Remarks and Q&A by the Director of National Intelligence
Mr. Mike McConnell

Project on National Security Reform Conference

Sponsored by the Center for Strategic and International Studies (CSIS)
and the Center for the Study of the Presidency

Washington, DC
July 26, 2007

JOB HENNING (Chief of Staff, Project on National Security Reform): If you could please come forward and take your seats, we'd like to begin our lunch presentation. Introducing Director McConnell is Ken Weinstein, a member of the Guiding Coalition of the Project on National Security Reform, currently serving as the CEO of the Hudson Institute. He's a political theorist by background, and a member of the Knighthood in Arts and Letters under the French Ministry of Culture. He's also a member of the National Humanities Council, the governing body of the National Endowment for the Humanities. Ken Weinstein?

KEN WEINSTEIN (CEO, Hudson Institute): Thank you, Job for that kind introduction. You've now shown why I'm arguably the least qualified person to be introducing our distinguished luncheon speaker. I really want to praise Job's work as chief of staff of the Project for National Security Reform. As all of us involved in the project know, he has been working countless hours, and has really been extraordinary.

Hudson Institute is really delighted to be one of the research partners of the Project for National Security Reform because improving the interagency process and integrating instruments of national security and national power is really critical to improving our national security. And so, along with other policy organizations, my colleague in particular Richard Weiss and I are delighted to be working alongside Jim Locker who has brought enormous energy and entrepreneurship to bear on this important issue, along with Jim's outstanding team of experts.

Today, I have the distinct honor of introducing the director of National Intelligence, Mike McConnell. Director McConnell is a distinguished public servant, a man of integrity and honor, who has served our nation well. Among the many highlights of his quarter-century career as a career intelligence official includes his time as an intelligence officer for the chairman of the Joint Chiefs and the secretary of Defense during Desert Storm and Desert Shield, his directorship of the National Security Agency from 1992 to 1996, where under his leadership, significant changes were brought to the NSA, taking it out of the Cold War era and to a focus on multilateral threats.

Director McConnell is a man of enormous insight, someone who has in the past shown the ability to transform and modernize intelligence institutions and rules and relationships to meet today's intelligence needs. Accordingly, it is why he was tapped by President Bush to serve as the nation's second director of National Intelligence. We're very fortunate to have him

here with us today to share his insights and his experiences on the 100-day plan and the 500-day plans to reform the interagency process in the intelligence community. So we're very fortunate to be able to hear from Director McConnell.

(Applause.)

MIKE McCONNELL: Thank you very much for that kind introduction. I thought what we would do today is make this more of a discussion than a lecture. So I will offer a few comments up front, and then we'll see what kind of questions you might have or where you'd like me to take my dialogue.

I've been studying this problem for a reasonably long time. A very kind – there was one mention to a quarter century – it's actually – (inaudible) – years I've been doing this. (Laughter.) Last count is 41 and going north. Frank Fukuyama commented – I think he's since changed his mind – but the end of history was about the 1991ish timeframe. I went to NSA in 1992 and the watchwords in the town were peace dividend. And what that meant was we want the money back.

From my time there, NSA in the '80s had grown significantly. This was a period of Cold War, of course, when we were trying to work it to closure, and the hiring levels were pretty significant. For my four years there, it was fewer than 200 people a year. What that did was shift us into a focus of – since NSA is a technical organization, we could only hire one of four kinds of people. It had to be an electrical engineer, a computer science specialist, a linguist, or a mathematician. And interestingly, the analytical community does not come from those four primarily. It tends to be political science or international relations or music or history or so on.

So you can see, the story I'm about to tell, while it is characteristic of post-Cold War, it is characteristic of every major conflict in the United States. When we start, we're not quite ready. We build it up over time. And as soon as it's over, we want to make it smaller. And so I think it was probably with 20/20 hindsight – probably make it a little too small or a little too much downsizing post-Cold War. And then, I think we really suffered the consequences later on. And so here we are now on the other side of 9/11 trying to refocus and rebuild it again.

My topic is reform of the intelligence community. I'll spend a little bit of time talking about that. But what I want to capture for you is today is the 26th of July. It's a very important day to me. It's not only the anniversary of the signing of the National Security Act of 1947; it's my birthday. (Laughter.) I was four years old. But that framed this community, created not only the department of Defense and the Air Force and sort of set the rules, but created the DCI – the forerunner of the director of National Intelligence – created the CIA and so on.

