doubt that we should think of intelligence reform being completed at a single stroke.

Intelligence is expensive. The community suffered substantial reductions in its budget in the last decade, in people. Those reductions were made on the theory that, the end of the Cold War, that U.S. reliance on intelligence for security would not be as substantial as it had been. Events have proven otherwise, and we need to recognize that.

To conclude, let me return to where I began. I'm still concerned about our nation's intelligence capabilities, but that concern stems not from a lack of confidence in the men and women in the intelligence community. They have fashioned important achievements over recent years, and I believe our country owes them a debt of gratitude. And it will be a long time, if ever, that many of their achievements are fully and broadly known and appreciated.

The Department of Defense and its counterparts in the intelligence community are forging, during a war, a strong, interlocking relationship between intelligence and operations, between national and tactical intelligence, and between foreign and military intelligence. And we've worked hard to close the gaps and seams that these terms imply. My concerns are rooted in the new realities of this 21st century, and certainly the department is ready to work with you and to further strengthen our ability to live in this new and dangerous world.

Thank you.

SEN. WARNER: Thank you, Mr. Secretary.

Director McLaughlin.

MR. MCLAUGHLIN: Thank you, Mr. Chairman.

Mr. Chairman, as this committee considers reorganization proposals by the president, the Kean commission and the Congress, I want to speak for a moment about the structure and capabilities of the U. S. intelligence community as it exists today, not in 2001. I think it's important that we do that at the beginning of these deliberations. And I believe that today's intelligence community provides a much stronger foundation for any changes you want to make as we move forward than most people might realize. That said, there is no question we can still do better. And I'll close with some thoughts on how that can be accomplished.

Three years of war have profoundly affected the American intelligence community. Since 9/11, our capacity and effectiveness have grown as our resources have increased -- a very important point, our resources have increased dramatically -- and we have taken steps to address many of the issues that others

have highlighted. This has been the most dramatic period of change in my personal memory.

Some examples:

Our policies -- the nation's and the intelligence community's -- have changed dramatically. We are on the offensive against terrorists worldwide, and many of the most dangerous are captured or dead.

Our practices have also changed. Intelligence, law enforcement and military officers serve together and share information real time and on the front lines around the world. Here in Washington, I chair an operational meeting every day with intelligence community and law enforcement officers present.

Decisions made there go immediately to officers in the field -- immediately, whose penetration and disruption of terrorist groups yields the kind of increasingly precise intelligence you've seen in the last couple of weeks.

Our worldwide coalition has changed. It is broader, deeper and more committed than before or at 9/11. Where terrorists found sanctuary before, they now find our allies, and we're seeing the results from Manama to Mexico City.

Our laws have changed. The Patriot Act has given us weapons in the war we did not have then, and we've saved lives because of them.

Our institutions have changed. The Terrorist Threat Integration Center did not exist then. It enables us to share intelligence collected abroad with law enforcement information collected at home, and plots have been stopped in the U.S. because of that. Twenty-six different data networks now flow there to the Terrorist Threat Integration Center, to be shared by officers from the widest array of foreign and domestic intelligence agencies ever assembled in one organization. People who think we can't break down the so-called stovepipes need to visit the Terrorist Threat Integration Center.

In turn, such changes affected our ability to wage war, and the impact of change has been striking.

It was imaginative covert action, CIA officers working with the U.S. military, that helped drive military operations and ousted the Taliban from power in Afghanistan and broke up the sanctuary that al Qaeda had used.

Terrorist arrests are increasing steadily. You see that in just about every morning newspaper.

CIA, FBI and Treasury and other partners, at home and abroad, are starving al Qaeda of its lifeblood -- money.

CIA has worked with the FBI as it has taken down extremists in Lackawanna, Columbus and New York City.

And our coalition partners include, by varying degrees, Libyans and Russians, Chinese and Hungarians,

Pakistanis and Saudis, and more, along with our traditional allies in Europe and in Asia. In short, the situation has changed dramatically from where the 9/11 commission left off.

Two things, however, are still true: al Qaeda and other terrorists remain dangerous, and there is still room for improvement in the intelligence community.

But the image that many seek to perpetuate of a community that doesn't share information or work together, a community of turf-conscious people competing with each other for influence -- I must tell you that's not the community I lead. It's a caricature that does a great disservice to the men and women who put it on the line every day, 24/7.

Because of this committee's special responsibilities, I need to say a word, as the secretary did, about the intelligence community's support for the warfighter. And as we discuss various proposals for restructuring the intelligence community today, let me be clear about one thing: no matter what course the administration and Congress choose, intelligence support to the military, especially in time of war, should not be allowed to diminish. And I believe such support can and will be preserved under any of the options being considered. No one would think about it in any other way.

Everyone in the intelligence community understands that NSA, NGA, NRO, all vital parts of the national intelligence community, are also combat support agencies.

Let me give you the assurance that the relationship between the intelligence community and the uniformed military -- and the military in general; the Defense Department in general -- has never, in my personal experience, been closer. The secretary alluded to this.

Some data points:

- The secretary of Defense, to his great credit, has met frequently with George Tenet and myself to coordinate policies across the board in an almost unprecedented manner in my experience.
- A Navy Seal three-star, Vice Admiral Calland, sits right across the hall from me at CIA headquarters with the mission of ensuring that we and the military are connected and that both sides are getting what they need. And I see him two or three times every day.
- CIA and U.S. military officers, as you know well, have been living and fighting together in Afghanistan for three years in the mountains and plains where they have al Qaeda on the run.
- Our collection, operational and analytic support to military efforts in Afghanistan and Iraq is close and continuous, as I think most of you have seen during your trips to those areas. I have a lot of data here about the number of Operations Liaison Teams that we've sent to CENTCOM and so forth.
- I have frequent video conferences with CENTCOM Commander Abizaid to personally

assure that we understand his perspective and his needs.

· And we've upgraded information technology support to the military in the field, so that intelligence community products are now available in 80 military intelligence centers around the globe. It is a different world, a different world, from the one that General Schwarzkopf I think described accurately after the first Gulf War.

Looking ahead now, it's important to note that the terrorist threat is in no way stagnant. We've had victories, but these organizations learn and they adapt. It is not enough for us to keep up; we have to anticipate and keep ahead. As we seek to build on the improvements we've made in recent years, we should keep in mind a few of what I would call first principles:

First, speed and agility are the keys to the war on terrorism and profoundly important to the nation's other intelligence challenges. We sometimes have literally only minutes to react to a lead that allows us to go after terrorists. Speed and agility are not promoted by complicated wiring diagrams, more levels of bureaucracy, increased dual hatting, or inherent questions about who is in charge.

Second, as in architecture, form should follow function. The functions intelligence must perform today are dramatically different than during the Cold War. Back then, we focused heavily on large strategic forces -- where were they, for example -- and where countries stood on the bipolar competition that characterized that era. Today, the focus is more on locating people -- sometimes one person in a city of 17 million -- tracking shipments of dangerous materials, understanding politics now down to the tribal level in a world where the only constant is change.

Third, in this world, clear structure and clear chain of command is better than the opposite.

Fourth, most important to knowing how and what to change is consensus on what we want from our intelligence agencies, along with constancy in resource and moral support for them through good times and bad, and patience.

The commission says that the country cannot be patient. But to quote a saying I learned during my Army years: if you want it bad, you will get it bad.

Drawing on these principles, I believe that short, clear lines of command and control are required in whatever structure you establish, regardless of what you call its leader. Three words are key: agility, flexibility and speed. You need to build these into any new structure and procedures.

No matter how successfully we anticipate future challenges we won't foresee them all, so we will need the ability to adapt our organizations to change easily and quickly. We will need flexibility in shifting resources, people and money to respond to shifting priorities. The DCI can do some of this now with existing authorities, but frankly, it's too complicated and cumbersome and ponderous. It involves more negotiations and sign-offs than current requirement permit.

That's why, should the president's proposal to create a national intelligence director be adopted, I believe

that that individual should have the clear authority to move people and resources and to evaluate the performance of the national intelligence agencies and their leaders. And this should be accomplished in the cleanest and most direct manner you can devise.

People often remark that the DCIs allow too much in the intelligence community to be -- the phrase often used is "CIA-centric," whether it's the staffing of centers or the preparation of national estimates. Well, the reason is simple; it's because the DCI can. That is, these are the troops he directly commands and can task and move with little effort or resistance. If the DCI had enhanced authorities along the lines I've suggested or if you create a national intelligence director like that, you should expect to see much more integration of effort in the community and a greater capacity to create cross-community task forces and centers in a more agile and seamless way. You should also see more progress by a DCI or national intelligence director on things like common policies for personnel, training, security and information technology.

Now as you consider all of this, here is a key thing to think about: who will you hold responsible not just when things are going well, but when something goes wrong with intelligence? Today it's the DCI, even though his authorities over the rest of the community outside CIA are limited. If in the future it will be a national intelligence director, what authorities would be commensurate to that kind of responsibility if that's the person you choose to hold responsible? And what would that person actually be responsible for? What the Community concludes substantively about major issues, like Iraq, North Korea or terrorism? If the answer is yes, that person will need direct access to sizeable numbers of collectors and analysts, just as the DCI has today. The question then arises about where those people will come from and with what impact.

Or would the national intelligence director be responsible less for substantive matters and primarily for the management and integration of resources, and can substantive and management responsibilities be separated?

If they can, will responsibility and accountability be harder to pin down than it is now, especially in view of the fact that the person you now hold responsible, the head of CIA, would then be at least a layer away from the top?

I regret to close with a series of questions, but I believe they illustrate the complexity of these issues and the need to proceed cautiously and with care as we contemplate changes to an intelligence system on which the nation must depend more than ever for its security.

Thank you very much, Mr. Chairman.

SEN. WARNER: Thank you very much, Director McLaughlin, for a very frank and candid appraisal of the situation drawing on many, many years of experience that you've had with the agency.

General Myers.

GEN. MYERS: Thank you, Mr. Chairman, Senator Levin and members of the committee for your

support of our ongoing efforts to improve our intelligence capabilities.

As you know, our military has been working diligently since 9/11 to break down intelligence barriers and to better integrate with other agencies of our government and our allies. We've accomplished a great deal, but we still have much work left to do. And I can think of no more important issue to our national security and to the men and women of our armed forces in harm's way around the world.

Reorganizing the intelligence community is a complex and difficult task, and the decisions made will have enormous consequences far into the future. Opportunities like this only come along once in a long time, perhaps in a lifetime. The last intelligence reform of the magnitude we're now considering was in 1947. So we've got to be careful as we proceed.

While I support the concept of a national intelligence director, I'd like to articulate what I think are some critical parameters as we move forward. As chairman of the Joint Chiefs of Staff, I am continually mindful of the fact that the Department of Defense's intelligence capabilities are an important part of the nation's overall intelligence community, and these assets support national security in the broadest sense. At the same time, (for) the warfighter, from the combatant commander down to the private on patrol, timely, accurate intelligence is literally a life-and-death matter every day. In my judgment, the military's dependence on intelligence is unique and on a scale unparalleled in our government. In fact, in today's threat environment we no longer have a distinct boundary between operations and intelligence. You know, traditionally we've thought of intelligence as support, a support function. That's an outmoded, outdated way of thinking. DOD's inte!

lligence people are an integral part of the warfighting team.

When coalition forces captured Saddam Hussein in December of 2003, we saw this integrated team in action as they turned information into action quickly. And that's just one example out of thousands. But intelligence reform initiatives need to further this ability to integrate operations and intelligence.

As we move forward, we cannot create any institutional barriers between intelligence agencies -- and of course that would include the National Security Agency, the National Geospatial-Intelligence Agency and the National Reconnaissance Office and the rest of the warfighting team. We've made great progress integrating this team, as was evident in our military successes in Afghanistan and Iraq.

I share the concerns of the secretary and others who have testified on this issue that we proceed with caution on any decision that increases centralized control of intelligence. In some areas, greater centralization might improve coordination, create resource efficiencies and clarify responsibilities.

On the other hand, we must absolutely protect the competition, the inherent cross-checking function that comes from independent all- source analysis. The combatant commanders and the Joint Chiefs have also voiced the same concern.

We must also protect the dynamic we have today that encourages innovative thinking. I believe the more you have centralized control, the less you have the kind of entrepreneurial spirit and agility that I see in our servicemen and women every day. The officers and NCOs and civilians in the field who see a



problem and create a solution contribute immeasurably to our overall intelligence capabilities.

Traditionally we have used the terms national, strategic and tactical to define intelligence functions, assets and customers. Today I believe those terms highlight and even perpetuate stovepipe thinking. The data that the private in the foxhole needs right now might be the same information the president needs, and the reverse could certainly be true.

The same, by the way, is true of the terms intelligence, surveillance and reconnaissance, ISR. I often challenge people to convince me there's a functional distinction between them. No one has succeeded yet, and I point it out for two reasons. One is to show that there are still stovepipes out there that we need to overcome, but also to highlight the challenge in dividing tasks and assigning responsibilities in a way that will be productive and effective. We simply haven't caught up to the information age -- to information-age warfare in this new national security environment that we find ourselves.

Above all, intelligence reform must further result in better information-sharing. We have to get beyond the thinking that intelligence is proprietary, and this really is a cultural issue. Traditionally, the producer of intelligence has been considered the owner of that intelligence. That's clearly unsatisfactory, as 9/11 showed. As Director McLaughlin said, we've made a great deal of progress in that area as well. In my view, we still have more to do. We have to move from the thought process of need-to-know that dominated our Cold War mind-set to a need-to-share mind-set. We need to reexamine how we balance risk from a security and classification perspective versus the benefits that come from sharing information.

Right now I believe we depend in large measure on personal relationships and memoranda of understanding to force information-sharing across organizations and agencies. In fact, I've dropped a roll of duct tape on the podium during a speech to emphasize this point because, in a sense, we're duct-taping together organizations and processes that weren't designed to be well connected. And we've made progress, as I said, but again there is more to do. We've got to, to the best we can, institutionalize information-sharing and provide a much greater degree of transparency for all intelligence customers, and I think that's one function the national intelligence director might perform very well.

We also tend to focus on vertical information-sharing, getting information up and down the chain of command. We have much room for improvement not just in sharing information between the headquarters and the foxhole, but also between foxholes. And here I'm using the term "foxhole" figuratively, of course; it's also the ship and the aircraft and the guard post at the front gate of a base.

A national intelligence director should also oversee needed integration of intelligence resources. As you know, competition for resources is a big challenge for the intelligence community, and we need an improved process for coordinating intelligence programs, and here I'm thinking of the major procurement programs, perhaps modeled after the Joint Requirements Oversight Council that we use in the Department of Defense. This process must be transparent within the entire intelligence communities and those departments and agencies that are concerned.

I appreciate the efforts of this committee to stay focused on intelligence reform at its broadest level. Certainly the terrorist attacks of 9/11 and the struggle to defeat violent extremists are at the forefront of

this debate. But we can't lose sight of the fact that we are making decisions that will have ramifications well beyond the war on terrorism. We don't know with any certainty what the next threat to our security and our prosperity will be, but we do know we can't afford to be taken by surprise. That was the most important lesson, of course, from Pearl Harbor and the most important lesson of 9/11.

As Senator Levin said, and the secretary said, we have to be very thoughtful, and at the same time, proceed with the proper sense of urgency. As we get more and more clarity on the gaps and deficiencies in our intelligence today, we have to guard against creating new problems. And the details matter very much. I highly recommend an interagency tabletop exercise to work through any recommended options; to war game the second-, third-, and fourth-order effects; and highlight problems before they're institutionalized.

Once again, on behalf of the men and women in uniform, I thank you for your support. This is a sacred responsibility that we share, protecting the lives of our servicemen and women, preserving our way of life for future generations. I look forward to working with you in this important work and to answering your questions.

Thank you, Mr. Chairman.

SEN. WARNER: Thank you very much, General, for an important contribution.

We'll now proceed to a round of six minutes per senator.

And I want to approach my questions just in a very practical way. Let's face the realities of where we are -- the Congress, the executive branch, and indeed, how our government is functioning at this very moment.

We're in recess; nevertheless, some 20 committees have come back -- or held 20 hearings. I think that shows strong participation by the Congress. The president has indicated -- and I read his statement today: "Today I'm asking Congress to create the position of national intelligence director. That person will serve as the president's principal intelligence adviser and will oversee and coordinate the foreign and domestic activities in intelligence." Broad mandate. The national security adviser, in response to a question put to her, said: "We expect the national intelligence director would have significant input into development of a budget." And we're awaiting further clarification from the administration; maybe actually a bill itself.

Now, it's important that we try to do what we can, given the realities that we're in an election of our president; we're in an election of the entire House of Representatives, a third of the Senate; and we have but a few weeks' time left after we come back here in September. I personally think something can be done, providing it's constructive and adds to strengthening.

But I pick up on your comment, Secretary Rumsfeld, and I think a very wise one. As you recited the history of reforms that this country has had -- beginning in the '47 act, Goldwater act, and so forth -- we didn't do it in a single stroke. So as I approach my individual responsibilities -- and of course our

committee will meet and decide how we condense the information we've received and forward it to other committees and possibly to the president.

But I'm of the opinion that we should not try and do the whole 9/11 in a single stroke. That's my view.

If you'll look at the one provision which I think is most important here, on page 412, "Second, the national intelligence director should manage the national intelligence program and oversee the component agencies of the intelligence community, would submit a unified budget" -- and it goes on.

Now, Mr. Secretary, I'd have to ask you, very bluntly and strongly, if we were to rubber-stamp that provision and enact it into law in the next few weeks, would that put at risk, in your judgment, the ability for this country to perform as well as it's performing today in its intelligence collection activities?

SEC. RUMSFELD: Mr. Chairman, those are issues that are being discussed extensively in the executive branch, as well as here in the committee. They're important questions. Trying to find that right balance -- I think it might be useful, just for the record, if we took the two big issues with a national intelligence director, personnel and budget --

SEN. WARNER: Budget. All right.

SEC. RUMSFELD: -- and explain how it currently works. The director of Central Intelligence today has very broad, extensive authorities in being. They may be executed in varying ways by different DCIs over time, but in fact, in writing, there's tremendous authority. I wouldn't think of suggesting somebody to the president for the National Security Agency or the NGA or for the NRO without developing criteria with the head of the Central -- with the DCI, without discussing candidates, without interviewing -- each interviewing candidates, without each agreeing that those -- this individual is the right individual, and making a joint recommendation. That's a -- that's how it's done.

With respect to the budget, the --

SEN. WARNER: Well, now then it could be the --

SEC. RUMSFELD: -- the current director of Central Intelligence --

SEN. WARNER: Right -- SEC. RUMSFELD: -- does develop that budget. The issue, I think, is not so much that as it is the reprogramming authority. And part of that is bureaucracy in the agency and DOD and in OMB, and part of it's bureaucracy in Congress.

John's here -- McLaughlin's here and can comment on that. But the role today on both budget and personnel for the DCI is extensive. And my guess is, it ought to be for an NID.

