

# **S. 2198 AND S. 421 TO REORGANIZE THE UNITED STATES INTELLIGENCE COMMUNITY**

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## **HEARINGS** **BEFORE THE** **SELECT COMMITTEE ON INTELLIGENCE** **OF THE** **UNITED STATES SENATE** **ONE HUNDRED SECOND CONGRESS** **SECOND SESSION** **ON**

**S. 2198 AND S. 421 TO AMEND THE NATIONAL SECURITY ACT OF 1947  
TO REORGANIZE THE UNITED STATES INTELLIGENCE COMMUNITY**

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**THURSDAY, FEBRUARY 20; WEDNESDAY, MARCH 4; THURSDAY,  
MARCH 12; THURSDAY, MARCH 19, 1992**

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[Established by S. Res. 400, 94th Cong., 2d Sess.]

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## HEARINGS ON S. 2198 AND S. 421

THURSDAY, FEBRUARY 20, 1992

U.S. SENATE,  
SELECT COMMITTEE ON INTELLIGENCE,  
*Washington, DC.*

The Select Committee met, pursuant to notice, at 2:06 p.m., in Room SH-216, Hart Senate Office Building, the Honorable David L. Boren, Chairman of the Committee, presiding.

Present: Senators Boren, Cranston, Murkowski, Warner, D'Amato, Danforth, Rudman and Chafee.

Also present: George Tenet, Staff Director; John Moseman, Minority Staff Director; Britt Snider, Chief Counsel; and Kathleen McGhee, Chief Clerk.

### PROCEEDINGS

Chairman BOREN. I think we'll proceed. There are some other meetings that are still in progress. I know there is a caucus going on that is not yet completed so several colleagues on my side will be delayed. While they're on their way and before we proceed with the witnesses, we can begin with some introductory comments and get some housekeeping out of the way.

Without objection I'd like to place the following documents into the record of these hearings. First, the text of the bill we're considering, S. 2198. Second, the provisions of the National Security Act of 1947 that pertain to intelligence. Third, a copy of Executive Order 12333 on U.S. intelligence activities. And finally, a copy of the declassified transcript of a closed hearing we had last year with three of those who played key roles in the creation of the U.S. intelligence community after World War II: Lawrence Houston, who was the first General Counsel of the CIA; Walter Pforzheimer, who served as CIA Legislative Counsel during this period; and Dr. Ray Cline, who served as an assistant to Colonel Bill Donovan, the head of the OSS and who later became Deputy Director for Intelligence at CIA.

For those of us who attended that session, it was a fascinating journey back in time with those who were literally present at the creation of the modern Intelligence Community in this country as we know it. So I'm inserting the declassified record of those hearings, not only because it relates to the subject matter at hand but also because I believe it merits publication so that this testimony can be preserved for the public, for scholars, for experts in the field and for those interested in the history of intelligence.

[The documents referred to follow:]

102D CONGRESS  
2D SESSION

# S. 2198

To amend the National Security Act of 1947 to reorganize the United States Intelligence Community to provide for the improved management and execution of United States intelligence activities, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

FEBRUARY 5 (legislative day, JANUARY 30), 1992

Mr. BOREN introduced the following bill; which was read twice and referred to the Select Committee on Intelligence

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## A BILL

To amend the National Security Act of 1947 to reorganize the United States Intelligence Community to provide for the improved management and execution of United States intelligence activities, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the  
5 “Intelligence Reorganization Act of 1992”.

6 (b) **TABLE OF CONTENTS.**—The table of contents for  
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings and purposes.
- Sec. 3. Definitions.

### TITLE I—THE NATIONAL SECURITY COUNCIL

- Sec. 101. Participation of the Director of National Intelligence in the National Security Council.
- Sec. 102. Establishment of a Committee on Foreign Intelligence.

### TITLE II—THE DIRECTOR OF NATIONAL INTELLIGENCE

- Sec. 201. Appointment of Director and Deputy Directors of National Intelligence.
- Sec. 202. Responsibilities and authorities of the Director of National Intelligence.
- Sec. 203. Submission of a separate budget for the National Foreign Intelligence Program.

### TITLE III—THE INTELLIGENCE ACTIVITIES OF THE DEPARTMENT OF DEFENSE

#### Subtitle A—Office of the Secretary of Defense

- Sec. 301. Assistant Secretary of Defense for Intelligence.
- Sec. 302. Responsibilities of the Secretary of Defense pertaining to the National Foreign Intelligence Program.
- Sec. 303. Resource management for Defense intelligence programs.

#### Subtitle B—The National Security Agency

- Sec. 311. Establishment of National Security Agency.

#### Subtitle C—The National Imagery Agency

- Sec. 321. Establishment of National Imagery Agency.

#### Subtitle D—The Defense Intelligence Agency

- Sec. 331. Establishment of the Defense Intelligence Agency.
- Sec. 332. Responsibilities of the Agency.
- Sec. 333. Authorities of the Director, Defense Intelligence Agency.

#### Subtitle E—The Military Departments

- Sec. 341. Intelligence capabilities of the military departments.

### TITLE IV—CONGRESSIONAL OVERSIGHT

- Sec. 401. Inclusion of tactical military intelligence activities within jurisdiction of Select Committee on Intelligence.

### TITLE V—TRANSFER OF FUNCTIONS AND SAVINGS PROVISIONS

- Sec. 501. Definitions.
- Sec. 502. Transfer of functions.
- Sec. 503. Determinations of certain functions by the Office of Management and Budget.
- Sec. 504. Personnel provisions.
- Sec. 505. Delegation and assignment.
- Sec. 506. Reorganization.
- Sec. 507. Rules.
- Sec. 508. Transfer and allocations of appropriations and personnel.

Sec. 509. Incidental transfers.  
 Sec. 510. Effect on personnel.  
 Sec. 511. Savings provisions.  
 Sec. 512. Separability.  
 Sec. 513. Transition.  
 Sec. 514. References.

#### TITLE VI—EFFECTIVE DATE

Sec. 601. Effective date.

### 1 SEC. 2. FINDINGS AND PURPOSES.

2 (a) FINDINGS.—The Congress makes the following  
 3 findings:

4 (1) The principal threat to the United States  
 5 which prompted the Congress to establish a perma-  
 6 nent, peacetime intelligence capability at the end of  
 7 World War II, namely the threat posed to the Unit-  
 8 ed States and its allies by the hostile actions of the  
 9 Soviet Union and other Communist States, has now  
 10 considerably diminished.

11 (2) At the same time it is clear that the United  
 12 States must maintain an intelligence capability, in  
 13 its own national interests, to collect and analyze in-  
 14 formation concerning world events which may  
 15 threaten its security, to be in a position to anticipate  
 16 and respond to such events in an effective and time-  
 17 ly manner.

18 (3) The existing framework for the conduct of  
 19 United States intelligence activities, established by  
 20 the National Security Act of 1947, has evolved  
 21 largely without changes to the original statutory

1 framework, but rather as a matter of Executive  
2 order or directive. In large part, this evolution has  
3 been prompted by advances in technology or by ad  
4 hoc developments in mission and circumstance, rather  
5 than reflecting an overall scheme, design, or purpose.  
6

7 (4) While the Director of Central Intelligence  
8 has had an overall, coordinating role for United  
9 States intelligence activities, under existing law and  
10 by Executive order, in fact, the Director has lacked  
11 sufficient authorities to exercise this responsibility  
12 effectively, leaving control largely decentralized within  
13 elements of the Intelligence Community. Similarly,  
14 the Secretary of Defense has historically  
15 played a relatively weak role in coordinating intelligence  
16 activities within the Department of Defense.

17 (5) While a decentralized management system  
18 may have served United States interests during a  
19 period of rising resources, and where the principal  
20 targets for United States intelligence gathering and  
21 analysis were clear, the need of strengthened centralized  
22 management is greater in a period of declining  
23 resources and where United States interests  
24 around the world are less clear.

(6) It is also apparent that while, on balance, the Intelligence Community has well served United States security interests over the four decades of its existence, it has not, for various reasons, performed as well as it might. Civilian and military intelligence are not well integrated; unwarranted duplication remains a problem; and intelligence remains too isolated from the governmental process it was created to serve.

(b) PURPOSES.—The purposes of this Act are—

(1) to provide a framework for the improved management of United States intelligence activities at all levels and within all intelligence disciplines;

(2) to provide an institutional structure that will better ensure that the Intelligence Community serves the needs of the Government as a whole in an effective and timely manner;

(3) to clarify by law the responsibilities of United States intelligence agencies; and

(4) to improve the congressional oversight of intelligence activities.

### SEC. 3. DEFINITIONS.

The National Security Act of 1947 (50 U.S.C. 401 et seq.) is amended by inserting after section 2 the following new section:

1 "SEC. 3. DEFINITIONS.

2 "As used in this Act—

3 "(1) the term 'commissioned officer of the  
4 Armed Forces' does not include a commissioned  
5 warrant officer;

6 "(2) the term 'Intelligence Community'  
7 includes—

8 "(A) the Office of the Director of National  
9 Intelligence, the Office of the Deputy Director  
10 of National Intelligence for the Intelligence  
11 Community, and the Office of the Deputy Di-  
12 rector of National Intelligence for Estimates  
13 and Analysis (as established under section 102);

14 "(B) the Central Intelligence Agency (as  
15 established by section 102 of this Act);

16 "(C) the National Security Agency (as es-  
17 tablished by section 208 of this Act);

18 "(D) the Defense Intelligence Agency;

19 "(E) the National Imagery Agency (as es-  
20 tablished by section 209 of this Act);

21 "(F) the offices within the Department of  
22 Defense for the collection of specialized national  
23 foreign intelligence through reconnaissance pro-  
24 grams;

25 "(G) the intelligence elements of the Army,  
26 the Navy, the Air Force, the Marine Corps, the

1 Federal Bureau of Investigation, the Depart-  
2 ment of the Treasury, the Department of En-  
3 ergy and the Drug Enforcement Administra-  
4 tion; and

5 "(H) the Bureau of Intelligence and Re-  
6 search of the Department of State;

7 "(3) the term 'intelligence' means information  
8 relating to the capabilities, intentions, or activities of  
9 foreign powers, organizations, or persons;

10 "(4) the terms 'national intelligence' and 'intel-  
11 ligence related to the national security'—

12 "(A) each refer to intelligence which per-  
13 tains to the interests of the Government gen-  
14 erally, rather than to the interests of a single  
15 department or agency of Government, or to a  
16 component of such department or agency; and

17 "(B) do not refer to intelligence necessary  
18 to plan or conduct tactical military operations  
19 by United States armed forces; and

20 "(5) the term 'National Foreign Intelligence  
21 Program' refers to all programs, projects, and activi-  
22 ties of the Intelligence Community which are in-  
23 tended to produce national intelligence; and



1           “(6) the term ‘overhead reconnaissance sys-  
2       tems’ includes satellite and airborne reconnaissance  
3       systems.”.

## 4           **TITLE I—THE NATIONAL** 5           **SECURITY COUNCIL**

### 6       **SEC. 101. PARTICIPATION OF THE DIRECTOR OF NATIONAL** 7           **INTELLIGENCE IN THE NATIONAL SECURITY** 8           **COUNCIL.**

9       Section 101 of the National Security Act of 1947 (50  
10      U.S.C. 402) is amended by adding at the end thereof the  
11      following new subsection:

12       “(h) The Director of National Intelligence (or, in his  
13      absence, a Deputy Director of National Intelligence) may,  
14      in his role as principal intelligence adviser to the National  
15      Security Council and subject to the direction of the Presi-  
16      dent, attend and participate in meetings of the National  
17      Security Council. The Director (or, in his absence, the  
18      Deputy Director) shall not be entitled to vote on any policy  
19      matter before the National Security Council.”.

### 20       **SEC. 102. ESTABLISHMENT OF A COMMITTEE ON FOREIGN** 21           **INTELLIGENCE.**

22       Section 101 of the National Security Act of 1947 (50  
23      U.S.C. 402), as amended by section 101 of this Act, is  
24      further amended by adding at the end thereof the fol-  
25      lowing new subsection:

1       “(i)(1)(A) There is established within the National  
2 Security Council the Committee on Foreign Intelligence  
3 (hereafter in this subsection referred to as the ‘Commit-  
4 tee’) which shall be composed of the Director of National  
5 Intelligence, the Secretary of State, the Secretary of De-  
6 fense, the Secretary of Commerce, or their respective dep-  
7 uties, the Assistant to the President for National Security  
8 Affairs, and such other members as the President may  
9 designate.

10       “(B) The Assistant to the President for National Se-  
11 curity Affairs shall serve as chairman of the Committee.

12       “(2) The function of the Committee shall be to estab-  
13 lish, consistent with the policy and objectives of the Presi-  
14 dent, the overall requirements and priorities for the Intel-  
15 ligence Community and, regularly, to assess, on behalf of  
16 the President, how effectively the Intelligence Community  
17 has performed its responsibilities under this Act.”.

## 18       **TITLE II—THE DIRECTOR OF** 19       **NATIONAL INTELLIGENCE**

### 20       **SEC. 201. APPOINTMENT OF DIRECTOR AND DEPUTY DI-** 21       **RECTORS OF NATIONAL INTELLIGENCE.**

22       (a) IN GENERAL.—Section 102(a) of the National  
23 Security Act of 1947 (50 U.S.C. 403(a)) is amended—

- 24               (1) by inserting “(1)” immediately after “(a)”;  
25               (2) in the first sentence—

1 (A) by striking "under the National Secu-  
2 rity Council"; and

3 (B) by striking "with a Director" and all  
4 that follows through "disability"; and

5 (3) by striking the second sentence and sub-  
6 sections (b) through (f) and inserting in lieu thereof  
7 the following:

8 "(2)(A) There shall be a Director of National Intel-  
9 ligence who shall be appointed by the President, by and  
10 with the advice and consent of the Senate—

11 "(i) who shall serve as head of the United  
12 States Intelligence Community and shall act as the  
13 principal intelligence adviser to the President; and

14 "(ii) who shall exercise authority, direction, and  
15 control over the Central Intelligence Agency.

16 "(B) The Director of National Intelligence shall be  
17 subject to the policy directives of the President and the  
18 National Security Council.

19 "(b) To assist the Director of National Intelligence  
20 in carrying out his responsibilities under this Act, there  
21 shall be—

22 "(1) a Deputy Director of National Intelligence  
23 for the Intelligence Community, who shall be ap-  
24 pointed by the President, by and with the advice and  
25 consent of the Senate, and who shall carry out such

1 duties as the Director may assign with respect to the  
2 administration of the United States Intelligence  
3 Community; and

4 “(2) a Deputy Director of National Intelligence  
5 for Estimates and Analysis, who shall be appointed  
6 by the President, by and with the advice and consent  
7 of the Senate, and who shall carry out such duties  
8 as the Director may assign with respect to his re-  
9 sponsibilities as described in section 103(a).

10 “(c) At any one time, either the Director of National  
11 Intelligence or the Deputy Director of National Intel-  
12 ligence for the Intelligence Community, but not both, shall  
13 be drawn from among the commissioned officers of the  
14 Armed Forces, whether in an active or retired status. The  
15 Director of the Central Intelligence Agency and the Dep-  
16 uty Director of National Intelligence for Estimates and  
17 Analysis shall be individuals who are not such officers. An  
18 individual appointed from among the commissioned offi-  
19 cers of the Armed Forces shall be a general or flag officer  
20 in the grade of General or Admiral, or shall be promoted  
21 into such grade upon appointment, or shall, if retired,  
22 have previously attained such grade.

23 “(d)(1) A commissioned officer of the Armed Forces  
24 appointed pursuant to subsection (c), while serving in such  
25 position—

1           “(A) shall not be subject to supervision or con-  
2           trol by the Secretary of Defense or by any officer or  
3           employee of the Department of Defense;

4           “(B) shall not exercise, by reason of his or her  
5           status as a commissioned officer, any supervision or  
6           control with respect to any of the military or civilian  
7           personnel of the Department of Defense except as  
8           authorized by this title; and

9           “(C) shall not be counted against the numbers  
10          and percentages of commissioned officers of the rank  
11          and grade of such officer authorized for the military  
12          department of which he is a member.

13          “(2) Except as provided in subparagraph (A) or (B)  
14          of paragraph (1), the appointment of a commissioned offi-  
15          cer of the Armed Forces pursuant to subsection (c) shall  
16          in no way affect the status, position, rank, or grade of  
17          such officer in the Armed Forces, or any emolument, per-  
18          quisite, right, privilege, or benefit incident to or arising  
19          out of any such status, position, rank, or grade.

20          “(3) Such commissioned officer of the Armed Forces  
21          appointed pursuant to subsection (c), while serving in such  
22          position, shall continue to receive military pay and allow-  
23          ances (including retired or retainer pay) payable to a com-  
24          missioned officer of his grade and length of service for  
25          which the appropriate military department shall be reim-

1 bursed from funds available to the Director of National  
 2 Intelligence. In addition to any pay or allowance payable  
 3 under this subsection, such officer shall also receive, out  
 4 of funds available to the Director of National Intelligence,  
 5 annual compensation in an amount by which the annual  
 6 rate of compensation payable for such position exceeds the  
 7 total of his annual rate of military pay (including retired  
 8 and retainer pay) and allowances.

9       “(e) The offices of the Deputy Directors of National  
 10 Intelligence shall constitute a National Intelligence Center  
 11 which shall be located in the same office building as that  
 12 of the Director of National Intelligence.”.

13       (b) AMENDMENTS TO TITLE 5, UNITED STATES  
 14 CODE.—(1) Section 5312 of title 5, United States Code,  
 15 is amended by adding at the end thereof the following new  
 16 undesignated paragraph:

17               “Director of National Intelligence.”.

18       (2) Section 5314 of such title is amended by adding  
 19 at the end thereof the following new undesignated para-  
 20 graphs:

21               “Director of the Central Intelligence Agency.

22               “Deputy Director of National Intelligence for  
 23 the Intelligence Community.

24               “Deputy Director of National Intelligence for  
 25 Estimates and Analysis.”.

1 SEC. 202. RESPONSIBILITIES AND AUTHORITIES OF THE DI-  
 2 RECTOR OF NATIONAL INTELLIGENCE.

3 (a) IN GENERAL.—The National Security Act of  
 4 1947 (50 U.S.C. 401 et seq.) is amended—

5 (1) by redesignating section 103 as section 106;

6 and

7 (2) by striking section 102a and inserting in  
 8 lieu thereof the following new sections:

9 "SEC. 103. RESPONSIBILITIES OF THE DIRECTOR OF NA-  
 10 TIONAL INTELLIGENCE.

11 "(a) PROVISION OF INTELLIGENCE.—Under the di-  
 12 rection of the National Security Council, the Director of  
 13 National Intelligence shall be responsible for providing  
 14 timely, objective intelligence, independent of political con-  
 15 siderations or bias and based upon all sources available  
 16 to the United States Intelligence Community—

17 "(1) to the President; and

18 "(2) where appropriate—

19 "(A) to the heads of departments and  
 20 agencies of the executive branch;

21 "(B) to the Chairman of the Joint Chiefs  
 22 of Staff and senior military commanders; and

23 "(C) to the Senate and House of Rep-  
 24 resentatives and the appropriate committees  
 25 thereof.

1       “(b) ESTABLISHMENT OF COUNCIL AND OFFICE.—

2 (1)(A) There is established the National Intelligence  
3 Council (hereafter in this section referred to as the ‘Coun-  
4 cil’), composed of senior analysts within the Intelligence  
5 Community, who shall be appointed by, and serve at the  
6 pleasure of, the Director of National Intelligence.

7       “(B) The Council shall be responsible for—

8               “(i) the production of national intelligence esti-  
9       mates for the Government, which shall, among other  
10       things, convey, as appropriate, alternative views held  
11       by elements of the Intelligence Community; and

12               “(ii) otherwise assisting the Director in carry-  
13       ing out the responsibilities described in subsection  
14       (a).

15       “(C) Within their respective areas of expertise and  
16       under the direction of the Director, the members of the  
17       Council shall constitute the senior intelligence advisers of  
18       the Intelligence Community for purposes of representing  
19       the views of the Intelligence Community within the Gov-  
20       ernment.

21       “(D) The Director shall make available to the Council  
22       such number of staff as may be necessary to permit the  
23       Council to carry out its responsibilities under this para-  
24       graph.



1       “(2) There is established under the Deputy Director  
2 of National Intelligence for Estimates and Analysis an Of-  
3 fice of Intelligence Analysis that shall be headed by a di-  
4 rector appointed by, and serving at the pleasure of, the  
5 Director of National Intelligence. The Office shall be com-  
6 posed of analysts assigned to agencies within the Intel-  
7 ligence Community and shall be responsible for preparing  
8 all current intelligence and other analysis that is intended  
9 to be disseminated within the Government as a whole.

10       “(c) AS HEAD OF THE INTELLIGENCE COMMU-  
11 NITY.—In his capacity as head of the Intelligence Commu-  
12 nity, the Director shall, at a minimum, be responsible  
13 for—

14               “(1) developing and presenting to the President  
15 and the Congress an annual budget for the National  
16 Foreign Intelligence Program of the United States;

17               “(2) managing the collection capabilities of the  
18 Intelligence Community to ensure the satisfaction of  
19 national requirements;

20               “(3) promoting and evaluating the utility of na-  
21 tional intelligence to consumers within the Govern-  
22 ment;

23               “(4) eliminating waste and unnecessary duplica-  
24 tion within the Intelligence Community;

1           “(5) providing guidance, direction, and approval  
2           for the procurement and operation of overhead re-  
3           connaissance systems pursuant to sections 208 and  
4           209 of this Act, to ensure appropriate compatibility  
5           and integration of such systems; and

6           “(6) protecting intelligence sources and meth-  
7           ods from unauthorized disclosure.