Now, how many times do you think this community has been studied since 1947? The answer is over 40, 40 times. And let me give you a couple quotes. Security clearances take entirely long. They have to be shortened. That was a study conducted in 1955. (Laughter.) The study concluded 15 months was too long. And I'm happy to report we've got it down to 18 months. (Laughter.)

Information technology must be connected so we can share information. We currently do not have our information technology system appropriately corrected. Date – 1960; we had two computers. (Laughter.) We have a few more computers today and guess what.

The point of recounting this – it's been studied every other year, about every 18 months, by some very influential, very powerful, very important people – over 40 times. And each of the studies basically concluded the same thing.

So I got to serve in the community for 26 years. I went to industry. In industry, I retained clearances. I was a contractor or a consultant back to the defense, national security, intelligence community, not focused on substance – meaning content of analysis and so on – but process and organization and technology and tools and so on. So I stayed close to it; I learned a lot of valuable lessons in industry about how you deliver things. It's not something that we were particularly experienced in, or at least I was particularly experienced in while serving in government. We tended to take a long time and we tended to rationalize; we tended to debate. We tended not to deliver.

So lesson learned, if you're in the business to make money and you're driven to efficiency is you have to deliver quality and you have to do it in an effective and an efficient way. And so, what happens is you have a delivery mindset. So taking 10 years of industry experience and coming back and thinking about the community, the first thing we did was to survey the 40-plus studies and said what were the major things? So our premise up front is it's been studied to death; let's think execution; let's think deliverables.

So what I'm going to frame for you here is a little bit of how we're thinking about what is it we're trying to do – we've got a lot of piece parts but what are the major chunks – and how do we get to an execution as opposed to more study? Let me give you sort of the major pieces – creating a culture of collaboration. Incidentally, I've got a handout here. This is called 100-day plan. It was an effort to capture our thinking and set up the deliverables. We have now passed the 100 days. I'll give you a report card here in just a moment.

And this particular draft is a 100-day plan follow-up report. It's in draft. It will be posted on the DNI website next week. So if you're interested, you can see what did we say we were going to do, what did we do, and what are we doing about the things that didn't quite get finished. What's following closely behind that is something called a 500-day plan.

Here's the thinking. If you can set up momentum, expectation, pace, in the context of a deliverable, everybody has agreed and debated that's what we're going to deliver, it's amazing the psychology of being judged by your peers if you didn't deliver your piece. And so we got a war room and a scorecard and we're tracking and it's very clear who is responsible and where we are. So the delivery deliverable approach has served us well. And we will continue this, finish out the 100 days, and then we're going to roll it into 500 days.

Let me just give you a feel for how we've done the 500 days. Rather than come in and say, you know, I'm experienced; I'm old; I've been there; I've done it; I've got the answers, here's what we're going to do, we had a framework. We did a draft and we put it on the website.

Thousands of hits and interactions and blogs and discussions – and we did that last spring; I think it was May. And so we've got our draft. It's been fully coordinated and agreed and we're going to roll it out here in a few weeks. And again, it will create a level of expectation, a schedule and the things we're focused on. And hopefully, we'll be able to execute as opposed to study and make some progress.

Now, what are the major themes? Culture of collaboration – think jointness. A lot of the background for this conference and the focus is the success of the Goldwater-Nichols bill – '86, Jim, I think. I was a product of the department of Defense. I observed what that did to us as a member of the Navy. We had our own ships, ground forces, and airplanes. Why did we need those other guys? So I sat many times talking about how do we keep those other guys out of our business? Goldwater-Nichols changed the rules; very cleverly changed the rules. Not only did the secretary of Defense become the decision authority for virtually everything – policy, career development, acquisition, operations – any dimension that you can measure, secretary of Defense clearly in charge. Chain of command runs to four people – president, secretary of Defense, area commander, joint task force commander.

I mention joint because joint means Army, Navy, Air Force, now Special Operations forces. That context created the greatest fighting force in the history of the world. How did it happen? One of the most clever things about Goldwater-Nichols is joint duty. What it said, you want to be a flag officer; you want to be a senior; you don't get promoted unless you're qualified in jointness. Now, very cleverly, and Jim probably came up with this interesting construct, it said to the Navy, if you want your best and brightest to make flag, they have to have jointness. And those you send to jointness must be promoted at a same or a higher rate than those who stay behind. So you can see the incentives starting to work.