SEN. WARNER: Well, then one route, which I've strongly endorsed, could be that we could, if necessary, formalize in statute what exists today by way of joint cooperation between yourself and the director of Central Intelligence in the formulation of the budgets. And those budgets could be, in a sense,

jointly submitted. Am I not correct?

SEC. RUMSFELD: I would have to go back and refer to the statute to see what's already in there, Mr. Chairman.

SEN. WARNER: Yes. Well, I think you will find that that is the spirit of it. And I think if we did that, that would remove some of the concerns that the commission had. And if we did the same in terms of appointments, as you point out, you wouldn't think of putting someone in that was not acceptable to the DCI. So formalize that and have a joint submission of the nominations of the heads of the various departments -- NI- -- DIA, NSA and the like.

Would that seem to you to be an acceptable advancement?

SEC. RUMSFELD: It is the practice we're using --

SEN. WARNER: Fine.

SEC. RUMSFELD: -- and I find it -- I've found it, working with George Tenet, that it worked very well. We communicated extensively about these individuals and made a recommendation to the president saying that each of us agreed that this was an appropriate thing, to appoint or nominate or to extend the term of any one of those individuals -- except for DCI. Less formal there. Certainly with the national collection agencies. With the DCI, the director of -- correction -- the director of Defense Intelligence, I should say. With that post we had the same discussion, but it is a slightly different role, and I don't know that I would include it if you're going to be doing something with the statute.

SEN. WARNER: We could look at that.

But if this sweeping proposal here of the 9/11 -- and I don't mean to be critical of it, I]m just being bluntly factual about it -- if that were to be adopted as stated here, would that derogate your, I think, prime responsibility; namely, the TIARA budget, which supports the warfighter?

SEC. RUMSFELD: Senator, we are still looking at these things. They're --

SEN. WARNER: Well, I'm going to continue --

SEC. RUMSFELD: -- terribly important. And I am not in the position to say anything other than the devil's in the details.

SEN. WARNER: Right. I accept that. But the work of the Congress is moving ahead. We've got some momentum in these committees. We're coming up with ideas. And the sooner we can kind of get those guideposts from our present administration, the better we will be able to form our work.

I would ask you, Director McLaughlin. I've suggested possibly that Congress would enact such laws to change the positions so that the director is on an equal footing with the members of the Cabinet, most

particularly the secretary of Defense. Could you, if not now, show the committee your recommendations of what legislative actions need be taken to strengthen the DCI such that he can stand on an equal footing with regard to budget matters and other matters with the secretaries of Defense and State?

MR. MCLAUGHLIN: Mr. Chairman, if I'm not mistaken, the current statute really accomplishes that.

SEN. WARNER: I think it does, but --

MR. MCLAUGHLIN: The existing --

SEN. WARNER: -- (a lot ?) do not think it.

MR. MCLAUGHLIN: The existing statute gives the DCI the authority to put together the budget for the intelligence community. In fact, I could walk you through the steps by which that's done, if you wish. So that exists in the statute currently. And --

SEN. WARNER: Well, I ask you to examine the balance of the statutes and advise the committee -- in the first place, you're a level two, which is one step below the level of the secretary of Defense; is that correct?

MR. MCLAUGHLIN: That's correct, but in fact the process currently works as the secretary described. The DCI, based on intelligence priorities that are now established by the DCI in consultation with the National Security Council, puts together an intelligence budget by suggesting to each of the constituent agencies what their budget ought to include, what the priorities ought to be.

Those agencies put their budgets together --

SEN. WARNER: Well, my time is going long a bit. My point is you're a level below in terms of protocol, pay, and otherwise. We could raise it to the same level as a secretary, could we not?

MR. MCLAUGHLIN: (Chuckles.) You certainly could.

SEN. WARNER: All right. And that's I think an important matter because yesterday's --

MR. MCLAUGHLIN: Why would I argue against that? (Laughs.)

SEN. WARNER: No, no, I understand that. But yesterday's panel, a very distinguished panel of Dr. Schlesinger and Frank Carlucci, who know a great deal about these, were concerned, together with Dr. Hamre, that because of the -- even though there is the law there, because of your level two position, not level one, you could be -- not you personally, but that person occupying -- at some disadvantage in the customary competition that goes on among the Cabinet officers -- I'm not suggesting you become a Cabinet officer -- but Cabinet officers as they work through the budget and the personnel appointment.

So that's my point. Perhaps we could change it so you're on an absolute coequal status and give you the

title of NID and try it for a while and see if it would work.

If anybody has any further comment, otherwise I guess we're awaiting further comments from the administration?

All right. Senator Levin.

SEN. LEVIN: Thank you, Mr. Chairman.

I'd like to ask the secretary his personal view, then, on some of these specific recommendations of the 9/11 commission relative to the powers of the national intelligence director and the proposed national counterterrorism center. It's clear to me that we should create both. We will create both, I hope, and do it promptly, and the issue's going to be the powers and responsibilities, and I'd like your personal view on those issues.

First, should this proposed national counterterrorism center be able to assign operational responsibilities to combatant commands? Your personal view. Do you agree or disagree, or can't you answer one way or another, simply?

SEC. RUMSFELD: Are you talking about the center or the NID?

SEN. LEVIN: This is the NCTC. That's what they recommend.

SEC. RUMSFELD: The NCTC. Right now the folks in the interagency process are working hard to find out --

SEN. LEVIN: You don't have a personal view you can share with us now?

SEC. RUMSFELD: I think that the statutory responsibilities of departments and agencies pretty much establish where responsibility for operations ought to be. And number one --

SEN. LEVIN: There's a proposal. There's a proposal. I just want to know because, I mean, I'm trying to get --

SEC. RUMSFELD: I'm doing my best.

SEN. LEVIN: Well, I know, but if you can't give us personally agree, personally disagree, or it's not that simple -- I'll accept that you can't give us one or the other. That's acceptable to me; you can neither agree nor disagree with that. I mean, that's a specific recommendation. Mr. Secretary, we got specific recommendations --

SEC. RUMSFELD: I understand.

SEN. LEVIN: -- from the 9/11 commission. I'm quoting them. I just want to ask you your personal

agreement or disagreement. If you can't give us that, that's okay, but just say you can't give us a personal yes or no from your perspective.

SEC. RUMSFELD: I can't do it with yes or no, that's for sure.

SEN. LEVIN: Thank you. Thank you.

Now the next --

SEC. RUMSFELD: It's a vastly more complex question.

SEN. LEVIN: Okay. It's a very specific recommendation.

Now, by executive order now, the reprogramming authority is in the secretary of Defense. That's by executive order.

The 9/11 commission is recommending essentially that we give the new national intelligence director the budget reprogramming authority.

Do you agree or disagree with that personally?

SEC. RUMSFELD: Certainly the -- an effective NID would need to be intimately involved in reprogramming. How the authority ought to work, whether DOD or NID or OMB, is something that just by its very nature requires coordination among all three, and Congress. And quite honestly, the Congress has been one of the biggest difficulties with respect to that issue.

SEN. LEVIN: I'm going to ask that the five questions which I asked for specific agreement or disagreement be answered. Mr. Chairman, I'm going to ask for the record that our witnesses answer whether they agree or disagree with those specific recommendations because of the time requirements here. Is that all right, for the record?

Now, this is for Mr. McLaughlin.

Whatever the reforms are, we must promote objectivity and the independence of intelligence assessments. The 9/11 commission said that the report -- this is the 9/11 commission report -- said that the report of a meeting in Prague between a lead -- the lead hijacker, Atta, and the Iraqi intelligence officer, al-Ani, was not supported by available evidence. And yet, that report of the meeting was repeatedly referred to in public statements of the administration as key evidence of a link between Iraq and al Qaeda. CIA had doubts -- we found out later because those doubts were in classified documents -- had doubts about the reliability of the reports of that meeting.

Why were the doubts of the CIA left classified while the report of the meeting -- which clearly was reported; there was a report -- was just repeatedly referred to? Why were your doubts classified until recently?

MR. MCLAUGHLIN: Well, this is a story that evolved over a long period of time.

SEN. LEVIN: Very specifically, though, why were your doubts left classified until recently? That's my question.

MR. MCLAUGHLIN: They were spelled out very explicitly in a classified paper published on January 29th. SEN. LEVIN: But the report of the meeting was used repeatedly as evidence of the link between al Qaeda and Iraq. That report of the meeting was repeatedly referred to by administration sources as being credible, and yet your doubts about the meeting in the CIA remained classified. And my question to you is why did the CIA, in its public statements, just simply say yes, there is a report which can neither be confirmed nor denied -- but why did you leave the fact that you had doubts about that meeting classified? That's my question.

MR. MCLAUGHLIN: Well, the vast majority of what we produce is classified. It goes to members of the administration and it is available to Congress so that people have a very clear understanding at any moment --

SEN. LEVIN: Not the public.

MR. MCLAUGHLIN: -- what we think.

SEN. LEVIN: But the public did not know that you had doubts.

MR. MCLAUGHLIN: Well, our job is -- as I see our job, our job is to make our views available as clearly and objectively as we can to the policymaker and to the Congress, frequently in classified -- almost always in classified channels, because the information is sensitive.

We're dealing with liaison sources here. We're dealing with intelligence collection techniques. That's why it's classified. And it's then there for anyone who wishes to draw on it, as they wish to draw on it, in shaping their public comments.

SEN. LEVIN: Mr. McLaughlin, the CIA said that --

MR. MCLAUGHLIN: But the 9/11 commission was, I think, careful in saying that we were objective on this point. This is one of the points where the 9/11 commission gave us --

SEN. LEVIN: No, they didn't say that. It was the intelligence commission that made a reference to that.

Mr. McLaughlin, you said -- or the CIA said, in classified document, that assisting Islamic terrorists would be an extreme step for Saddam Hussein. (Pause.)

Why was that left classified when the administration was saying that Saddam Hussein would give Islamic terrorists a weapon of mass destruction at any day, any moment? Why did you leave that critical fact



classified?

MR. MCLAUGHLIN: Well, I think the answer to that is simply that -- the one I gave before: that our job is to say, as objectively and clearly as we can, what we think to be the case. And we did that, for the benefit of both policymakers and the Congress. And it was there --

SEN. LEVIN: Classified.

MR. MCLAUGHLIN: It was there for all to draw on. I think most of our work is classified.

SEN. LEVIN: Many of your statements, though, however, were unclassified, and the --

MR. MCLAUGHLIN: I think, on that point, we issued one or two unclassified statements --

SEN. LEVIN: Right.

MR. MCLAUGHLIN: -- largely in response to questions from Congress. And as I recall, without consulting them, those statements were very carefully phrased in terms of the limitations we put on describing that relationship, in an unclassified form, as well.

SEN. LEVIN: And --

MR. MCLAUGHLIN: I believe in response, actually, to a letter that you --

SEN. LEVIN: Do you believe that that -- do you believe that statement, when it was finally unclassified, that it would --

MR. MCLAUGHLIN: (Yes ?), sir --

SEN. LEVIN: Excuse me. When the statement was finally unclassified that the CIA believed it would be an extreme step for Saddam Hussein to give a weapon of mass destruction, do you believe that that was consistent with what the administration was saying about the likelihood of Saddam Hussein giving al Qaeda a weapon of mass destruction?

MR. MCLAUGHLIN: Well, you know --

SEN. LEVIN: Is that your judgment? I'm asking you a direct question.

MR. MCLAUGHLIN: We've talked about this before, and I don't think it's our job to comment --

SEN. LEVIN: We've never gotten a clear answer to that question. Let's get it now.

MR. MCLAUGHLIN: I don't think it's our job to comment on the public statements of the administration or of the Congress. There are times, as we've explained in the past, when we will take someone aside,

either a member of Congress or a member of the administration, and quietly tell them that's -- there's new information on this, and I would describe it differently.

SEN. LEVIN: My time is up. Thank you.

SEN. WARNER: Do you feel you had adequate time to respond to those questions?

MR. MCLAUGHLIN: I did.

SEN. WARNER: You -- fine.

Senator McCain.

SEN. JOHN MCCAIN (R-AZ): Thank you, Mr. Chairman. And Mr. Chairman, I thank you for announcing that we'll have the hearing in September. And I hope we also have a hearing on the latest administration proposal on troop realignment. SEN. WARNER: Yes, we will.

SEN. MCCAIN: I'm concerned about it, and I hope we can get as full an explanation as possible.

I'm particularly concerned about moving troops out of South Korea when North Korea has probably never been more dangerous than -- any time since the end of the Korean War. I hope, as some critics allege, this is not a retreat to "fortress America." So I look forward to hearing from the administration on this very important announcement.

SEN. WARNER: I assure you, Senator and other colleagues, Senator Levin and I discussed that yesterday and we will promptly advise the committee of a date.

SEN. MCCAIN: Also I think we need a hearing on this latest mismanagement identified by the Department of Defense inspector general of \$2.6 billion being spent on C-130 aircraft that can't be used in combat. Remarkable. Same people that were involved in the Boeing deal.

Director McLaughlin, the reports from whatever source indicate that our greatest -- or certainly the top two or three greatest failings have been in human intelligence. Mr. Lindh from California was able to join and train with the Taliban and fight against the United States, but we've never been able to insert any kind of person into the al Qaeda or other terrorist organizations. What in the 9/11 commission recommendations do you believe will help us in this issue?

MR. MCLAUGHLIN: Well, first, Senator, with all due respect, I would dispute the premise. And in closed session I could explain that we have been able to achieve what you suggest we haven't been able to achieve.

SEN. MCCAIN: It's not my suggestion; it's the suggestion of the 9/11 commission.

MR. MCLAUGHLIN: Well, I'm --

SEN. MCCAIN: The conclusion of the 9/11 commission.

MR. MCLAUGHLIN: Well, the way I would characterize it is, at the time of 9/11 we clearly had human sources within the sanctuary or we would not have been met on the ground on September 27th by people welcoming us into Afghanistan. So we had a network of human sources in Afghanistan at that time. I believe the 9/11 commission notes that. Since 9/11 --

SEN. MCCAIN: I've only got six minutes -- MR. MCLAUGHLIN: My comment at the outset, frankly, was more about the post-9/11 period, when I think our HUMINT has improved.

Now, in terms of your question about what in the 9/11 commission recommendations would help us acquire better HUMINT, I think --

SEN. MCCAIN: I guess I have to rephrase my question. Do you believe that we need to improve our human intelligence capability?

MR. MCLAUGHLIN: Absolutely.

SEN. MCCAIN: All right. Then what is it that needs to be done?

MR. MCLAUGHLIN: Well, Director Tenet's comment before the 9/11 commission that it would take five more years, I think was misinterpreted by almost everyone who heard it. He was not saying at the time, that we are starting now and five years from now we'll be in good shape. What he was saying, and what I would strongly endorse, is that we probably need about five more years to get to where we need to be. But you have to appreciate where we started from. In 1997 at the end of those reductions of about 25 percent in our overall capability, I would say we were in Chapter 11.

We were only training about a dozen or two dozen what we call case officers, the people who recruit human spies. Over the last five to seven years, we've rebuilt that capability thanks to the resources that Congress and the administration have provided -- and that's extremely important -- to the point where we're now graduating the largest classes of human-source collectors in our history. And we now have an array of people around the world and an array of human sources, including sources -- the very people who are allowing us to capture people like Khalid Sheikh Mohammed. That was a human-source operation. The people who are allowing us to bring forth the kind of information that we brought forth in the last couple of weeks on the casing reports of major financial institutions, that came about as a result of human-source operations.

Are we where we need to be? Absolutely not. We need more core collectors, case officers if you will, who are out there recruiting spies. We need more people with languages that help them do that. We need more people in our clandestine service who don't look like me, who can circulate freely in parts of the world where people like me would stand out. So bottom line here is that's what we need to get to the point where we need to be on human-source collection.

SEN. MCCAIN: In your written statement, you said should the -- "that's why, should the president's proposal to create a national intelligence director be adopted, I believe the individual should have the clear authority to move people and resources and to evaluate the performance of the national intelligence agencies and their leaders." Does that include control over their budgets?

MR. MCLAUGHLIN: You know, as the secretary said, this is all being debated. If you want my personal view, I would say yes.

SEN. MCCAIN: Thank you very much, Director McLaughlin. And I also want to thank you for your outstanding service to the country for many, many years. We're very appreciative of it, and we know it will continue.

Finally, could we talk about stovepiping again? Do you believe that the recommendations will prevent a reoccurrence of such as happened when FBI agents reported that people were taking pilot training in Phoenix and the information never got to the right people?

MR. MCLAUGHLIN: I think we're close to fixing that problem now, and I think some version of a national counterterrorism center would take us even further. The reason I think we're close to fixing that now, a whole series of things have changed since 9/11.

It goes to the kind of -- let me start at the top. It goes to the kind of personal relationship that exists between the director of the FBI and the director of CIA. During this last two weeks, for example, when we were struggling with the terrorism alert, Bob Mueller and I were on the phone continuously with each other, working through issues. There's no impediment there. We now have senior FBI officers embedded in our counterterrorism center. One comes every day, a senior officer, to my meeting at 5:00 where we work through terrorism problems around the world, and that person is responsible for making sure that everything at that table -- the most sensitive intelligence -- is available back in the FBI.

In the Terrorism Threat Integration Center, it's not inconsequential what's going on there. It's not built yet entirely, but we now have FBI officers, CIA officers, officers from Homeland Security and any number of other agencies sitting in one building a stone's throw away from each other exchanging information.

So I actually think -- oh, and the other thing I'd point out -- and Bob Mueller needs to speak for himself on this, but I work closely enough with him that I think I could characterize something he's doing that relates to the problem you just pointed out. He has under way a vigorous effort to develop a reporting system from all of his constituent field offices coming into a central hub where that reporting would then be funneled out to people who need it. And that's essentially the kind of reporting system we've had in the foreign intelligence arena for many years. A case officer meets someone in a back alley in Egypt, sends in a report, that's distributed to people all around the world who need to see it. And that's what Director Mueller's working to create and making progress in creating.

So, not to say there aren't problems to go here, but we're moving in the right direction.

SEN. MCCAIN: Thank you very much.

Thank you, Mr. Chairman.

SEN. WARNER: Thank you, Senator McCain.

Senator Kennedy.

SEN. EDWARD KENNEDY (D-MA): Thank you very much.

Welcome, gentlemen.

Secretary Rumsfeld, you reference that civil liberties board the commission -- emphasized by the panel, 9/11 panel. Do you have any problems with that being included in any proposal that would pass the Congress?

(Pause.)

SEN. KENNEDY: I want to keep moving. I know you want to give things a complete answer, but I --

SEC. RUMSFELD: I am not in a position to answer yes or no to questions on issues that the president and the interagency process is discussing. I clearly believe that the issue of domestic intelligence is an important one and requires that we address the questions of privacy and our values as a society.

SEN. KENNEDY: If you -- if I could join in, I'll add that on to Senator Levin's questions for the panel to see what your reaction, because there is a very specific proposal on that.