8           “(d) ESTABLISHMENT OF OFFICE AND BOARD.—(1)

9           There is established under the Deputy Director of Na-  
10          tional Intelligence for the Intelligence Community an Of-  
11          fice for Warning and Crisis Support that shall be com-  
12          posed of full-time senior representatives of the Intelligence  
13          Community appointed by the Director of National Intel-  
14          ligence. The Office shall be headed by a director appointed  
15          by, and serving at the pleasure of, the Director of National  
16          Intelligence. The Office shall be responsible for—

17               “(A) identifying on a regular, continuing basis,  
18               using all available intelligence, any immediate threat  
19               to the national security of the United States, or any  
20               area or circumstance where United States interven-  
21               tion or involvement is, or may become, necessary or  
22               desirable;

23               “(B) providing to the President and other sen-  
24               ior officials options pertaining to such intervention  
25               or involvement;

1           “(C) providing intelligence support during peri-  
2       ods of crisis to the President and other senior offi-  
3       cials, as appropriate; and

4           “(D) otherwise assisting the Director of Na-  
5       tional Intelligence in carrying out the responsibilities  
6       described in subsection (c).

7       “(2) The Director shall establish a board, under his  
8       control, composed of experienced current or former Gov-  
9       ernment officials, without conflicting allegiances to par-  
10      ticular elements of the Intelligence Community—

11           “(A) to provide a full-time capability to evalu-  
12      ate objectively the quality and timeliness of intel-  
13      ligence support provided the Government; and

14           “(B) otherwise to assist the Director of Na-  
15      tional Intelligence in carrying out the responsibilities  
16      described in subsection (c).

17   **“SEC. 104. STRUCTURE OF THE CENTRAL INTELLIGENCE**  
18                           **AGENCY.**

19           “(a) **APPOINTMENT OF DIRECTOR, CENTRAL INTEL-**  
20   **LIGENCE AGENCY.**—There shall be a Director of the  
21   Central Intelligence Agency, who shall be appointed by the  
22   President, by and with the advice and consent of the Sen-  
23   ate. Subject to the authority, direction, and control of the  
24   Director of National Intelligence, the Director shall be re-  
25   sponsible for—

1           “(1) collecting intelligence through human  
2 sources and by other appropriate means, except that  
3 the Agency shall have no police, subpoena, or law  
4 enforcement powers, or internal security functions;

5           “(2) providing overall direction for the collec-  
6 tion of intelligence through human sources by ele-  
7 ments of the Intelligence Community to make the  
8 most effective use of resources and to minimize the  
9 risks to the United States and those involved in such  
10 collection, except that responsibility for carrying out  
11 such collection shall remain in the existing elements  
12 of the Intelligence Community which perform such  
13 functions;

14           “(3) performing such additional services of  
15 common concern to the Intelligence Community as  
16 the Director of National Intelligence determines can  
17 be more efficiently accomplished centrally; and

18           “(4) performing such other functions and duties  
19 related to intelligence affecting the national security  
20 as the President or the National Security Council  
21 may direct, including the carrying out of such covert  
22 actions as are authorized by the President under  
23 title V of this Act.

24           “(b) ESTABLISHMENT OF ASSISTANT DEPUTY DI-  
25 RECTOR FOR OPERATIONS.—(1) There shall be within the

1 Central Intelligence Agency an Assistant Deputy Director  
 2 for Operations (Military Support), who shall be appointed  
 3 by the Director of the Central Intelligence Agency, after  
 4 consultation with the Chairman of the Joint Chiefs of  
 5 Staff, from among the general or flag officers of the  
 6 Armed Services and shall carry the grade of Major Gen-  
 7 eral or Rear Admiral.

8 “(2) The Assistant Deputy Director for Operations  
 9 (Military Support) shall—

10 “(A) serve as the principal liaison of the  
 11 Central Intelligence Agency with the Department of  
 12 Defense to facilitate the collection of intelligence  
 13 through the use of human sources; and

14 “(B) otherwise assist the Director of the  
 15 Central Intelligence Agency with the responsibilities  
 16 described in subsection (a)(2).

17 **“SEC. 105. AUTHORITIES OF THE DIRECTOR OF NATIONAL**  
 18 **INTELLIGENCE.**

19 “(a) ACCESS TO INTELLIGENCE.—Each component  
 20 of the Intelligence Community shall provide access to the  
 21 Director of National Intelligence to any intelligence relat-  
 22 ed to the national security collected by that component.

23 “(b) USE OF FUNDS.—The Director of National In-  
 24 telligence shall be responsible for the allocation, obligation,  
 25 and expenditure of funds within the National Foreign In-

1 telligence Program budget for the purpose of achieving na-  
2 tional objectives.

3       “(e) ROLE OF DNI IN REPROGRAMMING.—No funds  
4 made available under the National Foreign Intelligence  
5 Program may be reprogrammed by any component of the  
6 Intelligence Community without the prior approval of the  
7 Director of National Intelligence.

8       “(d) REPROGRAMMING PROCEDURES.—The Director  
9 of National Intelligence may reprogram funds within the  
10 National Foreign Intelligence Program in accordance with  
11 established reprogramming procedures in order to satisfy  
12 national requirements of a higher priority if prior notice  
13 is given to the head of the component of the Intelligence  
14 Community whose funds would be reprogrammed and a  
15 reasonable opportunity is provided for such head to appeal  
16 such action to the President.

17       “(e) USE OF RESERVE FOR CONTINGENCIES.—The  
18 Director of National Intelligence shall have authority to  
19 obligate or expend funds from the Reserve for Contin-  
20 gencies of the National Intelligence Agency for any intel-  
21 ligence or intelligence-related activity of the Intelligence  
22 Community in accordance with section 502 of this Act.

23       “(f) TEMPORARY REASSIGNMENT OF PERSONNEL.—  
24 Notwithstanding any other provisions of law, the Director  
25 of National Intelligence may temporarily reassign, for any

1 period or periods totaling not more than 180 days, any  
 2 individual assigned to a particular program within the Na-  
 3 tional Foreign Intelligence Program to any other program  
 4 within the National Foreign Intelligence Program in order  
 5 to satisfy national requirements of a higher priority if, be-  
 6 fore such reassignment, the Director of National  
 7 Intelligence—

8           “(1) notifies the head of the component of the  
 9 Intelligence Community to which the individual is  
 10 currently assigned;

11           “(2) provides a reasonable opportunity for such  
 12 head to appeal such action to the President; and

13           “(3) notifies the Permanent Select Committee  
 14 on Intelligence of the House of Representatives and  
 15 the Select Committee on Intelligence of the Senate  
 16 of the proposed reassignment.

17           “(g) INTELLIGENCE PRIORITIES.—Under the direc-  
 18 tion of the National Security Council, the Director of Na-  
 19 tional Intelligence is authorized to direct the use of any  
 20 collection capability within the Intelligence Community in  
 21 order to satisfy a priority intelligence requirement of the  
 22 United States.

23           “(h) COORDINATION WITH FOREIGN GOVERN-  
 24 MENTS.—Under the direction of the National Security  
 25 Council, the Director of National Intelligence shall coordi-

1 nate the relationships between elements of the Intelligence  
2 Community and the intelligence or security services of for-  
3 eign governments.

4       “(i) PREPARATION OF NATIONAL INTELLIGENCE  
5 ANALYSES.—The Director of National Intelligence may  
6 direct the preparation of intelligence analyses to satisfy  
7 national requirements by any element or elements of the  
8 Intelligence Community after appropriate consultation  
9 with the head or heads of the department or agency con-  
10 cerned.

11       “(j) USE OF PERSONNEL.—The Director of National  
12 Intelligence shall institute policies and programs within  
13 the Intelligence Community to provide for the rotation of  
14 personnel between components of the Intelligence Commu-  
15 nity, and to consolidate, wherever possible, personnel, ad-  
16 ministrative, and security programs to reduce the overall  
17 costs of these activities within the Intelligence Commu-  
18 nity.”.

19       (b) AMENDMENTS TO EXISTING LAW.—(1) Section  
20 1(b) of the Central Intelligence Agency Act of 1949 (50  
21 U.S.C. 403a(b)) is amended by striking “Director of  
22 Central Intelligence” and inserting “Director of the  
23 Central Intelligence Agency”.

24       (2) Section 111(2) of the Central Intelligence Agency  
25 Retirement Act of 1964 for Certain Employees (50 U.S.C.



1 403 note) is amended by striking "Director of Central In-  
 2 telligence" and inserting "Director of the Central Intel-  
 3 ligence Agency".

4 (3) Any reference in any provision of law before the  
 5 date of enactment of this Act to the Director of Central  
 6 Intelligence with respect to his duties as head of the  
 7 Central Intelligence Agency shall, on and after such date,  
 8 be deemed to refer to the Director of the Central Intel-  
 9 ligence Agency.

10 (c) AMENDMENTS TO THE TABLE OF CONTENTS.—

11 The table of contents of the National Security Act of 1947  
 12 is amended by striking out the items relating to sections  
 13 102a and 103 and inserting in lieu thereof the following  
 14 new items:

"Sec. 103. Responsibilities of the Director of National Intelligence.

"Sec. 104. Structure of the Central Intelligence Agency.

"Sec. 105. Authorities of the Director of National Intelligence.

"Sec. 106. National Security Resources Board."

15 SEC. 203. SUBMISSION OF A SEPARATE BUDGET FOR THE  
 16 NATIONAL FOREIGN INTELLIGENCE PRO-  
 17 GRAM.

18 (a) SUBMISSION OF BUDGET REQUESTS.—Beginning  
 19 with fiscal year 1994, and for each fiscal year thereafter,  
 20 the President shall include in any budget request for that  
 21 fiscal year submitted to the Congress an aggregate  
 22 amount for the National Foreign Intelligence Program.

1 (b) ROLE OF THE DIRECTOR OF NATIONAL INTEL-  
 2 LIGENCE.—Any amount authorized to be appropriated, or  
 3 appropriated, for the National Foreign Intelligence Pro-  
 4 gram shall be considered to be authorized to be appro-  
 5 priated, or appropriated, as the case may be, to the Direc-  
 6 tor of National Intelligence, who shall obligate, expend,  
 7 and allocate such funds within the Intelligence Community  
 8 in accordance with the appropriate authorization or appro-  
 9 priation Act.

10 **TITLE III—THE INTELLIGENCE**  
 11 **ACTIVITIES OF THE DEPART-**  
 12 **MENT OF DEFENSE**

13 **Subtitle A—Office of the Secretary**  
 14 **of Defense**

15 **SEC. 301. ASSISTANT SECRETARY OF DEFENSE FOR INTEL-**  
 16 **LIGENCE.**

17 (a) IN GENERAL.—Section 136(b)(3) of title 10,  
 18 United States Code, is amended to read as follows:

19 “(3)(A) One of the Assistant Secretaries shall be As-  
 20 sistant Secretary of Defense for Intelligence, who shall—

21 “(i) have responsibility for the development of  
 22 policy, resource allocation, and oversight for all intel-  
 23 ligence and intelligence-related activities of the De-  
 24 partment of Defense;

1           “(ii) ensure that the Secretary of Defense and  
2           his staff receive appropriate and timely intelligence  
3           support from the Intelligence Community; and

4           “(iii) have principal responsibility for integrat-  
5           ing the tactical intelligence programs of the Depart-  
6           ment of Defense with the National Foreign Intel-  
7           ligence Program, as defined in section 3 of the Na-  
8           tional Security Act of 1947.

9           “(B) One of the Assistant Secretaries shall be the  
10          Assistant Secretary of Defense for Command, Control,  
11          and Communications, who shall have as his principal duty  
12          the overall supervision of command, control, and commu-  
13          nications affairs of the Department of Defense.”.

14          (b) DEFINITION.—Section 101 of such title is amend-  
15          ed by adding at the end the following new paragraph:

16                 “(48) The term ‘Intelligence Community’ has  
17                 the meaning given such term in section 3 of the Na-  
18                 tional Security Act of 1947.”.

19          (c) CONFORMING AMENDMENT.—Section 921(a) of  
20          the National Defense Authorization Act for Fiscal Years  
21          1992 and 1993 is amended by striking out “section  
22          136(b)(3)” and inserting in lieu thereof “section  
23          136(b)(3)(A)”.

1 **SEC. 302. RESPONSIBILITIES OF THE SECRETARY OF DE-**  
2 **FENSE PERTAINING TO THE NATIONAL FOR-**  
3 **EIGN INTELLIGENCE PROGRAM.**

4 The Secretary of Defense shall be responsible for—

5 (1) ensuring the implementation of the policies  
6 and resource decisions of the Director of National  
7 Intelligence by elements of the Department of De-  
8 fense within the National Foreign Intelligence Pro-  
9 gram; and

10 (2) ensuring that the tactical intelligence activi-  
11 ties of the Department of Defense complement and  
12 are compatible with intelligence activities funded  
13 within the National Foreign Intelligence Program.

14 **SEC. 303. RESOURCE MANAGEMENT FOR DEFENSE INTEL-**  
15 **LIGENCE PROGRAMS.**

16 (a) **BUDGET SUBMISSIONS REGARDING TACTICAL IN-**  
17 **TELLIGENCE MATTERS.**—As part of the budget submis-  
18 sion made to the Congress for fiscal year 1994, and for  
19 each fiscal year thereafter, the Secretary of Defense, in  
20 consultation with the Director of National Intelligence,  
21 shall identify to the Select Committee on Intelligence of  
22 the Senate, the Permanent Select Committee on Intel-  
23 ligence of the House of Representatives, and the Commit-  
24 tees on Armed Services of the Senate and House of Rep-  
25 resentatives those intelligence activities of the Department

1 of Defense currently listed as the Tactical Intelligence and  
2 Related Activities (TIARA) which—

- 3 (1) produce positive intelligence in peacetime;  
4 (2) interface or interoperate directly with na-  
5 tional intelligence systems; or  
6 (3) satisfy the intelligence requirements of De-  
7 partment of Defense elements generally rather than  
8 the requirements of a single element.

9 (b) TACTICAL INTELLIGENCE PROGRAM.—Beginning  
10 with fiscal year 1995, and each fiscal year thereafter, the  
11 intelligence activities of the Department of Defense which  
12 were identified by the Secretary of Defense pursuant to  
13 subsection (a), shall be funded as elements of a Tactical  
14 Intelligence Program within the budget of the Department  
15 of Defense, and shall be managed as a separate program  
16 by the Secretary of Defense. Elements of existing Tactical  
17 Intelligence and Related Activities (TIARA) not identified  
18 by the Secretary under subsection (a) as intelligence ac-  
19 tivities shall be designated for program management  
20 under existing arrangements within the Department of  
21 Defense.

1   **Subtitle B—The National Security**  
2                           **Agency**

3   **SEC. 311. ESTABLISHMENT OF NATIONAL SECURITY AGEN-**  
4                           **CY.**

5           (a) **IN GENERAL.**—Title II of the National Security  
6 Act of 1947 (50 U.S.C. 401 et seq.) is amended by adding  
7 at the end thereof the following new section:

8   **"SEC. 208. ESTABLISHMENT OF NATIONAL SECURITY AGEN-**  
9                           **CY.**

10       “(a) **ESTABLISHMENT.**—There is established within  
11 the Department of Defense a National Security Agency  
12 which shall be headed by a Director. The Director shall  
13 be appointed by the Secretary of Defense, after con-  
14 sultation with the Director of National Intelligence, from  
15 among the active component commissioned officers of the  
16 Armed Forces. The term of appointment is four years.  
17 The position of the Director shall be a position of impor-  
18 tance and responsibility carrying the grade of lieutenant  
19 general or admiral. During the period of service as Direc-  
20 tor, a commissioned officer shall not be counted against  
21 the number and percentage of commissioned officers of the  
22 grade of such officer authorized for the Director's armed  
23 force.

24       “(b) **RESPONSIBILITIES.**—The Agency, under the di-  
25 rection of the Secretary of Defense, shall—

1           “(1) establish and operate, subject to the au-  
2           thorities and guidance of the Director of National  
3           Intelligence, an effective unified organization within  
4           the Intelligence Community for the conduct of sig-  
5           nals intelligence activities and shall ensure that the  
6           product of such activities is disseminated in a timely  
7           manner to authorized recipients within the Govern-  
8           ment;

9           “(2) subject to the authorities and guidance of  
10          the Director of National Intelligence, serve as the  
11          sole agent within the Intelligence Community for the  
12          procurement and operation of such overhead recon-  
13          naissance systems as may be required to satisfy the  
14          signals intelligence collection requirements of the In-  
15          telligence Community; and

16          “(3) provide for the communications security  
17          needs of the Government.”.

18          (b) TABLE OF CONTENTS.—The item relating to sec-  
19          tion 208 in the table of contents of such Act is amended  
20          to read as follows:

“Sec. 208. Establishment of National Security Agency.”.

## 1   **Subtitle C—The National Imagery** 2                   **Agency**

### 3   **SEC. 321. ESTABLISHMENT OF NATIONAL IMAGERY AGEN-** 4                   **CY.**

5       (a) **IN GENERAL.**—Title II of the National Security  
 6 Act of 1947, as amended by section 311, is further amend-  
 7 ed by adding at the end thereof the following new section:

### 8   **“SEC. 209. ESTABLISHMENT OF NATIONAL IMAGERY AGEN-** 9                   **CY.**

10       “(a) **ESTABLISHMENT.**—There is established within  
 11 the Department of Defense a National Imagery Agency  
 12 which shall be headed by a Director appointed by the Sec-  
 13 retary of Defense, after consultation with the Director of  
 14 National Intelligence.

15       “(b) **RESPONSIBILITIES.**—Subject to the authorities  
 16 and guidance of the Director of National Intelligence, the  
 17 Agency shall—

18           “(1) establish and operate an effective unified  
 19 organization within the Intelligence Community for  
 20 the tasking of imagery collectors, for the exploitation  
 21 and analysis of the results of such collection, and for  
 22 the dissemination of the product of such collection in  
 23 a timely manner to authorized recipients within the  
 24 Government; and



1           “(2) serve as the sole agent within the Intel-  
 2           ligence Community for the procurement and oper-  
 3           ation of such overhead reconnaissance systems as  
 4           may be required to satisfy the imagery collection re-  
 5           quirements of the Intelligence Community.

6           “(c) DEFINITION.—As used in this section, the term  
 7           ‘imagery’ refers to the results of photographic reconnais-  
 8           sance undertaken from any type of collection platform.”.

9           (b) TABLE OF CONTENTS.—The item relating to sec-  
 10          tion 209 in the table of contents of such Act is amended  
 11          to read as follows:

          “Sec. 209. Establishment of National Imagery Agency.”.

## 12                               **Subtitle D—The Defense** 13                               **Intelligence Agency**

### 14       **SEC. 331. ESTABLISHMENT OF THE DEFENSE INTEL-** 15       **LIGENCE AGENCY.**

16          (a) ESTABLISHMENT.—There is established within  
 17          the Department of Defense a Defense Intelligence Agency  
 18          which shall be headed by a Director.

19          (b) DIRECTOR.—The Director shall be appointed by  
 20          the Secretary of Defense, after consultation with the Di-  
 21          rector of National Intelligence, from among the active  
 22          component commissioned officers of the Armed Forces.  
 23          The term of appointment is four years. The position of  
 24          the Director shall be a position of importance and respon-

1 sibility carrying the grade of lieutenant general or admiral.  
2 During the period of service as Director, a commissioned  
3 officer shall not be counted against the number and per-  
4 centage of commissioned officers of the grade of such offi-  
5 cer authorized for the Director's armed force.

6 **SEC. 332. RESPONSIBILITIES OF THE AGENCY.**

7 (a) IN GENERAL.—Subject to the direction of the  
8 Secretary of Defense, the Defense Intelligence Agency  
9 shall—

10 (1) produce timely, objective military and mili-  
11 tary-related intelligence, independent of political con-  
12 siderations or bias and based upon all sources avail-  
13 able to the United States Intelligence Community,  
14 and disseminate such intelligence—

15 (A) to the Secretary of Defense;

16 (B) to the Joint Chiefs of Staff and senior  
17 military commanders, as appropriate;

18 (C) to other elements of the Department of  
19 Defense, as appropriate; and

20 (D) to other agencies and elements of the  
21 Federal Government, as appropriate;

22 (2) coordinate the production of all military and  
23 military-related intelligence by intelligence elements  
24 of the Department of Defense to ensure adequacy  
25 and objectivity and to avoid unnecessary duplication;

1 (3) manage the Defense Attache system;

2 (4) validate, in accordance with applicable guid-  
3 ance, the intelligence collection requirements of intel-  
4 ligence elements within the Department of Defense;  
5 and

6 (5) perform such additional services of common  
7 concern to the intelligence elements of the Depart-  
8 ment of Defense as the Secretary of Defense deter-  
9 mines can be more efficiently accomplished centrally.

10 (b) **EFFECTIVE DATE.**—This section shall take effect  
11 upon the expiration of the period described in section  
12 921(b) of the National Defense Authorization Act for Fis-  
13 cal Years 1992 and 1993 (Public Law 102-190; 105 Stat.  
14 1452, 10 U.S.C. 201 note).

15 **SEC. 333. AUTHORITIES OF THE DIRECTOR, DEFENSE IN-**  
16 **TELLIGENCE AGENCY.**

17 To carry out the responsibilities set forth in section  
18 332, the Director of the Defense Intelligence Agency—

19 (1) shall have access to all intelligence collected  
20 by any intelligence element of the Department of  
21 Defense, or any component of the Intelligence Com-  
22 munity, which bears upon a matter within his area  
23 of responsibility;

24 (2) may evaluate any military and military-re-  
25 lated intelligence produced by any component of the

1 Department of Defense for use or dissemination out-  
 2 side the component concerned, to ensure its accu-  
 3 racy, completeness, objectivity, or timeliness;

4 (3) in order to avoid unnecessary duplication,  
 5 may evaluate the production of military and mili-  
 6 tary-related intelligence by intelligence elements of  
 7 the Department of Defense, or within an element of  
 8 the Department of Defense, and may direct the con-  
 9 solidation or elimination of existing capabilities, or  
 10 direct that the requirements of a particular element  
 11 or elements be satisfied by alternative means, except  
 12 that independent intelligence production capabilities  
 13 shall be maintained, as required by each of the mili-  
 14 tary departments, pursuant to section 425 of title  
 15 10, United States Code; and

16 (4) shall require the military departments to as-  
 17 sign qualified active duty officers of the Armed  
 18 Forces to the Defense Attache system.