The Navy's view at one time was, wait a minute, we have a nuclear submarine community. Every day, for 20 years, as planned, we couldn't possibly change that plan. And the answer was, fine, no flag officers. The Navy changed the plan. (Laughter.) I love it when a plan comes together that is really ready to work well.

Ambassador Negroponte who had this position before me worked to get this community to agree on jointness for 16 months. He couldn't quite get it over the hump. Fortunately for me, Secretary of Defense Gates who has deep, deep understanding of this community had a similar point of view, and so he helped us get the coordination, collaboration we needed.

So we now have agreed to and signed off on and made joint duty a part of the fabric of this community – 16 agencies; I think there are eight or nine cabinet officers that those agencies work for – so it was a significant challenges to cross departments to get agreement that we're going to cause this total workforce – 16 agencies – to require jointness in their resume before they would be promoted to the senior ranks. But it was long, hard negotiation, but we're there. And that's what I mean by culture of collaboration.

If you are expert in something – and often in this town, the word stove pipe is pejorative – I don't agree with that. To me, stove pipe achieves depth and excellence and quality and insight that wouldn't be achievable by any other means. However, the problem is if you have a

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mindset that is need to know. I have information; you have to demonstrate for me a need to know it before I will share my information with you, and you have a stovepipe, you can see what happens. Information now is not flowing across stovepipes.

So our thinking was – I'll just use the organization I had a privilege to serve in, NSA – National Security Agency – as an example. Deep, deep technical expertise in cryptography, cryptomath, electrical engineering, computer science, whatever – and if you now want to be a senior in that organization, our premise is you would be a better senior to better serve the community and, more importantly, the nation, if you left that agency for a tour, served in the imagery agency or an all-source agency, or something outside, and then go back. And so applying that logic of Goldwater-Nichols to this community, that's what we've set up, agreed to, signed off on, with the cabinet secretaries there at the signing, so it was a good day.

Second area – broad area – is we've always been tasked or challenged to improve collection and analysis quality. Collection, just for a second. In this town, generally, you debate, you argue about two things in this community. Where are you going to spend the next billion or billions, that's future – big debate. If you call a meeting to talk about a billion, you get a room about this full with about this many people. If you call a meeting to talk about something of strategic importance in an estimate, you can put them around this table over here. So if it's big money, lots of people.

The other thing that's debated in town as a source of influence and power is control of collection. If you've got those billion-dollar things doing collection, then there's an intense focus on who gets to task or direct the collection of whatever our sensor systems are. It's been done in a way that's focused at either the national level or the tactical level, very difficult to integrate them.

So what we've agreed to do is to set up a national intelligence collection coordination center that will include all players. All players. FBI – well, why would the FBI want to know about collection? Well, they have a thing, responsibility now called terrorism prevention, and they have a national security branch that does collection to prevent terrorism. So they have a vested interested -- Department of Homeland Security, Department of Defense, Department of Treasury.

So our organization will try to think, strategically, what's the president worried about? What are the cabinet secretaries worried about? And tactically, what are the area commanders worried about with regard to a tactical situation, and integrate that the best we can to serve the customers in a way that's most productive. So we will do those things, and that's a part of our hundred-day plan and it will be a part of the 500-day plan. We've got a framework in agreement, so we'll move forward on that.

Acquisition excellence, I just want to use as an example, what does that mean? This community has special authorities that are different from the authorities of the rest of the government. It can take – for the right reasons – it can take very high risk to include failure, to move very quickly, to be able to achieve some capability that oftentimes would result in

invention of new technology. This was a magnificent thing to watch in the '50s, '60s, '70s and '80s, and it tended to be a little more bureaucratized when the Cold War was over.

Let me give you an example. The U-2 airframe, for those of you who may not be familiar with an airframe, thinking about it, designing it, debating it, building it and so on, on average, today, 10 years. The U-2 was thought about and flying in 18 months. Eighteen months.

I'll give you another example; it won't be too specific. Major system, huge problem. It was thought about and on orbit in just over four years. Now, if took an airframe today or another thing on orbit, you can plan on 10 to 15 years at probably four to five times the cost. So what we want to do is to go back to these special authorities, be willing to take some risk to include a failure, but let us do those things that we have to do in the interest of the nation for some strategic collection that we're trying to protect the nation's interest in X or Y or Z, whatever the current threat is.