We're looking at these proposals. It's a matter of enormous significance and importance. It will matter what we do in this area. We'll have more of a chance to deal with it in the Judiciary Committee on Thursday, but I did want to get your response.

As the commission report, Mr. Hamilton, Lee Hamilton summarized, we need the best intelligence we can for our troops, but as 9/11 made clear, with 3,000 Americans, we also need to protect the American people from terrorists, and clearly the status quo is not sufficient.

Now, if we look back on what has been stated by the intelligence agencies, going back to a quote that was mentioned yesterday, December 4th, 1998, DCI Tenet at that time issued a directive: "We're at war. I want no resources or people spared in this effort, either inside the CIA or the community." Now, that was December 4th of 1998.

Coming into 1999, February 2nd, 1999, George Tenet said at the worldwide threat briefing: "Let me mention two specific concerns. First, there is no slightest doubt that Osama bin Laden, his worldwide allies, his sympathizers, are planning further attacks against us." He continues, "Bin Laden's over-arching aim is to get the United States out of the Persian Gulf.

He'll strike whatever in the world he thinks we are vulnerable."

Then he continues in -- February 3rd, 2000: "Osama bin Laden is still foremost among terrorists because of the immediacy and seriousness of the threat he poses. Everything we have learned recently confirms our conviction he wants to strike further blows against America."

Then, in the 9/11 commission, you were noted, and I read from page 208: "Rumsfeld noted to us his own interest in terrorism, which came up in his regular meetings with Tenet. He thought the Defense Department before 9/11 was not organized adequately or prepared to deal with the new threats, like terrorism. But his time was consumed with getting new officials in place and working on the foundation documents of a new defense policy, the quadrennial reviews, the Defense Planning Guidance, and the existing contingency plans. He did not recall any particular counterterrorism issue that engaged his attention before 9/11, other than the development of the Predator unmanned aircraft system."

That is the problem. That's the problem that the 9/11 commission is dealing with. And evidently, Secretary Scowcroft believed the same. And I'm asking, Mr. Secretary, will you support the requests of the chairman of the committee and Chairman Roberts to declassify the Scowcroft commission as well, since it's dealing with this same issue as the 9/11 in terms of the accountability issue in intelligence gathering? Will you?

SEC. RUMSFELD: I've been briefed on the Scowcroft commission report. I don't see any reason why there shouldn't be a process gone through and see what portion of it can be declassified. I don't know who classified it in the first place. It wasn't the Department of Defense, to my knowledge.

SEN. KENNEDY: No, it's -- as a -- it was a presidential request, and therefore it's a presidential decision about the declassification, not yours. So the only question is, is right on target on the issue that we're trying to consider here before the committee, the 9/11 commission, and it is made by a very distinguished figure that's served with President Bush I, serves with President Bush II, served with Republican and Democratic presidents, and also understands the importance of intelligence gathering and that the current system is not functioning. So I gather that you will at least -- it's your position that you would welcome the Scowcroft commission report. And it's been reported in the newspapers. It's on this issue. And you think it would be useful for us to have that?

SEC. RUMSFELD: Read it recently, and it would have to be declassified.

SEN. KENNEDY: When you were briefed, was there anything in it that bothered -- that you didn't think could be classified?

SEC. RUMSFELD: Not that I can recall.

SEN. KENNEDY: Thank you.

Let me ask a question about -- we've talked a good deal about what is the actual statutes that govern the allocation of responsibilities between the secretary of Defense and the head of the intelligence agency. But if I ask the head of the intelligence agency if you had a dispute, for example, with the DOD -- say it

was on Syria. You wanted to get, find out -- have a program to find out about the penetration of al Qaeda in Syria, and DOD wanted to find out -- have a report on whether the Syrian bridges could hold American tanks. Do you win on that, or does the Department of Defense make the final judgment decision?

If you wanted to have a satellite to gather radioactive information technology in terms of being able to further your different interest in a particular targeted area, and the DOD wanted to use that satellite for other purposes, who makes the final cut on those kinds of issues?

MR. MCLAUGHLIN: In truth, now, Senator, it's a negotiation. When we have --

SEN. KENNEDY: Who makes the final cut?

MR. MCLAUGHLIN: The --

SEN. KENNEDY: Who makes the final judgment? Someone has to say, "This is" --

MR. MCLAUGHLIN: If we -- if the two of us can't agree -- and typically we do come to an agreement, because of the consultation process -- it goes to the president as a tie-breaker, which is one of the reasons why a DCI has always --

SEN. KENNEDY: Has that happened in your recent memory?

MR. MCLAUGHLIN: It has not. It is one of the reasons why a DCI always consults with a SECDEF, because no DCI wants to put the president in the position of being the tie-breaker.

SEN. KENNEDY: My time is up, Mr. Chairman. Thank you.

SEN. WARNER: Thank you very much.

Senator Roberts.

SEN. PAT ROBERTS (R-KS): Thank you, Mr. Chairman.

Let me just say again that Senator Rockefeller and I have written to Mr. Scowcroft, and he is perfectly willing to come, I think, before the Congress, either in a classified setting or a non-classified setting. He is the president of the President's Foreign Policy Advisory Group, which puts him in a category that does not permit him to come before the Congress and make a classified document public. The person who would make that decision, I think, is the national security director. And we are working on that, and I'm very hopeful that we can have his testimony. And I would agree with Senator Kennedy; it would be very helpful. Director McLaughlin, I have, along with others, tossed a few brickbats over in your shop. And then I asked you the other day if you could provide me with a list of some things that have changed since the infamous NIE of 2000 and also since 9/11. You've done that, and I would like to ask permission, Mr. Chairman, to put this list of nine positive changes that the CIA has made in the record at this point.

SEN. WARNER: Without objection.

SEN. ROBERTS: I'm not going to read them all, but I would just simply say that when we go to war, why, the intelligence and the military forces do now live together, they fight together; the military, law enforcement, and intelligence community does hear the latest intelligence report; and the acting director does direct action on the spot; the intelligence and the law enforcement communities are much more closely linked than they ever were before, and that's all across the world; the number of FBI officers serving in the CTC has doubled. I think the number in the clandestine service with the CIA has tripled. You've sent 60 people over to TTIC. And I could go on and on.

But I think that's a good-news story, from one who has been very critical of the CIA, more especially after our Senate inquiry. Let me just say the snapshot that we are taking today of the CIA is a different snapshot than we took with our inquiry and dating back to the NIA (sic) 2000 and also 9/11.

Now you said on page 12 of your testimony: "You would also see more progress by a DCI or NID on things like common policies for personnel, training, security and information technology."

My question: Does the current structure allow the DCI to set common policies for personnel, training, security and information and technology? My answer to you is that it does, because in 1947, the National Security Act -- you and your predecessors have had that authority. But my question to you is can you enforce those policies?

MR. MCLAUGHLIN: Well, you put your finger on the issue, Senator. We have the authority to set the policies, but it's difficult to enforce them. We do our best, and we have a process for making progress, which we have made, but the enforcement is not as strong.

SEN. ROBERTS: And all this talk about the 1947 National Security Act, and you have all the authority that you need. If in, you know, simplistic terms you would just enforce it, everything -- well, it wouldn't be fine, but it would be better. I don't think you can enforce it because of the way this, you know, breakdown in terms of TIARA and NFIP and JMIP -- I'm not going to go into all these acronyms, but that's the tripod of what the intelligence community and the Department of Defense simply has now.

Yesterday, Mr. Secretary -- and I'm talking about Secretary Rumsfeld -- we had two former secretaries of Defense and a key member of the Department of Defense. I asked them, do you support a NID? Do you support a NID with budget authority and also reprogramming authority? And without getting into the fact that we would obviously leave the tactical part in the military. I'm talking more about the NFIP and the CIA, NSA, DIA, NGA, NRO, FBI -- it's a real mouthful -- Homeland Security, State, and Treasury and Energy. We didn't talk about moving those agencies over to the NID; just whether or not he had the authority to reprogram and hire and fire and have some control over the budget. And the answer was no. Yesterday morning, why, Senator Collins and Senator Lieberman and the Governmental Affairs Committee had three witnesses. They were former CIA directors. Asked them the same question and they said yes.



Nobody has dared to wander onto the thin ice on how we reform our own situation here with the fractionalization and the way we handle, say, intelligence. We are having 20 hearings -- I think we've had eight; 12 more to come -- as the chairman has indicated. We'll have one tomorrow in the Intel Committee. We are going to have a lady who wrote a book about the history of the National Security Act since 1947. Fifteen times we have tried to implement reform -- if in fact it is reform -- and 15 times we have failed. She's going to say why. We have David Kay to talk about intelligence centers. Everybody's talking about intelligence centers. The ISG is probably a good one. And we have Charles Boyd, who's a four-star from the Air Force and somehow got Julian Bond, Newt Gingrich, and Gary Hart and Warren Rudman all to agree on one premise.

That's almost a miracle. He's going to talk about the Bremer commission, the Gilmore commission, the CIS study, Aspen-Brown and Hart-Rudman and say why on Earth haven't we moved prior to this time?

The Intelligence Committee is drafting legislation. We're going to share it with Susan and with Joe Lieberman, and we're going to share it with this committee. We've already started the business of sharing it with the administration. We have also shared it with you, sir, and we're going to share it with the Armed Services Committee. We think it sort of follows along the lines like the chairman has indicated. We think at least it's a step forward.

Let me ask you a question, since my time has run out and I've made a speech. Practically speaking, how could a national intelligence director who did not possess the ability to control execution of the budget or control over personnel decisions effectively break down stovepipes in the intelligence community and improve the sharing of information across the community? How could he not do that? I mean, how could he do that if he didn't have that authority?

SEC. RUMSFELD: I think it's possible to give a national intelligence director or a director of CIA the authority to break down stovepipes and give that direction to the entire community and have it accomplished quite apart from the budget question. It seems to me that, to go to your earlier comment on budget flexibility, the problem we've got -- one of the problems is that the budget is developed in one year, it's worked on by Congress in another year, and it's executed in the third year. It's obvious that it doesn't work that way. The world changes out there. Flexibility is necessary.

Now if a -- a same piece of intelligence can simultaneously be a piece of national intelligence, as you know well, and a piece of battlefield or tactical or military intelligence. The idea that either the DOD or CIA should go in and without consultation reprogram, it seems to me, would be unwise if -- you could disrupt things because of not understanding the fact that that same piece of intelligence is simultaneously national and military or battlefield. Therefore, it takes -- simply because of the complexity of it, it takes both to be involved in a reprogramming process. That's not bad; it's prudent.

SEN. ROBERTS: I'm not advocating anything other than what you have said in terms of the cooperation. If you had a special services troop in Afghanistan and he was involved in battle, which they are today, that's tactical. If all of a sudden he happens to be in the no man's land where Osama bin Laden is, that becomes strategic and then the NID would be involved just as well as you would be involved. There has to be a way to put this together.

And I thank you all for coming.

SEN. WARNER: Thank you, Senator Roberts.

GEN. MYERS: Senator? Senator Warner, can I just -- to tie onto it --

SEN. WARNER: Yes, of course. I want just to say one word.

I want each witness to feel that you have adequate time to respond and take it. And if you're not getting it, draw the attention to the chairman. I'm trying the best I can to give that opportunity to all.

General, please proceed.

GEN. MYERS: Well, thank you, Mr. Chairman.

I'd just like to comment on Senator Roberts' question to the secretary on really how you force change, and I think everybody knows this.

But you know, you can't, just by moving boxes around on a chart or appointing a national intelligence director, even if he's got it in statute, say there will be change. We're talking about some very ingrained cultural issues with a diverse group of organizations. And it's going to take more than creating that position. You're going to think very seriously about how you empower him and what tools you give him or her to do their task.

When you wanted to reform the military and make us more joint in Goldwater-Nichols -- and most of you know this a lot better than I do, but I think the debate went on for three years, at least three years. There were obviously philosophical debates before then, but the debate here on Capitol Hill and in the offices of Washington, D.C., for three years. And then you created some new offices -- I can think of the vice chairman of the Joint Chiefs of Staff; and some new processes -- and I can think of the Joint Requirements Oversight Council. But you also mandated some personnel policies that we report to Congress today, however many years later that is, 16, 17 years later, and education. You mandated certain educational matters, as well.

So I don't think we should -- and I'm sure everybody understands this, and I know Senator Roberts understands it, but for those who don't, this is more than just creating somebody and saying, "Okay, good, we got that done." This is going to be a tough job. This is leading cultural change, which is the most difficult. And we have a community that is, I think, performing very well today, and what we're trying to do is tune it up and enhance its performance, but it's going to take some of those items, I believe, if you're going to get there.

SEN. WARNER: Thank you.

Yes, Mr. Secretary?

SEC. RUMSFELD: Mr. Chairman, I appreciate your inviting us to feel that we've been able to respond fully.

I'd like to comment on a question that Senator Levin raised about the NCTC and operations, and make very clear that the president has indicated, not in public announcements but in private comments internally, that he does not want anybody in between him and operations. So in terms of the operations in the Central Intelligence Agency or operations in the Department of Defense, the president would not have that NCTC in the middle of that from an operational standpoint. And I didn't want any doubt about that. The second thing I'd like to clarify is I welcome the idea of hearings on the global posture. We have provided extensive congressional briefings. We have had extensive briefings with our allies around the world. There is nothing in it that even begins to approximate "fortress America." The Cold War is over. We are not expecting a Soviet tank attack across the north German plain. And it is appropriate to adjust that force posture.

And we have met with a great deal of support in the briefings we've had with our friends, with our allies.

With respect to North Korea, I would not want the implication to be left that we would in any way weaken that deterrent.

The Korean War ended 50 years ago. South Korea has a gross domestic product that's probably 25 or 30 times the North Korean GDP.

We have been working with the South Korean government to transfer responsibilities so that the deterrent would remain strong. And General LaPorte has done a superb job in working with them. They are -- over a period of years will be incrementally assuming additional responsibilities.

The -- in -- Defense Department has, in addition, been investing in and making arrangements for other kinds of capabilities to be available, and I don't think there will be any doubt but that the combined capability of the South Korean military and the United States of America will be fully adequate to the task.

I would say one of the things that we're really having trouble with -- change is hard for everybody, and I understand that. It -- there's a great resistance to it. And we're just going to have to work our way through it.

But I think, in the 21st century, we've got to be very careful to not equate quantities of things with capability. If you have a smart bomb that can do the work of eight dumb bombs, the fact that you from 10 dumb bombs to five smart bombs does not mean you've reduced your capability.

And what we are doing -- we have incrementally improved our capability. Over time, in that theater, we intend to remain with a presence and strength. And I think there will be no doubt in the minds of the people in that region that we have maintained the proper balance and the proper types of capabilities that fit the 21st century and the circumstances.

We've been very pleased with the cooperation of the North -- South Korean government in terms of that, taking over some of those responsibilities. And we'd be happy to come and up have a full hearing and testify on it and have benefitted from the many briefings that have been given to the staffs and offered to members over a sustained period of time on this subject. SEN. WARNER: Secretary, I'm glad you brought --

SEN. MCCAIN: Mr. Chairman?

SEN. WARNER: Yeah?

SEN. MCCAIN: Could I just -- since you comment -- just very quickly, I have neither been offered nor received any briefing, nor do I know of any member of this committee who has.

SEN. WARNER: Senator, I think that we can show you that there have been some staff briefings on --

SEN. MCCAIN: They've been staff briefings.

SEN. WARNER: I understand that.

SEN. MCCAIN: No member that I know of has been offered a briefing. But I would have liked to have one -- received one with alacrity.

SEN. JEFF SESSIONS (R-AL): I asked for one and got one, and several of us made a trip to Europe to look at the bases there. So anyway --

SEN. WARNER: I think there's been a record of --

SEN. MCCAIN: I've been to Europe many times, too --

SEC. RUMSFELD: Senator Warner, Senator Levin have both been briefed --

SEN. SESSIONS: Very specific issue -- we went down to look at bases that may be closed and may be strengthened.

SEN.: I haven't been briefed either. (Off mike) --

SEN. WARNER: (Strikes gavel.) Let me just say, for the record, there have been, I think, communications on this subject. We knew it was forthcoming.

You've actually made public pronouncements on it on several occasions. Am I not correct?

SEC. RUMSFELD: This has been going on for close to three years.

SEN. WARNER: Correct.

SEC. RUMSFELD: I'll be happy to arrange for a briefing for any member or any staff person. It is important. It is just in its early stages of beginning discussions with foreign countries in terms of specifics. It is something that we'll roll out over a period of probably five to 10 years. It is not something that's going to be done precipitously. And as I say, we'd be happy to come up tomorrow if appropriate.

SEN. WARNER: I think we've covered it. I think it's important that we took a few minutes on that.

Senator Reed.

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

Mr. Secretary, you have carefully avoided any opinions about many of the proposals in the 9/11 commission. But I think it's important to get another one on the table, and that is the suggestion that the Department of Defense assume all the covert paramilitary operations, those conducted by the CIA as well as operations conducted by the Department of Defense. Do you have an opinion, for the record?

SEC. RUMSFELD: I'll say this. There are clearly things that the Central Intelligence Agency does that are covert that the Department of Defense ought not to do. There are things in the middle where we both do things and where we have individuals involved in teams that are led by them or led by us, and they may be a mixture from time to time. I think it's a subject that lends itself to a classified hearing better than a public hearing, but the short answer is I have not proposed such a thing. It is something that we've asked our people to look at and the agency to look at, but at the moment I certainly wouldn't recommend it. It's something that is being discussed internally.

SEN. REED: Now, Mr. Secretary, are some of your concerns based upon the different frameworks that soldiers operate vis-a-vis CIA operatives, both legal, ethical and cultural dimensions? Or is this simply a practical -- that they do things that we don't want to do? Go ahead.

SEC. RUMSFELD: Well, they do things that are authorized by statute and by findings that we're not organized, trained or equipped to do and don't want to do. There are things that involve preparation of a battlefield which are not public, but eventually become public, which we in the Department of Defense do do as we should, and I think that, again, that's about as far as I'd want to go in a public hearing.

SEN. REED: Well, let me just -- again, just the final point is that, from your answer, there are things that they are authorized to do by law and custom that Department of Defense is not authorized to do. Is that correct?

SEC. RUMSFELD: Absolutely.

SEN. REED: And that -- so this consolidation would require the Congress to change the law as well as simply authorizing a consolidation of effort, change several laws?

SEC. RUMSFELD: That I don't know because I don't know what anyone would propose by way of

responsibilities. We have responsibilities that are authorized by law -- preparation of the battlefield -- and they have responsibilities that no one that I know of is suggesting transferring out of the agency.

So whether or not -- I doubt that a law would have to be changed, but I simply don't know, because I don't know what anyone would propose to change.

SEN. REED: Mr. McLaughlin, do you have a comment upon this topic?

MR. MCLAUGHLIN: Yeah, I would -- as the secretary's pointed out, this is being discussed in the administration, and we've actually been asked to consult on it and come up with a position.