## 19 Subtitle E—The Military 20 Departments

### 21 SEC. 341. INTELLIGENCE CAPABILITIES OF THE MILITARY 22 DEPARTMENTS.

23 (a) MAINTENANCE AND CONSOLIDATION.—Chapter  
 24 21 of title 10, United States Code, is amended by inserting  
 25 at the end of subchapter I the following new section:

1 **"§425. Intelligence capabilities of the military de-**  
 2 **partments**

3 **"(a) REQUIREMENT FOR MAINTENANCE OF CAPA-**  
 4 **BILITIES.**—Under the direction of the Secretary of De-  
 5 fense, the Secretaries of the military departments shall  
 6 maintain sufficient capabilities to collect and produce in-  
 7 telligence in satisfaction of—

8 **"(1) any requirements of the Director of Na-**  
 9 **tional Intelligence;**

10 **"(2) the requirements of the Secretary of De-**  
 11 **fense or the Chairman of the Joint Chiefs of Staff;**  
 12 **and**

13 **"(3) the requirements of the military depart-**  
 14 **ment concerned, including the provision of intel-**  
 15 **ligence support to—**

16 **"(A) military planners;**

17 **"(B) tactical commanders;**

18 **"(C) the process for the acquisition of mili-**  
 19 **tary equipment;**

20 **"(D) training and doctrine; and**

21 **"(E) the research and development proc-**  
 22 **ess.**

23 **"(b) LEVEL AND FORM OF CAPABILITIES TO BE**  
 24 **MAINTAINED.**—The Secretaries of the military depart-  
 25 ments shall ensure that the capabilities maintained pursu-  
 26 ant to subsection (a) do not exceed that which is necessary

1 to satisfy the requirements of their respective depart-  
 2 ments. To the extent feasible, the Secretaries shall provide  
 3 for such capabilities to be maintained jointly and in the  
 4 most efficient and cost-effective form.”.

5 (b) CLERICAL AMENDMENT.—The table of sections  
 6 at the beginning of subchapter II of such chapter is  
 7 amended by inserting after the item relating to section  
 8 424 the following new item:

“425. Intelligence capabilities of the military departments.”.

## 9 TITLE IV—CONGRESSIONAL 10 OVERSIGHT

### 11 SEC. 401. INCLUSION OF TACTICAL MILITARY INTEL- 12 LIGENCE ACTIVITIES WITHIN JURISDICTION 13 OF SELECT COMMITTEE ON INTELLIGENCE.

14 (a) AMENDMENT TO S. RES. 400 (94th CON-  
 15 GRESS).—Section 14(a) of Senate Resolution 400 (94th  
 16 Congress) is amended by striking the last sentence in its  
 17 entirety.

18 (b) EFFECTIVE DATE.—This section shall take effect  
 19 October 1, 1993.

## 20 TITLE V—TRANSFER OF FUNC- 21 TIONS AND SAVINGS PROVI- 22 SIONS

### 23 SEC. 501. DEFINITIONS.

24 For purposes of this title, unless otherwise provided  
 25 or indicated by the context—

1           (1) the term "Federal agency" has the meaning  
2           given to the term "agency" by section 551(1) of title  
3           5, United States Code;

4           (2) the term "function" means any duty, obli-  
5           gation, power, authority, responsibility, right, privi-  
6           lege, activity, or program;

7           (3) the term "transferee agency" means the  
8           National Security Agency established under section  
9           208 of the National Security Act of 1947, the Na-  
10          tional Imagery Agency established under section 209  
11          of that Act, or the Defense Intelligence Agency es-  
12          tablished under section 331, whenever the transferor  
13          agency is an agency by the same name; and

14          (4) the term "transferor agency", with respect  
15          to a transferee agency by the same name, means the  
16          Defense Intelligence Agency established pursuant to  
17          Department of Defense Directive 5105.21 (effective  
18          October 1, 1961, the National Security Agency es-  
19          tablished pursuant to classified Presidential directive  
20          of October 24, 1952, or any component of the Intel-  
21          ligence Community which may be performing func-  
22          tions described in section 209 of the National Secu-  
23          rity Act of 1947, as jointly determined by the Direc-  
24          tor of National Intelligence and the Secretary of De-  
25          fense.

1 **SEC. 502. TRANSFER OF FUNCTIONS.**

2 There are transferred to the transferee agency all  
3 functions which the head of the transferor agency exer-  
4 cised before the date of the enactment of this title (includ-  
5 ing all related functions of any officer or employee of the  
6 transferor agency).

7 **SEC. 503. DETERMINATIONS OF CERTAIN FUNCTIONS BY**  
8 **THE OFFICE OF MANAGEMENT AND BUDGET.**

9 If necessary, the Office of Management and Budget  
10 shall make any determination of the functions that are  
11 transferred under section 502.

12 **SEC. 504. PERSONNEL PROVISIONS.**

13 (a) **APPOINTMENTS.**—The head of the transferee  
14 agency may appoint and fix the compensation of such offi-  
15 cers and employees as may be necessary to carry out the  
16 respective functions transferred under this title. Except as  
17 otherwise provided by law, such officers and employees  
18 shall be appointed in accordance with the civil service laws  
19 and their compensation fixed in accordance with title 5,  
20 United States Code.

21 (b) **EXPERTS AND CONSULTANTS.**—The head of the  
22 transferee agency may obtain the services of experts and  
23 consultants in accordance with section 3109 of title 5,  
24 United States Code, and compensate such experts and  
25 consultants for each day (including traveltime) at rates  
26 not in excess of the rate of pay for level IV of the Execu-



1 tive Schedule under section 5315 of such title. The head  
2 of the transferee agency may pay experts and consultants  
3 who are serving away from their homes or regular place  
4 of business travel expenses and per diem in lieu of subsist-  
5 ence at rates authorized by sections 5702 and 5703 of  
6 such title for persons in Government service employed  
7 intermittently.

8 **SEC. 505. DELEGATION AND ASSIGNMENT.**

9 Except where otherwise expressly prohibited by law  
10 or otherwise provided by this title, the head of the trans-  
11 feree agency may delegate any of the functions transferred  
12 to the head of the transferee agency by this title and any  
13 function transferred or granted to such head of the trans-  
14 feree agency after the effective date of this title to such  
15 officers and employees of the transferee agency as the  
16 head of the transferee agency may designate, and may au-  
17 thorize successive redelegations of such functions as may  
18 be necessary or appropriate. No delegation of functions  
19 by the head of the transferee agency under this section  
20 or under any other provision of this title shall relieve such  
21 head of the transferee agency of responsibility for the ad-  
22 ministration of such functions.

23 **SEC. 506. REORGANIZATION.**

24 The head of the transferee agency is authorized to  
25 allocate or reallocate any function transferred under sec-

1 tion 502 among the officers of the transferee agency, and  
 2 to establish, consolidate, alter, or discontinue such organi-  
 3 zational entities in the transferee agency as may be nec-  
 4 essary or appropriate.

5 **SEC. 507. RULES.**

6 The head of the transferee agency is authorized to  
 7 prescribe, in accordance with the provisions of chapters  
 8 5 and 6 of title 5, United States Code, such rules and  
 9 regulations as the head of the transferee agency deter-  
 10 mines necessary or appropriate to administer and manage  
 11 the functions of the transferee agency.

12 **SEC. 508. TRANSFER AND ALLOCATIONS OF APPROPRIA-**  
 13 **TIONS AND PERSONNEL.**

14 Except as otherwise provided in this title, the person-  
 15 nel employed in connection with, and the assets, liabilities,  
 16 contracts, property, records, and unexpended balances of  
 17 appropriations, authorizations, allocations, and other  
 18 funds employed, used, held, arising from, available to, or  
 19 to be made available in connection with the functions  
 20 transferred by this title, subject to section 1531 of title  
 21 31, United States Code, shall be transferred to the trans-  
 22 feree agency. Unexpended funds transferred pursuant to  
 23 this section shall be used only for the purposes for which  
 24 the funds were originally authorized and appropriated.

1 **SEC. 509. INCIDENTAL TRANSFERS.**

2     The Director of the Office of Management and Budg-  
3 et, at such time or times as the Director shall provide,  
4 is authorized to make such determinations as may be nec-  
5 essary with regard to the functions transferred by this  
6 title, and to make such additional incidental dispositions  
7 of personnel, assets, liabilities, grants, contracts, property,  
8 records, and unexpended balances of appropriations, au-  
9 thorizations, allocations, and other funds held, used, aris-  
10 ing from, available to, or to be made available in connec-  
11 tion with such functions, as may be necessary to carry out  
12 the provisions of this title. The Director of the Office of  
13 Management and Budget shall provide for the termination  
14 of the affairs of all entities terminated by this title and  
15 for such further measures and dispositions as may be nec-  
16 essary to effectuate the purposes of this title.

17 **SEC. 510. EFFECT ON PERSONNEL.**

18     (a) **IN GENERAL.**—Except as otherwise provided by  
19 this title, the transfer pursuant to this title of full-time  
20 personnel (except special Government employees) and  
21 part-time personnel holding permanent positions shall not  
22 cause any such employee to be separated or reduced in  
23 grade or compensation for one year after the date of trans-  
24 fer of such employee under this title.

25     (b) **EXECUTIVE SCHEDULE POSITIONS.**—Except as  
26 otherwise provided in this title, any person who, on the

1 day preceding the effective date of this title, held a position compensated in accordance with the Executive Schedule prescribed in chapter 53 of title 5, United States Code, and who, without a break in service, is appointed in the transferee agency to a position having duties comparable to the duties performed immediately preceding such appointment shall continue to be compensated in such new position at not less than the rate provided for such previous position, for the duration of the service of such person in such new position.

#### 11 SEC. 511. SAVINGS PROVISIONS.

##### 12 (a) CONTINUING EFFECT OF LEGAL DOCUMENTS.—

13 All orders, determinations, rules, regulations, permits, agreements, grants, contracts, certificates, licenses, registrations, privileges, and other administrative actions—

16 (1) which have been issued, made, granted, or allowed to become effective by the President, any Federal agency or official thereof, or by a court of competent jurisdiction, in the performance of functions which are transferred under this title, and

21 (2) which are in effect at the time this title takes effect, or were final before the effective date of this title and are to become effective on or after the effective date of this title,

1 shall continue in effect according to their terms until  
2 modified, terminated, superseded, set aside, or revoked in  
3 accordance with law by the President, the head of the  
4 transferee agency or other authorized official, a court of  
5 competent jurisdiction, or by operation of law.

6 (b) PROCEEDINGS NOT AFFECTED.—The provisions  
7 of this title shall not affect any proceedings, including no-  
8 tices of proposed rulemaking, or any application for any  
9 license, permit, certificate, or financial assistance pending  
10 before the transferor agency at the time this title takes  
11 effect, with respect to functions transferred by this title  
12 but such proceedings and applications shall be continued.  
13 Orders shall be issued in such proceedings, appeals shall  
14 be taken therefrom, and payments shall be made pursuant  
15 to such orders, as if this title had not been enacted, and  
16 orders issued in any such proceedings shall continue in  
17 effect until modified, terminated, superseded, or revoked  
18 by a duly authorized official, by a court of competent juris-  
19 diction, or by operation of law. Nothing in this subsection  
20 shall be deemed to prohibit the discontinuance or modi-  
21 fication of any such proceeding under the same terms and  
22 conditions and to the same extent that such proceeding  
23 could have been discontinued or modified if this title had  
24 not been enacted.

1 (c) SUITS NOT AFFECTED.—The provisions of this  
2 title shall not affect suits commenced before the effective  
3 date of this title, and in all such suits, proceedings shall  
4 be had, appeals taken, and judgments rendered in the  
5 same manner and with the same effect as if this title had  
6 not been enacted.

7 (d) NONABATEMENT OF ACTIONS.—No suit, action,  
8 or other proceeding commenced by or against the trans-  
9 feror agency, or by or against any individual in the official  
10 capacity of such individual as an officer of the transferor  
11 agency, shall abate by reason of the enactment of this title.

12 (e) ADMINISTRATIVE ACTIONS RELATING TO PRO-  
13 MULGATION OF REGULATIONS.—Any administrative ac-  
14 tion relating to the preparation or promulgation of a regu-  
15 lation by the transferor agency relating to a function  
16 transferred under this title may be continued by the trans-  
17 feree agency with the same effect as if this title had not  
18 been enacted.

19 **SEC. 512. SEPARABILITY.**

20 If a provision of this title or its application to any  
21 person or circumstance is held invalid, neither the remain-  
22 der of this title nor the application of the provision to  
23 other persons or circumstances shall be affected.

1 **SEC. 513. TRANSITION.**

2 The head of the transferee agency is authorized to  
3 utilize—

4 (1) the services of such officers, employees, and  
5 other personnel of the transferor agency with respect  
6 to functions transferred to the transferee agency by  
7 this title; and

8 (2) funds appropriated to such functions for  
9 such period of time as may reasonably be needed to  
10 facilitate the orderly implementation of this title.

11 **SEC. 514. REFERENCES.**

12 Any reference in any other Federal law, Executive  
13 order, rule, regulation, or delegation of authority, or any  
14 document of or relating to—

15 (1) the head of the transferor agency with re-  
16 gard to functions transferred under section 502,  
17 shall be deemed to refer to the head of the trans-  
18 feree agency; or

19 (2) the transferor agency with regard to func-  
20 tions transferred under section 502, shall be deemed  
21 to refer to the transferee agency.

22 **TITLE VI—EFFECTIVE DATE**

23 **SEC. 601. EFFECTIVE DATE.**

24 Except for sections 332 and 401, this Act, and the  
25 amendments made by this Act, shall take effect 180 days  
26 after its date of enactment.

# NATIONAL SECURITY ACT OF 1947

ACT OF JULY 26, 1947

AN ACT To promote the national security by providing for a Secretary of Defense; for a National Military Establishment; for a Department of the Army, a Department of the Navy, and a Department of the Air Force; and for the coordination of the activities of the National Military Establishment with other departments and agencies of the Government concerned with the national security.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

## SHORT TITLE

That [50 U.S.C. 401 note] this Act may be cited as the "National Security Act of 1947".

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Sec. 702. Decennial review of exempted operational files.

#### DECLARATION OF POLICY

SEC. 2. [50 U.S.C. 401] In enacting this legislation, it is the intent of Congress to provide a comprehensive program for the future security of the United States; to provide for the establishment of integrated policies and procedures for the departments, agencies, and functions of the Government relating to the national security; to provide a Department of Defense, including the three military Departments of the Army, the Navy (including naval aviation and the United States Marine Corps), and the Air Force under the direction, authority, and control of the Secretary of Defense; to provide that each military department shall be separately organized under its own Secretary and shall function under the direction, authority, and control of the Secretary of Defense; to provide for their unified direction under civilian control of the Secretary of Defense but not to merge these departments or services; to provide for the establishment of unified or specified combatant commands, and a clear and direct line of command to such commands; to eliminate unnecessary duplication in the Department of Defense, and particularly in the field of research and engineering by vesting its overall direction and control in the Secretary of Defense; to provide more effective, efficient, and economical administration in the Department of Defense; to provide for the unified strategic direction of the combatant forces, for their operation under unified command, and for their integration into an efficient team of land, naval, and air forces but not to establish a single Chief of Staff over the armed forces nor an overall armed forces general staff.

#### TITLE I—COORDINATION FOR NATIONAL SECURITY

##### NATIONAL SECURITY COUNCIL

SEC. 101. [50 U.S.C. 402] (a) There is hereby established a council to be known as the National Security Council (hereinafter in this section referred to as the "Council").

\*\*Item editorially inserted.

The President of the United States shall preside over meetings of the Council: *Provided*, That in his absence he may designate a member of the Council to preside in his place.

The function of the Council shall be to advise the President with respect to the integration of domestic, foreign, and military policies relating to the national security so as to enable the military services and the other departments and agencies of the Government to cooperate more effectively in matters involving the national security.

The Council shall be composed of <sup>1</sup>—

- (1) the President;
- (2) the Vice President;
- (3) the Secretary of State;
- (4) the Secretary of Defense;
- (5) the Director for Mutual Security;
- (6) the Chairman of the National Security Resources Board;

and

(7) The Secretaries and Under Secretaries of other executive departments and the military departments, the Chairman of the Munitions Board, and the Chairman of the Research and Development Board, when appointed by the President by and with the advice and consent of the Senate, to serve at his pleasure.

(b) In addition to performing such other functions as the President may direct, for the purpose of more effectively coordinating the policies and functions of the departments and agencies of the Government relating to the national security, it shall, subject to the direction of the President, be the duty of the Council—

(1) to assess and appraise the objectives, commitments, and risks of the United States in relation to our actual and potential military power, in the interest of national security, for the purpose of making recommendations to the President in connection therewith; and

(2) to consider policies on matters of common interest to the departments and agencies of the Government concerned with the national security, and to make recommendations to the President in connection therewith.

(c) The Council shall have a staff to be headed by a civilian executive secretary who shall be appointed by the President, and who shall receive compensation at the rate of \$10,000 a year.<sup>2</sup> The executive secretary, subject to the direction of the Council, is hereby authorized, subject to the civil-service laws and the Classification Act of 1923, as amended,<sup>3</sup> to appoint and fix the compensation of

<sup>1</sup> The positions of Director for Mutual Security, Chairman of the National Security Resources Board, Chairman of the Munitions Board, and Chairman of the Research and Development Board have been abolished by various Reorganization Plans. The statutory members of the National Security Council are the President, Vice President, Secretary of State, and Secretary of Defense.

<sup>2</sup> The specification of the salary of the head of the National Security Council staff is obsolete and has been superseded.

<sup>3</sup> The Classification Act of 1923 was repealed by the Classification Act of 1949. The Classification Act of 1949 was repealed by the law enacting title 5, United States Code (Public Law 89-544, Sept. 6, 1966, 80 Stat. 378), and its provisions were codified as chapter 51 and subchapter 53 of title 5. Section 7(b) of that Act (80 Stat. 631) provided: "A reference to a law replaced by sections 1-6 of this Act, including a reference in a regulation, order, or other law, is deemed to refer to the corresponding provision enacted by this Act."

such personnel as may be necessary to perform such duties as may be prescribed by the Council in connection with the performance of its functions.

(d) The Council shall, from time to time, make such recommendations, and such other reports to the President as it deems appropriate or as the President may require.

#### CENTRAL INTELLIGENCE AGENCY

SEC. 102. [50 U.S.C. 403] (a) There is hereby established under the National Security Council a Central Intelligence Agency with a Director of Central Intelligence who shall be the head thereof, and with a Deputy Director of Central Intelligence who shall act for, and exercise the powers of, the Director during his absence or disability. The Director and the Deputy Director shall be appointed by the President, by and with the advice and consent of the Senate, from among the commissioned officers of the armed services, whether in an active or retired status, or from among individuals in civilian life: *Provided, however,* That at no time shall the two positions of the Director and Deputy Director be occupied simultaneously by commissioned officers of the armed services, whether in an active or retired status.

(b)(1) If a commissioned officer of the armed services is appointed as Director, or Deputy Director, then—

(A) in the performance of his duties as Director, or Deputy Director, he shall be subject to no supervision, control, restriction, or prohibition (military or otherwise) other than would be operative with respect to him if he were a civilian in no way connected with the Department of the Army, the Department of the Navy, the Department of the Air Force, or the armed services or any component thereof; and

(B) he shall not possess or exercise any supervision, control, powers, or functions (other than such as he possesses, or is authorized or directed to exercise, as Director, or Deputy Director) with respect to the armed services or any component thereof, the Department of the Army, the Department of the Navy, or the Department of the Air Force, or any branch, bureau, unit, or division thereof, or with respect to any of the personnel (military or civilian) of any of the foregoing.

(2) Except as provided in paragraph (1), the appointment to the office of Director, or Deputy Director, of a commissioned officer of the armed services, and his acceptance of and service in such office, shall in no way affect any status, office, rank, or grade he may occupy or hold in the armed services, or any emolument, perquisite, right, privilege, or benefit incident to or arising out of any such status, office, rank, or grade. Any such commissioned officer shall, while serving in the office of Director, or Deputy Director, continue to hold rank and grade not lower than that in which serving at the time of his appointment and to receive the military pay and allowance (active or retired, as the case may be, including personal money allowance) payable to a commissioned officer of his grade and length of service for which the appropriate department shall be reimbursed from any funds available to defray the expenses of the Central Intelligence Agency. He also shall be paid by

the Central Intelligence Agency from such funds an annual compensation at a rate equal to the amount by which the compensation established for such position exceeds the amount of his annual military pay and allowances.

(3) The rank or grade of any such commissioned officer shall, during the period in which such commissioned officer occupies the office of Director of Central Intelligence, or Deputy Director of Central Intelligence, be in addition to the numbers and percentages otherwise authorized and appropriated for the armed service of which he is a member.