Modernize our business practices. One of the things that we've found is, by and large, it's difficult for those of us in government, across government, to tell you what we bought. We get lots of money, we spend it in lots of ways, but our accounting procedures for audit are challenged, and so what we want to be able to do as we are stewards, good stewards of the money, thinking we're doing the right thing and serving the nation's interest, is when we get asked, well what did you spend it on and how effective was it, then we want to be able to provide commercial quality standards for audit and financial reporting. So that's a way to think about this community as we try to improve acquisition to go fast. We also want to modernize our business practices so we can do these other things.

Accelerating information sharing. Everybody's got a story about how it worked or didn't work. I would like to cause – have influence in causing this community to change the way it thinks about its mission. Let me go to World War II. You all, probably, if you're interested in this community and you read some of the books, one of my favorites is The Codebreakers, written by Dr. Kahn, and it tells the story of breaking the German codes. It's a collaboration between the Allies, the British, the United States and so on. It's a fabulous, interesting story.

That's where the idea need-to-know was born. The fact we were breaking a code was so precious that we did not want the Axis powers to know. Therefore, we would go to great lengths to protect fact-of (?). That became the way we behaved. That became part and parcel of the way the community would conduct its operations. Served us well in World War II; it rolled over to the Cold War and served us well.

We're in a different era. Threat is different. Now, it's terrorism. There are nation-state threats, but the real thing we're wrestling with, for the most part today, are non-nation-state threats. So how is it that we share information in a more productive and creative way? I would like to challenge the whole idea of need-to-know. I own it. I control it. You have to demonstrate a need to know. I would rather the analyst have a mindset, I have a responsibility to provide.

Now if you think about that for a second, I'm an analyst, and I have a responsibility to provide. The first pressure that puts on me as an analyst is, who are my customers? Might it be important for the National Counterterrorism Center that set up post-9/11 to look at terrorism to stop and think about, my most important customer might be the chief of police in Seattle.

You can imagine a construct where we get sensitive information that terrorists are about to do something, so if I think about my customer set and it turns out I didn't know it three days ago but I know it this morning, that the chief of police in Seattle is my most important customer, then how do I get that information to them? So it puts a lot of pressure on me as an analyst knowing, who am I serving?

There's another end to that problem. In the intelligence business, an intelligence analyst generally is as good as understanding of sources of methods. How did I get this information? Where did it come from? How can I improve the content or the timeliness or the quality? So knowing sources and methods is absolutely essential for an analyst to drive the system to get better information.

One of the things that I've been a little bit surprised at is, in some circles that I've found, you ask an analyst, what's the source of that? Why would you ask me – it came off the computer. (Laughter.) Signals intelligence – the shorthand is SIGINT – it's a pretty sensitive subject. Say what's the source – SIGINT. Yeah, but what is the source? National Security Agency. Well, what is it? SIGINT (whispered). (Laughter.) Says right there on the computer, can't you see? It says SIGINT.

When you're asking what is the source, you mean the source of the SIGINT, the information. How did you make a judgment? Can we get more of it? How would you evaluate it? So if we adjust this community to responsibility to provide, it puts new stresses on the analyst to think differently about who we are, what we do, and what our responsibilities are, and where do we get our information? What qualifications or confidence can we put in the information?

Authorities. It's not clear to me that we've got this exactly right just yet. Goldwater-Nichols that I mentioned earlier is very clear, the chain of command and who makes the decisions and so on. In this community, there are 16 agencies. Fifteen of those agencies work for a cabinet officer, and one works nominally for me. That creates an interesting – (laughter) – challenge.

So you can imagine the discussion when we talked about jointness. I don't know what the answer is. There is – we have the intelligence reform and the terrorist prevention act of December 2004. We've gotten some experience. We've gotten agreement that we're going to recommend to the president the rewrite of Executive Order 12333 – 12333 was signed in 1981 by President Reagan. It's been the foundation for this community and how it's operated and what its authorities are and how we conduct its business since that time. It, of course, makes no mention of the DNI, something that's kind of interesting to me. It has no mention of the Department of Homeland Security.