You want the personal view? I would not accept that recommendation, for a couple of reasons. I mean, this is, again, personal view. I think we have a perfect marriage now of CIA and military capabilities. CIA brings to the mix agility and speed. The military brings lethality. That was the combination that was so effective in Afghanistan.

There are also special authorities that the DCI has by statute -- Section 8 authorities, for example -- that allow the DCI to do things -- for example, to purchase equipment that's useful in paramilitary operations without competitive bidding. It's a small point, but -- actually, a large point. It means that the DCI, under current statute, is empowered to move quickly on things that have a paramilitary nature.

It's important to realize there's a vast difference in scale here. Without giving the numbers, we're tiny on this score. DOD is large when it comes to special operations. So we have a niche role here that I think is very important.

The other thing I would say is that not well understood is the fact that our paramilitary capability undergirds our whole covert action program. It isn't just the kind of image that comes across in the movies about what we do. It's that our covert action program across the board, which covers many different areas, has part of its infrastructure, for very -- for a wide array of things, this paramilitary capability, in my view.

SEN. REED: General Myers, do you have a comment, particularly from the perspective of a uniformed officer, about the blending of these two different cultures and --

GEN. MYERS: I think my advice would be along the same lines that you've heard from the secretary and from the acting director, in that right now we have well-defined military missions in the world. This would change some of that, if we were to adopt that recommendation. I think we have to think very, very carefully about that.

I know there is -- as we have begun to consider it, there is not a lot of enthusiasm at this point for that kind of change. And I think it's important that as people see the military uniform around the world -- and we are around the world; we work with -- over a couple-of-year period, we probably work with most of the nations in this world, in one form or another -- and that they -- that we maintain that, that we are the U. S. military and we're not involved in other things.

SEN. REED: Mr. Secretary, the 9/11 commission was a very, very intensive review -- after-action report, if you will -- of a major intelligence failure. We've had similar failures with respect to Iraq. Has the Department of Defense conducted a major after-action review of the intelligence failures in Iraq? And if so, what are their recommendations for change, not only within the Department of Defense but coordination with the CIA and other agencies?

SEC. RUMSFELD: The Department of Defense, through the Joint Forces Command, embedded a cluster of people in the beginning of the war. And as it went along, it conducted a "lessons learned," a portion of which included intelligence.

They then completed that, and then initiated a series of interrogations of Iraqis and looked at a "lessons learned" not from our standpoint but from what the Iraqis thought they were doing and what they thought they knew or didn't know, and that was then completed. In addition, the agency has conducted some aspects of it from their perspective.

SEN. REED: And these reports are available?

SEC. RUMSFELD: We'd be happy to give you or the committee a briefing on the lessons learned. I found them fascinating. I probably spent 20 hours being briefed on those two lessons learned that the Department of Defense did. I have not been briefed on the agency's piece.

SEN. REED: Thank the secretary.

Thank you, Mr. Chairman.

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

Senator Sessions.

SEN. SESSIONS: Chairman Myers, can you share with us how the military officers, maybe your chiefs, feel about the new national intelligence director proposal? I know there's some frustration I've sensed that we wished we'd had better intelligence on -- I guess in every conflict we've ever been in. But how do your people respond to this?

GEN. MYERS: Well, one of my responsibilities, of course, is to represent to the secretary and others, in the National Security Council, and the president, of course, the thinking of our combatant commanders and, for that matter, the Joint Chiefs of Staff.

Let me start off by saying we clearly have the greatest military in the world, and part of the reason it is the greatest military in the world is because we've got this integration of operations intelligence that I talked about earlier in my opening statement.

So with that as backdrop, we have talked now on many occasions with our combatant commanders and

with the service chiefs on intelligence and intelligence reform. I think they would sign up to my opening statement in some of the tenets in there and some things that we hold very, very important. They're clearly in favor of breaking down any bureaucratic barriers to getting information and information sharing, and they address that. As we have this discussion, that's one of the primary topics that comes up. They strongly believe that it's hard to differentiate between the national strategic and tactical levels of intelligence. They understand that and think that intelligence needs to move seamlessly not only vertically but horizontally between organizations, services, analytical elements, whatever, as well as vertically. So they understand that.

They would make a big point if they were sitting here about the need for competitive analysis. And I mentioned that in my opening statement, again, but they think all-source analysis, with several different elements, is the way you get to understanding what the intelligence probably really means and --

SEN. SESSIONS: In other words, they don't want to have only one source of information; they prefer that other entities and agencies would be able to share information directly if they thought it was appropriate.

GEN. MYERS: Senator Sessions, that's absolutely right. The need --

SEN. SESSIONS: The other secretaries of Defense that testified yesterday expressed that concern quite clearly also.

GEN. MYERS: Well, competitive analysis is certainly to all our benefit and then we can make whatever judgments we have to make. But that would be important. And then as they get into the details -- and of course, when we were talking -- the last time I solicited their opinions, we were talking about some of the fundamentals, not some of the specifics of the 9/11 commission report, although we referred to that and we said there are recommendations out there. But they would not be for any other bureaucratic hurdles that removes the warfighter or the commander -- be it a combatant commander or joint task force commander -- from the intelligence process, collection and dissemination and so forth. They've worked that very hard.

In my opening statement I talked about the entrepreneurial spirit that exists at the other end of this intelligence chain as being important to providing our best intelligence, not just to the warfighter but to the national community as a whole. And they're part of that entrepreneurial spirit; that's where it resides, and further down as well. And so they'd like to preserve that. And I think those were their overall concerns. They're very engaged in this process and we'll follow it along.

SEN. SESSIONS: I think there's a pretty firm belief on this committee that we ought not to undermine the success that we've had with regard to intelligence, and we should strengthen it not weaken it.

Director McLaughlin, thank you for your service. I think you have every right to speak aggressively about the good things that have occurred since 9/11. I think that after that date everything changed, and people began to reevaluate entirely whether it's the FBI or the Department of Defense or any other agency. A lot of policy changes have occurred. Senator Roberts mentioned nine specific ones that I think



have dealt with many of the problems that the commission has referred to -- or at least attempted to deal with them.

So let me ask you briefly just your opinion. Do you feel like with regard to the 9/11 commission's report and recommendations that many of those recommendations have already been accomplished, and that-- you indicated the report seemed to stop as of 9/11. Were they fully informed on the changes that have occurred since when they made the report?

MR. MCLAUGHLIN: I would say, Senator, a lot of the things that they recommended or spotted as problems have been dealt with. My sense is that the commission did spend some time looking at post-9/11, but that isn't in their report particularly. Their report seemed to have been written from a 9/11 perspective. There is still more to do.

SEN. SESSIONS: I know, but you have --

MR. MCLAUGHLIN: In this business, you know, there's never --

SEN. SESSIONS: I think it's appropriate for you to say that you've taken care a lot of those things that are suggested --

MR. MCLAUGHLIN: But I don't want to -- it's important that I not convey a sense of complacency or a satisfaction here, because in this business there's frankly never any perfection, and there never will be. The nature of the business is such that you're constantly finding as you've solved one problem another one comes up on the horizon.

SEN. SESSIONS: Yeah.

MR. MCLAUGHLIN: So, yeah, we've made a lot of progress, but there's still a lot to go.

SEN. SESSIONS: I was present during the time we did the drug czar. And the drug czar, as I understand it, has the power to review the budgets of all agencies affecting narcotics. It establishes, by consulting with the agencies involved in narcotics, a national drug policy. The president then is asked to sign off on the national drug policy. And then the drug czar reviews the budgets of the agencies to make sure that they're spending their money on things that accomplish the agreed-upon strategy.

I guess my question would be, in some sense that's supposed to be, in theory, CIA's role. Some suggest that, well, you can't do it because you have operational responsibility as well as oversight responsibilities. Could CIA fulfill that role? Can it today? If it needed some additional legislation and that were passed, could you do it as well as a new national intelligence director?

MR. MCLAUGHLIN: To make sure I understand your question, Senator, are you saying could the DCI, with some augmentation, carry out the duties that are laid out in the report for a national intelligence director?

SEN. SESSIONS: Yes. At least with regard to the powers in -- compared to the drug czar.

MR. MCLAUGHLIN: The short answer would be yes. The DCI, as many people here have noted, has extensive authorities. Some of them are -- the ones recorded in statute give the DCI the power to do various things that we've talked about here. To some degree, though, any DCI's authority stops at a certain point and persuasion takes over, so that the effectiveness of a DCI depends to a large degree on the personal relationship that he or she develops with leaders of the community, with the secretary of Defense, and just how he runs the operation.

You know, I meet with, as George Tenet did, with all of our program managers every couple of weeks to go over everything. We harmonize policies. There is a point, though -- where I think Senator Roberts with leading with some of his questions -- where your ability to enforce these policies drops off. So you can coordinate, you can improve, you can approve, you can launch, but there is a point where as DCI you're basically in a negotiation and persuasion mode.

SEN. SESSIONS: My time has expired, Mr. Chairman.

But I thank you, Mr. Director.

SEN. WARNER: Thank you very much.

Colleagues, as we know, the Government Operations Committee started in quite early this morning with a hearing. It would be my intent now, as respect of the -- Senator Collins, the chairman, and Senator Lieberman worked to schedule our hearings. I'd like to turn to Senator Lieberman, but I understand a colleague has a very critical -- Mr. Nelson, you were next. Can you two sort it out, who would go first here?

SEN. BILL NELSON (D-FL): I have a --

SEN. WARNER: I think you do have a --

SEN. BILL NELSON: Mr. Chairman, I have a little problem back home called ground zero, named Punta Gorda, that I'm going back to.

SEN. WARNER: Would you then take -- and then I'll go to Senator Lieberman.

SEN. JOSEPH LIEBERMAN (D-CT): I'll be glad to yield to Senator Nelson.

SEN. WARNER: Thank you.

SEN. BILL NELSON: And I thank you.

And gentlemen, thank you for your public service. And thank Senator Collins for her graciousness in allowing me and others to sit in on her hearings, of which we've just had testimony from the members of

the families of 9/11.

Senator Clinton had been gracious to the families to offer to ask questions, and that the families would like to. And since I was last in the pecking order, a family member passed up a question to me that I think gets to the heart and soul of a lot of this discussion as we try to exercise our legislative prerogative under the Constitution and our congressional oversight.

And so if I may, gentlemen, direct this question to you from Carol Ashley, who is a member of the Family Steering Committee.

SEN. WARNER: Senator, would you yield? The chair notes that a number of the families have joined us here at the conclusion of the hearing that Senator Collins and Senator Lieberman had.

Please proceed.

SEN. BILL NELSON: Thank you, Mr. Chairman.

The question is, General Myers please explain why giving the national intelligence director control over intelligence funding causes problems with an effective military response to terrorism overseas. This is one of the significant policy issues that we are facing in deciding with regard to the new national intelligence director.

General Myers?

GEN. MYERS: Well, I think the secretary has talked a great deal about the budget and the implications of the budget.

I would go back to the fundamentals that I had in my opening statement and that it's not the budget authorities that are the problem at all. And that be whatever people decide it is, as far as I'm concerned.

The thing that you have to maintain through this is the fact that we now have, in terms of overseas, a warfighting team. And it's a warfighting team that operates in peacetime or wartime. It produces intelligence that is used at the national level and is used at the tactical level.

This team depends on all the different departments and agencies that have intel responsibilities, not just those that are in the Department of Defense. They are, as Director McLaughlin talked about, pretty tightly integrated today. So I've never said one way or another whether the budget -- where the budget authority should be. That is still being debated inside the administration. It's being debated here today.

I would just say, as we look at placing budget authorities, we need to make sure that this extremely important element of our intelligence apparatus -- and I will call it military intelligence, but it doesn't really do it justice, because we're so tightly linked and integrated today that we don't break that apart and that whatever we do budget-wise, we don't -- that everybody has a voice in the process. Today that pretty much happens.

So as has been said before, the first thing we should do is do no harm. And it's a lot better than it was on 9/11. And as I said in my statement, it's pretty good. We can still improve that.

SEN. BILL NELSON: As a uniform military officer, do you think that giving the NID budgetary authority is going to cause you a problem militarily to respond to terrorism overseas?

GEN. MYERS: The devil's in the details, and I don't think inherently -- inherently, no. I don't think that will necessarily cause a problem, but the devil is in the details. And in this town we have people that have certain authorities, but there is no czar in this town. That's not how the business works. It is a town where we collaborate and coordinate. That's certainly true in the intelligence community where, again, there are many different agencies and departments that are involved in that work. And so no, I have no problems with moving budget authority around, as long as we work through the details to make sure that the collaboration and the coordination that needs to take place recognizes things that I said earlier.

SEN. BILL NELSON: Secretary Cambone, same question.

MR. CAMBONE: The question is how the budget and its allocation translates into front-line capabilities. And that in turn is representative of the various interests that are at play in building that budget at the direction of the DCI today.

Within the Department of Defense, something like 68 percent of DOD personnel are in the NFIP budget. So the budget that is built by the DCI is 68 percent personnel from the Department of Defense. Overall, of those 15 agencies that everyone talks about, 83 percent of those personnel are DOD personnel. So they are integrated across all of the activities of the intelligence community, and they are there to be certain that two things happen simultaneously: one is to ensure the national support -- the secretary of Defense is obliged under Title 50 to lend that support to the DCI. And they are obliged to be assured that the DCI -- that the secretary of Defense is able to discharge his Title 10 responsibilities relative to the armed forces of the United States.

The budget all in one place with all of those decisions being made in one place, Defense or the DCI or the NID would probably be changing those relationships in ways that we don't understand today. And that's why we actually have a bargain here, a partnership, between the DCI and the secretary of Defense. The DCI builds the budget; the secretary of Defense is expected to see that it's executed against those priorities that were set for national intelligence and meets the military intelligence requirements. So that's the bargain we struck. SEN. BILL NELSON: So you would think that there might be a problem created if someone outside the Department of Defense, namely the national intelligence director, has budgetary authority over all intelligence which, as you said, huge part of that personnel and money is within the DOD.

MR. CAMBONE: I'd be concerned about two words, Senator: "sole" authority and "all" activities. So you have to work -- again, it's a partnership and it was designed that way by the Congress and by presidents and DCIs and SECDEFs in the past to make sure it is a partnership, so that no one has sole authority or all of the authority.

SEN. BILL NELSON: Mr. Secretary Rumsfeld, would you care to respond?

SEC. RUMSFELD: I would agree with what I said earlier and what Dr. Cambone just said.

SEN. WARNER: Thank you very much, Senator, particularly for asking the question on behalf of the families.

Senator Collins, again, commend you for the series of hearings that you've held on this important subject. I've been able to attend two of them myself. And the chair now recognizes you for the purposes of questioning.

SEN. SUSAN COLLINS (R-ME): Thank you, Mr. Chairman. Thank you, Mr. Chairman -- (off mike). There. Thank you, Mr. Chairman. If I say it three times, I'll get it loud enough eventually. (Laughter.)

Director McLaughlin, I know there's been discussion before I was able to join the panel today about the issue of budget authority, but I want to probe that a bit further with you. When I read the 9/11 commission's report, I was struck by the information on a directive issued in December of 1998 by DCI Tenet, in which he said: We are at war; I want no resources or people spared in this effort, either inside CIA or the community.

And the commission concluded that despite that call for action, that in fact very little happened within the intelligence community, that there wasn't a marshalling of resources. And that's one reason that I think the issue of budget authority is so important.

It's my understanding that the National Security Act gives you the authority to guide the intelligence community agencies as they prepare their budget submissions for the National Foreign Intelligence Program, known as NFIP, but you don't, however, have budget execution authority over any of the NFIP except that portion that goes to the CIA and the community management program. And as I understand that, that means that you help set the budget levels for the intelligence community but then you don't have any control over the funds once they are appropriated, except in the CIA direct control; rather it's the Department of Defense that has that control. And we know that's more than 80 percent of the total intelligence budget.

The 9/11 commission recommends that budget execution authority -- that is, the control over the funds once they've been appropriated -- be given to a new national intelligence director, as you're well aware. And perhaps to me the strongest rationale for this recommendation is it would allow the NID to marshal the resources in a way that George Tenet apparently could not, according to the findings of the commission.

Now ironically, Dr. Cambone summed up the rationale for giving this authority very well last week when he testified before the House Armed Services Committee. He was talking about the need for the national intelligence director to set information technology standards for the entire intelligence community.

And this is what he said, and I quote: "He's going to have to have some ability to push the money in the right places to get it done or to withhold it if it is improperly done."

To me, that sums up why you need to have budget execution authority, not just the ability to shape the budget's missions but execution authority vested, at least for the NFIP, in the new national intelligence director.

So with that rather long introduction, I'd like to ask you whether you believe the NID does need to have budget execution authority if our goal is to have the director successfully be effective in overseeing and coordinating the intelligence community. As Dr. Cambone said when talking about intelligence standards, if the person doesn't have the ability to, quote, "push the money in the right places to get it done or withhold it," can the NID truly be effective?

MR. MCLAUGHLIN: Well, as we've said several times, Senator, discussions are ongoing within the administration on this, and nothing is off the table from the administration's point of view. So I can give you my personal view on that --

SEN. COLLINS: That is what I'm seeking.

MR. MCLAUGHLIN: -- based on personal experience, but without any sense that that is the view that would prevail.

There's a couple things you have to say at the outset to frame this a bit. First, I think we're talking principally about the NFIP agencies, not about all 15 of the agencies.

SEN. COLLINS: Right.

MR. MCLAUGHLIN: As you know, a number of the agencies in that 15 fall into the TIARA; we're talking about the service intelligence organizations and so forth. And I don't think that the national intelligence director should have budgetary authority over all 15 of these agencies. I think it ought to be narrowed to the NFIP agencies, which would be, of course, NSA, NRO, NGA and CIA. So when you're looking at the National Foreign Intelligence Program, it's that.

Second, another thing that needs to be said is in any arrangement, and I mentioned this in my testimony, but fundamentally in any arrangement that you have, whoever has this authority would have to accept iron-clad accountability for support to military intelligence requirements. That would have to be built in, either by understanding or statute or executive direction, because you just -- as I said, these agencies are combat support agencies and everyone in the intelligence business realizes that, even though they serve more than one department, which is what makes them national.

Against that backdrop -- third point -- we have -- while we don't have execution authority in the year of the budget, we do have the authority to reprogram, and I think you and I have talked about this once before.

The reprogramming as it currently works works -- (chuckles) -- but it is cumbersome. It requires that when I'm -- and you reprogram for a number of reasons. Sometimes you do it because one program is doing better than another, another time because someone is not doing as well as they should, another time because something else is more essential in your judgment. Typically you require the approval of the agency that's surrendering funds, you require the approval of the department head from -- who oversees that agency, usually the secretary of Defense, you require the approval of OMB, and you require the approval of six congressional committees. Typically that takes about five months. So you can see that's not very agile to the needs of today.