(c) Notwithstanding the provisions of section 6 of the Act of August 24, 1912 (37 Stat. 555),<sup>4</sup> or the provisions of any other law, the Director of Central Intelligence may, in his discretion, terminate the employment of any officer or employee of the Agency whenever he shall deem such termination necessary or advisable in the interests of the United States, but such termination shall not affect the right of such officer or employee to seek or accept employment in any other department or agency of the Government if declared eligible for such employment by the United States Civil Service Commission.<sup>5</sup>

(d) For the purpose of coordinating the intelligence activities of the several Government departments and agencies in the interest of national security, it shall be the duty of the Agency, under the direction of the National Security Council—

(1) to advise the National Security Council in matters concerning such intelligence activities of the Government departments and agencies as relate to national security;

(2) to make recommendations to the National Security Council for the coordination of such intelligence activities of the departments and agencies of the Government as relate to the national security;

(3) to correlate and evaluate intelligence relating to the national security, and provide for the appropriate dissemination of such intelligence within the Government using where appropriate existing agencies and facilities: *Provided*, That the Agency shall have no police, subpoena, law-enforcement powers, or internal-security functions: *Provided further*, That the departments and other agencies of the Government shall continue to collect, evaluate, correlate, and disseminate departmental intelligence: *And provided further*, That the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure;

(4) to perform, for the benefit of the existing intelligence agencies, such additional services of common concern as the National Security Council determines can be more efficiently accomplished centrally;

<sup>4</sup> The cited Act of August 24, 1912, was repealed by the law enacting title 5, United States Code (Public Law 89-544, Sept. 6, 1966, 80 Stat. 378). The provisions of section 6 of that Act were codified as section 7501 of title 5.

<sup>5</sup> The functions of the Civil Service Commission were transferred to the Director of the Office of Personnel Management by section 102 of Reorganization Plan No. 2 of 1978 (92 Stat. 3783; 5 U.S.C. 1101 note).

(5) to perform such other functions and duties related to intelligence affecting the national security as the National Security Council may from time to time direct.

(e) To the extent recommended by the National Security Council and approved by the President, such intelligence of the departments and agencies of the Government, except as hereinafter provided, relating to the national security shall be open to the inspection of the Director of Central Intelligence, and such intelligence as relates to the national security and is possessed by such departments and other agencies of the Government, except as hereinafter provided, shall be made available to the Director of Central Intelligence for correlation, evaluation, and dissemination: *Provided however*, That upon the written request of the Director of Central Intelligence, the Director of the Federal Bureau of Investigation shall make available to the Director of Central Intelligence such information for correlation, evaluation, and dissemination as may be essential to the national security.

(f) Effective when the Director first appointed under subsection (a) has taken office—

(1) the National Intelligence Authority (11 Fed. Reg. 1337, 1339, February 5, 1946) shall cease to exist; and

(2) the personnel, property, and records of the Central Intelligence Group are transferred to the Central Intelligence Agency, and such Group shall cease to exist. Any unexpended balances of appropriations, allocations, or other funds available or authorized to be made available for such Group shall be available and shall be authorized to be made available in like manner for expenditure by the Agency.

#### APPOINTMENT OF DIRECTOR OF INTELLIGENCE COMMUNITY STAFF

SEC. 102a. (1) If a commissioned officer of the Armed Forces is appointed as Director of the Intelligence Community Staff, such commissioned officer, while serving in such position—

(A) shall not be subject to supervision, control, restriction, or prohibition by the Department of Defense or any component thereof; and

(B) shall not exercise, by reason of his status as a commissioned officer, any supervision, control, powers, or functions (other than as authorized as Director of the Intelligence Community Staff) with respect to any of the military or civilian personnel thereof.

(2) Except as provided in subsection (1), the appointment of a commissioned officer of the Armed Forces to the position of Director of the Intelligence Community Staff, his acceptance of such appointment and his service in such position shall in no way affect his status, position, rank, or grade in the Armed Forces, or any emolument, perquisite, right, privilege, or benefit incident to or arising out of any such status, position, rank, or grade. Any such commissioned officer, while serving in the position of Director of the Intelligence Community Staff, shall continue to hold a rank and grade not lower than that in which he was serving at the time of his appointment to such position and to receive the military pay and allowances (including retired or retainer pay) payable to a

commissioned officer of his grade and length of service for which the appropriate military department shall be reimbursed from any funds available to defray the expenses of the Intelligence Community Staff. In addition to any pay or allowance payable under the preceding sentence, such commissioned officer shall be paid by the Intelligence Community Staff, from funds available to defray the expenses of such staff, an annual compensation at a rate equal to the excess of the rate of compensation payable for such position over the annual rate of his military pay (including retired and retainer pay) and allowances.

(3) Any commissioned officer to which subsection (1) applies, during the period of his service as Director of the Intelligence Community Staff, shall not be counted against the numbers and percentages of commissioned officers of the rank and grade of such officer authorized for the Armed Force of which he is a member, except that only one commissioned officer of the Armed Forces occupying the position of Director of Central Intelligence or Deputy Director of Central Intelligence as provided for in section 102, or the position of Director of the Intelligence Community Staff, under this section, shall be exempt from such numbers and percentage at any one time.

#### NATIONAL SECURITY RESOURCES BOARD <sup>6</sup>

SEC. 103. [50 U.S.C. 404] (a) The Director of the Office of Defense Mobilization,<sup>7</sup> subject to the direction of the President, is authorized, subject to the civil-service laws and the Classification Act of 1949,<sup>8</sup> to appoint and fix the compensation of such personnel as may be necessary to assist the Director in carrying out his functions.

(b) It shall be the function of the Director of the Office of Defense Mobilization to advise the President concerning the coordination of military, industrial, and civilian mobilization, including—

(1) policies concerning industrial and civilian mobilization in order to assure the most effective mobilization and maximum utilization of the Nation's manpower in the event of war.

(2) programs for the effective use in time of war of the Nation's natural and industrial resources for military and civilian needs, for the maintenance and stabilization of the civilian economy in time of war, and for the adjustment of such economy to war needs and conditions;

(3) policies for unifying, in time of war, the activities of Federal agencies and departments engaged in or concerned with production, procurement, distribution, or transportation of military or civilian supplies, materials, and products;

<sup>6</sup> Section 103 deals with emergency preparedness. Section 50 of the Act of September 3, 1954 (68 Stat. 1244), eliminated former subsection (a), relating to the establishment of the National Security Resources Board, and redesignated former subsections (b)-(d) as subsections (a)-(c). The section heading was not amended accordingly.

<sup>7</sup> The functions of the Director of the Office of Defense Mobilization under this section which previously were transferred to the President, were delegated to the Director of the Federal Emergency Management Agency by section 4-102 of Executive Order No. 12148 (July 20, 1979, 44 F.R. 43239, 50 U.S.C. App. 2251 note).

<sup>8</sup> The Classification Act of 1949 was repealed by the law enacting title 5, United States Code (Public Law 89-544, Sept. 6, 1966, 80 Stat. 378), and its provisions were codified as chapter 51 and subchapter 53 of that title.

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# Presidential Documents

Title 3—

Executive Order 12333 of December 4, 1981

The President

United States Intelligence Activities

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Timely and accurate information about the activities, capabilities, plans, and intentions of foreign powers, organizations, and persons, and their agents, is essential to the national security of the United States. All reasonable and lawful means must be used to ensure that the United States will receive the best intelligence available. For that purpose, by virtue of the authority vested in me by the Constitution and statutes of the United States of America, including the National Security Act of 1947, as amended, and as President of the United States of America, in order to provide for the effective conduct of United States intelligence activities and the protection of constitutional rights, it is hereby ordered as follows:

**Part 1*****Goals, Direction, Duties and Responsibilities With Respect to the National Intelligence Effort***

**1.1 Goals.** The United States intelligence effort shall provide the President and the National Security Council with the necessary information on which to base decisions concerning the conduct and development of foreign, defense and economic policy, and the protection of United States national interests from foreign security threats. All departments and agencies shall cooperate fully to fulfill this goal.

(a) Maximum emphasis should be given to fostering analytical competition among appropriate elements of the Intelligence Community.

(b) All means, consistent with applicable United States law and this Order, and with full consideration of the rights of United States persons, shall be used to develop intelligence information for the President and the National Security Council. A balanced approach between technical collection efforts and other means should be maintained and encouraged.

(c) Special emphasis should be given to detecting and countering espionage and other threats and activities directed by foreign intelligence services against the United States Government, or United States corporations, establishments, or persons.

(d) To the greatest extent possible consistent with applicable United States law and this Order, and with full consideration of the rights of United States persons, all agencies and departments should seek to ensure full and free exchange of information in order to derive maximum benefit from the United States intelligence effort.

**1.2 The National Security Council.**

(a) **Purpose.** The National Security Council (NSC) was established by the National Security Act of 1947 to advise the President with respect to the integration of domestic, foreign and military policies relating to the national security. The NSC shall act as the highest Executive Branch entity that provides review of, guidance for and direction to the conduct of all national foreign intelligence, counterintelligence, and special activities, and attendant policies and programs.

(b) **Committees.** The NSC shall establish such committees as may be necessary to carry out its functions and responsibilities under this Order. The NSC, or a committee established by it, shall consider and submit to the President a policy recommendation, including all dissents, on each special activity and shall review proposals for other sensitive intelligence operations.

**1.3 National Foreign Intelligence Advisory Groups.**

(a) **Establishment and Duties.** The Director of Central Intelligence shall establish such boards, councils, or groups as required for the purpose of obtaining advice from within the Intelligence Community concerning:

- (1) Production, review and coordination of national foreign intelligence;
- (2) Priorities for the National Foreign Intelligence Program budget;
- (3) Interagency exchanges of foreign intelligence information;
- (4) Arrangements with foreign governments on intelligence matters;
- (5) Protection of intelligence sources and methods;
- (6) Activities of common concern; and
- (7) Such other matters as may be referred by the Director of Central Intelligence.

(b) **Membership.** Advisory groups established pursuant to this section shall be chaired by the Director of Central Intelligence or his designated representative and shall consist of senior representatives from organizations within the Intelligence Community and from departments or agencies containing such organizations, as designated by the Director of Central Intelligence. Groups for consideration of substantive intelligence matters will include representatives



of organizations involved in the collection, processing and analysis of intelligence. A senior representative of the Secretary of Commerce, the Attorney General, the Assistant to the President for National Security Affairs, and the Office of the Secretary of Defense shall be invited to participate in any group which deals with other than substantive intelligence matters.

**1.4 The Intelligence Community.** The agencies within the Intelligence Community shall, in accordance with applicable United States law and with the other provisions of this Order, conduct intelligence activities necessary for the conduct of foreign relations and the protection of the national security of the United States, including:

(a) Collection of information needed by the President, the National Security Council, the Secretaries of State and Defense, and other Executive Branch officials for the performance of their duties and responsibilities;

(b) Production and dissemination of intelligence;

(c) Collection of information concerning, and the conduct of activities to protect against, intelligence activities directed against the United States, international terrorist and international narcotics activities, and other hostile activities directed against the United States by foreign powers, organizations, persons, and their agents;

(d) Special activities;

(e) Administrative and support activities within the United States and abroad necessary for the performance of authorized activities; and

(f) Such other intelligence activities as the President may direct from time to time.

**1.5 Director of Central Intelligence.** In order to discharge the duties and responsibilities prescribed by law, the Director of Central Intelligence shall be responsible directly to the President and the NSC and shall:

(a) Act as the primary adviser to the President and the NSC on national foreign intelligence and provide the President and other officials in the Executive Branch with national foreign intelligence;

(b) Develop such objectives and guidance for the Intelligence Community as will enhance capabilities for responding to expected future needs for national foreign intelligence;

(c) Promote the development and maintenance of services of common concern by designated intelligence organizations on behalf of the Intelligence Community;

(d) Ensure implementation of special activities;

(e) Formulate policies concerning foreign intelligence and counterintelligence arrangements with foreign governments, coordinate foreign intelligence and counterintelligence relationships between agencies of the Intelligence Community and the intelligence or internal security services of foreign governments, and establish procedures governing the conduct of liaison by any department or agency with such services on narcotics activities;

(f) Participate in the development of procedures approved by the Attorney General governing criminal narcotics intelligence activities abroad to ensure that these activities are consistent with foreign intelligence programs;

(g) Ensure the establishment by the Intelligence Community of common security and access standards for managing and handling foreign intelligence systems, information, and products;

(h) Ensure that programs are developed which protect intelligence sources, methods, and analytical procedures;

(i) Establish uniform criteria for the determination of relative priorities for the transmission of critical national foreign intelligence, and advise the Secretary of Defense concerning the communications requirements of the Intelligence Community for the transmission of such intelligence;

- (j) Establish appropriate staffs, committees, or other advisory groups to assist in the execution of the Director's responsibilities;
- (k) Have full responsibility for production and dissemination of national foreign intelligence, and authority to levy analytic tasks on departmental intelligence production organizations, in consultation with those organizations, ensuring that appropriate mechanisms for competitive analysis are developed so that diverse points of view are considered fully and differences of judgment within the Intelligence Community are brought to the attention of national policymakers;
- (l) Ensure the timely exploitation and dissemination of data gathered by national foreign intelligence collection means, and ensure that the resulting intelligence is disseminated immediately to appropriate government entities and military commands;
- (m) Establish mechanisms which translate national foreign intelligence objectives and priorities approved by the NSC into specific guidance for the Intelligence Community, resolve conflicts in tasking priority, provide to departments and agencies having information collection capabilities that are not part of the National Foreign Intelligence Program advisory tasking concerning collection of national foreign intelligence, and provide for the development of plans and arrangements for transfer of required collection tasking authority to the Secretary of Defense when directed by the President;
- (n) Develop, with the advice of the program managers and departments and agencies concerned, the consolidated National Foreign Intelligence Program budget, and present it to the President and the Congress;
- (o) Review and approve all requests for reprogramming National Foreign Intelligence Program funds, in accordance with guidelines established by the Office of Management and Budget;
- (p) Monitor National Foreign Intelligence Program implementation, and, as necessary, conduct program and performance audits and evaluations;
- (q) Together with the Secretary of Defense, ensure that there is no unnecessary overlap between national foreign intelligence programs and Department of Defense intelligence programs consistent with the requirement to develop competitive analysis, and provide to and obtain from the Secretary of Defense all information necessary for this purpose;
- (r) In accordance with law and relevant procedures approved by the Attorney General under this Order, give the heads of the departments and agencies access to all intelligence, developed by the CIA or the staff elements of the Director of Central Intelligence, relevant to the national intelligence needs of the departments and agencies; and
- (s) Facilitate the use of national foreign intelligence products by Congress in a secure manner.

**1.6 Duties and Responsibilities of the Heads of Executive Branch Departments and Agencies.**

- (a) The heads of all Executive Branch departments and agencies shall, in accordance with law and relevant procedures approved by the Attorney General under this Order, give the Director of Central Intelligence access to all information relevant to the national intelligence needs of the United States, and shall give due consideration to the requests from the Director of Central Intelligence for appropriate support for Intelligence Community activities.
- (b) The heads of departments and agencies involved in the National Foreign Intelligence Program shall ensure timely development and submission to the Director of Central Intelligence by the program managers and heads of component activities of proposed national programs and budgets in the format designated by the Director of Central Intelligence, and shall also ensure that the Director of Central Intelligence is provided, in a timely and responsive manner, all information necessary to perform the Director's program and budget responsibilities.

(c) The heads of departments and agencies involved in the National Foreign Intelligence Program may appeal to the President decisions by the Director of Central Intelligence on budget or reprogramming matters of the National Foreign Intelligence Program.

**1.7 Senior Officials of the Intelligence Community.** The heads of departments and agencies with organizations in the Intelligence Community or the heads of such organizations, as appropriate, shall:

(a) Report to the Attorney General possible violations of federal criminal laws by employees and of specified federal criminal laws by any other person as provided in procedures agreed upon by the Attorney General and the head of the department or agency concerned, in a manner consistent with the protection of intelligence sources and methods, as specified in those procedures;

(b) In any case involving serious or continuing breaches of security, recommend to the Attorney General that the case be referred to the FBI for further investigation;

(c) Furnish the Director of Central Intelligence and the NSC, in accordance with applicable law and procedures approved by the Attorney General under this Order, the information required for the performance of their respective duties;

(d) Report to the Intelligence Oversight Board, and keep the Director of Central Intelligence appropriately informed, concerning any intelligence activities of their organizations that they have reason to believe may be unlawful or contrary to Executive order or Presidential directive;

(e) Protect intelligence and intelligence sources and methods from unauthorized disclosure consistent with guidance from the Director of Central Intelligence;

(f) Disseminate intelligence to cooperating foreign governments under arrangements established or agreed to by the Director of Central Intelligence;

(g) Participate in the development of procedures approved by the Attorney General governing production and dissemination of intelligence resulting from criminal narcotics intelligence activities abroad if their departments, agencies, or organizations have intelligence responsibilities for foreign or domestic narcotics production and trafficking;

(h) Instruct their employees to cooperate fully with the Intelligence Oversight Board; and

(i) Ensure that the Inspectors General and General Counsels for their organizations have access to any information necessary to perform their duties assigned by this Order.

**1.8 The Central Intelligence Agency.** All duties and responsibilities of the CIA shall be related to the intelligence functions set out below. As authorized by this Order, the National Security Act of 1947, as amended; the CIA Act of 1949, as amended; appropriate directives or other applicable law, the CIA shall:

(a) Collect, produce and disseminate foreign intelligence and counterintelligence, including information not otherwise obtainable. The collection of foreign intelligence or counterintelligence within the United States shall be coordinated with the FBI as required by procedures agreed upon by the Director of Central Intelligence and the Attorney General;

(b) Collect, produce and disseminate intelligence on foreign aspects of narcotics production and trafficking;

(c) Conduct counterintelligence activities outside the United States and, without assuming or performing any internal security functions, conduct counterintelligence activities within the United States in coordination with the FBI as required by procedures agreed upon the Director of Central Intelligence and the Attorney General;

(d) Coordinate counterintelligence activities and the collection of information not otherwise obtainable when conducted outside the United States by other departments and agencies;

(e) Conduct special activities approved by the President. No agency except the CIA (or the Armed Forces of the United States in time of war declared by Congress or during any period covered by a report from the President to the Congress under the War Powers Resolution (87 Stat. 855)) may conduct any special activity unless the President determines that another agency is more likely to achieve a particular objective;

(f) Conduct services of common concern for the Intelligence Community as directed by the NSC;

(g) Carry out or contract for research, development and procurement of technical systems and devices relating to authorized functions;

(h) Protect the security of its installations, activities, information, property, and employees by appropriate means, including such investigations of applicants, employees, contractors, and other persons with similar associations with the CIA as are necessary; and

(i) Conduct such administrative and technical support activities within and outside the United States as are necessary to perform the functions described in sections (a) and through (h) above, including procurement and essential cover and proprietary arrangements.

**1.9 The Department of State.** The Secretary of State shall:

(a) Overtly collect information relevant to United States foreign policy concerns;

(b) Produce and disseminate foreign intelligence relating to United States foreign policy as required for the execution of the Secretary's responsibilities;

(c) Disseminate, as appropriate, reports received from United States diplomatic and consular posts;

(d) Transmit reporting requirements of the Intelligence Community to the Chiefs of United States Missions abroad; and

(e) Support Chiefs of Missions in discharging their statutory responsibilities for direction and coordination of mission activities.

**1.10 The Department of the Treasury.** The Secretary of the Treasury shall:

(a) Overtly collect foreign financial and monetary information;

(b) Participate with the Department of State in the overt collection of general foreign economic information;

(c) Produce and disseminate foreign intelligence relating to United States economic policy as required for the execution of the Secretary's responsibilities; and

(d) Conduct, through the United States Secret Service, activities to determine the existence and capability of surveillance equipment being used against the President of the United States, the Executive Office of the President, and, as authorized by the Secretary of the Treasury or the President, other Secret Service protectees and United States officials. No information shall be acquired intentionally through such activities except to protect against such surveillance, and those activities shall be conducted pursuant to procedures agreed upon by the Secretary of the Treasury and the Attorney General.

**1.11 The Department of Defense.** The Secretary of Defense shall:

(a) Collect national foreign intelligence and be responsive to collection tasking by the Director of Central Intelligence;

(b) Collect, produce and disseminate military and military-related foreign intelligence and counterintelligence as required for execution of the Secretary's responsibilities;

- (c) Conduct programs and missions necessary to fulfill national, departmental and tactical foreign intelligence requirements;
- (d) Conduct counterintelligence activities in support of Department of Defense components outside the United States in coordination with the CIA, and within the United States in coordination with the FBI pursuant to procedures agreed upon by the Secretary of Defense and the Attorney General;
- (e) Conduct, as the executive agent of the United States Government, signals intelligence and communications security activities, except as otherwise directed by the NSC;
- (f) Provide for the timely transmission of critical intelligence, as defined by the Director of Central Intelligence, within the United States Government;
- (g) Carry out or contract for research, development and procurement of technical systems and devices relating to authorized intelligence functions;
- (h) Protect the security of Department of Defense installations, activities, property, information, and employees by appropriate means, including such investigations of applicants, employees, contractors, and other persons with similar associations with the Department of Defense as are necessary;
- (i) Establish and maintain military intelligence relationships and military intelligence exchange programs with selected cooperative foreign defense establishments and international organizations, and ensure that such relationships and programs are in accordance with policies formulated by the Director of Central Intelligence;
- (j) Direct, operate, control and provide fiscal management for the National Security Agency and for defense and military intelligence and national reconnaissance entities; and
- (k) Conduct such administrative and technical support activities within and outside the United States as are necessary to perform the functions described in sections (a) through (j) above.

1.12 *Intelligence Components Utilized by the Secretary of Defense.* In carrying out the responsibilities assigned in section 1.11, the Secretary of Defense is authorized to utilize the following:

(a) *Defense Intelligence Agency*, whose responsibilities shall include:

- (1) Collection, production, or, through tasking and coordination, provision of military and military-related intelligence for the Secretary of Defense, the Joint Chiefs of Staff, other Defense components, and, as appropriate, non-Defense agencies;
- (2) Collection and provision of military intelligence for national foreign intelligence and counterintelligence products;
- (3) Coordination of all Department of Defense intelligence collection requirements;
- (4) Management of the Defense Attache system; and
- (5) Provision of foreign intelligence and counterintelligence staff support as directed by the Joint Chiefs of Staff.