Many, many, many things have changed since that time. Its focus was Cold War. So we're going to attempt, in the rewrite of the founding executive order for the community, to try to capture a lot of these things a la Goldwater-Nichols for the community to see if we can't make some of these changes going forward.

There are many other things that we need to clean up and improve. Most – not most – many of the things that we have today in terms of authority grew out of a point and time when the mission and focus was different or the technology was different, and probably the one that's most of interest and pressing at the moment is FISA. That's shorthand for Foreign Intelligence Surveillance Act, written for a good purpose, written for the right reasons, 28 or so years old, got signed out in '78, but it was written at a time when technology was one way, and today's environment, technology is entirely reversed.

In those days, when we did collection, almost all international communications was wireless, and today, almost all – 90 percent – of all communications is wire. Think fiber optics, photons instead of electrons, so if your whole world changed from one period to the next and you understand for this community to collect information on a wire requires a warrant. For a foreign collection, foreign target, foreign terrorist, talking to a foreigner, got to have a warrant.

We kind of got the cart before the horse here, so we're working very closely with Congress, bills on the Hill, get a dialogue with all the committees, we had very active consideration. We're trying to get the closure, to just change the wording, because right now, we have this huge backlog trying to get warrants for things that are totally foreign that are threatening to this country. So we're working that pretty hard. I think, Jim (?), if that's okay, I'll just stop and we'll take some questions and see where you'd like to go. Yes, ma'am.

Q: Sally Horn from the Department of State. I'd like to ask you a question about the thinking that lied behind the reform of the intelligence community in the context of jointness and why you chose to go about mandating jointness through a memorandum of agreement or understanding as opposed to seeking legislation, or do you plan to seek legislation like Goldwater-Nichols? The reason I raise the question is because on one level, it may be easier to do, but on another level, it's also easier to undo.

MR. McCONNELL: Indeed. First of all, one of the hardest things in this town to do is make a law, and the only thing that's harder is to unmake a law, and we have a law, so what we're going to try to do is to accommodate it and instruction executive order. If you sort of do a pecking order, you've got the constitution and then legislation and then executive order and so on, and so we're going to take it as high as we can get it to try to capture it. We've got it now in directive, instruction directive signed out by the DNI, agreed to it by all the cabinet secretaries. So that's pretty strong. Hard to back out of that. You'd have to – you'd probably have to take it to the White House to get, if there were disagreement.

A better place would be executive order, and of course, I agree with you – the best place would be in legislation. So we're trying to learn, codify and if at a point in time it's appropriate for legislation, and I wouldn't be hesitant to recommend it up the chain and see if we can get it. Thank you for your question. Yes, sir.

Q: Gilbert (?) Bennel (ph) from – (inaudible). I was very happy to hear your comments about the Seattle police chief. Through Katrina, the question of what platforms you could use, what you could collect and where was an issue – (inaudible). Could you talk a bit about how you see 500 days from now in the – (inaudible)?

MR. McCONNELL: Sure. Do you mean in terms of threat or how we would react, or both?

Q: What would you use, what you might want to change –

MR. McCONNELL: Sure.

Q: How do we operate?

MR. McCONNELL: Okay. There was a period in time when there were abuses of authority, and I'll just capture 1950s, '60s, '70s, everybody knows, has some story. Tapping the telephone of (?) the Chief Justice of the Supreme Court in the '50s probably wasn't a good idea. (Laughter.) Tapping Dr. Martin Luther King's telephone, turns out that wasn't a good idea either. And some similar things happened, Vietnam protest in the '70s.

If you go to Church Pike and the things that came out of Church Pike, my view, they were good, legitimate, appropriate things to guide this community. One of those was FISA that I mentioned earlier about how you do foreign intelligence and you have to have a warranty (?) collection inside the United States. All those were good things.

The budge and the process and the thinking, I think, did not serve us well at 9/11 because here's the framework: it was foreign or domestic. If it was foreign, it was okay. You only had to be foreign power agent (?) foreign power. You can do surveillance; you can do whatever you need to do. If it was domestic, it was criminal, and the rules for foreign intelligence were straightforward. Foreign power agent(?), foreign power. If it's domestic and criminal, very different set of rules – much more stringent, a different set for probably cause, reporting to the judge. If you do surveillance, you have to tell the person that you conducted surveillance again. So a very different set of rules.