So what does all of this, my long answer to you, add up to? My view is that that national intelligence director ought to have the authority to move those funds because -- with the caveats that I built into this: absolute accountability for military intelligence needs. And frankly, even in that circumstance with that authority, a national intelligence director I can safely predict would consult closely with the secretary of Defense as funds were moved around. But in the circumstance that you and I have just discussed, that person would have the final authority on -- or the final decision-making authority. And I think if you look within the NFIP, the National Foreign Intelligence Program, just as another fact to put on the table, I think about 30 percent of the personnel in the National Foreign Intelligence Program are military. So all of that has to go into the mix.

Sorry for the long-winded answer, but --

SEN. COLLINS: Thank you. It's helped.

MR. MCLAUGHLIN: -- as all of us have said, this is complicated.

SEN. WARNER: Thank you very much, Senator.

SEN. COLLINS: Thank you.

SEN. WARNER: But I feel that question is so important that I'm going to ask Senator Lieberman to defer. And, frankly, Mr. Secretary, your views in response to that question would be helpful. Again, Senator Roberts has drawn up a bill, you're drawing up a bill, Senator Levin and I may contribute some language. We respect the fact that the president hasn't come forward as yet. He's not - he's going to do it. I suggested he wait until the committees work through their -- my own personal recommendation yesterday -- through their work here in these 20 hearings. But as we do our work, to the extent we can get some of the personal views and guideposts, I think it would be very helpful to us.

So the question propounded by our distinguished colleague from Maine, I think, Mr. Secretary, would you desire to have an opportunity to respond?

SEC. RUMSFELD: Well, I'll add to what I've already said. In my remarks I pointed out that the role of an NID at least implies, although the administration's not come forward with specifics, but it implies authority for tasking collection assets across the government. The DCI currently has that. It implies setting analytical priorities and ensuring all-source competitive analysis throughout the intelligence

community, the personnel management and training to alter the culture in the community, information security and access policies, information technology standards -- as Dr. Cambone mentioned in a hearing -- and architectures across the community, and reallocating resources in the year of budget execution.

Now, what does the DCI currently have?

He currently has the authority for directing collection and production. Currently he has the responsibility for developing the budget. And currently he has the authority to recommend reprogramming, which, for the reasons I stated earlier, avoiding -- I mean, the principal user of intelligence is the Department of Defense. That's the major user.

So reprogramming -- once the budget's set, reprogramming is difficult, as he says. It's difficult because government's a big bureaucracy. It's difficult because the congressional committee system is what it is.

But there is not -- it -- neither the DOD or CIA ought to be reprogramming without very close coordination, for fear of disrupting the process that each has already agreed to.

Now the real problem is, as I said, that the budget's developed in one year, it takes a second year for the Congress to deal with it and a third year for its execution. Any budget's going to require change. It is not a budget to be executed. It is a plan to be tested against what actually happens in the world and then adjusted as those changes and events occur. And so it's going to take the ability for the DCI, the Defense Department, OMB, which is the ultimate decision- maker; it is certainly not the DOD or DCI currently. It's OMB -- the president and OMB, with its instrument -- as its instrument.

Now it seems to me that this is very important. It needs to be discussed, as it is being in this committee. And I think it merits a great deal of care and attention.

SEN. WARNER: I assure you I think the Congress is giving it a great deal -- (off mike) -- and I thank you, and we're trying to get such guideposts as we can at this time.

Now, Senator Lieberman.

SEN. : Senator, General Myers --

GEN. MYERS: Mr. Chairman --

SEN. WARNER: Oh, yes. Oh, General Myers. Yes, of course.

GEN. MYERS: Sir, could I make a comment to the budget execution business? As I tried to answer with Senator Nelson, I think you're talking budget execution authority, and again, you know, this has to be done in a collaborative way. Creative tension in the intelligence business is the only way, I think, that policymakers, Congress, people are going to understand the situation. There cannot be a czar that just starts pointing and pulling levels. There is no Wizard of Oz here that's going to solve this, in my opinion. It's got to be a collaborative effort.



Creative tension, in this case, is good. I would add one other thing to this mix in budget. And it goes -- it's not execution authority, but it goes back to the budget preparation. I think that anything we could do to reform the process by which we decide on major systems procurement would be a very good thing to do. In the Department of Defense we have such a process. A major part of that process came out of Goldwater-Nichols.

We have a fairly new process in the intelligence community, but it's far from perfect, in my judgment. And it needs to have more visibility inside the community, inside those departments and agencies that have systems that are affected. And it ought to be end-to-end, and we don't -- we often don't think about the end-to-end pieces of this system.

So when we're talking about major systems, major procurement of those systems, something like our joint Requirements Oversight Council that was mandated by Goldwater-Nichols would be a fairly good process for us to perhaps at least look at for the intelligence community.

So that's -- it's not execution, it's planning and programming more appropriately. But I'd make that comment.

SEN. WARNER: Thank you very much.

Any further comments to that important series of questions?

SEN. SESSIONS: Mr. Chairman --

SEN. WARNER: Yes?

SEN. SESSIONS: I have one question. With regard to this large amount of money that goes to defense for intelligence, General Myers or Cambone, does that include every military intelligence officer in the military? Do you know? Does it go down to the brigade or the MI units out there?

MR. CAMBONE: Sir, it does. That's how we get to such a large fraction of the total.

SEN. SESSIONS: Yeah. Well, that explains some of that.

MR. CAMBONE: But just for clarity, as Mr. McLaughlin says, there's the National Foreign Intelligence Program, in which there are U.S. military personnel covered. The individuals you just asked about, the service people doing service jobs, if you will, are in either the TIARA accounts, the Tactical Intelligence And Related Activity account, or in a JMIP, Joint Military Intelligence Program, which are inside the Department of Defense and on which, by regulation and custom, the DCI consults. So there are three pockets of dollars here that we're talking about, and military personnel are in all of them.

GEN. MYERS: But where the rubber meets the road, and that's with combatant commanders and Joint Task Force commanders and our troops out there doing peacekeeping to combat, they don't understand

these budget classifications. And the systems they deal with, they don't care where the intelligence comes from. They don't care if it's an NFIP program, a JMIP program, a TIARA program. And in fact, at that level they're all mixed and the people are all mixed, and they're all working to the benefit of the mission.

And so if you were to pick one piece of this up here and say, okay, now we have somebody with budget execution authority, and thinking that that's not going to have some impact on this entrepreneurial mix that we have down here that's really making things happen, that's not benefiting just the soldier in the foxhole, it's also benefiting the president because it enables all sorts of intelligence capabilities, is something that has to be considered as we think about this. You can't separate the parts. It's not as easy, if you go to (al Darfur ?), if you go to Baghdad, to separate these parts. They don't care. It's easy here in Washington, I think, when we're used to looking at budget lines in a budget.

MR. CAMBONE: Senator, the cryptological support group that might be in Baghdad belongs to the NFIP out of NSA, supporting a special operations team that isn't in the intelligence budget at all, working with a tactical HUMINT team member from the Army, down in the TIARA accounts, working to bring together the information from a satellite, which is in the NFIP account, and an airplane, which is in the JMIP. They don't see any of that. It's all information and data flow down to the point of operation.

SEC. RUMSFELD: If I could add one thing.

As I notice people are thumbing through the 9/11 book, it seems to me it's important when we're talking about a possible change that we connect it to a problem. (Chuckles.) And if you think about it, that 9/11 report, it talked about communication problems between CIA and FBI; it discussed the law enforcement orientation of FBI; it talked about the need for domestic intelligence gathering; it talked about the need for all-source intelligence; it talked about the problem of stovepiping; it talked about the need for Congressional reform; it talked about the need for accelerating the clearance, the ethics approvals, the security clearances, and the confirmation process so that people didn't end up like the Department of Defense, who had 15, 20, 25 percent vacant in presidential appointees that requires Senate confirmation; it talked about groupthink; and it talked about deficiencies in human intelligence.

Now we have to ask ourself, okay, if those are the things that they identified, and I think that's probably at least three-quarters of things -- (chuckles) -- they identified, the question is what reform is going to fix those things? What reform is going to improve the situation? What reform or change is going to add more value than it's going to cause in disruption or difficulty? And those are tough questions. They really are tough questions. And it's hard for me to see the -- how the question that has been elevated here is -- necessarily bears on any or all of these things.

SEN. WARNER: I think your observation's well taken. And I don't mean to criticize the commission; they've also suggested some reforms in areas in which they have not identified a problem. Do you concur in that?

SEC. RUMSFELD: I'm trying to think of one.

SEN. WARNER: Well, I want to get into Senator Lieberman and we'll come back to that.

Senator Lieberman.

SEN. LEVIN: No, if Senator Lieberman would just yield for one second --

SEN. JOSEPH LIEBERMAN (D-CT): Yeah, sure. Go right ahead.

SEN. LEVIN: -- as I indicated, I want to make something part of the record at this point. First of all, that yesterday we asked former DCIs Webster, Woolsey and Turner that very question, as to whether there was any relationship between the recommendation relative to budget execution and the problems that they had identified -- excuse me, the 9/11 commission had identified. And I think it's fair to say that at least two of the three unequivocally said there was no relationship between that recommendation relative to budget execution and the problems which had been identified by 9/11 commission.

But I would like to make part of the record is not just that reference, which I think reinforces what Secretary Rumsfeld was just saying, but also Executive Order 12333, that the relevant portions of that executive order should be made part of the record at this point because it is that executive order which allocates the budget execution to the DCI. By the stroke a pen -- an executive pen -- that could be -- let me start over again. Let me start over again.

It is that executive order which allocates budget execution to the DOD, 12333. Before that, as one of our witnesses pointed out yesterday, the budget execution authority under the Carter administration was in the DCI. It was shifted after that to the DOD. It could be shifted back if that's desirable. With all of the qualifications that have been mentioned here, it could be shifted back to the DCI or to the new director of national intelligence if we adopt one by an executive order, by the stroke of a pen.

I only want to put this order in the record here now to make it clear that this is not necessarily a legislative issue since that budget execution power has been allocated by executive order currently to the Department of Defense but previously had been in the intelligence agency and could be reallocated back. So that's the portion that I'd like made part of the record at this point.

SEN. WARNER: Without objection.

Senator Lieberman.

SEN. JOSEPH I. LIEBERMAN (D-CT): Thanks, Mr. Chairman.

Mr. Secretary and witnesses, thanks for being here.

Mr. Secretary, I want to share this experience as I arrived late from the earlier hearing. I said to a few of my colleagues, how are things going? And they said with a certain unease the secretary, contrary to what we normally expect of him -- opinionated; refreshingly opinionated quite often -- is not responding to specific questions about the authority of the national intelligence director proposal. I found it the kind of unease that you'd have on a day when your dog stopped barking. You know, you'd say, he's not feeling

well. But I understand -- (chuckles) -- the reason why you're doing it.

And I want to say that I find it encouraging. And I find it encouraging in that you have said, and others at the witness table, that the administration, the White House has not finally decided where it is on some of these critical questions. I was first puzzled -- I was pleased when the president endorsed the national intelligence director, counterterrorism center; puzzled by some of the vagueness of the language used that day about the powers of the NID; troubled when Andy Card specifically, I thought, said that the NID, as he saw it, would not have any budgetary authority of real consequence. I was encouraged last week when the national security adviser, Condoleezza Rice, said that in fact it seemed to be going in a better direction, as far as I'm concerned. And I am, in that sense, encouraged by what you have said about -- and the others have said about where the process is.

Yesterday we had three former DCIs at our committee. One, Bob Gates, acting DCI under President Reagan, DCI/CIA director under the first President Bush, submitted written testimony because he couldn't be there.

In a very strong statement, the president recently announced his initial decisions in response to the commission's recommendations. I hope, as the White House spokesman has suggested, that these decisions are only a first step, because the new national intelligence director, as described, will impose a new layer of bureaucracy but have no troops, no budget authority and no power. In its present form -- I took that to mean in the form of the discussion -- the new position would be worse than the current arrangement. So I hope that we're in a process here that ends as it should, in a nonpartisan executive-legislative branch agreement on what should happen to improve our intelligence apparatus.

I think you've -- incidentally, in the list of budget authorities or authorities that the NID would have, that you read from your initial statement, you mentioned the reprogramming authority. But the commission clearly recommends much greater authority -- that the whole intelligence budget be in the national intelligence director -- almost the opposite what exists now; that all -- 95 percent, from what I can tell, of the intelligence budget goes through the DOD, including the CIA's budget.

So let me ask you a question about one part of this that after I arrived you did speak to, and that is the national counterterrorism center and what you take to be the president's clear position. And I believe you did say it, that they announced support of these recommendations, that there not be anybody between himself and the secretary of Defense with regard to operations, and I understand that completely.

I do think that the counterterrorism -- that the commission makes a strong recommendation about these counterterrorism centers, that if you've got essentially everybody involved around the table, sharing information and intelligence, that it makes sense to have them work together on planning operations. And I want to ask you whether there isn't a way, perhaps borrowed from your current joint operations with CIA for instance, where you couldn't have the counterterrorism centers planning operations, but then subject it to a review or a veto by the secretary of Defense so we don't lose the plus, the synergy of everybody being around the table together?

SEC. RUMSFELD: Senator, first, the reason the dog didn't bark is clear. Number one, the executive

branch is wrestling with these issues and they are tough issues, and the president has not come to final conclusions on them.

Second is I have been inviting in former secretaries of Defense, former DCIs, former national security advisers. I met at lunch with Dick Myers, called in the former chairman and vice chairman of the Joint Chiefs of Staff. I've called people to talk about these issues because they're terribly important. I've spent a lot of time and I have not developed conviction on a lot of the details that -- and as we said, the devil's in the details. You darn well better get it right because we're dealing with very important things for our country, and I just haven't gotten conviction down to the third and fourth level of this yet to feel that I can sit here and say authoritatively something.

SEN. LIEBERMAN: Well, I understand that and I respect it.

SEC. RUMSFELD: The --

SEN. LIEBERMAN: Sir, if I might, Stansfield Turner, a retired admiral and former director of the CIA -- DCI -- would be interesting to talk to, as Senator Levin suggested. And I hadn't realized this, but he testified yesterday that President Carter by executive order essentially made him an NID, national intelligence director, with the authorities fundamentally that the commission has recommended now. And the combination of his military background plus that experience I think makes him somebody interesting to talk to.

SEC. RUMSFELD: You know, one thing that's not come up in this hearing or in the -- at least that I recall in the 9/11 report is an issue that we ought to think about, and that is has this government lost the ability of keeping a secret?

I don't know the answer to that, but it seems to be that it's worth asking that question and whether there are changes or reforms that we ought to think about in that connection, because what's taking place is, we are systematically advantaging the enemy. They go to school on us. They learn a lot. And we help them. We help them with a hemorrhaging of information from the United States government on a regular basis. And that's a problem.

SEN. LIEBERMAN: I agree with you. I want to quote something.

SEN. WARNER: Senator, I must say that in the time allocated the chairman, I've got to get eight --

SEN. LIEBERMAN: I wonder if I could just ask for a quick answer to the question that I posed about the counterterrorism center, whether you'd take a look at whether it's possible to create -- to not lose the synergy of the joint operation planning, but still protect the chain of command from your warfighters, to you, to the president?

SEC. RUMSFELD: The idea of someone planning and passing a plan off to the executors I think is a poor idea. Executors need to be involved in the planning.

Second, in those instances where more than one agency is going to be involved in an operation, there already is joint planning. There has to be.

So I cannot imagine quite how that would work myself. I think that once you get down to the point where you have a plan that's executable -- (chuckles) -- I darn well better have been intimately crafted and shaped to fit the circumstances and the talents and the skill sets and the assets and the circumstances of that situation.

SEN. WARNER: I thank the senator. Senator Chambliss.

SEN. SAXBY CHAMBLISS (R-GA): Thank you very much, Mr. Chairman. And Mr. Secretary, I tell you, that issue actually did come up yesterday in our hearing. Former Secretary Carlucci cited the specific problem that you just alluded to, and he even gave an example of how when he was SECDEF, he was able to protect a source that today he did not think he'd be able to protect. And you're exactly right, that's one of the major problems we've got. We lay everything out in public hearings, and there's no town in the world that has leaks greater than what comes out of this town. So that's an entirely separate problem, obviously. The one thing that I have gleaned from everything you've said thus far is something I alluded to yesterday, and that is the fact that whatever we do relative to reorganization or changes that we might make, this is such a complex issue, that if we're not careful, we're going to mess this thing up and create a lot more problems if we're not very careful in the direction in which we go.

The major reform that's recommended by the 9/11 commission is the total restructuring of the intel community relative to the creation of the director of national intelligence and who reports to him, not just the budget authority.

So I want to stay away -- you've discussed the budget issue, I think, pretty thoroughly, and I think we all have a general idea of what you're talking about there. But in this reorganization recommendation, the chart that the 9/11 commission has set forth on page 413 of their report is critically important. And what it does is spell out who reports to who under the national intelligence director. And I'd like for each of the three of you to comment on this and respond in this way: If you think that flow chart and that restructuring of the intelligence community will work, fine.

If you think it will not work or there are problems associated with it, I wish you'd comment on that.

Mr. Secretary?

SEC. RUMSFELD: I don't have it in front of me, but I can recall seeing it and not understanding it sufficiently.

SEN. WARNER: Let us take a moment to provide it to the secretary --

SEC. RUMSFELD: Oh, I don't need it. I remember looking at it, and I remember that a chart is a chart -- an organization chart. And I could not tell from it -- and I could not if I had it in front of me now -- how it

would work.

And I think that the -- all of the granularity that is necessary underneath that is what either makes it work or not work, or in the last analysis, frankly, you can have the best organization chart and bad people, and you're not going to have much of an organization and vice versa. You can have good people and a lousy organization chart, and it works pretty darn well.

But I'm uncomfortable with what I see there.

SEN. CHAMBLISS: General Myers?

GEN. MYERS: It's one of those issues that I think is fundamental as you decide what it is -- what responsibilities and authorities you want this national intelligence director to have.

This organization under him is fundamental to that. And I think we're wrestling with the first part. And until you decide that, I think it's very difficult, then, to start plugging in the boxes underneath that. And so we need to wrestle with the first part before I'd be comfortable saying that particular recommendation in the 9/11 report is the right recommendation.

MR. MCLAUGHLIN: Senator, I think Chairman Myers hit the nail on the head. And this was why I emphasized in my testimony that it's critically important at the outset for form to follow function here, meaning that we have to decide what we want this NID to actually do.

As an acting DCI, I have a list of about 30 things long that I do. Would you want this -- some questions: Would you want this person to be the person who walks in to brief the president every day? Would you want this person to be the person who came up here and sits where the DCI normally sits to brief you on, say, the worldwide threat posture each year? Would you want this person to be the person who speaks for the intelligence community on what's happening with North Korea's weaponry? Would you want this person to be the person who defines the requirements for the community?

Those are currently things the DCI does, and if you had this person assigned those tasks, the person sitting, I think, a layer down in that chart, heading the CIA, would have more limited responsibilities for all-source analysis, clandestine operations overseas, covert action, and science and technology.