(b) *National Security Agency*, whose responsibilities shall include:

- (1) Establishment and operation of an effective unified organization for signals intelligence activities, except for the delegation of operational control over certain operations that are conducted through other elements of the Intelligence Community. No other department or agency may engage in signals intelligence activities except pursuant to a delegation by the Secretary of Defense;
- (2) Control of signals intelligence collection and processing activities, including assignment of resources to an appropriate agent for such periods and tasks as required for the direct support of military commanders;

(3) Collection of signals intelligence information for national foreign intelligence purposes in accordance with guidance from the Director of Central Intelligence;

(4) Processing of signals intelligence data for national foreign intelligence purposes in accordance with guidance from the Director of Central Intelligence;

(5) Dissemination of signals intelligence information for national foreign intelligence purposes to authorized elements of the Government, including the military services, in accordance with guidance from the Director of Central Intelligence;

(6) Collection, processing and dissemination of signals intelligence information for counterintelligence purposes;

(7) Provision of signals intelligence support for the conduct of military operations in accordance with tasking, priorities, and standards of timeliness assigned by the Secretary of Defense. If provision of such support requires use of national collection systems, these systems will be tasked within existing guidance from the Director of Central Intelligence;

(8) Executing the responsibilities of the Secretary of Defense as executive agent for the communications security of the United States Government;

(9) Conduct of research and development to meet the needs of the United States for signals intelligence and communications security;

(10) Protection of the security of its installations, activities, property, information, and employees by appropriate means, including such investigations of applicants, employees, contractors, and other persons with similar associations with the NSA as are necessary;

(11) Prescribing, within its field of authorized operations, security regulations covering operating practices, including the transmission, handling and distribution of signals intelligence and communications security material within and among the elements under control of the Director of the NSA, and exercising the necessary supervisory control to ensure compliance with the regulations;

(12) Conduct of foreign cryptologic liaison relationships, with liaison for intelligence purposes conducted in accordance with policies formulated by the Director of Central Intelligence; and

(13) Conduct of such administrative and technical support activities within and outside the United States as are necessary to perform the functions described in sections (1) through (12) above, including procurement.

(c) *Offices for the collection of specialized intelligence through reconnaissance programs, whose responsibilities shall include:*

(1) Carrying out consolidated reconnaissance programs for specialized intelligence;

(2) Responding to tasking in accordance with procedures established by the Director of Central Intelligence; and

(3) Delegating authority to the various departments and agencies for research, development, procurement, and operation of designated means of collection.

(d) *The foreign intelligence and counterintelligence elements of the Army, Navy, Air Force, and Marine Corps, whose responsibilities shall include:*

(1) Collection, production and dissemination of military and military-related foreign intelligence and counterintelligence, and information on the foreign aspects of narcotics production and trafficking. When collection is conducted in response to national foreign intelligence requirements, it will be conducted in accordance with guidance from the Director of Central Intelligence. Collection of national foreign intelligence, not otherwise obtainable, outside the United States shall be coordinated with the CIA, and such collection within the United States shall be coordinated with the FBI;

(2) Conduct of counterintelligence activities outside the United States in coordination with the CIA, and within the United States in coordination with the FBI; and

(3) Monitoring of the development, procurement and management of tactical intelligence systems and equipment and conducting related research, development, and test and evaluation activities.

(e) *Other offices within the Department of Defense appropriate for conduct of the intelligence missions and responsibilities assigned to the Secretary of Defense.* If such other offices are used for intelligence purposes, the provisions of Part 2 of this Order shall apply to those offices when used for those purposes.

1.13 *The Department of Energy.* The Secretary of Energy shall:

(a) Participate with the Department of State in overtly collecting information with respect to foreign energy matters;

(b) Produce and disseminate foreign intelligence necessary for the Secretary's responsibilities;

(c) Participate in formulating intelligence collection and analysis requirements where the special expert capability of the Department can contribute; and

(d) Provide expert technical, analytical and research capability to other agencies within the Intelligence Community.

1.14 *The Federal Bureau of Investigation.* Under the supervision of the Attorney General and pursuant to such regulations as the Attorney General may establish, the Director of the FBI shall:

(a) Within the United States conduct counterintelligence and coordinate counterintelligence activities of other agencies within the Intelligence Community. When a counterintelligence activity of the FBI involves military or civilian personnel of the Department of Defense, the FBI shall coordinate with the Department of Defense;

(b) Conduct counterintelligence activities outside the United States in coordination with the CIA as required by procedures agreed upon by the Director of Central Intelligence and the Attorney General;

(c) Conduct within the United States, when requested by officials of the Intelligence Community designated by the President, activities undertaken to collect foreign intelligence or support foreign intelligence collection requirements of other agencies within the Intelligence Community, or, when requested by the Director of the National Security Agency, to support the communications security activities of the United States Government;

(d) Produce and disseminate foreign intelligence and counterintelligence; and

(e) Carry out or contract for research, development and procurement of technical systems and devices relating to the functions authorized above.

## Part 2

### *Conduct of Intelligence Activities*

2.1 *Need.* Accurate and timely information about the capabilities, intentions and activities of foreign powers, organizations, or persons and their agents is essential to informed decisionmaking in the areas of national defense and foreign relations. Collection of such information is a priority objective and will be pursued in a vigorous, innovative and responsible manner that is consistent with the Constitution and applicable law and respectful of the principles upon which the United States was founded.

2.2 *Purpose.* This Order is intended to enhance human and technical collection techniques, especially those undertaken abroad, and the acquisition of significant foreign intelligence, as well as the detection and countering of international terrorist activities and espionage conducted by foreign powers. Set forth below are certain general principles that, in addition to and consistent with applicable laws, are intended to achieve the proper balance between

the acquisition of essential information and protection of individual interests. Nothing in this Order shall be construed to apply to or interfere with any authorized civil or criminal law enforcement responsibility of any department or agency.

**2.3 Collection of Information.** Agencies within the Intelligence Community are authorized to collect, retain or disseminate information concerning United States persons only in accordance with procedures established by the head of the agency concerned and approved by the Attorney General, consistent with the authorities provided by Part 1 of this Order. Those procedures shall permit collection, retention and dissemination of the following types of information:

(a) Information that is publicly available or collected with the consent of the person concerned;

(b) Information constituting foreign intelligence or counterintelligence, including such information concerning corporations or other commercial organizations. Collection within the United States of foreign intelligence not otherwise obtainable shall be undertaken by the FBI or, when significant foreign intelligence is sought, by other authorized agencies of the Intelligence Community, provided that no foreign intelligence collection by such agencies may be undertaken for the purpose of acquiring information concerning the domestic activities of United States persons;

(c) Information obtained in the course of a lawful foreign intelligence, counterintelligence, international narcotics or international terrorism investigation;

(d) Information needed to protect the safety of any persons or organizations, including those who are targets, victims or hostages of international terrorist organizations;

(e) Information needed to protect foreign intelligence or counterintelligence sources or methods from unauthorized disclosure. Collection within the United States shall be undertaken by the FBI except that other agencies of the Intelligence Community may also collect such information concerning present or former employees, present or former intelligence agency contractors or their present or former employees, or applicants for any such employment or contracting;

(f) Information concerning persons who are reasonably believed to be potential sources or contacts for the purpose of determining their suitability or credibility;

(g) Information arising out of a lawful personnel, physical or communications security investigation;

(h) Information acquired by overhead reconnaissance not directed at specific United States persons;

(i) Incidentally obtained information that may indicate involvement in activities that may violate federal, state, local or foreign laws; and

(j) Information necessary for administrative purposes.

In addition, agencies within the Intelligence Community may disseminate information, other than information derived from signals intelligence, to each appropriate agency within the Intelligence Community for purposes of allowing the recipient agency to determine whether the information is relevant to its responsibilities and can be retained by it.

**2.4 Collection Techniques.** Agencies within the Intelligence Community shall use the least intrusive collection techniques feasible within the United States or directed against United States persons abroad. Agencies are not authorized to use such techniques as electronic surveillance, unconsented physical search, mail surveillance, physical surveillance, or monitoring devices unless they are in accordance with procedures established by the head of the agency concerned and approved by the Attorney General. Such procedures shall protect constitutional and other legal rights and limit use of such information to lawful governmental purposes. These procedures shall not authorize:



(a) The CIA to engage in electronic surveillance within the United States except for the purpose of training, testing, or conducting countermeasures to hostile electronic surveillance;

(b) Unconsented physical searches in the United States by agencies other than the FBI, except for:

(1) Searches by counterintelligence elements of the military services directed against military personnel within the United States or abroad for intelligence purposes, when authorized by a military commander empowered to approve physical searches for law enforcement purposes, based upon a finding of probable cause to believe that such persons are acting as agents of foreign powers; and

(2) Searches by CIA of personal property of non-United States persons lawfully in its possession.

(c) Physical surveillance of a United States person in the United States by agencies other than the FBI, except for:

(1) Physical surveillance of present or former employees, present or former intelligence agency contractors or their present or former employees, or applicants for any such employment or contracting; and

(2) Physical surveillance of a military person employed by a nonintelligence element of a military service.

(d) Physical surveillance of a United States person abroad to collect foreign intelligence, except to obtain significant information that cannot reasonably be acquired by other means.

**2.5 Attorney General Approval.** The Attorney General hereby is delegated the power to approve the use for intelligence purposes, within the United States or against a United States person abroad, of any technique for which a warrant would be required if undertaken for law enforcement purposes, provided that such techniques shall not be undertaken unless the Attorney General has determined in each case that there is probable cause to believe that the technique is directed against a foreign power or an agent of a foreign power. Electronic surveillance, as defined in the Foreign Intelligence Surveillance Act of 1978, shall be conducted in accordance with that Act, as well as this Order.

**2.6 Assistance to Law Enforcement Authorities.** Agencies within the Intelligence Community are authorized to:

(a) Cooperate with appropriate law enforcement agencies for the purpose of protecting the employees, information, property and facilities of any agency within the Intelligence Community;

(b) Unless otherwise precluded by law or this Order, participate in law enforcement activities to investigate or prevent clandestine intelligence activities by foreign powers, or international terrorist or narcotics activities;

(c) Provide specialized equipment, technical knowledge, or assistance of expert personnel for use by any department or agency, or, when lives are endangered, to support local law enforcement agencies. Provision of assistance by expert personnel shall be approved in each case by the General Counsel of the providing agency; and

(d) Render any other assistance and cooperation to law enforcement authorities not precluded by applicable law.

**2.7 Contracting.** Agencies within the Intelligence Community are authorized to enter into contracts or arrangements for the provision of goods or services with private companies or institutions in the United States and need not reveal the sponsorship of such contracts or arrangements for authorized intelligence purposes. Contracts or arrangements with academic institutions may be undertaken only with the consent of appropriate officials of the institution.

**2.8 Consistency With Other Laws.** Nothing in this Order shall be construed to authorize any activity in violation of the Constitution or statutes of the United States.

**2.9 Undisclosed Participation in Organizations Within the United States.** No one acting on behalf of agencies within the Intelligence Community may join or otherwise participate in any organization in the United States on behalf of any agency within the Intelligence Community without disclosing his intelligence affiliation to appropriate officials of the organization, except in accordance with procedures established by the head of the agency concerned and approved by the Attorney General. Such participation shall be authorized only if it is essential to achieving lawful purposes as determined by the agency head or designee. No such participation may be undertaken for the purpose of influencing the activity of the organization or its members except in cases where:

(a) The participation is undertaken on behalf of the FBI in the course of a lawful investigation; or

(b) The organization concerned is composed primarily of individuals who are not United States persons and is reasonably believed to be acting on behalf of a foreign power.

**2.10 Human Experimentation.** No agency within the Intelligence Community shall sponsor, contract for or conduct research on human subjects except in accordance with guidelines issued by the Department of Health and Human Services. The subject's informed consent shall be documented as required by those guidelines.

**2.11 Prohibition on Assassination.** No person employed by or acting on behalf of the United States Government shall engage in, or conspire to engage in, assassination.

**2.12 Indirect Participation.** No agency of the Intelligence Community shall participate in or request any person to undertake activities forbidden by this Order.

### Part 3

#### General Provisions

**3.1 Congressional Oversight.** The duties and responsibilities of the Director of Central Intelligence and the heads of other departments, agencies, and entities engaged in intelligence activities to cooperate with the Congress in the conduct of its responsibilities for oversight of intelligence activities shall be as provided in title 50, United States Code, section 413. The requirements of section 662 of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2422), and section 501 of the National Security Act of 1947, as amended (50 U.S.C. 413), shall apply to all special activities as defined in this Order.

**3.2 Implementation.** The NSC, the Secretary of Defense, the Attorney General, and the Director of Central Intelligence shall issue such appropriate directives and procedures as are necessary to implement this Order. Heads of agencies within the Intelligence Community shall issue appropriate supplementary directives and procedures consistent with this Order. The Attorney General shall provide a statement of reasons for not approving any procedures established by the head of an agency in the Intelligence Community other than the FBI. The National Security Council may establish procedures in instances where the agency head and the Attorney General are unable to reach agreement on other than constitutional or other legal grounds.

**3.3 Procedures.** Until the procedures required by this Order have been established, the activities herein authorized which require procedures shall be conducted in accordance with existing procedures or requirements established under Executive Order No. 12036. Procedures required by this Order shall be established as expeditiously as possible. All procedures promulgated pursuant to this Order shall be made available to the congressional intelligence committees.

3.4 *Definitions.* For the purposes of this Order, the following terms shall have these meanings:

(a) *Counterintelligence* means information gathered and activities conducted to protect against espionage, other intelligence activities, sabotage, or assassinations conducted for or on behalf of foreign powers, organizations or persons, or international terrorist activities, but not including personnel, physical, document or communications security programs.

(b) *Electronic surveillance* means acquisition of a nonpublic communication by electronic means without the consent of a person who is a party to an electronic communication or, in the case of a nonelectronic communication, without the consent of a person who is visibly present at the place of communication, but not including the use of radio direction-finding equipment solely to determine the location of a transmitter.

(c) *Employee* means a person employed by, assigned to or acting for an agency within the Intelligence Community.

(d) *Foreign intelligence* means information relating to the capabilities, intentions and activities of foreign powers, organizations or persons, but not including counterintelligence except for information on international terrorist activities.

(e) *Intelligence activities* means all activities that agencies within the Intelligence Community are authorized to conduct pursuant to this Order.

(f) *Intelligence Community and agencies within the Intelligence Community* refer to the following agencies or organizations:

(1) The Central Intelligence Agency (CIA);

(2) The National Security Agency (NSA);

(3) The Defense Intelligence Agency (DIA);

(4) The offices within the Department of Defense for the collection of specialized national foreign intelligence through reconnaissance programs;

(5) The Bureau of Intelligence and Research of the Department of State;

(6) The intelligence elements of the Army, Navy, Air Force, and Marine Corps, the Federal Bureau of Investigation (FBI), the Department of the Treasury, and the Department of Energy; and

(7) The staff elements of the Director of Central Intelligence.

(g) *The National Foreign Intelligence Program* includes the programs listed below, but its composition shall be subject to review by the National Security Council and modification by the President:

(1) The programs of the CIA;

(2) The Consolidated Cryptologic Program, the General Defense Intelligence Program, and the programs of the offices within the Department of Defense for the collection of specialized national foreign intelligence through reconnaissance, except such elements as the Director of Central Intelligence and the Secretary of Defense agree should be excluded;

(3) Other programs of agencies within the Intelligence Community designated jointly by the Director of Central Intelligence and the head of the department or by the President as national foreign intelligence or counterintelligence activities;

(4) Activities of the staff elements of the Director of Central Intelligence;

(5) Activities to acquire the intelligence required for the planning and conduct of tactical operations by the United States military forces are not included in the National Foreign Intelligence Program.

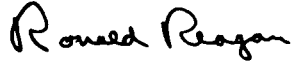
(h) *Special activities* means activities conducted in support of national foreign policy objectives abroad which are planned and executed so that the role of the United States Government is not apparent or acknowledged publicly, and

functions in support of such activities, but which are not intended to influence United States political processes, public opinion, policies, or media and do not include diplomatic activities or the collection and production of intelligence or related support functions.

(i) *United States person* means a United States citizen, an alien known by the intelligence agency concerned to be a permanent resident alien, an unincorporated association substantially composed of United States citizens or permanent resident aliens, or a corporation incorporated in the United States, except for a corporation directed and controlled by a foreign government or governments.

3.5 *Purpose and Effect.* This Order is intended to control and provide direction and guidance to the Intelligence Community. Nothing contained herein or in any procedures promulgated hereunder is intended to confer any substantive or procedural right or privilege on any person or organization.

3.6 *Revocation.* Executive Order No. 12036 of January 24, 1978, as amended, entitled "United States Intelligence Activities," is revoked.



THE WHITE HOUSE,  
December 4, 1981.

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## REVIEW OF INTELLIGENCE ORGANIZATION

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**Thursday, May 16, 1991**

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United States Senate,  
Select Committee on Intelligence,  
Washington, D. C.

The Select Committee met, pursuant to notice, at 8:50 o'clock a.m., in Room SH-219, Hart Senate Office Building, the Honorable David L. Boren, Chairman of the Committee, presiding.

Present: Senators Boren, Metzenbaum, D'Amato, Rudman and Gorton.

Also Present: George Tenet, Staff Director; John  
Moseman, Minority Staff Director; Britt Snider, Chief Counsel;  
Kathleen McGhee, Chief Clerk; and Keith Hall, Marvin Ott, Fred  
Ward, Gary Sojka, John Elliff, James Wolfe, Blythe Thomas,  
Andre Pearson, Art Grant, Pat Hanback, Don Mitchell, Al Ptak,  
Chris Straub, John Despres, Jennifer Sims, Connell Sullivan,  
Regina Genton, Mary Sturtevant, James Currie, Edward Levine,  
Michael Bathaway, James Martin and Tim Carlsgaard, Staff  
Members.

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P R O C E E D I N G S

CHAIRMAN BOREN: We convene today for the second in our series of hearings on Intelligence Community organization.

Today's hearing will, in many ways, be unique. It will be, to my knowledge, the first time the Committee has looked back at the origins of what has come to be known as the Intelligence Community.

Why was a central intelligence agency created? What roles were originally envisioned for the Director of Central Intelligence? How have these roles and, indeed, the Intelligence Community itself evolved over time?

Without this historical perspective, it seems to me our ability to assess the adequacy of present organizational arrangements would be significantly impaired.

I am also delighted to have this session because it provides us with an opportunity to capture for our record the recollections of our three distinguished witnesses, each of whom was "present at the creation" -- to use Dean Acheson's famous phrase -- and personally played significant roles in the establishment and evolution of the Intelligence Community.

I want to welcome Lawrence Houston, who was the first and only General Counsel for CIA from its inception in 1946 until he retired in 1973. As we will hear later, he was, in fact, the author of that portion of the National Security Act of 1947 which created the CIA and provided for a Director of

1 Central Intelligence;

2 Walter Pforzheimer who also joined CIA at its inception  
3 and, as Legislative Counsel, shepherded CIA legislation  
4 through Congress for many years; and who, I understand, may be  
5 the premier historian of the intelligence business; and  
6 lastly,

7 Dr. Ray Cline, who served on the staff of Wild Bill  
8 Donovan when he was head of the Office of Strategic Services,  
9 and went on to complete a distinguished career in CIA, rising  
10 to the position of Deputy Director for Intelligence prior to  
11 his retirement in 1973. Dr. Cline is currently Professor of  
12 International Relations at Georgetown University.

13 Gentlemen, the Committee is very pleased to have you with  
14 us and looks forward to your testimony.

15 It is my understanding that you have been advised of our  
16 plans to have the transcript of this hearing sanitized and  
17 published as a part of our record on intelligence  
18 reorganization. We considered having this session in public,  
19 but given our concern that we might lapse into information  
20 that was still classified, we believed it preferable to keep  
21 the hearing closed.

22 Since we want to proceed here in a coherent fashion, I  
23 suggest to my colleagues and our witnesses that we structure  
24 this session a bit differently than we normally do. It would  
25 seem to make the most sense to proceed chronologically rather

1 than having one witness present his entire statement to be  
2 followed by another, and so forth.

3 I suggest we begin with the Second World War and have  
4 each witness start by telling us how he became involved in the  
5 effort to organize a central intelligence capability, and  
6 describe the situation that existed at the end of the war.  
7 Then we can ask the panel to proceed to the creation of the  
8 Central Intelligence Group in 1946 and the creation of the  
9 Central Intelligence Agency as part of the National Security  
10 Act of 1947, having our witnesses focus particularly on the  
11 role envisioned for the DCI. Then, we can move on to discuss  
12 how this role evolved over time.

13 If this is an agreeable approach, I suggest we proceed  
14 along these lines and let the discussion take us where it  
15 will.

16 Before we turn to our witnesses, however, I want to read  
17 into the record a letter to me from Senator Murkowski. He had  
18 very much wanted to be here this morning, but as you will  
19 hear, circumstances conspired to prevent his appearance.

20 The letter is dated today, May 16, 1991, and reads:

21 "Dear David:

22 "It appears that I will not be able to attend today's  
23 intelligence reorganization hearing. The Energy & Natural  
24 Resources Committee is scheduled to mark-up the Arctic  
25 National Wildlife Refuge section of the National Energy



1 Strategy Bill this morning. I must actively participate in  
2 that mark-up.

3 "Please extend my appreciation to Dr. Cline, Mr. Houston,  
4 and Mr. Pforzheimer for their assistance to the Committee in  
5 helping us to better understand the foundations, origins and  
6 initial policy direction for the intelligence community. This  
7 kind of information will certainly help us in determining the  
8 future structure of the community. I will, of course, review  
9 their testimony with a great deal of interest.

10 "With warm personal regards,

11 "Sincerely, Frank H. Murkowski, Vice Chairman."

12 It is my understanding that Dr. Cline was the first to  
13 become involved, so why don't we ask him to begin. Dr. Cline.