I think the terrorists of 9/11 got inside that scene. They were foreigners, but on arriving in America, they are considered U.S. persons, so now they could – as long as they're not breaking the law, they're off-limits to foreign intelligence because they're in the country, they're U.S. persons, and if they're not breaking the law, then the criminal side's not looking at them. So I think they operate in that scene.

Now, the reason I'm telling the story this way is the emphasis is foreign, and so if you would think about taking pictures with foreign – with systems designed for foreign collection, foreign photography, it becomes a challenge to take a picture on U.S. soil because Americans are very, very sensitive, and appropriately so, protecting civil liberties and privacy. So the process

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for how would you harness these wonderful resources we have for something internally was a challenge.

A committee was established, it served reasonably well, but it wasn't like doing foreign collection that we could do in minutes or seconds. It was a committee, and you had to talk about it and get agreement and submit your request and get approval and so on. So that leads us into Katrina. Lesson learned from there, it's now a tighter organization administered by the Department of Homeland Security. It has professionals that understand all these systems and centers and have got years of experience and know how to turn them on, and they can authorize it very quickly. So in terms of capability, is it perfect? No. But it can go fast, and it's pretty capable.

One thing I would just, way I would frame it with you, I would leave it sort of an idea. If the United States government wants to know, we have the ability to know because we can focus so much capability on a given area of the world or whatever. So in the context of security in the country, if we want to know something, a hurricane or conditions in a city at a catastrophe or whatever, we can look and know a great deal. And so now the system is set up for that.

Now, you didn't ask about threat, but I'm going to answer it anyway. The NIE we just released – this is on my mind, so I want to share it with you – the National Intelligence Estimate on terrorist threat to the homeland was just released. I want to break it into four parts. Committed, adaptive and capable leadership: they got it. Rebuilding the operatives that can plan and train and control external operations: they've reestablished. A place to train and operate: they have, it's called Pakistan, referred to as -- shorthand is FATA, Federally Administered Tribal Area. It's in that border region up in the mountains between Pakistan and Afghanistan. It has never been governed from the outside in its history and when Pakistan the nation was created, it was separate and autonomous. Al Qaeda is operating right there.

So of the first three of the first four things they have to have – leadership, operatives, and a safe place to train – they have them. What they don't have that we have been able to identify are operatives here in this country. They have operatives; they've reached out to establish training and delivery paths and passports and visas or countries who don't require visas. Last year, there were 50 million visitors to this country; 70 percent of them did not require a visa. So if you think about terrorism, where would you recruit someone to conduct a terrorist act? So it's – the intent is clear.

And let me give you just a way to think about intent versus capability. Cold War capabilities are pretty easy: big things, ships, airplanes, missile, tank divisions. Not too hard to find them. It's kind of hard to hide them, difficult to conceal them. So we generally had a very good capability to know the order of battle – order of battle or the capabilities of an enemy. What we found very challenging was know the intent. Terrorism, it's just the opposite. Intent is clearly stated: committed, adaptive. What we have difficulty with is the capability because it's a single human being or two human beings or three that are trying to be covert that are going into a neighborhood to buy commercially available components to create a huge explosive. So we're better at looking at a Katrina. We're still challenged in finding single human beings that are – whose purpose is to stay covert. Yes, ma'am, in back.

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Q: Admiral, it's nice to see you. I'm Mitzi Wertheim with the Center for Naval Analysis. Thirty years ago, when I was at the Navy, I shared an office with Jack Morrey (ph) and it was at the time when Stan Turner was reducing our human intelligence. And I remember Jack saying to me, the problem with that is the satellites will not be able to tell us what's being done inside the mosque. So my question for you is what are we doing in terms of human intelligence, building up that kind of capability, the language and area knowledges that we had back during the Cold War? I don't see where that's coming from these days and see that we're using it.

MR. McCONNELL: Thank you, very good question. Clearly recognized in the administration and equally as importantly on the Hill, so we've got a consensus that we have to rebuild it and rebuild it significantly. The graduating class for HUMINT training that just was completed a few weeks ago was the largest in our history. It was a mixed class of not only CIA training for case officers, but it included Department of Defense and a wide cross-cut of Department of Defense. You'd normally think Army would be a big player because they stayed in the HUMINT business, Navy got out of HUMINT business in the '70s, and the largest component of that graduating class just happened to be Navy. Also would include officers from the FBI and some other places.