So if you were to choose to assign all of those responsibilities that I just enumerated to this national intelligence director, as distinct from a more limited range of responsibilities having to do more with the czar responsibilities that involve basically composing a budget, coordinating it, ensuring that it's carried out and so forth -- but if you assigned that full block of responsibilities to this individual, as General Myers says, that would really affect that organizational chart.

My reaction to it is similar to the secretary's. I'm uncomfortable with it because, first, I don't know exactly what this person would do day to day, in a practical sense. And second, if you had this person doing day to day the range of things that I just laid out, I think it's awfully complicated and it makes it -- would make it harder to do those things than it currently is, because a number of people in those seats

down there are dual-hatted. It wouldn't be clear what the reporting chains are and so forth.

I have in my own mind a chart that I would draw up if I were doing this, but I'd leave that to another day because I think we have to first talk about what this person actually does.

SEN. CHAMBLISS: I think it's pretty clear that what the recommendation from the 9/11 commission does do is that it takes away a lot of the jurisdiction, a lot of the power and authority of the director of Central Intelligence and it gives that power and authority to the national director of intelligence. And it does call for reporting requirements to go from the NID to the president, as opposed to the CIA to the president. So it makes drastic changes in who's going to report to who.

And I know my time is up, but just very quickly, John, what would that do to morale in the agency -- do you have any thoughts on that -- if the role of the director of the CIA is diminished?

MR. MCLAUGHLIN: Well, you know, I speak as a career CIA employee, so I come here with a certain bias that I can't erase. And people who work in in the intelligence community, in the National Foreign Intelligence Program, not just the CIA, have grown up with the thought that the leader of the DCI is the leader of the community. And, you know, I think anything that diminished the role of the person who sits in that chair would take quite a bit of adjustment on the part of CIA employees.

SEN. CHAMBLISS: Thank you.

SEN. WARNER: Thank you very much, Senator.

Senator Ben Nelson.

SEN. BEN NELSON (D-NE): Thank you, Mr. Chairman.

I want to go back to the movement of troops. There's merit in moving, I believe, troops from Germany and Europe, realigning our force structure, locations, location of troops in that area, because I think the threat, we all understand, of Communism and the the threat of the former Soviet Union is no longer what it once was. And I also think it's an important thing to design a personnel structure that lengthens stays at a particular Army or Air Force base or a naval station. General Schoomaker has already talked about this. And clearly that's, I think, desirable to the families of almost every person in uniform, and has merit.

But moving troops from South Korea, as a matter of interest, I think might be a different story. South Korea, as we all know, faces a conventional threat from North Korea, just as Asia and the United States face a strategic threat from North Korea. And I know that you've thought about this. Although our forces in South Korea are not as large as those in Iraq, I worry about removing any troops at this time, so as to avoid having it viewed as a sign of weakness or, some might suggest, a reward to a regime that's proliferating weapons and weapons technology to the highest bidder.

And I know that we're engaged in multi-party talks with North Korea.



And it's important that we keep that in mind, keep in mind the audiences of South Korea, the region, and unfortunately Kim Jong Il. Because of its insular and isolated position, I am very concerned that this will in some way suggest to him preemptive -- as I think retired Lieutenant General Daniel Christman said -- some sort of preemptive concession as opposed to simply realignment of troops and reassessing our strength needs/requirements in that particular area.

And I wish you would comment on that. I know that you've thought of -- I certainly agree that moving the troops from Seoul south to another location so they're not right in the heart of the city has been under consideration. I assume that may be part of the overall restructuring there. But perhaps, Secretary Rumsfeld and General Myers, you might be able to share your thoughts on this.

SEC. RUMSFELD: I'll be very brief. The deterrent will not be weakened in any way. It is a mistake, in my view, to equate numbers with lethality and capability. Speed, agility and precision are enormously important, more important than numbers, simply counting up numbers of people or numbers of bombs or numbers of something else, and we're going to have to get our thinking adjusted to that.

The process will take place over time. It's been 50 years since the end of the Korean War. South Korea is vastly more powerful and more capable from an economic standpoint than the North. We are in a process that General LaPorte has been undertaking of transferring responsibilities to the South Korean military. They're accepting those responsibilities. We are rearranging our forces on the peninsula and we are adding capability that costs money, that adds lethality, that is not trivial. And the suggestion that that deterrent will be weakened in my view is inaccurate, and I'd like General Myers to comment on it.

GEN. MYERS: Well, I'll just add to that.

The South Korean armed forces, they have 560,000 people on active duty. They have 4 million -- 4 million -- in reserve. We're going to make a modest change in our force structure there by a fraction, a small fraction, of those numbers. But it really does come down to capability. It comes down to the speed, agility and precision, as the secretary said. It also comes down to our ability to command and control, to battle-manage our assets. Any comparison of the security situation in the South and our abilities to deter and dissuade the North should -- are unmistakable. Our deterrent posture will not change. If anything it's going to get better over time. It was just a couple of years ago, this committee, we were considering a paucity of precision-guided weapons. Through your action, you know, our coffers are pretty full, and it was only a couple years ago when the commander of U.S. Forces Korea and Combined Forces Command worried about not having those precision weapons.

Today, I mean, just a couple of years, that situation has changed dramatically, where it is the bedrock of his war planning. So there should be not mistake I think on anybody's part that actually our capability is increasing day by day. It's also important that the Republic of Korea take the steps necessary to assume those missions, to gain that capability so they can be, with their resources, with these tremendous numbers in their armed forces, prepared -- better prepared and continue to evolve too. So it's not an issue of numbers. It's an issue of capability in their case as well.

So we're working this really, really hard. I -- you know, we've talked about this with the Joint Chiefs. We've talked about it with the combatant commanders. There is nobody currently responsible for this part of the world, or for that matter anywhere in the world, that thinks this is going to diminish our capability to deter, dissuade or influence North Korea. In fact, we think it's all for the better for all the reasons, Senator Nelson, some of which you stated and some of which we've stated here.

SEC. RUMSFELD: I must add that the force adjustments on the Korean Peninsula have absolutely nothing to do with the four or five or six party talks with the North Koreans with respect to their nuclear activities. They know it. We know it. The other participants know it.

SEN. BEN NELSON: Do you think that the North Koreans understand that exactly, with such an isolated position that they hold in the world and totally an insular government, as I understand it?

SEC. RUMSFELD: I guess let me rephrase -- let me answer this question: I absolutely do not think that there's any risk that the North Koreans are going to misunderstand the military -- combined military capability, yesterday, today and tomorrow, of South Korea and the United States of America.

SEN. BEN NELSON: And our resolution to stay and support that republic?

SEC. RUMSFELD: Absolutely.

SEN. WARNER: Thank you, Senator.

SEN. BEN NELSON: Thank you. SEN. WARNER: Senator Dole.

SEN. ELIZABETH DOLE (R-NC): Gentlemen, there are no shortages of proposals to reorganize the intelligence community. A spectrum of ideas can be found in the recommendations advanced by the 9/11 commission, the administration, the Scowcroft commission, numerous legislative efforts and the proposals by distinguished individuals such as Secretary Hamre, whom we heard from yesterday, Bob Gates, to name a few.

Now, these proposals, all well intentioned, are worthy attempts to achieve unity of effort in our intelligence community and enhance our national security. The diversity among these numerous proposals affects the operations of numerous governmental departments and agencies, as we all know, all of which fall under the jurisdiction of multiple congressional committees. As a result, attaining a comprehensive assessment and comparison of these proposals has been elusive at best. The testimony and subsequent debate that we heard yesterday in our hearing illuminated numerous concerns about intelligence reform as well as the merits of reform. The assessments span the spectrum.

Secretary Hamre noted that connecting the dots and avoiding "group think" are in tension with each other. Implementing an organizational solution to just one of the problems will worsen the other.

The 9/11 commission suggested that we as lawmakers look ourselves in the mirror.

I touched on this point in yesterday's hearing. There are those who have called congressional oversight lax, uneven and even dysfunctional. Problems raised include overlapping jurisdiction and turf battles.

Now, as a freshman senator, I don't claim to be an expert in congressional oversight, but as a veteran of a number of different branches of government -- perhaps as much as 35 years in the executive branch -- I do have concerns with some proposals that have been made, and I believe rushing to judgment on implementing them would be a mistake.

The Department of Homeland Security serves as a perfect example. While we've been at war, Secretary Tom Ridge and his top deputies have testified at 290 hearings in the past year and a half. They've received more than 4,000 letters from Congress requesting information. Furthermore, 88 committees and subcommittees assert jurisdictional interest over this department. I'm not sure how many committees would have jurisdiction over a national intelligence director, but I imagine it would be more than a few. A back of the envelope survey suggests at least seven full committees just in the Senate.

Dr. Lowell Wood of Stanford University I think made a key point, and I want to quote at length from him.

"Only when the Congress makes major changes in its own ways of doing business in any area does the rest of the government take note and begin to believe that it's really serious about the corresponding change and that things indeed must change. Really big changes are needed in the nation's strategic intelligence functions, and just tinkering with executive structures and titles and organizational arrangements and locations is a 'fooling some of the people some of the time' type of solution; it surely won't fool, even for a moment, the hard-eyed types that infest the mean streets of the present-day world. Instead, the Congress must significantly change itself as well as the executive. Difficult though this may be, anything less simply fails to rise to the demands of the present challenge posed to America."

I spoke last week with former director of Central Intelligence, Bob Gates, who advised against the temptation to find a middle road, a compromise that mitigates controversy and unhappiness both in the executive and legislative branches but does not solve the problems identified by the 9/11 commission. Secretary Rumsfeld, Henry Kissinger has called for a pause for reflection to distill the various proposals into a coherent concept. A small group of men and women with high level experience in government could be assigned this task with a short deadline.

In your opinion, Secretary Rumsfeld, how does the current committee structure in Congress have to be reformed in order to be able to deal with a massive intelligence overhaul without running into jurisdictional issues and turf wars? And based on your experience, do you feel that Dr. Kissinger's proposal for an outside panel of experts -- elder statesmen, let's say -- should be considered for implementing the commission's recommendations?

And I'd like to ask just this one question, or these two questions, of each of you on the panel please.

SEC. RUMSFELD: Senator Dole, thank you.

With respect to the last question, I have not seen the specific recommendation that Dr. Kissinger made, but I have been, in effect, doing that, inviting in outside experts, senior people, elder statesmen, to use your phrase, because I value their thoughts and their ideas.

And I've had in Secretary Cohen and Secretary Brown. And Dr. Kissinger I've talked to about these things, and any number of other people, from both parties.

I think it's a useful thing for this committee to do. Whether it ought to be formalized, I guess, is for others to decide.

With respect to your question on the Congress, I guess -- I haven't served in Congress for 35 or 40 years. So I don't think I'm really current. Further, I guess it's really none of my business, technically.

On the other hand, I appreciate the invitation --

SEN. WARNER: But don't feel any constraints! Go ahead and let us have it.

SEC. RUMSFELD: I appreciate the invitation. (Chuckles.)

(Soft laughter.)

It is a problem. Let me first look at it in a macro sense. We're conducting a global war on terror with peacetime constraints, in large part. If you think of the different circumstances we can be in, we can be at peace; we can be in a partial emergency situation, where we have partial authorities; you could be over in full mobilization; you could be in a declared war. And the authorities that the Congress delegates to the executive branch changes. They change, depending on which circumstance we're in.

What is the global war on terror? Where does it fit across that spectrum? How ought we to be arranged for this period, which could be a long, tough period, a dangerous period, in the 21st century, where technologies have evolved, where things move faster, and that would be a very useful thing for Congress to address. And I think it could be done usefully, and I think it could be -- significantly inform what we do, so we could look at it in a macro sense, rather than each little piece. Do we need better contracting authorities in a crisis? Ought the Department of Defense to be -- ought we to be able to do more with respect to training and equipping foreign forces, so we can use them instead of our forces when it costs a fraction as much?

And yet we're all tangled up in that issue for three years now. We weren't able to do the training and equipping for the Afghan army after the war. We had to go around tin-cupping the world. So there's -- this is a big issue. It's an important issue.

Now with respect to the committee's situation, sure. I mean, I'm not an intelligence expert, and I don't have to testify on intelligence matters, normally. But if we're worried about keeping a secret, if we're worried about congressional oversight and assuring that the Congress has a full role in a fast-moving world, I would think that smaller committees or a joint committee on intelligence might very well serve

that need better. I would think that -- it's none of my business again, but the idea that there is a -- people are -- who get expert on intelligence have to leave the committee, as I understand it, on a rotating basis -- maybe that's a good idea. Maybe it isn't a good idea.

And I think there are things that Congress can do. And clearly, you mentioned the homeland security situation and the multiplicity of committees.

Dr. Cambone, I think, and John McLaughlin mentioned the number of committees that have to approve reprogramming. If we're building a budget one year, getting it approved the next, and not implementing it till the third year, the idea that you have to spend four or five months trying to get a change in a budget that you know you're going to need changes in is mindless in the 21st century. We've got to fix that.

SEN. WARNER: Dr. McLaughlin.

SEN. DOLE: Thank you.

MR. MCLAUGHLIN: Senator, those are really important questions, and I welcome the chance to comment on them.

First, for the intelligence community, and CIA in particular, engagement with the Congress is very important. In 2003, we had something like 1,200 separate meetings with Congress. These weren't with committees. Now, some were with committees, but I'm including in that count briefings to individual members and so forth. In 2004, the number's up to about 780. And I'm not complaining. This is important to us.

It's important to us for a number of reasons, those kinds of meetings plus oversight. With the military, the military is connected to the American people in a variety of ways. So many people serve in the military. Every town has a recruitment station. People understand the military. People don't understand intelligence, generally. We don't have a natural constituency. And so our oversight process is the thing that really ties us to the American people in very important ways. So let me say that I start as a strong supporter of oversight and believe it's essential, actually, to the health of this community.

Now I wouldn't make any recommendations about committee structure, one, two or more. At present we typically report to about six committees when we do our budget, and I think you know which ones they are.

I would comment a little bit about the way oversight works. I think the words to me that are most important if I were characterizing the ideal oversight situation, the two words I would use would be "continuous" and "constructive." In other words, oversight has tended to focus, I think, very heavily on our faults and our mistakes. And I would not ask that it do, you know, anything less on those issues. In other words, when we make an error, when we make a mistake, it needs to be brought forward and we need to address it with our oversight committees.

I think there is more scope for what I would call the constructive -- that's constructive in its own way --

but for a different kind of oversight that also includes frequent engagement with us on issues of the day. Oversight committees ought to have more hearings on things like what's going on in China, what's going on in Iran, exploring the issue. Oversight committees also ought to look more carefully at our successes; not to give us a pat on the back, but to learn from why we've succeeded somewhere.

How is it that we took down the A.Q. Khan network? How did that happen? How is it that we have captured so many leading figures in al Qaeda since 9/11? How did that happen?

Now it isn't just an academic question because embedded in the "how did it happen" is what do we need to do more of that? And my own view is, in my own experience, not enough of that goes on in the oversight process. So I would just stop there.

SEN. WARNER: Thank you. I must interrupt a minute if I may.

SEN. DOLE: Than you for excellent comments.

SEN. WARNER: This panel has to be at the White House at promptly 2:30. We have five, six senators that have yet to have their opportunity.

So I thank you, Senator, and I thank you, Dr. McLaughlin. You may extend your remarks for the purpose of the record voluminously if you so desire.

MR. MCLAUGHLIN: I was finished.

SEN. WARNER: Thank you.

Senator Dayton.

SEN. MARK DAYTON (D-MN): Thank you, Mr. Chairman, gentlemen.

Mr. Secretary, the 9/11 commission report -- I'm quoting here on page 43 -- states, "In most cases, the chain of command authorizing the use of force runs from the president to the secretary of Defense, from the secretary to the combatant commander." President Bush, because of -- by his account and others, communications problems on board Air Force One that morning -- was having difficulty establishing communication with the vice president on a consistent basis. The commission goes on to say here that the president spoke with you for the first time shortly after 10:00, which would have been almost two hours after the first hijacking began. No one can recall the content of this conversation, but it was a brief call in which the subject of the shoot-down of these incoming hijacked planes authority was not discussed.

At 10:39 the vice president updated you on the air threat. The vice president was understandably under the belief that, since he had communicated twice -- possibly three times, according to this report -- through a military aide to NORAD, the authority from the president to shoot down an incoming plane that did not detour that was the instruction that had been passed on. The NORAD commander told the commission -- both the mission commander and the senior weapons director of NORAD indicated -- and

I'm quoting again the commission report -- they "did not pass the order to the fighters circling Washington and New York because they were unsure how the pilots would or should proceed with this guidance." What is the necessary chain of command to be established so that an order directed from the president verbally from the vice president to NORAD is carried out -- or is communicated, I should say, to those who must carry it out?

SEC. RUMSFELD: Dick Myers and Dr. Cambone were with me that day. The way you've stated it is not the way I recall it, the two-hour figure you used. My recollection is the first tower was hit sometime around 8:46 I think.

SEN. DAYTON: Sorry, sir. I said the first hijacking commenced at 8:14.

SEC. RUMSFELD: Oh, the first hijacking. I beg your pardon.

SEN. DAYTON: You're right, though. About an hour and a half after the first plane struck.

SEC. RUMSFELD: I think the way to respond to this, Senator, is as follows. Under the way the national security arrangement is and was -- should say was -- the responsibility of the Department of Defense was essentially to defend our country from external threats.

Indeed, the responsibility for internal threats, which is obviously what was taking place on September 11th, not an external threat -- it was from within the country -- was the responsibility of the Federal Bureau of Investigation and, in the case of a hijacked aircraft, the Federal Aviation Administration.

And the responsibilities of the Department of Defense for -- was as a supporter (sic) of an attack on our country, in the event we were asked. But the Congress and the country has for many decades kept the Department of Defense out of the law enforcement business, out of the crime business, out of internal law enforcement issues under the Posse Comitatus Act.

So the Department of Defense was oriented externally. Our radars were pointing out, not in. And the FAA was the one that then had the responsibility to say there's a hijack and then ask the Department of Defense, "Say, will you track and report on that hijacking?" The hijacking traditionally being a situation where a plane is taken for the purpose of going someplace and then getting some political advantage for it, not flying it into a building.

So the way you characterized the chain of command is correct, from the president to the secretary of Defense to the combatant commander. But it applied to things from external threats, not the responsibility of the FBI or the FAA.

SEN. DAYTON: I respect, sir, that the circumstances that morning were very different from what anybody had foreseen. Given, however, that the vice president at that point, from the command control bunker of the White House, was communicating -- again, I'm using the 9/11 commission report's information here -- is communicating via a military aide to NORAD the president's verbal authority to shoot down a plane, and that information is not -- that instruction is not communicated then to the fighter

pilots circling the United States' capital and New York City, is that the way it's supposed to function? Will that -- would that happen again if we were to be surprised again today?