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1                                   **STATEMENT OF DR. RAY CLINE**  
2                                   **FORMER MEMBER OSS AND CIG**  
3                                   **FORMER DEPUTY DIRECTOR OF INTELLIGENCE**  
4                                   **CENTRAL INTELLIGENCE AGENCY**

5           **MR. CLINE:** Thank you very much, Senator. I am one of  
6 the aboriginal intelligence types; everybody thinks I am an  
7 Ice Age intelligence type now, but I am still alive and I am  
8 still writing books and talking about the importance of  
9 intelligence.

10           And what I want to do is speak very briefly -- I hope we  
11 will have a chance for interchanges of ideas later. But I  
12 wanted to put on the record, in good Congressional style,  
13 Exhibit A, and this is an amusing and interesting document.  
14 It was written for General Donovan on the 7th of September  
15 1945, and I have provided the staff copies of it. It was  
16 classified for a long time, but has been unclassified  
17 automatically, I think, since then.

18           I want to read you two or three sentences.

19           The Intelligence Community "... is the sum of the efforts  
20 and talents of several thousand men and women who have worked  
21 for OSS in Washington and overseas." I wanted to mention  
22 that. That is the first sentence of the article which is  
23 called, "OSS: The History of an Idea." And I think still  
24 today, unless we have the quality and talents of the men and  
25 women who work for the Intelligence Community, we won't have

1 what we need, and that is the first point I wanted to make.

2 A second point is that -- and this is on page 2: Policy  
3 makers "...urgently needed machinery for discovering and  
4 weighing the meaning of all the comprehensive information  
5 necessary to sound policy planning...Donovan's idea was a  
6 'total' intelligence system to cope with 'total' war." That's  
7 a cliché these days, but I think that the idea of an  
8 integrated intelligence system providing policy makers the  
9 kind of evaluated information they needed is important.

10 Well, I will skip through the rest of it and come to the  
11 conclusion which I think is rather interesting in terms of the  
12 language. It said, "...a single, integrated, strategic  
13 service organization was found best able to carry  
14 out...intelligence collection and analysis, espionage,  
15 counterespionage, morale operations..." -- we used to call  
16 that psychological warfare, but the term in OSS was morale  
17 operations -- "...dispatch of saboteurs, organization of armed  
18 guerrilla bands, as well as communications and supply."

19 The basic framework of the ideal, total intelligence  
20 service was a success. It created a coordinated information  
21 collection and analysis agency for the first time in the  
22 history of America. An idea behind OSS proved itself.

23 Well, that is largely rhetorical, but I think you might  
24 enjoy reading this. And the reason I brought it up is that I  
25 was in OSS in early days. I was on Donovan's staff and

1 particularly worked for John McGruder, the deputy, who was a  
2 brilliant man. And I wrote this article the 7th of September  
3 1945. I just found it in the archives a few months ago,  
4 because I had forgotten about it. But it was sent to General  
5 Donovan. Two weeks later, President Truman abolished the OSS.  
6 And I think the history of the idea is what has persisted now  
7 for 50 years, but it took a hell of a long time getting it  
8 organized, and it really went down the drain at the end of  
9 '45. We tend, when we feel we have won a war, to lose the  
10 organization of intelligence, to abandon coordinated, central  
11 systems. And I see that happening again and again.

12 I saw CIA, which I went into early, stumble and be little  
13 supported for many years. It was not really until the Korean  
14 War -- which shocked us in the same way Pearl Harbor shocked  
15 us -- that we got CIA really organized and managing a central  
16 coordinated system. And it was, of course, Bedell Smith who  
17 put that together.

18 I believe that we will have other problems in the future.  
19 I must say I see a great deal of commentary today on whether  
20 or not the Cold War is over and whether we really need an  
21 intelligence system any more. I think that is a pretty absurd  
22 idea, but it is spreading around. People are talking about  
23 it. I hope the Congress will pay attention to the history and  
24 will indeed avoid reinventing the wheel, but make sure that  
25 the system really works.

1       So that is all I wanted to say initially, and if you have  
2 any questions later on, I would be glad to answer them. Thank  
3 you.

4       CHAIRMAN BOREN: We will put a copy in its entirety of  
5 the article you mentioned in the record at this point.

6       And next we will hear from Mr. Houston.

7       (The document referred to, entitled "OSS: The History of  
8 an Idea" follows:)

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Date 7 September 1953To: General DonovanFrom: Ray S. Cline *RSC*

It will be helpful if you can find time to read this first sketch outlining the OSS idea. I hope it reflects the main trend of your extremely interesting talk with us.

Your reactions and suggestions will be appreciated.

(31131) Current Intelligence Staff, R & A

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June 1942

## OSS: THE HISTORY OF AN IDEA

OSS, the Office of Strategic Services, is a war agency under the direction of the United States Joint Chiefs of Staff. It is also the sum of the efforts and talents of several thousand men and women who have worked for OSS in Washington and overseas. But more than anything else, OSS is the embodiment of an idea that has proved itself in America's hour of greatest trial and achievement.

Major General William J. ("Bill") Donovan, soldier, lawyer, and astute observer of international affairs, grasped the idea and built an institution around it. In 1940 and 1941 President Roosevelt sent the future Director of OSS to investigate critical areas of the troubled world as his personal fact-finding representative. Donovan could see that the German war machine was a deadly menace to the security of the United States as well as to the rest of the world. He also saw that the Nazis had forged a powerful instrument of aggression, comprising all the machinery of government, diplomacy, the economic resources of a continent, industry, labor, science, the German army, propaganda, and a host of fifth columnists - - harnessed together, these elements of German national strength provided Hitler with the means

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was to become OSS. He reported to President Roosevelt that America lacked and urgently needed machinery for discovering and weighing the meaning of all the comprehensive information necessary to sound ~~policy~~ policy planning in the coming war. Donovan's idea was a ~~in~~ "total" intelligence system to cope with "total" war.



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Every nation, whether peaceful or aggressive, has counted as part of its own strength whatever knowledge it could gain about the resources, the weaknesses, and above all the intentions of other countries. National policy at all times must be based on reliable information to be effective in safeguarding national interests. In time of war the planning of strategy absolutely requires the collection and analysis of facts about the enemy's long run capacity to fight, the disposition of his armed forces, and his military, economic, and political aims.

In 1941, the United States had an inadequate system of gathering and using the information needed. Fifteen Government agencies and branches of the armed services were engaged in finding facts about foreign countries. But each unit of necessity sought facts for its own particular purposes. Thus Army Intelligence might know a great deal concerning the whereabouts of a potential enemy's army and the State Department might have a shrewd opinion about the diplomatic intentions of the same country. But no one agency was charged with the responsibility of taking the overall view of intelligence. To perform this task in the most complicated war in history, General Donovan laid before

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the White House a plan which resulted in the establishment of the Office of the Coordinator of Information (COI) the precursor of OSS. Donovan proposed to add up all the specialized information being collected by the ~~stiffer~~ different intelligence agencies or branches, fill in the gaps, make the additional facts available to all agencies which needed them, and finally to provide expert analysis of strategic problems in terms of "total" intelligence.

The Presidential Order of July 11, 1941 provided Donovan with "authority to collect and analyze all information and data which may bear upon national security, to correlate such information and data, and to make such information and data available to the President."

The job of coordinating and fully analyzing intelligence of overall significance had to be done by experts. As a lawyer, Donovan had discovered the value of the specialized knowledge of professional scholars in cases with technical complexities. In the summer of 1941 he began to build a super-university of scholars who had devoted their lives to acquiring comprehensive information and bringing out its full significance.

Historians, economists, geographers, industrialists and specialists in the history of nearly every country in the world came to pool their learning.

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Trained writers and skilled artists were drafted to insure the clearest possible presentation of information. This team of experts formed the nucleus of an intelligence organization capable of recognizing and evaluating the significant facts that national policy and strategy required. As defined August 5, 1941, ~~this~~ the prime function of this group was "the anticipation of strategic s.. problems and situations in the foreign field, and the analysis and coordination of all pertinent data needed to cope with these problems."

In this Research and Analysis group Donovan had something too rare, too much in demand, to remain static. As America's needs expanded, the Coordinator accepted any assignments which his organization, because of its expert knowledge of overall strategic problems, was best equipped to perform. In the mushroom growth of war activities of the next four years, Donovan's men and women were to take on jobs of almost every type. But gradually the pattern of functions essential to or best fulfilled by an integrated intelligence agency took shape.

As originally set up, the Office of the Coordinator contained a "supplementary service" which drew upon the scholar's special knowledge to conduct an American propaganda campaign abroad. Its objective was to encourage

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"resistance among the peoples of conquered and embattled areas" and to foster "a favorable attitude to the aims of democracy and the cause of anti-Hitlerism." Based primarily on radio broadcasting, this activity was never essential to the main purpose of the intelligence unit and eventually— in June 1942— was transferred to the Office of War Information.

Shortly after the Coordinator's Office began operation, it was given a new job that became a basic part of its organization. During the preparation of reports on transportation facilities in Europe, COI discovered large gaps in available information. The military authorities concerned formally requested Donovan to accept the responsibility for filling these gaps by conducting a secret intelligence service. With full approval from the Secretaries of War and Navy, COI in October began to dispatch agents to various countries, particularly to enemy countries, to obtain information not ordinarily available to other government agencies. Thus espionage came to be lodged in the organization which could best direct undercover agents to important information and could best use the intelligence collected. Such an agency had to train

its own operatives for their self-protection: to recognize the techniques and practices of enemy secret intelligence. Counterespionage, the task of detecting and reporting to appropriate authorities the activities of enemy undercover agents, naturally fell under its jurisdiction.

In December 1941 the United States was plunged directly into the war. Donovan saw that COI had in it the seeds of a successful program of psychological warfare more daring and more extensive than America had ever before attempted. "Now that we are at war," he wrote to President Roosevelt, "foreign propaganda...must be identified with specific strategic movements often having within it the flavor of subversion." Such psychological warfare involved sabotage and subversive activities in enemy or enemy-occupied countries. "Special operations were to harass, confuse, disrupt, deceive, intimidate, frighten, injure, and, if possible, destroy the enemy, its allies and sympathizers." Vital objectives for these behind-the-lines sabotage missions were most skillfully chosen by the experts

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at the center of COI. Moreover, such missions inevitably turned up information which the research men could get from no other source. An integration of "special operations" with research and analysis was entirely logical, and this function became an a fundamental part of the organization. From it was to develop the ultimate in subversive activities, the dispatch of trained operatives to organize armed, patriotic resistance bands in enemy-occupied areas. Only the most extensive familiarity with the country thus to be infiltrated and the political temper of its inhabitants could make these subversive operations successful. COI had the requisite knowledge.

By the spring of 1942, then, Donovan had at his command not only an intelligence coordination service, but a secret intelligence network to supply its special needs, and a subversive warfare unit. Realizing that "these closely allied operations tied together as one weapon" should be integrated as fully as possible with orthodox military plans and operations, Donovan concurred with a request by the United States Joint Chiefs of Staff for aligning his office with them. On 15 June President Roosevelt issued a Military Order which transferred COI's foreign information activities to

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OWI, named Donovan's organization the Office of Strategic Services, and placed it under the jurisdiction of the United States Joint Chiefs of Staff. OSS was given only two duties, to "collect and analyze...strategic information," and to plan and operate...special services." OSS was the embodiment of the idea of an integrated intelligence operation capable of dealing with the problems of "total" war.

Inevitably OSS continued to grow. Although the fundamental unity of its activities remained ever present in the mind of its Director, new pressures created new variations in organization. For instance, liaison with the British—particularly essential in the early days of American experience in the field—required the establishment of a number of branches inside OSS so that they could deal effectively with British units which were entirely independent of one another. Similarly in the period of late 1942 and early 1943, military interest in the limited function of subversive propaganda caused a considerable emphasis in OSS on a branch devoted to "morale operations." Supplementing the "open" propaganda of OWI and the combat psychological warfare of the armed services, these opera-

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tions were directed at destroying the enemy's self-confidence and will to resist spreading carefully selected rumors or outright misinformation.

Other developments of the original idea that lay in OSS stemmed more directly from the strategic intelligence concept. Thus experts on foreign political movements felt a need for a systematic coverage of the activities of foreign nationality leaders and the foreign language press in the United States. The branch established for this purpose followed the development in this country of national movements and programs that affected the course of events abroad. In another case, the job of procuring strategic information led to the formation of a field photographic unit trained to operate in any area and under any conditions in order to catch on film details of combat operations, terrain features, performance of special equipment, and other information that could be collected in no other way.

REPRODUCED FROM HOLDINGS OF THE NATIONAL ARCHIVES

~~These expanding duties and the efforts required to perform them made OSS the relatively large organization it was at the peak of the war. One kind of service led to another. There was no point in having expert knowledge if it were not kept up to date. Thus OSS had to collect books, newspapers, periodicals and documents all over the world, particularly from~~



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These expanding duties and the efforts required to perform them made OSS the relatively large organization it was at the peak of the war. One kind of service led to another. There was no point in having expert knowledge if it were not kept up to date. Thus the OSS had to collect books, newspapers, periodicals and documents all over the world, particularly from enemy territory. The masses of both free and secret materials gathered had to be filed, indexed, digested. Maps had to be collected and others drawn to fill the needs of strategy planners.

In the operational field, OSS had to gather information about enemy documents, identification papers, and other cover requirements. Copies of them had to be made for OSS agents. A maritime unit had to supervise landing operations on enemy coasts from small boats. Supply systems for the delivery of guns to guerrillas and explosives to saboteurs had to be devised. Most essential, speedy safe communications—mostly by radio—had to be established between OSS bases and its agents in every dangerous spot in the world.

Though units multiplied and responsibilities increased, OSS adhered to its ultimate objective—the construction of a strategic intelligence

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system. The basic unity of OSS functions, regardless of the diversity of activities required to fulfill them, was conclusively shown demonstrated in the various theaters of war. Under the pressure of combat conditions, a single, integrated strategic service organization was found best able to carry out in the theater intelligence collection and analysis, espionage, counterespionage, morale operations, dispatch of saboteurs, organization of armed guerrilla bands, as well as communications and supply.

New ideas have always encountered vigorous resistance. Thus in the period of trial for OSS, individual agencies emphasized the prerogatives of their own intelligence branches, at the expense of national intelligence needs. Only by surmounting the greatest obstacles has the OSS been able to build even the basic framework of the ideal "total" intelligence service. But in the successes of the first coordinated information collection and analysis agency in the history of America, the idea behind OSS has proved itself.

1                   **STATEMENT OF LAWRENCE HOUSTON**  
2                   **FORMER MEMBER OF THE OSS AND CIG AND**  
3                   **FORMER GENERAL COUNSEL**  
4                   **CENTRAL INTELLIGENCE AGENCY**

5           **MR. HOUSTON:** I graduated from the Judge Advocate  
6 General's Officer Candidate School in the spring of '44, and  
7 the night before I graduated I found my orders were changed  
8 sending me to something called OSS, which I had never heard  
9 of. And so I went into Washington and reported to the General  
10 Counsel, who was Jim Donovan -- no relation to General Donovan  
11 -- and Jim played an important part in this whole thing.

12           And afterward, of course, you all may remember the spy  
13 story of Colonel Abel who was later exchanged for Gary Powers,  
14 and Jim was selected by Abel as his counsel to defend him in  
15 the trial. He also negotiated the return of the prisoners  
16 held after the Bay of Pigs.

17           But he told me that I was not going to stay in  
18 Washington. I was to go to the Mediterranean Theater as  
19 Mediterranean Theater counsel for OSS. Before I left, one of  
20 the things I saw, luckily, was Donovan's plan for post-war  
21 intelligence, which had been publicized to such an extent that  
22 Donovan had withdrawn it. But as Ray said, the principles  
23 were laid down there very clearly and very well.

24           I got to Caserta in September of '44, and aside from the  
25 many routine things that the Agency in wartime gets into, I'll

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1 just give a couple of examples of what OSS was doing. One,  
2 they arranged the assignment of the Italian key marine  
3 battalion, the San Marco Battalion, to OSS under its command.  
4 This was a darned good outfit, the San Marco Battalion. As an  
5 example, I think it was the landing at Salerno, the troops  
6 landing were pinned down by German gunfire from the hills  
7 behind, and they couldn't spot it for counterfire. One of the  
8 San Marco boys volunteered to go up through the lines, and he  
9 did, and he went up through, spotted the gun -- the 155 they  
10 were firing with -- came back and as he came back through the  
11 lines a mine went off almost under him. But he insisted on  
12 going and seeing General Truscott before they took him to the  
13 hospital, and he reported the position of the gun. And  
14 Truscott later was heard to say that fellow should have had a  
15 Silver Star right there. And the San Marco Battalion did  
16 several things like that.

17 The other one, of course, the most publicized one, was  
18 the surrender of the German troops in North Italy, which was  
19 arranged by Allen Dulles, but the actual negotiations were  
20 carried out by Generals Lemnitzer and Airey, although we  
21 supplied the communications. In fact, we had a communicator  
22 in the German general's quarters. He complained a couple of  
23 times that the aviation was coming too close to him for  
24 comfort.

25 By and large, Italy was not a very good example of the

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1 organisation of OSS. Donovan himself once called it the  
2 cesspool of intelligence.

3 In December of '44, Athens was surrounded by ELAS in the  
4 Greek civil war, and things were very tense. And two of our  
5 officers there were shot by a British sentry in the blackout.  
6 And Colonel Glavin sent me down to Cairo, which technically at  
7 that time was under Caserta. And so I got down to Cairo about  
8 1 January of 45, and there was really nothing much to be done  
9 about a wartime incident of this sort.

10 So I started to get back to Italy when the Chief in Cairo  
11 said wait a minute, Donovan is coming through with a circus of  
12 colonels. Why don't you wait and see what they have. So I  
13 stayed on and arranged a motor pool out to Payne Field and as  
14 Donovan took off for Karachi with his flight of colonels, I  
15 found myself standing next to a tall, imposing colonel, full  
16 colonel, who looked down at me and said, "Well, Lieutenant,  
17 how do you like your new assignment?" And I said, "Well, I  
18 don't know, sir." And he said, "You are my deputy for the  
19 Middle East Theater." So I stayed on in Cairo. That was  
20 typical of Donovan's assignment -- organization.

21 I stayed on in Cairo until September '45, and that is  
22 what I think gave me my real interest in intelligence and the  
23 post-war intelligence problem, because the Middle East was  
24 post-war. The Germans had drawn out. Except for the fighting  
25 in Athens, it was all developing into the problems that have

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1 been seen in the Middle East ever since. And it seemed to me  
2 essential that we have a really good organization to analyze  
3 and keep abreast of what was going on at a place like this.

4 In the spring of '45, Donovan sent, by word of mouth  
5 among his senior officers, a directive that even he wouldn't  
6 put in writing. He said you will no longer have as key target  
7 German activities in that part of the world. Your main target  
8 at this time is Russian intentions in the Balkans.

9 Did he ever put that in writing back here?

10 MR. CLINE: I don't know.

11 MR. HOUSTON: This came out to us very clear, because the  
12 Balkans was our area, and people like Frank Wisner had already  
13 gone on up into them.

14 So in other words, I came back from Cairo in September  
15 '45, just as OSS was abolished, effective 1 October 45.  
16 People were pulling out of OSS like mad. In the General  
17 Counsel's office, there was pretty soon no one left by myself,  
18 so I became General Counsel.

19 (General Laughter.)

20 MR. HOUSTON: That was of SSU. Now this is what happened  
21 to OSS. The research and analysis activity all went to the  
22 Department of State. They were going to be the ones of  
23 historical interest after the war and there were quite a few  
24 people who were interested in getting it over into State. And  
25 all the rest of it was to go to SSU under the Under Secretary

of War to liquidate.

We translated that liquidation freely as being to liquidate except what might be valuable in a post-war intelligence organization. So this pretty soon came down to SI, the secret intelligence, and X-2, the counterintelligence. And the rest, all the activity -- military type activities were pretty well liquidated. So I remember going up in January of '46 for the SSU appropriation and the worldwide strength of SSU at that time was about 1200 people, and our budget request was \$8,500,000. A little different from now.

(General Laughter.)

MR. HOUSTON: But also during this period, October to January, '45 to '46, there was really one of the most vicious battles going on for the future of the clandestine -- of the intelligence structure. John MaGruder, who was just mentioned, was holding for Donovan's ideas as spelled out in that earlier paper. Donovan himself was at the War Crimes Trials in Europe, so he wasn't available to help. And MaGruder was faced by a very, very strong opposition, particularly in G-2, somewhat in FBI, on general principles by State, and ONI not taking a great part in any of this. But the G-2 opposition was really extraordinarily strong, deeply felt.

And they at first were getting nowhere with our interagency conversations, and so finally the -- I think it

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1 was the Secretary of the Navy called in Mr. Ferdinand  
2 Eberstadt who had been down here during the war, and he got  
3 agreement to a central organization. That was a big stride.  
4 Then Mr. Lovett took over for another long series of meetings  
5 and got agreement for a separate central organization. So in  
6 other words, they had general agreement to what they really  
7 were looking for which was an organization for intelligence  
8 not under one of the departments because they always found out  
9 if you were under a department, you had to shape your  
10 intelligence more or less to the department's policies.

11 Well, there was still an awful lot of talk and difference  
12 of opinion. And Mr. Truman was reported to have gotten  
13 thoroughly fed up with the situation because he said, "Ten  
14 people come in ten times a day and tell me ten different  
15 things about the same thing." He said, "I want one person to  
16 come in and tell me what's going on." So he got Admiral  
17 Sidney Souers, a Missouri banker, who set up an organization  
18 for his needs, and Souers developed a paper which Truman  
19 signed as an Executive Directive, setting up the Central  
20 Intelligence Group. The Central Intelligence Group was merely  
21 a coordinating organization in concept. The personnel were  
22 contributed by the various agencies involved. The funds were  
23 contributed. So technically it had no funds authority, no  
24 hiring and firing authority. Well, this was hard to run as an  
25 agency with any effectiveness. Eventually we worked out a



1 hiring and firing authority through the Civil Service  
2 Commission, and with the help of the Comptroller General we  
3 worked out an expenditure authority. I must say, those people  
4 were really awfully helpful at that time, all over town. The  
5 Bureau of the Budget and all of the people, very helpful.