So to answer your question, got it, recognized it, it's funded. We have a game plan and it's being rebuilt in a very robust way. The example you use is exactly right. What's being said in a place that we would need to know with some insight and understanding of the give and take. We're on a rebuilding path and we'll be better served for it. So HUMINT is back in a big way. We have a national HUMINT manager or now referred to as NCS, the National Clandestine Service. So that's the director of CIA. It doesn't mean that CIA will do all HUMINT, but you – to do HUMINT, you do it consistent with trade craft and policy and oversight and process that you have consistency similar to the way that the director of NSA oversees signals intelligence for the U.S. government. So recognized and it's being corrected. Yes, sir.

Q: (Off mike) – from NBC News. How do you evaluate – (off mike) – al Qaeda – (off mike) – who are being used for recruitment planning propaganda – (off mike) – how closely have you tracked that phenomenon and is there a protocol for – (off mike)?

MR. McCONNELL: Yes. (Laughter.) Have you – I'll answer that question if you'd share with me, have you stopped beating your mother yet? (Laughter.) That's a – you do understand it would be a little difficult for me to answer that question in the public and so on. So recognize all the things that you raised and it's being appropriately addressed and that's about as much as I want to say. (Laughter.)

It gives me an opportunity to go back to language -- I missed it, the part of your question earlier. The mindset for this community post-World War II and Cold War is if you're first generation American citizen and you have relatives in a foreign country, you're not eligible for this community. The rationale was, well, you could be blackmailed and can we really trust this person and so on. We've got to change the way we think if we're going to capture language, cultural understanding, insights and so on, we have to go back to being willing to do that. So as

a policy matter, we're putting significant interest on language skills and cultural understanding that's very different from our focus in the past. So it's a cultural mindset shift. Can't do it overnight, but we need to increase the diversity of the community and we need to have people who speak and look like areas that we would have to target given that threats are coming from those areas. So it's an area of significant emphasis.

The last thing I would say about language is we have an outreach to the academic community and what we are – the purpose of our outreach is to expose more undergraduates to the community and what our needs are, how exciting this business can be and so on, and to encourage very interesting languages for intense study for which they will be significantly rewarded if they will come join us, so it's a work in progress, understood, and we're making some progress. Yes, sir, and then we'll go back to the back.

Q: Steve Landman (ph). I'm a law student and researcher for PNSR focusing on information sharing. I was wondering if you could talk a little bit about what kind of procedures are available or what you're looking at maybe doing to institute a uniform policy for using sensitive but unclassified information, trying to reduce the widespread use of that.

MR. McCONNELL: I'm not sure I understand your question. To use more of it or to –

Q: No, to kind of institute uniform policy throughout the government. So right now, you've got 56 different types of classifications and almost every agency has their own way of using it. Is there any way to maybe institute a uniform policy the same way you've just got top secret and unclassified?

MR. McCONNELL: Oh, sure, okay. Yeah, yeah, I understand. I'm sorry I didn't understand your question. You're right. There is a set of rules that establish unclassified confidential, secret, top secret, and then each time you cross to a different department or agency, you get another version of that and then you get into these other more esoteric classifications. What we're attempting to do is to get that uniform. And the policy for that is – many people think it's the DNI or the intelligence community, we're about 4 percent of the volume in terms of clearances and so on and the policies.

The owner of the policy is OMB. We have had a discussion with OMB and had an agreement that we're going to run a pilot to see if we can do a series of things. One is to make clearance process go faster. Let's do it commercial-style, which is 10 days, instead of 12 months. Let's change the monitoring process to be life-cycle monitoring as opposed to do it once and then forget for a career. And we want to take up what you're talking about, how you get uniformity across the government as to how you classify or channel or cause information to get segregated into a way that you have some commonality across the user set.

And we had one in the back, yes, ma'am.

Q: (Off mike) – in the discussion prior to the – (off mike) – and just thinking about what we talked about earlier, I'm curious about – (off mike)?

MR. McCONNELL: Let me talk to change management first. I'm not an expert, but I stayed at a Holiday Inn. (Laughter.) The company that I was in, this was an area of service to a wide variety of clients. And I got to talk tot the people who were expert and I watched the process. And the appropriate way to do it is not the way I'm doing it. Let me just say it up front. If you're gunning to try to have cultural change, the best thing is to have a vision and a process and you work together, you have breakout groups and you cause the people who are the subject of the cultural transformation to create the process. And then you get buy-in.