SEC. RUMSFELD: I'm going to ask General Myers to add to this, but the answer is of course not. Since that day, a great many adjustments and changes have been made. And we have various types of fighter aircraft on alert. We have a -- established a(n) assistant secretary for Homeland Security in the Department of Defense. We have established a Northern Command that never existed, for the Department of Defense, to be addressing the homeland security issues from a Defense Department standpoint. We have a new Department of Homeland Security that exists. There are just a dozen things that are different.

The way to stop airplanes is clearly from the ground. That is to say -- to have air marshals and to have reinforced doors and to have baggage inspections and to not allow terrorists on aircraft, that they can then take that aircraft and fly it into a building.

Now, as a last resort, is it possible that we could shoot down an aircraft in the event that it was necessary? Yes, it's possible. Airplanes fly right past the Pentagon every, you know, five minutes, and what it takes is simply to lower your nose and go into something. Could we stop that? No. I mean, the fact of the matter is that with all the airplanes flying around in the skies, it is not possible to do it in many instances. We do spend a lot of money and a lot of effort to try to stop it, both from the ground and from the air. And so the answer to your question is yes, a great deal has changed.

SEN. DAYTON: And my time has expired. Mr. Chairman, if I may, just ask --

SEN. WARNER: (Off mike.) Let's have General Myers' reply.

SEN. DAYTON: May I ask him also --

GEN. MYERS: Yes, sir.

SEN. WARNER: Go ahead, Senator --

GEN. MYERS: Senator Dayton, I would just add to the secretary's remarks that now that NORAD is focused inward as well as externally that there are rules of engagement that have been promulgated that are well understood -- in a classified session or outside this room we could talk about that if you want to. But they're very well understood up and down the chain of command, and it's practiced on a -- it's practiced all the time. And clearly we're talking about some very serious issues here, as the secretary said.

It also involves ground defenses, not just air defenses. But the rules of engagement, the command and control structure that's set in there, is completely different because the mission for NORAD changed after 9/11, and no longer were they asked to look just externally but also internally. And the relationship between NORAD and the Federal Aviation Administration has also changed dramatically, and we've worked those arrangements where we have, I think, very good communications today. And I talked to



General Eberhardt today about that particular issue and he certainly agrees.

SEN. DAYTON: Mr. Chairman, if I may just ask that -- respond also, Mr. Chairman, if you would, to -- in writing -- to the -- I think it's inference but it's also really an explicit accusation made in the substance of the report on -- particularly page 34 -- that NORAD's testimony 20 months after 9/11 to the 9/11 commission about the sequence of events, particularly the failure of the FAA to inform NORAD on a timely basis of three of the four hijackings, was inaccurate.

The statement made by NORAD publicly one week after 9/11 was very similar to that testimony made 20 months later -- was also inaccurate, seriously misleading anybody trying to assess the response and non-response that day in a way that I think is far more alarming about FAA's failure -- proper response -- than NORAD's. But I -- if you would please review that testimony and see, because I don't believe anybody has held those discrepancies -- anyone to account for those discrepancies -- that I consider them to be more than just oversights; I think they're serious misrepresentations of the facts. Thank you.

Thank you, Mr. Chairman.

SEN. WARNER: Thank you.

GEN. MYERS: Can I make just a comment on that, Senator Dayton? I'll liken this to an accident investigation board when an aircraft crashes. I've been reviewing officials at the table at many of those.

And normally what happens -- when an incident happens, there is the first report, which has some accuracies and many inaccuracies. And so statements, what people believe happened immediately afterwards and in the next week or two weeks is what they believe. But as they continue to harvest the facts, and as we go to machines to record things like aircraft recorders, like radarscoped recorders and so forth, you know, the facts become clearer. And what people thought they saw or thought they understood or thought they heard changes over time, and that's the nature of these kind of investigations.

So I think NORAD would be the first to say that because of the access that the 9/11 commission had to certain parts of this apparatus that was collecting this data that it sharpened their focus, too, and things they thought happened turned out to be either different or incomplete. And it took a lot of work and a lot of months to come to, you know, what was ground truth. The same thing is true in accident investigations. It takes us sometimes many months to come to ground truth, and what people thought they heard, what they thought they saw will be changed as they review the facts, and I think that's the case.

I've talked to General Eberhardt about this. I do not know what the motivation of NORAD would be to ever lie or deceive. I mean, that's not what they're pledged to do. They're pledged to do the same thing we all are in uniform, and that's defend this country. And I would take exception to anybody who thinks that they had any other motive.

SEN. WARNER: Thank you very much, General.

Senator Cornyn.

SEN. DAYTON: I would just say, Mr. Chairman, this is 20 months -- this sworn testimony to the commission 20 months after the event I think is worthy of your scrutiny, please. And furthermore because -- and I bring this up not just for historical reasons -- two months ago -- and if you have a chance to review the circumstances of the plane that caused the evacuation of the Capitol complex with thousands of people running for their lives here, being informed to do so by the Capitol Police because of, again, a failure of the FAA. And it's almost entirely, based on the evidence I have, their failure to communicate just basic information to air defense, to anyone else, including the Capitol Police, that we had a situation there. The closest simulation I think we could possibly have, because people thought it was a real threat until they found out otherwise, that we could have. And here, two-and-a-half years after 9/11 has occurred, we find basically again a complete breakdown of communication by the federal authorities; and again, primarily FAA, but to national defense command and to others so that we don't have a response.

And you know, we talk about things not changing as a result of 9/11. This to me is the most horrific example that I can imagine. And if we don't deal with the fact that we failed now a second time on the basic elements of communication and following protocols and procedures --

SEN. WARNER: Senator, I have to thank you.

SEN. DAYTON: No, sir, I've waited, sir, for three and four hours here and I just want to finish.

SEN. WARNER: Yeah, but you're going to cut out the time of other senators to be able to ask a single question.

SEN. DAYTON: That's right, yes, as I have waited a long time, sir.

SEN. WARNER: I'd ask your indulgence to supply it for the record, please, so that I can turn to --

SEN. DAYTON: Before 9/11 happens again, I ask that we review that evidence.

SEN. WARNER: (I you'd ?) -- take care --

SEN. DAYTON: Thank you.

GEN. MYERS: Senator Dayton, I'll respond to that for the record if I may, Mr. Chairman.

SEN. WARNER: I'm going to have to ask respectfully that you abide -- this is an important colloquy, but I've had senators waiting just as long.

Senator Cornyn, it is your time.

Please reply for the record, General.

SEN. JOHN CORNYN (R-TX): Undoubtedly, the 9/11 commission has performed an important public service, but by definition their focus was on the causes of that terrible event on that terrible day.

And I think we should all be chastened by some of the testimony we've already heard here today that any solution should logically flow from the problem that has been identified, or I believe, Director McLaughlin, you said the form ought to follow the function. I think that's good advice.

But it seems to me that a number of the solutions are directed toward preventing another 9/11: for example, the National Counterterrorism Center, perhaps something that's been described as "TTIC on steroids"; the congressional oversight reform, which I think is an important subject and which it's been touched on a little bit today.

But I guess the question I have really relates to the national intelligence director, because it seems to me that in some ways what we are doing is creating a position and then trying to find things for that person to do, which to me seems like the opposite of how we ought to address it, because I do believe that we ought to let the form follow the function, or the solution logically flow from the problems that have been identified. Which leads me to the question, Director McLaughlin, specifically.

You alluded to a number of things that have happened since 9/11 which have made America safer -- passage of the Patriot Act, tearing down the wall between law enforcement and intelligence authorities, creation of the Department of Homeland Security, creation of the Terrorist Threat Integration Center. But could you tell us, sir, today what additional authority could this Congress provide to you as the director of Central Intelligence, or to the national intelligence director, that would make this country safer and which would be more likely to prevent another 9/11?

MR. MCLAUGHLIN: Well, I think, you know, I would start by the things that, from where I sit, I need most at this point in the fight against terrorism. And the first thing I would say is that I need more experienced people. We've done a lot since 9/11 and in the last five or six years to build up our staff that is on the front line against terrorism, but we need still more people and we need them with experience.

The second thing I need in order to get that is still more time, in the sense that you don't produce those kinds of people overnight; they've got to be in the pipeline, they've got to be training, they've got to be in the field, they've got to learn their business. So, as much as we have improved, there's still a ways to go on that score. Looking through the 9/11 recommendations, the things that jump out at me as things that would most improve our counterterrorism posture are things like a common intelligence -- common information technology architecture for the intelligence community. At the end of the day, sharing intelligence, sharing information means moving information. I think counterterrorism, at the end of the day, is -- apart from the people who fight terrorists, is all about fusing information. It's about taking the information you get from some highway patrolman in Indiana, some agent of yours in the Middle East, an overhead satellite, an intercepted!

conversation, and having that all come together on a desk somewhere where someone looks at it and says, "I see connections that I didn't see before."

So that means putting people together, as we have in TTIC, and to the extent that if you walk through

TTIC now you would see that the thing they probably most need to deal with the 26 networks that flow into that place is a common information architecture to merge them all together so that every individual has all of that information popping up on their screen every day.

Now the -- I should be brief here, but the other thing is if you want to look at these recommendations and you wanted to pick out something that would make a difference, I think a separate budget appropriation for the NFIP, for the National Foreign Intelligence Program, would make a difference; that is, separating that out so that it would have, just by virtue of its separation, fewer congressional committees to go through. It would make a lot of things simpler.

I could go on, but those are sort of the first things that occur to me.

SEN. CORNYN: I know all of us are interested in improving our intelligence outputs, and I hope we just don't look at budgetary inputs and minutiae like that when we really need to be focusing on how do we improve our intelligence and not do anything that would harm what we currently have, or the improvements that have occurred since 9/11, and perhaps other unintended results that would be detrimental to the security of our --

MR. MCLAUGHLIN: That's why I say the fusion of data is most important; if you bring it together and you see the picture and then you have the ability to act on it as we must, literally within minutes, transmitting a picture that we've developed to someone in the field who takes action. Anything that helps that fusion and transmission is critical.

SEN. CORNYN: Thank you. My time is up.

SEN. WARNER: Thank you, Senator, for your courtesy.

Senator Bayh.

SEN. EVAN BAYH (D-IN): Thank you, Mr. Chairman.

Gentlemen, thank you for your service to our country. I deeply appreciate your grappling with these tremendously important issues. I know they're not easy. And while we want to move with as much haste as possible, it is important that we get it right. So I thank you for your dedication to that.

It seems that we, Mr. Chairman, have all gathered here for the same purpose; we may have different ways of getting to the goal, but it's to try and prevent a future 9/11. And it seems to me that our ability to accomplish that objective is going to depend upon how well we grapple with the profound change that has swept the world since over the last 50 to 60 years when the intelligence community was first organized, and particularly in the last 15 to 20: rogue nations, collapsed states, not-state actors, proliferation of weapons of mass death that are difficult to contemplate.

And my concern, gentlemen, is that, you know, in the private sector there is an engine for change. It's the bottom line. You either succeed or you perish. And that's fought each and every day. In the government

side of things, you don't have quite the same impetus to stay up with the changing times, and so governments adapt more slowly. It sometimes takes a great shock as we have experienced to serve as the impetus for the kind of change that is necessary.

And so I think while we want to make sure we get it right, at the same time I hope we can think big and use this as an -- not just as a challenge to be met, but as an opportunity to perhaps make some of the changes that in government are too often too long in the coming.

And I am somewhat concerned -- not by what you've said here today, but just sort of general drift of events -- that perhaps we have let the moment pass, that the momentum for constructive change has been dissipating, that perhaps the bureaucratic and congressional inertia is reasserting itself. I hope that's not the case. But I am somewhat concerned.

So I have one question, Mr. McLaughlin, for you and then two observations that I'd like to make before my time expires.

My question, Mr. McLaughlin, is a follow-up on something that Senator Collins first raised. I'd like to ask it in a little bit different way. And that is, the comment's been made by members of the committee and the panelists here today that we're at war. That is undeniably true; we are at war.

This observation was, I think, first made by a previous DCI, Mr. McLaughlin, even before 9/11, when Mr. Tenet observed that Osama bin Laden has declared war on us, and we are at war on -- with him. And he sought to mobilize the resources of the community, but in the opinion of the 9/11 commission, apparently the message wasn't received or internalized by enough people. And I think the head of the NSA -- when I asked about that statement, his response was he wasn't aware that the DCI had declared war on al Qaeda.

My question to you -- you know, George Tenet was not a wallflower. I mean, he was a fairly strong personality. I can't think that he didn't make his wishes known. What powers did he lack to put into effect the notion that we were at war and that we needed to mobilize ourselves as if we were at war and act as though we were at war? What powers does the DCI lack that prevented him from acting upon his observation --

MR. MCLAUGHLIN: Well, it's a --

SEN. BAYH: -- or getting others to act upon his observations?

MR. MCLAUGHLIN: Yeah. It's a complicated question and a complicated answer, but I'll be brief.

I think the 9/11 commission probably underrated to some degree the responsiveness that we saw. That said, it probably wasn't all that it should have been. There are many reasons for this. Part of them may lie in authorities. Inevitably, if a director has authority to move people and money and individuals, rather than relying on the power of persuasion and the force of personality that you allude to, the director can do more things more rapidly.

The TTIC's a good example. I was able to put 60 people in TTIC overnight, because they were my people. I took them right out of CIA and put them there. A week after I said, "Go," they were going.

So there's a directness of authority that improves things. Now that's --

SEN. BAYH: But can I -- I don't want to cut you short; forgive me. Let me kind of cut to the chase here. We had a long set of discussions about the whole budget issue --

MR. MCLAUGHLIN: Yeah.

SEN. BAYH: -- which is one of the things we need to -- and I understand the administration's grappling with that.

In your opinion, if there had been a different alignment of budgetary authority, as has been suggested by the commission and the DCI, would have -- it have elicited a different response?

MR. MCLAUGHLIN: Well, if it would have hastened and made more direct the director's ability to put people together and determine what they were doing day in and day out, yes, it would have made a difference. And I suspect it would have.

SEN. BAYH: Let me follow up on --

MR. MCLAUGHLIN: There are other things in the climate.

I just need to say, though, that it isn't just -- in that time it wasn't just budget authority; it was that, for lack of a better term, the crystallizing event of 9/11 had not happened. I mean, even in the summer of 2001, when we had high threat warning, it was still difficult not just for people in the United States, but for our liaison partners, our intelligence partners overseas, to digest the seriousness of it. Once that event occurred, as I said in my testimony, everything changed and the limited authorities we had were more effective. So that's part of it, too.

SEN. BAYH: We all see the world differently following 9/11 than before, but it did strike me that it was with some remarkable clairvoyance that he announced we were at war.

MR. MCLAUGHLIN: Well, and he said it in worldwide threat testimonies in 1998, 1999, and --

SEN. BAYH: My two observations, and then my time has expired, are as follows.

First, Mr. McLaughlin, you said that -- I think you asked -- you said the most important question we need to keep in mind is who will we hold responsible? I think that's right, but I would disagree with you when you said, you know, today it's the DCI. From my point of view, if we were to ask those who are responsible to appear before us today, it would be three or four individuals. Although you have the authority, you have mentioned that actually enforcing the authority is sometimes difficult. It takes the force of personality working collegially, those kinds of things. There may be other issues there. It seems

to me today the person we hold responsible is the commander in chief, the president of the United States, and I wonder if that situation serves him or the nation well; and that regardless of how we come down -- whether it's a DCI with more authority, a NID without -- a super-empowered NID, a NID that's just simply serving a coordinating function -- we do!

need to try as much as we can to answer that question, who do we hold responsible. In some ways I think you were being a little tough on yourself.

And my final observation, Mr. Secretary, deals with something you mentioned. I said to Senator Lieberman -- he left the room and he said he thought the dog hadn't barked. I said, "You missed the secretary's enthusiasm for the subject of congressional reform. That certainly energized his testimony." And my comment simply would be it's something that I think is absolutely appropriate. I hope that the Congress -- Congress' zeal for reform will involve as much a look in the mirror as it does a scrutiny of what you do because from my vantage point we take up a lot of your time, and yet our oversight is more the appearance of oversight than efficient oversight in fact. And so I hope that meaningful congressional reform will be a part of this agenda. I think we will all know it has arrived when some of us had been willing to cede some of our authority for the cause of reform as much as it is asking you to look at what you do and perhaps cede some of yours.

Thank you, gentlemen.

SEC. RUMSFELD: I do, Senator -- very briefly, thank you very much, Senator. Anyone in positions of responsibility who's lived through September 11th feels an enormous sense of urgency, and do not think for a minute that that sense of urgency is not there. It is, and we are determined to continue to force this system to perform better for the American people and the country.

A second comment. You said who's accountable, and I think it's important to say, "Who's accountable for what?" Because there's a tendency to equate counterterrorism -- you said we're here to avoid another September 11th.

That's true, to be sure, but we're dealing with the entire intelligence community, and the entire intelligence community has tasks well beyond counterterrorism. We've got counterproliferation. We have intelligence for the warfighter. There are tasks of deterring and defending, and if necessary, fighting for this country that the intelligence community contributes to all of that. And we ought not to think that the task before us is to redesign the intelligence community to fit one of the many important functions that it has.

SEN. WARNER: Thank you very much. Senator Talent.

SEN. JAMES TALENT (R-MO): Thanks, Mr. Chairman. And the last -- Senator Bayh's comments and the secretary's comments are a good segue for me into my areas of interest. First of all, empowering the DCI, I'm glad Senator Bayh said what I've been thinking the whole hearing. The president can empower the DCI any time he wants to to move budgets around or personnel around, isn't that right, Mr. McLaughlin?

MR. MCLAUGHLIN: Well, there is a statute that determines all of that.

SEN. TALENT: Within the limits of the statute.

MR. MCLAUGHLIN: (Inaudible) -- the legislative requirements I think.

SEN. TALENT: Yeah. And I don't know that I want DCIs to be declaring war on anything on their own authority under this system or a new system. I mean, I thought that's what the president did and Congress did.

Now let me go into the whole issue -- and I'm going to focus on one thing, given the lack of time, but on the national intelligence director proposal, and particularly with regard to those aspects of the intelligence community that today support warfighters, which Secretary Rumsfeld mentioned.

If the Congress created a directorate, as has been proposed, and gave the director authority over budgets and personnel, and that director decided that too much of the NSAs or the NGA's or the NRO's resources were going to support combat operations on the ground, and wanted to draw resources away, under that scenario I've painted, who could overrule that decision? If we empowered him with control over budgets and personnel, I mean, by definition, the only person would be the president, right? He'd be effectively a Cabinet-level officer acting on behalf of the agencies in his department.

MR. MCLAUGHLIN: Yes, that's correct. I would say though that it's very difficult for me to imagine circumstances in which anyone who heads the intelligence community would arrive at the conclusion you just arrived at. For example, I understand that in the case of those agencies, NGA, NSA and so forth, I think there's a -- the chairman will correct me if I'm wrong -- I think there's a biannual review of their combat readiness or their readiness to support combat. That would have to continue. I would recommend that whoever has this authority, that would have to continue. So I just can't imagine circumstances where someone would take away from that capability.