6 The arguments certainly kept on. And CIG -- I'll leave  
7 it to Ray if he wants to comment on the effectiveness or lack  
8 thereof of it.

9 MR. CLINE: Didn't it have only 80 members originally?

10 MR. HOUSTON: I can't remember.

11 MR. CLINE: I was told that the original staff was to  
12 have, in total, 80 members.

13 MR. HOUSTON: Contributed by the other departments.

14 MR. CLINE: And all contributed from other departments,  
15 which meant it was going to be a Committee, not an  
16 organization. It really was pretty pitiful.

17 MR. HOUSTON: And it was hard to get anything done.

18 I -- what was it, Walter, '45 when that Act was passed?

19 MR. PFORZHEIMER: Independent Offices Appropriations  
20 Authorization for Fiscal Year '45.

21 MR. HOUSTON: An act was passed which said no  
22 organization created by Executive Directive could exist more  
23 than a year without Congressional action. Well, I then had a  
24 young lawyer assigned to me, so there were two of us at last  
25 -- and the young lawyer's name was John Warner, but he is no

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1 relation to the Senator -- and John and I did a little looking  
2 around and we decided that CIG or its successor was not going  
3 to be in existence for more than a year unless we got some  
4 legislation. So we started drafting legislation really in  
5 February of '46, using the government structure and basic  
6 concept of the organization as our chosen formula for the  
7 peacetime organization, and with some of the things we had  
8 learned about from OSS and then we went on as we liquidated  
9 OSS around the world, we picked up many things that could be  
10 useful in legislation, for peacetime operations. And so we  
11 put these in and it became quite a lengthy bill.

12 Admiral Souers was not too interested in pushing it, but  
13 he left in the spring of '46, and General Vandenberg, Hoyt  
14 Vandenberg came in as Director. And he was a very different  
15 type and also he had contacts with the Senate up on the Hill.  
16 So he called me one morning and said, "I understand you think  
17 we need legislation." I said, "Yes, sir." And he said, "Let  
18 me see your draft by Monday." We had been working on it for  
19 five months so we were in pretty good shape.

20 Vandenberg looked it over and after some talks back and  
21 forth with other people, he finally said, "Well, I think we  
22 have got to clear this with the White House." And we  
23 organized an approach, talking to the Bureau of the Budget,  
24 who were very helpful to us. And then finally, two of us went  
25 over to see Clark Clifford who had just shortly come to the

1 White House as Counsel to the President. Clark gave sort of a  
2 whistle when he saw the length and strength of what we had  
3 drafted, but he thought -- he said, "Well, let's go ahead with  
4 it." And he put his side whom he mentioned quite frequently  
5 in his book, who was quite useful in redrafting -- or drafting  
6 -- further drafting of our draft of the act.

7 One of the -- well, there are two things to notice here.  
8 We had undertaken legislation and contemplated it as merely  
9 legislation for an intelligence structure. There was no  
10 concept at all of what they now call covert action -- any of  
11 the military type or action type. It was to be purely for the  
12 collection, analysis and estimates of intelligence. This is  
13 frequently forgotten now, because covert action just wasn't in  
14 the cards for us at that time.

15 Also, while we had gotten the concept of the centralized  
16 intelligence and of the separate intelligence structure, the  
17 one thing that was not settled and was still a matter of much  
18 debate, was the position of the director in the whole  
19 government structure. We favored Donovan's concept where the  
20 Director would report directly to the President. This was  
21 violently opposed and most of the other intelligence  
22 components wanted him to report to -- really, to a group.  
23 There were various ideas of what the group would consist of,  
24 but it would not go directly to the President.

25 But one time during this time we were also discussing

1 with the military the National Security Act that had been  
2 proposed, and we had a good many interagency meetings with  
3 them, and at one of them, a well known general -- most  
4 friendly and helpful -- General Lauris Norstad, said look, why  
5 don't you take the basic conceptual part of your act, put it  
6 in the National Security Act, and then you go ahead and get  
7 your authorities that you think are necessary later on in a  
8 separate act. Well, we thought about this for a while and it  
9 seemed to be a pretty darned good idea. He said it would  
10 probably go through that way without much notice.

11 (General Laughter.)

12 MR. HOUSTON: But the thing that appealed to us was that  
13 if we were to have the National Security Act, the Director  
14 would be reporting to the National Security Council, which is  
15 advisory to the President. So technically, he would be  
16 reporting to the President and his advisors. And this seemed  
17 to me a reasonably adequate answer to what we were after.

18 So I think the only other thing I'll mention at this  
19 time, when the Act was passed in July of '47, we were still  
20 not in the covert action business, except they were making  
21 some moves to take money into the Italian elections, and Frank  
22 Wisner was organizing what later became the Operations  
23 Coordinating Board, with nowhere to put it.

24 After one of the first NSC meetings, Mr. Forrestal -- he  
25 was Secretary of Defense at the time -- called Admiral

1 Hillenkoetter, our then Director, to the side and said,  
2 "Hilly, everyone around here agrees we have got to do  
3 something more active about the Russians than just talk about  
4 them." And he said, "The State Department shouldn't do it,"  
5 and General Marshall was against it anyway, "military can't do  
6 it. Can you take it on?" And Hilly sent me a note explaining  
7 the problem, and I wrote an opinion back saying I could not  
8 find specific authority in the Act we had drafted to allow us  
9 to take this type of activity. This is contrary again to  
10 Clark Clifford's memory. He believed that there is language  
11 in the Act that allowed this.

12 However, Hilly sent me another note saying, "Are there  
13 any further considerations?" And I wrote a second opinion  
14 saying that if the President, as Commander in Chief of the  
15 armed forces and responsible for the conduct of foreign  
16 affairs, gives us the proper directive, and if Congress gives  
17 us funds to carry out that directive, we could undertake the  
18 actions required. So that is how we got into the so-called  
19 covert action.

20 The very general concept, one of the things that I think  
21 favored us through the years most was with the general nature  
22 of the authorizations in the Act, the Agency had great  
23 flexibility, and could undertake -- without further  
24 legislation could undertake things like, say, the U-2, get  
25 into high altitude photography business, make the adjustments

21

1 to meet the requirement for Vietnam, and just reorganize  
2 itself on a very, very flexible basis on rather short notice.  
3 And I think this is terribly important.

4 So I will leave any further comments on this to Walter.

5 CHAIRMAN BOREN: Well, thank you very much.

6 Walter Pforzheimer is now going to talk to us. As I  
7 understand it, you were the first legislative counsel and  
8 helped shepherd much of the important legislation through the  
9 Congress.

10 MR. CLINE: Mr. Chairman, before Walter speaks, I'll just  
11 take one minute. I'd like to make a comment on what Larry  
12 Houston was saying.

13 CHAIRMAN BOREN: Yes sir, Mr. Cline.

14 MR. CLINE: You know, I was working for General  
15 Eisenhower in the Pentagon in that period, and I worked  
16 directly for Larry Norstad, and I can tell you that what Larry  
17 said is correct. If the military organization, the Defense  
18 Department, had not been so preoccupied with its own problems,  
19 I don't think we would ever have got the CIA installed at all.

20 CHAIRMAN BOREN: It would have remained part of the  
21 military.

22 MR. CLINE: It would have stayed in the military. But  
23 the reason that it didn't happen was that Eberstadt  
24 particularly didn't want the Army to control the intelligence,  
25 and he was afraid the Navy would lose it. And so he said why

1 don't we have a central organization, and I think that is the  
2 way it all worked. Now, I guess I don't want to disillusion  
3 you about Congressional procedures, but I do think the reason  
4 it worked out well is that we had a concept, we told them what  
5 ought to be done, and between the Executive branch and the  
6 Congress, it went through kind of like greased lightening.

7 CHAIRMAN BOREN: Inter-service rivalry at the right time  
8 may have had a constructive role to play in terms of how it  
9 evolved.

10 MR. CLINE: It may have helped.

11 CHAIRMAN BOREN: Well, we will turn now to Mr.  
12 Pforzheimer who is certainly recognized as one of the true  
13 historians of the whole intelligence field. We really  
14 appreciate your being with us this morning.

15 MR. PFORZHEIMER: Well, I find myself in a peculiar  
16 position, Mr. Chairman, thank you, being the one Yale man  
17 between two Harvard men here.

18 CHAIRMAN BOREN: Well, that is kind of the ratio, you  
19 know. It only takes one to offset the other two.

20 (General Laughter.)

21 MR. CLINE: We have to deal with Yale boys; we patronize  
22 them.

23

24

25

1                   STATEMENT OF WALTER PFORZHEIMER  
2                   FORMER LEGISLATIVE COUNSEL TO THE  
3                   CENTRAL INTELLIGENCE GROUP AND THE  
4                   CENTRAL INTELLIGENCE AGENCY

5           MR. PFORZHEIMER: But Mr. Chairman, I also am different  
6 because I didn't come the OSS route. As I was getting ready  
7 to graduate from Officer Candidate School in the Air Force in  
8 Miami Beach, in November-December '42, an officer, whom I  
9 didn't know and I have never seen before or since, tapped me  
10 on the shoulder -- I didn't know if he was going to tell me to  
11 go to my room or what -- but he asked me if I would like to be  
12 in intelligence. Well, I said sure. They were looking for  
13 lawyers, and I guess that is why they tapped my shoulder.

14           And so on the 8th of December '42, I went to the Army Air  
15 Corps Intelligence School at Harrisburg. And I must confess,  
16 Mr. Chairman, after 50 years, I have been associated with this  
17 profession for 50 years without a break come December 8, nor  
18 have I ever regretted a minute of it.

19           Now, I went ultimately for 15 months overseas and served  
20 most of that time in the senior Air Headquarters in Europe  
21 under the command of General Tooe Spaatz, the United States  
22 Strategic Air Forces in Europe, USSTAF, where there was, with  
23 the exception of one lonely lieutenant, a very distinguished  
24 intelligence staff. Our air operations intelligence officer  
25 who handled the ENIGMA and all the cryptologic materials among



1 other things was a colonel named Lewis F. Powell, Jr., best  
2 known to you as Associate Justice Lewis F. Powell, Jr. Ran  
3 into him a few days ago, and we began to think about all these  
4 old times, and he said, "You know, Walter, I think I have  
5 known you for a hundred years." He was a remarkable officer,  
6 and there were many of them on that staff in Europe.

7 The ultimate goal, which my boss and I -- and we were  
8 five or six that started this operation, and I must say that  
9 with all due respect, we were 600 at the finish in that little  
10 division, with our own airplanes and everything else, was the  
11 intelligence exploitation of the German Air Force. This is a  
12 story we don't have time to tell today, Mr. Chairman, but it  
13 is a fantastic story of a very great leader, a friend of Ray's  
14 and Larry's, Huntington "Ting" Sheldon, in bringing tremendous  
15 things back to this country.

16 I know when I came back I had one briefcase with me to go  
17 out to Wright-Patterson Field, and in that briefcase were 42  
18 tons of captured German air technical documents.

19 An interesting person in that headquarters was Colonel  
20 Kingman Douglass. King Douglass was the senior American air  
21 intelligence officer inside British Air Ministry all through  
22 the war. He was the official intelligence liaison. He was  
23 based in Air Ministry, from General Spaatz's headquarters.  
24 And I mention King because he came back to the United States  
25 and in the last week of January of '46 -- he became, in

1 effect, the first Deputy Director of Central Intelligence as  
2 the Acting Deputy Director in the newly established CIG which  
3 was established on 22 January '46 by President Truman's  
4 Executive Letter.

5 King Douglass asked two of his staff and friends in  
6 USSTAF to come back and help him set up. I was lucky enough  
7 to be one, so I came to CIG in mid-February of '46 while on  
8 terminal leave from the Air Force. Then, as Larry Houston has  
9 said, we didn't have our own people and budget, so I came over  
10 as an Air Force nominee, and they paid my salary for a long  
11 time. It was a very difficult situation, but that's the way  
12 it worked. And that is how I got to CIG and met all these  
13 wonderful people.

14 The need for legislation was becoming apparent, but you  
15 know, there was no one there who really thought about  
16 Congress. They didn't think Congress had any interest in us  
17 or we in them. They didn't know anything about it.

18 And one thing I discovered while I was doing Lord knows  
19 what in those earliest times, was that our analysts were  
20 getting a lot of traffic -- cable traffic from State in  
21 particular which didn't really mean a lot to them. For  
22 example, coffee in Brazil. The traffic from our embassy in  
23 Brazil kept talking about Congressional legislation which was  
24 establishing or to establish coffee quotas. Very important to  
25 the countries involved. The analysts didn't know anything

1 about the legislation on the Hill or what it was. There were  
2 things of that kind.

3 And going back to what Larry Houston has said, and I have  
4 done that for almost 40 years, as Mr. Houston, who is one of  
5 the earliest and most distinguished holders of the President's  
6 National Security Medal for his services, the unfortunately  
7 named "Father of Intelligence Law" mentioned a little while  
8 ago about the opposition in G-2. Now, there were a case in  
9 G-2 during the war which really had no impact on us, because  
10 we weren't in existence at the time.

11 But at the end of the war, somebody named Peter Visser,  
12 who was the major involver in that case, brought it before the  
13 House Military Affairs Committee -- the old Military Affairs  
14 before it got developed into Armed Services. It was headed by  
15 Congressman Andrew May, and they considered the case that  
16 Peter Visser presented before them. But somehow they got off  
17 on tangents about CIA and clandestine collection and how this  
18 should never happen. Peter Visser was an old line G-2er. He  
19 was a fair haired boy of the old line G-2 senior officers.  
20 And in the report that Andy May's Committee produced, there  
21 are recommendations as to what a Central Intelligence Group  
22 should do. And the last line of recommendation number 7 I  
23 would like to say states, "It is specifically understood that  
24 the Director of Central Intelligence shall not undertake  
25 operations for the collection of intelligence."

1 (General Laughter.)

2 MR. PFORZHEIMER: I don't know, Mr. Chairman, this report  
3 is so little known that I'm not sure that it's in your files,  
4 so if someone wants to Xerox my only copy, they are welcome to  
5 Xerox it if I can have it back.

6 CHAIRMAN BOREN: We should have that.

7 SENATOR RUDMAN: That's about as lucid as come current  
8 Congressional Reports.

9 CHAIRMAN BOREN: We need that blown up and put on the  
10 wall.

11 MR. PFORZHEIMER: Actually, if I could digress for 30  
12 seconds or more, I promised Britt Snider that I would do this.  
13 We are all aware or have read someplace or another, the famous  
14 statement that General Washington wrote on 26 July 1777, about  
15 intelligence, in which he said, "The necessity of procuring  
16 good Intelligence is apparent & need not be further urged.  
17 All that remains for me to add, is, that you keep the whole  
18 matter as secret as possible. For upon Secrecy, Success  
19 depends in most Enterprizes of the kind, and for want of it,  
20 they are generally defeated, however well planned & promising  
21 a favourable issue."

22 To us, that is the basic tenet, coming from a man whom I  
23 consider America's greatest intelligence officer until the  
24 advent of General Donovan in World War II. And I promised  
25 Britt that if it wasn't too early in the morning that I would

1 bring the original letter up for you to see, if you would  
2 like. It is an order of battle letter. And I would, Mr.  
3 Chairman, suggest that I would like to have it back at the  
4 end.

5 (General Laughter.)

6 MR. PFORZHEIMER: Because as you and I know, this  
7 collection of mine is destined for Yale University anyway, but  
8 I don't want it to get there too quickly.

9 CHAIRMAN BOREN: We might be able to arrange it.

10 MR. PFORZHEIMER: It's the last paragraph of the letter.

11 (The letter referred to was passed among the Committee  
12 members.)

13 MR. PFORZHEIMER: But in any event, it was obvious that  
14 legislation was going to be needed. Larry has told you how  
15 the Comptroller General and the Bureau of the Budget, and two  
16 superb public servants -- Roger Jones in the Bureau of the  
17 Budget and Lyle Fisher, the General Counsel for the  
18 Comptroller General -- kept us alive, because technically we  
19 were out of business at the end of the year under the  
20 Independent Offices Appropriations Act. But as long as we  
21 were going for legislation, they kept us afloat with a working  
22 fund until we could get up to Capitol Hill.

23 Now, because of this report I mentioned and the strange  
24 feeling of analysts, they didn't know what was happening on  
25 Capitol Hill that might impinge on their analysis, I think it

1 would be useful to point out that sometime before August of 46  
2 -- and the Agency records have been lost on this point -- but  
3 at some point I was designated as their Legislative Counsel,  
4 and that is really why I am here.

5 You know, it was sort of fun back in those days, and as  
6 Ray has indicated, it was disorganized. I remember a friend  
7 of his who was an analyst on the Austrian desk. Never been to  
8 Austria but doing manfully to stay on top of the Austrian  
9 situation. And finally got a piece, a small piece, in the CIA  
10 Current Intelligence Daily Bulletin, which said that there had  
11 been a major break out of prison in Vienna, that very  
12 dangerous criminals were loose. They had gone up into the  
13 hills with the police in hot pursuit. And there for the first  
14 time she got an item in the Daily Bulletin. The next day,  
15 planning to do a follow-up item, she checked it out to up-date  
16 and unfortunately discovered that the break had been in  
17 Vienna, Virginia.

18 (General Laughter.)

19 MR. PFORSHEIMER: We have come a long way from there.

20 But in any event, there was the poor Legislative Counsel  
21 and here was the problem of getting legislation which you now  
22 know as the National Security Act of '47.

23 Larry Houston, with the aid of John Warner had drafted  
24 various drafts. And on the 23rd of January '47, General  
25 Vandenberg, Houston and I went to the White House and met with

1 the two military figures who were shepherding the Security Act  
2 through the various drafting and Congressional stages, Vice  
3 Admiral Forrest Sherman, later Chief of Naval Operations -- a  
4 magnificent officer who dropped dead on the streets of Naples  
5 one day on a visit -- and General Lauris Norstad.

6 In the White House, Clark Clifford was phasing out and  
7 really didn't take much of a hand in the Security Act.  
8 President Truman brought Charles Murphy down from Capitol  
9 Hill, who came from the Legislative Drafting Service where he  
10 had done a lot of drafting for Mr. Truman. And this was his  
11 first assignment in the White House. He had been there about  
12 three days, and, "Take care of it." Well, poor Mr. Murphy  
13 didn't know an Army from a Marine, and did the best he could  
14 manfully. So General Vandenberg and Larry and I went over to  
15 the White House on 23 January '47 to discuss the drafts of  
16 what we were to do for the CIA portion of the National  
17 Security Act.

18 (Pause.)

19 MR. PFORZHEIMER: January of '47 that we went to the  
20 White House to discuss these provisions. And what ultimately  
21 came out of these discussions was to eliminate any reference  
22 to CIA functions as it was to be called except to say there  
23 will be a Central Intelligence Agency to be headed by a  
24 Director and then all those little paragraphs you know about  
25 the Director being a -- if he were a military man, he wouldn't

1 lose his pensions but he couldn't command any troops and so  
2 forth and so on.

3 But the only other thing as to what we were to do was a  
4 single sentence which indicated that we were to -- that our  
5 functions were as indicated in the President's Letter of 22  
6 January '46, as published in the Federal Register of February  
7 7, '46, which set up the Central Intelligence Group. So they  
8 simply incorporated President Truman's letter by incorporating  
9 it by reference into the text of the Act. And that was it;  
10 no functions independently listed. You can understand their  
11 feelings, because they were in the middle of this long fight  
12 over roles and missions in the armed services, and they didn't  
13 want to get too deeply into roles and missions of anything  
14 else. So that is the way it went initially to Capitol Hill.

15 When it got up here, there was an initial fight as to  
16 where it went. Now, in the Senate there was no question. It  
17 went to Armed Services under Chairman Chan Gurney, where we  
18 had a wonderful reception. But in the House, the newly formed  
19 Armed Services Committee was under a rather junior Congressman  
20 named Sam Andrews from upstate New York, and a rather senior  
21 Congressman named Clare Hoffman from Michigan chaired the  
22 Committee on Expenditures in the Executive Departments, now  
23 simply know as Government Operations. Mr. Hoffman it's a  
24 reorganization of government, it comes to my Committee; I  
25 don't care if it is the Pentagon or what it is. So it did go



1 to Expenditures in the House and not to Armed Services.

2 Now, strangely, although Clare Hoffman was supposed to be  
3 a wicked old curmudgeon, he had two favorites in that bill.  
4 One was the Marine Corps, which General Eisenhower was trying  
5 to incorporate into the Army, and the other was the Central  
6 Intelligence Agency, for reasons I never quite understood but  
7 I was happy to accept. So we were in pretty fair shape over  
8 in the House as far as reception was concerned.

9 I must pay tribute to what Larry Houston and John Warner  
10 produced, and they checked all their drafts with me to see if  
11 I thought they would fly on Capitol Hill. And that's what  
12 ultimately came up.

13 Now, when it came to the House, I think it was old  
14 Congressman Clarence Brown -- not his son, who was a more  
15 recent member -- from Ohio, who said, "Out in Ashtebula, we  
16 probably don't have a copy of the Federal Register of February  
17 7 1946. Why should I have to look at that to find out what  
18 this agency is going to do. Why don't we put the functions  
19 right in the Act." And that is what they did do. They took  
20 the old functions out of that Truman Executive letter, by and  
21 large, and wrote them into the Act.

22 Then there were very few additions. The one I remember  
23 putting in with a pencil was the authority, the right, to  
24 terminate CIA employment in the interests of the security of  
25 the United States.