I have 543 days left. This is a huge community. So I'd like to do it the right way. So I decided to do it Jim Locher's way. I'm going to hold them hostage to their promotion. So I'm incentivizing it by saying if you want to get promoted, you've got to do this. Now, one of the things that's very controversial, because the federal government has a process for the way it does appraisals or evaluations, as a product of that, I can share with you, I don't think I ever had a fair, honest, true evaluation in my entire career. They were grossly inflated. The first one I received in industry, I said, oh my goodness. (Laughter.) I'm not sure I'm going to make it here. (Laughter.)

The process was 360. What does that mean? Someone not in your chain of command, therefore I have no vested interest other than to get the truth. Three hundred sixty degrees, seniors, peers, and most important turns out, subordinates and clients. And then the context was developmental: this person's good, they do whatever they do, how could they be better? And if we can set it up that way, it's 360 and then whoever does this appraisal sits down with the team and you debrief it. And the team used to say, well, that's about right, well, what about this, what about – and you sort of agree to it. Now, you have a very powerful and accurate document to present to someone about their performance. You need more emphasis here or here are some things you need to change.

And the first time I was exposed to this, I said, won't work, you can't really change anyone's behavior, I mean, it's just not going to happen. Remember now, product of the military, I don't think I ever completed a two-year assignment. You go some place, you've got a team, you do the best you can with what you have and you move to the next one. I learned in industry it's a little different. You tended to be in place for a long term. Well, this community is not like the military. It tends to stay.

So if you get a 360 and it's done by someone outside your chain of command, you start to break some of the old structure. Then you say, if you want to be promoted – (inaudible) – so I think we've got some tools that will let us do cultural transformation. Is it enough? Well, I hope so. Will we have to do more? Perhaps. If we can just get the framework right and if I'm gone in 543 days and we write it down so somebody will have to struggle with changing it, then maybe the next person can take it to the next level. If I had more time, I'd write a shorter letter. But I've got to go fast. Yes, sir, in the back.

Q: I'm Lou Perlman (ph). I'm with the Homeland Security Policy Institute among other things. You mentioned earlier in your remarks the ultra-secret, need-to-know, containing information within the so-called intelligence community. As you know very well, we live in a world today of open systems, open sources. I don't know what the total population of the

official intelligence community is, but I imagine something on the order of 100,000 people. The blogosphere has 50 (million) to 100 million people, exchanging information, multimedia information, about everything in the world all over the world all the time. If the public's intelligence capabilities, both in terms of expertise, technology, and real-time information, exceeds that of the so-called intelligence community, or even parallels it, what does that imply about the process of reform and the future of the intelligence community?

MR. McCONNELL: Pretty bright, as a matter of fact. Let me start by saying, B.S., and that stands for Bright Stuff. B.S. at the speed of light is still B.S. So 50 million people exchanging it doesn't make it right; it means it's B.S. at the speed of light, Bright Stuff at the speed of light. (Laughter.) So what we're after is ground truth and we have the advantage of all the B.S. plus secrets. So the trick for us is how do we take advantage of the blogosphere, the 99.9 percent of the information that's public domain and be smart enough to capture that and still do the secret part.

So I think it's a work in progress. We have an Open Source Center. It mostly does open source. The challenge for us, I think, is how do we take the all source analysts – that's expert and signals intelligence or human intelligence or imagery or whatever the set of skills are – and also do the thing you just described. Work in progress. And we recognize it. We have policies to deal with it. And we're trying to improve that process. But 99.9 percent of the world's information is not necessarily available, but it's unclassified. And so how do you get access to it and manage it in a way that you can have instant command of it and the tools and the techniques and the capabilities we have today, tremendous advantage. And it's Google by another name.

One of the things I would like to do, I mentioned acquisition reform earlier. What I'd like to do is to push the state of the art to be able to harness all that stuff to sort it out in a way that makes it more useful to the analyst who does have the 0.4 percent bit of the information that's classified and put it together in the most comprehensive way. Thank you all. (Applause.)

MR. HENNING: I want to thank Director McConnell for those characteristically insightful remarks. Glad to see you haven't lost your sense of humor. Thank you. We'll now take a 15-minute break and reconvene at 2:00 p.m.

(END)