SEN. TALENT: So, it's -- and I've heard this repeatedly, we can't imagine the circumstances where we give somebody a power, and he would not exercise it in a way that we don't agree with. Maybe that would be the case in the next six months or the next year, but we don't know what's going to happen two or three or four years from now, and probably, this director's going to be somebody who comes from the civilian intelligence community, comes from somebody who's interested in covert operations or nonproliferation or domestic surveillance. I'm not trying to argue with you, Mr. Director. I'm trying to air my concerns here. And the only person I think could overrule him would be the president, and where is the president under this scenario I've painted getting his view of intelligence and intelligence priorities? From this person.

So the president's hearing -- and because we don't want him to hear a whole lot of different views, he's getting one view from this director, who then says, after presenting it, "Mr. President, I really think we need to take some of these resources and personnel away from combat support operations, because that's okay right now, and we need to put it into the counterintelligence. And if we don't, we can't prevent another 9/11," what's the president going to do?



Or under the current system, this committee would have something to say about it because we have jurisdiction over the activities of the armed services. But if we followed through with the recommendations and turned all congressional jurisdiction over to one committee, and who would they be hearing from?

Who would they be getting their intelligence information from? This one person. And we're all presenting this as if this can't possibly happen. I mean, let's think back at people who have run intelligence agencies and who have acquired a great deal of power over time, or at least over their particular areas. I think we're rushing, as Secretary Schlesinger said yesterday before the committee. We're rushing, you know -- that fools rush in where angels fear to tread.

And you say near the end, Mr. McLaughlin, you say you'd also see more progress by a DCI or NID on things like common policies for personnel, training, security and information technology. Well, the NSA, the NGA, the NRO, their personnel and training policies and certainly their information technologies -- designed to be compatible with what's going on in the rest of the department that they support. Isn't that correct?

MR. MCLAUGHLIN: For the most part.

SEN. TALENT: Yeah. And so --

MR. MCLAUGHLIN: (They ?) also support other departments.

SEN. TALENT: I get you, but -- so we could have a director of the NID who says, "Well" -- says, "I'm not so sure I agree with how the Army's setting up the architecture for future combat systems. And I don't know that I want our satellite technology to fit in exactly with that." And then if he decided that, who'd be in a position to tell him he was wrong?

MR. MCLAUGHLIN: Well, I also said in my testimony -- and bear in mind now, it's important --

SEN. TALENT: I didn't say -- you're not --

MR. MCLAUGHLIN: No, but it's important to step back --

SEN. TALENT: I'm deliberately using you as sort of a sounding board for -- these are my concerns.

MR. MCLAUGHLIN: Well, it's important to step back here and say, you know, the intelligence community didn't raise this. We're all talking about it because it was raised by the 9/11 commission, and you need our professional judgment on what would happen if you did what the commission recommends. And that's just to get that in context there. So my view would be, if you did what the commission recommended here, with the national intelligence director, you would need the assurance -- you raise a valid question -- you would need the assurance that that national intelligence director would not take away from the combat support capabilities of those agencies. You might need to have that assurance through an executive order. You might need to have it through legislation. But you would need that assurance, and

anyone who enacts this would need to build that into the system.

SEN. TALENT: Well, I appreciate your service and your testimony.

Mr. Chairman, I agree with something you said right at the outset of this. I mean, this is the committee -- it's been our responsibility and our privilege to make sure that our men and women in the field have what they need to defend us and for as many of them to come home as possible. And I know you and the ranking member take that very seriously, and I think we need to look at this with that in view. I mean, the one part of the intelligence operation that we all agree is working is the support of these agencies of tactical combat operations, and we don't want to break what isn't broken in an attempt to fix what is.

I thank you, Mr. Chairman.

SEN. WARNER: (Off mike) -- remarkable changes.

Senator Clinton. Thank you for your patience, Senator.

SENATOR HILLARY RODHAM CLINTON (D-NY): Oh, thank you, Mr. Chairman. And I thank you for holding these hearings. There are so many questions and so little time, and everyone has been here for so long. I would ask unanimous consent to submit some additional questions for the record.

SEN. WARNER: The record will remain open close of business today for further questions to the panel, by all members.

SEN. CLINTON: Thank you.

There are a number of questions that the 9/11 families have provided that I feel are very important and I want to submit them. Senator Dayton was able to ask a variety of questions about the activities on the day of 9/11, the chain of command, NORAD, et cetera. I think he will be furthering those, and I will add to them as well.

You know, I don't think any of us disagree with the very strong assumption that whatever we do cannot and should not in any way undermine the provision of intelligence to our warfighters and our combatant commanders.

But I think there is a concern -- on the part of not just the 9/11 families, but many people who have watched the interplay between the Department of Defense and the intelligence agencies and the provision of information to the commander in chief over a number years -- that at the end of the day, the Defense Department has an enormous amount of authority, both explicit and implicit, which it operates under and which it does use to influence how intelligence is not only collected and analyzed, but how it's used for decisionmaking.

So among the questions that the 9/11 families have asked me to pose to you, Secretary Rumsfeld, are the following.

Imagine for the sake of argument that there is an NID, as proposed by the 9/11 commission. What are the assurances that you would need in the legislation that would enable you to feel comfortable that the warfighters and combatant commanders were provided for and that the primary obligation of providing tactical intelligence was protected?

Secondly, with respect to tactical intelligence, I think it is important, as I said yesterday, that we not go into this assuming that everything is 100 percent perfect in the area of tactical intelligence. I think that would be a mistake. I think that there are questions that need to be raised, and among them are those that have been raised by officers who have testified before this committee, starting last spring, with respect to lessons learned. And in the 9/11 commission, pages 210 to 212, there is a description of the coordination problems between DOD and CIA that resulted in what they call a missed opportunity to use armed Predators to attack Osama bin Laden. There have also been questions raised with respect to the intelligence that was used or not used in the battle situation known as Tora Bora.

So I think that part of our obligation on this committee is not just to assume that everything DOD does has a level of perfection and we're only looking at the intelligence outside of DOD. And I know that inside DOD there are lots of after-action reports and lessons learned. And I think it's important that as we proceed with this inquiry as to how to reform intelligence, we have the advantage of your recommendations with respect to changes at the tactical level that could influence some of these decisions going up the chain.

And finally -- this is also directed to Assistant Secretary Cambone -- it is bewildering to me that there were pieces of information within DOD, within CIA, within FBI that were not shared. And that has nothing to do with budget authority, it has nothing to do with human intelligence capacity; it has to do with a breakdown somewhere in the chain that would have gotten information pushed to the top and shared among respective agencies.

If any of you can lend any light to the operational opportunities that were missed -- again, as set forth in the 9/11 commission on pages 355 and 356 -- I think for any of us who read this, it is very hard to understand how the FBI wouldn't be given information that the CIA had. And that continued with respect to Iraq. As I understand the problems with the so-called source Curve Ball, that information was not conveyed to the CIA as to the background of this individual, the reliability of his information.

So we can spend a lot of time talking about rearranging the boxes on the organization chart, but unless there is a fundamental commitment to the sharing of information at all levels -- you know, national, strategic, operational, tactical -- we're just spinning our wheels.

And finally, because I know you have to put in a lot of words before the time goes up, this whole question of secrecy is something that I think deserves a lot of attention.

My predecessor, the late Senator Moynihan, wrote a book called "Secrecy," which I'd commend to you because in it he raises some very interesting questions about what we need to keep secret and what we don't need to keep secret. And in fact we have overclassified a whole lot of information that, if not kept

secret, could have actually helped people at all levels of our government respond to situations that they were confronted by.

And it is, I think, a legitimate concern that we have to figure out how to keep secret what is worth keeping secret, but we have to quit this overclassifying and create almost an incentive for people to share information, and sometimes to, I think, very detrimental consequences, such as the outing of Valerie Plame and also the latest outrage, which was the revealing of Mr. Khan's name. I mean, I find those things just inexcusable and unbelievable. And it happens all the time.

So I think the whole question about secrecy, what should or shouldn't be classified, needs to be looked at, at the same time.

So having exhausted, I'm sure, my time, I'd appreciate any response that any of you might have to any of these points.

SEC. RUMSFELD: I'll leave the CIA/FBI piece to John McLaughlin.

But let me just say that you're exactly right that the problem of stovepiping and not sharing information is a serious one. It is addressed in this report by the 9/11 commission, properly. It's been addressed by the executive branch. It occurs not only between organizations, as you suggest, but within organizations.

And second, I'm familiar with Pat Moynihan's book on secrecy, and you're correct there, too. It is -- when you're dealing with these things every day, I very often ask: Why is this classified? And give me a declassified version that comes out almost the same.

And it is because, I suppose, people are busy. They want to be safe, not sorry. And there isn't -- there are -- there's a process always to review after some period of time. But the overclassification is, I agree -- is something that very properly ought to be addressed in a serious way. And we'd be happy to respond to some of the other questions and your comments for the record.

SEN. CLINTON: What about the issue of curveball, Dr. Cambone?

MR. MCLAUGHLIN: It probably is -- well, maybe Steve has a comment on it, but it's properly in my arena as well.

My sense looking back at that one was that the real problem, Senator Clinton, was the fact that we collectively -- the Defense Intelligence and CIA -- did not have direct access to that source, which generated over 100 technically -- seemingly solid reports from a technical basis, and I think that was the key thing that impeded our use of that source.

I don't know whether Steve has something to add on that or not.

SEN. WARNER: Thank you very much.

MR. MCLAUGHLIN: If I could --

SEN. WARNER: Yes, sir?

MR. MCLAUGHLIN: May I just answer one or two of your other points, Senator Clinton?

On the secrecy issue, I think this is a complicated question in our age, and particularly when it comes to terrorism. If you think about it, back in the Cold War or even prior to 9/11, the kind of secrets we had to go out and find were mostly in governments, ministries, Cabinets and so forth overseas. Today the enemy we're facing, particularly in terrorism, compartment secrets down to a handful of people in a cave somewhere. It's very well documented in the 9/11 report how few people knew about that.

So what I take from this is they use secrecy as a strategic weapon. It's a strategic weapon for them because it's an asymmetric -- asymmetrically it works against us because we don't keep secrets very well, and most of what we have to say, most of what -- it's all out there, and as the secretary said they go to school on us. So while I support a lot of what Senator Moynihan had to say, and I'm familiar with his book, I just think we do need to rethink the whole secrecy thing when we're going against terrorists.

And on the information-sharing, this is another complicated issue. And you know, we have to be careful not to point fingers on this because it is complicated. People have different memories of what was shared, what wasn't shared. We have -- CIA has some differences with the 9/11 commission on this point, particularly on the issue of sharing with FBI. We've pointed out to them that the original reporting, for example, on the two hijackers to the -- pointed out to the 9/11 commission that the original intelligence on them was available to a wide array of agencies, including FBI, CIA, NSA, State Department and so forth. And we pointed out to them that we made an association with the FBI between one of these hijackers and the Cole bomber, one of the Cole bombers, Khallad, in approximately December of 2000 I believe it was. For some reason, they didn't accept that and the report says what it does. That said, there were many instances where information wasn't shared!  
, but I just think it's been a bit overdrawn in the report.

SEN. WARNER: Thank you, Director McLaughlin.

Thank you, Senator Clinton.

Senator Graham.

SEN. LINDSEY GRAHAM (R-SC): Thank you, Mr. Chairman.

Mr. McLaughlin, I've heard the story often repeated that Zarqawi -- is that the way you say the person's name?

MR. MCLAUGHLIN: Abu Musaab al-Zarqawi, yeah.

SEN. GRAHAM: Did he go to Baghdad at any time to receive health care treatment?

MR. MCLAUGHLIN: We think he did.

SEN. GRAHAM: Okay. We think he went to Baghdad when Saddam Hussein was in power; is that correct?

MR. MCLAUGHLIN: Yes.

SEN. GRAHAM: One thing that I've learned from looking at this report very briefly is it tells us a lot about the past and some things about the present, but it also tells us about the future. And the one thing that I get from this report that I think we're overlooking a bit is that this war is going to go on a lot longer than any of us begin to realize.

And the report says the enemy is just not terrorism, it is the threat posed specifically by Islamist terrorism, by bin Laden and others who draw on a long tradition of extreme intolerance within a minority strain of Islam that does not distinguish politics from religion, and distorts both. The enemy is not Islam, the great world faith, but a perversion of Islam. The enemy goes beyond al Qaeda to include the radical ideological movement inspired in part by al Qaeda, that has spawned other terrorist groups and violence. Thus our strategy must match our means to two ends: dismantling the al Qaeda network and in the long term prevailing over the ideology that contributes to Islamist terrorism.

Do all of you agree that the American public needs to understand that for years to come, we will be at war with these groups? Is that a correct statement? Do you agree with the 9/11 commission's findings there?

MR. MCLAUGHLIN: I do.

SEN. GRAHAM: Having said that, the structural changes that we're debating here today are important to me. Now I've come away with one conclusion. If we're going to have a national intelligence director, they need to be the person -- he or she needs to be the person held accountable. And they need all the power, not part of the power. I came in here as a believer in that position; now I'm not so sure. The reason I'm not so sure is because the functions you just described that you currently have, if given to the national intelligence director, I don't know how you incorporate all those functions and at the same time give the president a variety of options and a variety of opinions. But having said all of that, my answer to you -- my question to you, Secretary Rumsfeld: The commission tells us that if we're going to win this war, we have to deny our enemy sanctuaries. Could you tell the committee, without disclosing any secret information, what countries, in y!

our opinion, are providing sanctuary to al Qaeda or terrorist groups like al Qaeda?

And what strategy do we have to dry that sanctuary up? (Pause.)

Secretary Rumsfeld?

SEC. RUMSFELD: Yes. I'm doing something that's strange. (Chuckling.) I'm thinking how to respond.

SEN. GRAHAM: Because that's a tough question.

SEC. RUMSFELD: It is a tough question. Let me --

SEN. GRAHAM: Who are they? And what do we do about them?

SEC. RUMSFELD: Well, let me answer the first question first. You talked about whether or not the NID ought to have all the power, and I think it's terribly important that we ask ourselves the question "All the power for what?"

SEN. GRAHAM: Right.

SEC. RUMSFELD: You were talking about the global war on terror. The intelligence community, as we said, is a -- has a much broader set of tasks. And we do not want to organize the intelligence community to fit one element --

SEN. GRAHAM: Right.

SEC. RUMSFELD: -- important, to be sure, but to fit any one element, because the responsibilities are so broad.

Second, with respect to sanctuaries, you used the phrase "Which countries are providing it?" There are sanctuaries that are provided by countries, as we know. There are also sanctuaries that are not provided by the countries at all. They have portions of their countries that they do not govern effectively and cannot govern effectively.

And then there are countries that aren't countries, that are -- I mean, Somalia is a situation that is a geographical country, but in terms of a government, it -- I don't think it could be said -- John, correct me if you disagree -- but I don't think it could be said that they have a government that presides over the real estate in that country in an effective way. The -- and I guess the word "sanctuary" also is a problem, because you have to define it. Is the ability to use the banking system a sanctuary? Is the ability to use wire transfers, cyberspace -- is that a sanctuary?

We know that seams are used effectively. I mean, the Pakistan- Afghan border is a problem. The Saudi-Yemeni border is a problem. The Syrian-Iraqi border is a problem. The Iranian border is a problem.

We know that countries vary in their behavior with respect to terrorists; that some are aggressive and go after them; that some tolerate them and don't do much about them, and in fact they're kind of fellow travelers with it, but not actively --

SEN. GRAHAM: Would Iran be in the -- country that tolerates and does very little about them?

SEC. RUMSFELD: Well, it's a mixture. It -- and I think John would be better to answer this. But I mean, clearly, they're active with Hezbollah, and that's terrorist organization, by our definition. And

clearly there have been and probably are today al Qaeda in Iran that they have not dealt with in a way that a country that was against al Qaeda would have done.

They are -- have had the Ansar al-Islam organization back and forth across their borders.

John, do you want to elaborate? You're the expert.

MR. MCLAUGHLIN: Well, those are all the right points, Mr. Secretary.

If you were talking about Iran, I think the secretary said it accurately. It's on this score a bit schizophrenic. You'll find elements of the government that are uncomfortable with this, but the prevailing elements in that government are tolerant toward terrorists, and there's no question that they support actively Hezbollah. I mean, Hezbollah draws its inspiration and origins from Iran, back in the late '70s, and continues to this day to be dedicated to the destruction of Israel and to receive support from Iran for that purpose.

SEN. WARNER: Senator, I thank you.

I thank the witnesses. We've had an excellent -- yes, Mr. Secretary?

SEC. RUMSFELD: I apologize, Mr. Chairman. I do want to have the record clear. As you know, Senator Warner, you and Senator Levin were briefed on our global posture at a breakfast --

SEN. WARNER: That is correct.

SEC. RUMSFELD: -- in my office --

SEN. WARNER: In your office at breakfast.

SEC. RUMSFELD: -- by me, by the chairman, by Andy Howan (sp).

SEN. WARNER: Correct.

SEC. RUMSFELD: Since then, the committee's professional staff have been briefed at least twice. Four or five weeks ago briefings were conducted for the personal staffs of all committee members. There is and has been an outstanding offer to brief any committee member. We have briefed a significant number of members of the Senate and the House, and staffs of not just your committee but the Appropriations Committee, the Armed Services Committee, the Foreign Relations Committee and the MILCON subcommittees of some House and Senate members.

We have made a major effort on the global posture because it is a big and important issue, and I would not want the record to suggest that those opportunities have not been available to staff members because they have.



SEN. WARNER: And I've indicated to you that I verified those facts. There has been a complete disclosure by you to the senator and myself and others over the course of time.

SEN. LEVIN: Mr. Chairman, just to clarify it further --

SEN. WARNER: Yes?

SEN. LEVIN: I thank the secretary for these briefings that he made reference to, including the very general one in his office. However, I think it is fair to say that the actual decision that was made, the details of it, were not briefed to members of the Senate; were not offered, as is usually the customary courtesy, that prior to an announcement of something of this dimension that members of the Senate would be offered a briefing of that particular decision. So the details that were so critically important that were outlined yesterday were not briefed either in your office, as far as I remember, or offered.

SEC. RUMSFELD: They were briefed and they were offered.

SEN. LEVIN: The details?

SEC. RUMSFELD: The details that have been released and that we know. We're now at the very beginning of the process of going to country after country and deciding with them what we will do with them and to what degree will we have usability of their forces. But no question --

SEN. LEVIN: In which case there weren't many details yesterday. I guess that's the summary, then.

SEC. RUMSFELD: There weren't because they will roll out as each country is dealt with.

And one country may be our first choice, and we would go to them, try to work out an arrangement. If it doesn't work out, we have other options. Then we would slide off that and go somewhere else.

But the broad thrust of it was what we briefed and what we've offered to brief. And as I said earlier, we'd be happy to hold a hearing on this and give you anything we've got.

SEN. WARNER: That opportunity will be given.

I thank you, Mr. Secretary. I thank you, Director. I thank you, General. We've had a very good hearing.

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