1       The fight over anything at all in the CIA provisions came  
2 in the House from the old line G-2 people, and they asked for  
3 a secret session with Chairman Hoffman's Committee at which no  
4 one but their witnesses would be present. Those top secret  
5 hearings existed in a single copy, locked up in Chairman  
6 Hoffman's safe, and there were also some friendly witnesses --  
7 General Vandenberg was the lead off witness, and I was there  
8 with him because he had left the Agency and wanted to make  
9 sure he wasn't caught up in some change. Allen Dulles was  
10 there as one of the witnesses and was friendly.

11       But the G-2 witnesses, Colonel "Frenchy" Gromback and  
12 General Hayes Kroner, were not very friendly to any idea that  
13 CIA would be in clandestine collection. Now the reason this  
14 was so was that old line G-2, during the war, had a  
15 clandestine service of its own under contract. It was  
16 contracted out to people over whom they had no control  
17 whatsoever, and General Vandenberg bloodied that up in his  
18 testimony because he had been the G-2 before he was DCI, and  
19 explained how bad it was to try to run such a contract  
20 operation. We had no interest in taking it over in CIA  
21 because the security was so poor.

22       I must confess that these top secret hearings, existing  
23 only in a single copy, found their way into my hands for just  
24 enough time to run them back to CIG down at 2430 E Street,  
25 photostat a copy, and return it to the kind soul who gave it

1 to me for that purpose.

2 (General Laughter.)

3 MR. PFORSHEIMER: And the original resided thereafter in  
4 the Chairman's safe for some time. And I called the  
5 Committee in 1950, and they said that their copy had been  
6 destroyed, so we were in possession of the only copy of those  
7 secret hearings. And it was very fortunate that we had them  
8 in '47, because we were able quietly to contradict some of  
9 the testimony which had been put out about clandestine  
10 collection by the British and so forth.

11 Now, with that in hand --

12 CHAIRMAN BOREN: Surely that never happens in this day  
13 and time.

14 MR. PFORSHEIMER: Oh, no, no, of course not, sir. Oh my  
15 lordy no.

16 (General Laughter.)

17 MR. PFORSHEIMER: You know, the Act of 47 is not the  
18 first piece of intelligence legislation to appear before a  
19 Congress in the United States. I would like to submit for  
20 your delectation, Mr. Chairman and Members of the Committee, a  
21 bill to Provide for the Establishment of a Bureau of Special  
22 and Secret Service, introduced into the House of  
23 Representatives of the Confederate States, November 30, 1864.  
24 This was introduced too late to pass in '64, was reintroduced  
25 in '65, and did pass the Confederate legislature in '65, but

1 too late to have any effect on the war. But we have heard  
2 that line before.

3 (A copy of the Bill referred to was passed among  
4 Committee Members.)

5 MR. PFORZHEIMER: Now I wonder if -- there are two thing  
6 to remember about the Act of 47 on the Hill, and then I have  
7 got to quite here. One is that that Act was passed as far as  
8 intelligence was concerned on the basis of the Pearl Harbor  
9 syndrome. It was not based in any great measure on a Soviet  
10 threat, which had not quite shown up yet. It was the Pearl  
11 Harbor syndrome that never again were we to be surprised by  
12 another Pearl Harbor. And I hate to contradict Bill Webster,  
13 who said on the television last weekend that the Soviet threat  
14 was really the reason why we got the legislation in the Act of  
15 47. That is incorrect.

16 And secondly, what conflict there was was largely as to  
17 whether or not the Director had to be a civilian or could be a  
18 military man, because we were then in our third military  
19 director, and the Congress thought maybe a civilian full time.  
20 But it was generally agreed that perhaps at that point in '47,  
21 where civilian intelligence experience was not all that great,  
22 that perhaps to go ahead and allow a military officer as DCI  
23 was appropriate.

24 The fight for CIG thoughts on this matter was led by a  
25 superb friend of intelligence, Congressman John McCormack of

1 Massachusetts, at whose knee I gladly sat to learn how to be a  
2 legislative counsel.

3 Finally, the Act was passed in July of '47, and with due  
4 respect to my friend and Larry's friend, DCI Admiral  
5 Hillenkoetter, for whom we have great affection and  
6 admiration, Billy saw me after the Act was passed and said  
7 probably the silliest thing any Director ever said. He said,  
8 "Walter, you know, now that the Act is passed, I can't afford  
9 a full time Legislative Counsel any more, because we are not  
10 going to have enough business to do with the Congress. And  
11 therefore, while you will continue to be Legislative Counsel  
12 reporting directly to me, I have also appointed you as  
13 Assistant General Counsel under Larry Houston," and in those  
14 dual capacities I sat until 1 January '56, and then went on to  
15 other CIA assignments.

16 CHAIRMAN BOREN: This is a fascinating history of the  
17 beginning. Let me ask you this. One of the things we are  
18 focusing on is the Director of Central Intelligence now,  
19 especially with the growth of other agencies and the fact that  
20 overhead photography and a lot of other things have now taken  
21 on a life of their own and become separate entities. We also  
22 still have the problem of the growth of the military side of  
23 things. The kinds of stresses you described in the beginning  
24 are still very much there. We see them blossoming in the  
25 budgetary sense as we really almost have two parallel

1 activities here. The civilian side is shy about being  
2 involved with the military for fear that they will be blamed  
3 if there is a lack of success -- a convenient scapegoat; the  
4 military side feels that the civilian agency really cannot  
5 provide intelligence in a form that is useful to the  
6 military when the chips are down. So we have those two  
7 things on-going that we are trying to grapple with as we now  
8 look how this has evolved.

9 Of course, one of the proposals has been that the DCI,  
10 using the analogy of the Chairman of the Joint Chiefs, can no  
11 longer really wear two hats. He can no longer be the director  
12 of an agency that is part of the Intelligence Community now  
13 that there's a half dozen different entities: NSA, DIA and so  
14 on. There is the feeling that you would need to have someone  
15 else sort of step in as Chairman, if we want to call it, of  
16 the Joint Chiefs, as a national intelligence advisor, special  
17 intelligence officer to the President or whatever. Others  
18 would feel, quite the contrary, that the DCI could continue as  
19 head of the entire community in essence, sort of also being  
20 like the Director of OMB for the whole community in terms of  
21 budgetary priorities and also still leading an agency.

22 So I think we would all be interested to have you put in  
23 an historic perspective for us of the office of DCI over a  
24 period of time in terms of the powers and responsibilities,  
25 how that has evolved and what bearing that might have on how

1 we think it should evolve from this point forward.

2 MR. CLINE: Mr. Chairman, could I make the first comment?  
3 I said earlier that these young men are not my peers, you  
4 know. I went to OSS in the early days after Pearl Harbor and  
5 worked very directly with General Donovan, so these guys are  
6 Johnny Come Latelys.

7 (General Laughter.)

8 MR. CLINE: However, they did some damned good work.

9 MR. PFORZHEIMER: Thank you.

10 MR. CLINE: What I wanted to say is the central direction  
11 of the Intelligence Community, which is a very complex  
12 structure, has been the key problem for 50 years. Of course,  
13 we learned from Pearl Harbor that if you didn't coordinate and  
14 get information to the policymakers in a direct and meaningful  
15 way, that you would fail. On the other hand, we have had  
16 continuous turf battles over the years. We are still going to  
17 have them. I think that is inevitable. But in my view, the  
18 history of the central coordination system requires a single  
19 director who is in charge. Now, he can delegate anything to  
20 anybody. I don't have any difficulty with the Intelligence  
21 Community being run by a Director of National Intelligence,  
22 but he should be subordinated to the DCI.

23 You know, I have worked with every President since  
24 Roosevelt, and I saw successive failures simply because  
25 Directors of Central Intelligence didn't have enough rapport

1 and clout with the President. If you don't have the DCI  
2 viewed as a very responsible, senior figure, he just gets  
3 forgotten about, and we did forget about some of them. I  
4 won't specify the ones, but the history has been very much up  
5 and down. So I believe it would be a mistake not to have the  
6 Director of Central Intelligence in charge, including the  
7 collection of information, including espionage, as well as  
8 research and analysis and including any covert operations that  
9 are approved by the President. I think he must be the man in  
10 total charge because most media people, even many Congressmen,  
11 don't really understand what intelligence does and what it is,  
12 and unless we magnify the role of the DCI, I think we will  
13 tend to fall into even greater turf battles than we have had  
14 before.

15 CHAIRMAN BOREN: You think that the person who is the  
16 DCI, in addition to being the chief intelligence officer,  
17 should be the person that is the director of an agency.

18 MR. CLINE: Absolutely.

19 CHAIRMAN BOREN: In other words, you would favor that  
20 as opposed to the idea that you have a Chairman of the Joint  
21 Chiefs, and then you have a DCI and a head of NSA and head of  
22 DIA and so on over which he presides.

23 MR. CLINE: We have learned, back in the '50's and '60's  
24 when I was Deputy Director, that we managed to coordinate all  
25 of those agencies quite skillfully. My great claim to fame



1 was handling the Cuban Missile Crisis in '62, and we had all  
2 of the elements, the espionage elements, the U-2 overflights,  
3 even a little bit of satellite photography early on. We knew  
4 we had a clandestine penetration in Russia by Penkovsky. We  
5 had all of the elements, and at that time we were working  
6 pretty well together. I didn't have any big turf battles.  
7 Lot of rivalry, lot of competition. But I think we handled it  
8 because we had an integrated system.

9 And John McCone, in my view -- who just died recently --  
10 was the best Director we ever had, because he knew how to  
11 manage the community, share responsibilities -- with the Air  
12 Force, example, which set up the NRO, he did that -- and to  
13 yet make sure that there was a central element that could be  
14 provided to the President and his Cabinet officers, the  
15 National Security Council people, in a way that would be  
16 meaningful to them, without going into all the nitty gritty of  
17 intelligence reporting. That is what went wrong at Pearl  
18 Harbor. They told the President everything, but he didn't  
19 understand it. He did not have an analytical system. Now we  
20 have got the analytical system and I think the Director of  
21 Central Intelligence must be a manager of the very arcane  
22 espionage business, manage carefully the use of all those  
23 imagery and intercepts and so on that will add to the picture,  
24 but the secrecy and the extreme difficulty of doing espionage  
25 -- which I think will be much more important in the future

1 because of the diversity of cultural and political conflicts  
2 -- will be so important, and if the DCI is not in charge of  
3 that particular central and yet very difficult operation, I  
4 think he will not have the clout that he needs to have.  
5 Because some day, you know, and occasionally it has happened,  
6 somebody from the CIA has to go in to the President all alone  
7 and say, hey, something terrible is happening. You have got  
8 to pay attention to this. That is what did happen when  
9 Khrushchev double crossed us in Cuba. And the President  
10 didn't want to hear that, but he did listen. And it was  
11 because John McCone and his staff were able to persuade the  
12 President what to do that I think it was so successful.

13 So I believe that if you try to disintegrate the system  
14 of various types of intelligence, you will tend to diminish  
15 the stature of the DCI. He has got a hell of a hard job at  
16 best, and if he doesn't have that kind of rapport with the  
17 President, I think he will fail. So I feel strongly from my  
18 experience that you must keep that central system, which is  
19 what Donovan built.

20 Donovan brought all of us university people down in order  
21 to have analytical skills. And that was his invention. He  
22 did it in 1941. And it is amazing that he was such a creative  
23 guy. And he did get permission from the military to do the  
24 espionage. He got into many other aspects of intelligence.  
25 But he always emphasized that the research and analysis was

1 crucial. And that's the central concept. And if you separate  
2 the research and analysis from the nitty gritty of spying, I  
3 think you will use the richness of this whole system.

4 CHAIRMAN BOREN: Well, you feel if you had a person like  
5 the Chairman of the Joint Chiefs sitting up here, you really  
6 feel he is denuded of authority because he doesn't have his  
7 own agency, his own bureaucratic base, if we want to call it  
8 that, is that --

9 MR. CLINE: That's the way Washington works, you know.  
10 If you don't have a base --

11 CHAIRMAN BOREN: If he is sitting there with a hundred  
12 staff members to coordinate the work of other line agencies,  
13 he is not going to have the clout in your opinion?

14 MR. CLINE: I really feel that.

15 CHAIRMAN BOREN: Let me ask just one quick question, and  
16 then ask the other two of you to comment on this same issue  
17 and the way it has evolved. The Secretary of Defense  
18 obviously has a role with the DIA and other agencies to some  
19 degree classified; NSA has a certain level of independence.  
20 And, of course, the way our budget process works to some  
21 degree enhances the clout of the Secretary of Defense in this  
22 whole process. Do you think the DCI now has the clout that he  
23 needs in terms of authority to keep us from developing these  
24 independent centers of power?

25 MR. CLINE: Well, I'll give you my opinion. And I don't

1 in any way want to criticize Judge Webster, because he has had  
2 a hard job restoring the morale and the reputation of CIA  
3 after the Iran-Contra controversies. But I do think that the  
4 Director of Central Intelligence does not have as much  
5 influence as we did in the 50's and 60's when we had very  
6 powerful guys like Allen Dulles and John McCone.

7 CHAIRMAN BOREN: Are the legal authorities significantly  
8 different than they were then?

9 MR. CLINE: No, no.

10 CHAIRMAN BOREN: The structure is roughly the same. It  
11 is a matter of interrelationship and probably influence with  
12 the President.

13 MR. CLINE: That's right. And I think the influence of  
14 this Committee is terribly important. If you are  
15 understanding of the intricacies and the difficulties of doing  
16 intelligence, I always said doing intelligence is like running  
17 a quarter mile race with your arm tied behind your back --  
18 it's tough. And if we don't support that kind of thing, it is  
19 going to be very difficult. And I believe that the influence  
20 of this Committee is going to be crucial, and I think you  
21 should support the authority as a matter of principle of the  
22 Director of Central Intelligence.

23 CHAIRMAN BOREN: Senator Rudman wants to add a question  
24 to this and then we'll ask all three of you to comment.

25 SENATOR RUDMAN: Mr. Chairman, I didn't mean to

1 interrupt. I think you wanted each to answer your question,  
2 and I think when they do, I have a question, and then I  
3 unfortunately have to leave.

4 CHAIRMAN BOREN: Why don't we have the other two --

5 MR. PFORZHEIMER: I just wanted to, Mr. Chairman, before  
6 we bring all of Larry Houston's deep knowledge to bear, I  
7 wanted to make two quick comments. Ray Cline mentioned  
8 espionage, and of course, that word does not appear in the  
9 Act, because particularly on the House side in '47, there was  
10 a tremendous desire not to have the dirty word in actual  
11 legislation. That's why you have got the "common concern"  
12 clause; everybody was nervous.

13 But I thought at this hour of the morning, I would at  
14 least bring a picture of an espionage agent -- Mata Hari -- up  
15 here to keep everybody happy at 8:30 in the morning. And I  
16 have brought such a picture and I have brought her last  
17 passport application to go into France in 1916 or early 1917,  
18 from which, unfortunately, she never returned, having been  
19 executed as a spy in the forest of Vincennes. But if the  
20 Chair would like to have a look at this --

21 CHAIRMAN BOREN: This is rare that we get into sources  
22 and methods in this detail.

23 SENATOR HUDMAN: Mr. Chairman, I am just sitting here in  
24 great curiosity as to what this gentleman is going to pull out  
25 of that bag next.

1       MR. PFORSHEIMER: Senator Rudman, I have the exact same  
2 feeling.

3       (General Laughter.)

4       MR. CLINE: Senator, I want to tell you that espionage is  
5 not purely the exclusive prerogative of the operators; it is  
6 also the prerogative of the lawyers. They steal documents the  
7 way everybody else does.

8       CHAIRMAN BOREN: In the Office of Congressional Liaison.

9       SENATOR RUDMAN: Mr. Chairman, just to break in, I am  
10 very curious. Mr. Pforzheimer, you must be a rather renowned  
11 collector of certain kinds of documents. I assume you have  
12 some phenomenal collection, am I correct?

13       MR. PFORSHEIMER: I have heard it alleged, sir. I do  
14 have 5,000 volumes on the subject in my apartment.

15       SENATOR RUDMAN: And I take it all of this is going to  
16 Yale at some point?

17       MR. PFORSHEIMER: Yes, sir.

18       SENATOR RUDMAN: I mean, that Washington letter is  
19 priceless. Might I ask how you came into possession of that?

20       MR. PFORSHEIMER: Just sheer luck.

21       SENATOR NETTENBAUM: Stole it.

22       (General Laughter.)

23       CHAIRMAN BOREN: We'll go off the record on that.

24       MR. PFORSHEIMER: A dealer had a small, little bit of an  
25 American Revolutionary intelligence document for about thirty

1 bucks. He asked me to come in and look at it and I bought it.  
2 As I was just leaving, he said, well, there is one more thing  
3 I think you ought to see -- this is back about '47 or '48 --  
4 and he laid the Washington letter out, and I must confess,  
5 that was my make or break point -- do I collect or not? I  
6 come from a family of rare book collectors. Yale is much more  
7 interested in the fact that I have probably this country's  
8 best private collection of Moliere, which my father made. And  
9 they are really probably more interested in that than the  
10 collection on intelligence service, but it ain't as much fun.

11 MR. CLINE: Senator, could I just say, Walter is a great  
12 bibliographer, but I think the Congress ought to legislate  
13 that this information shouldn't go to Yale, it should go to  
14 the Library of Congress.

15 (General Laughter.)

16 CHAIRMAN BOREN: I'm sorry, you're out of order; you're  
17 out of order on that.

18 (General Laughter.)

19 CHAIRMAN BOREN: Strike that from the record.

20 (General Laughter.)

21 SENATOR RUDMAN: Mr. Chairman, I am sorry to have gotten  
22 us off the track, but I just think that I go to a lot of  
23 hearings, and this is fascinating, not only the hearing, but  
24 the collection.

25 Thank you, Mr. Chairman.

1       MR. PFORZHEIMER: Can I throw one more in quickly before  
2 the Senator leaves, because you have mentioned NSA. There was  
3 a coxswain in the Navy in the 40's who wrote a letter, dated  
4 September 22, 1943, to a mathematician about some form of  
5 code. You know, people are always thinking up the  
6 unbreakable. And this mathematician of some renown has  
7 written him back a letter, and there are sentences in here  
8 which even NSA still insists they don't understand and don't  
9 know what they mean, and that goes for some very good British  
10 cryptologists, too. May I just read it into the record.

11       "Dear Sir:

12       "According to my opinion it is quite impossible to  
13 express a serie of digits through a lesser serie of digits so  
14 that the former can be reconstructed through a code. This  
15 holds, of course, only for the case that the given serie do  
16 not have regularities which are known independently. The  
17 serie could, of course, be expressed by a smaller number of  
18 signs if instead of digits a larger number of elementary signs  
19 are used. F.i. if you have hundred different elementary  
20 signs you can get numbers in a centesimal system instead of in  
21 a decimal system. But I do not think that such augmentation  
22 of the number of elementary signs would be practical for any  
23 purpose.

24       "Sincerely yours,

25       "Albert Einstein"



1 (General Laughter.)

2 SENATOR RUDMAN: Unbelievable.

3 CHAIRMAN BOREN: Absolutely amazing.

4 MR. PFORZHEIMER: I will say to you, Senator, this  
5 briefcase has only been in my possession for about 24 to 48  
6 hours, but it comes from the Stasi headquarters in East  
7 Berlin.

8 (General Laughter.)

9 MR. PFORZHEIMER: You'll notice, it is protective.

10 MR. HOUSTON: Two comments. One, in the early days of  
11 particularly Hillenkoetter's time, there was a continual  
12 effort on the part of the other intelligence components to  
13 reduce the position of the Director to one among equals. We  
14 felt this was unsupportable, and Mr. Forrestal finally got  
15 very worried about it and asked one of his top aids, Dr.  
16 Vannevar Bush, to look at the matter and report to him. And  
17 Dr. Bush wrote him a letter which he sent to Hillenkoetter  
18 read to the IAC one day when I was there. It was a very, very  
19 strong letter about recognizing the position of the Director.  
20 And there was a little silence at the end and finally the then  
21 G-2, General Chamberlain, said, "What's the matter, Hilley?  
22 You're the boss," and I thought his aide would faint.

23 But it did improve after that and there was still  
24 argument about the position of the Director until the time of  
25 the rewriting of NSCID-1 in 1956, which it was spelled out

1 more clearly and this time there was no opposition. So  
2 technically they accepted the fact that the Director had a  
3 position, not of command, but of pre-eminence, and effective  
4 because of his position of pre-eminence.

5 Now, coming back to Director McCone, I agree with the  
6 estimate that he was one of our very best if not the best  
7 Director. And he was quite fascinated by this proposal for a  
8 second director at first, and he toyed with the idea that  
9 maybe this would be a good idea. And we went -- I had several  
10 personal talks with him, and he finally came to the conclusion  
11 that no, that was quite wrong, it would be mere duplication,  
12 and that another Director would have to set up his staff and  
13 duplicate the whole effort and achieve nothing. That is my  
14 own feeling about it.

15 SENATOR RUDMAN: Mr. Chairman, I wonder if I might ask  
16 that question now that they have answered your's. First, Mr.  
17 Chairman, let me thank you for convening this hearing. For  
18 anyone who is interested in history, it is a kind of living  
19 history this morning. We don't get an opportunity to hear  
20 this kind of testimony very often, and it's been very helpful.  
21 And I particularly want to say that all three of these  
22 gentlemen are known to me from history books, and I have only  
23 known Ray Cline personally, but it is a pleasure to have these  
24 gentlemen here. They have all contributed enormously. Dr.  
25 Cline is very modest when he just made his passing reference

1 to the Cuban Missile Crisis. For anybody who is truly  
2 interested in that, it would make your hair stand on end as to  
3 what he has done for this country, and the same is true for  
4 the other two gentlemen.

5 I have one question, and it really was focused, I think,  
6 by Ray Cline's comment about Pearl Harbor. You said that the  
7 President had all the information, but he didn't know what it  
8 meant. And that, I guess, is another way of saying something  
9 that for the last ten years or so many of us who have been  
10 deeply concerned about the whole intelligence field -- either  
11 from this Committee or from other Committees with jurisdiction  
12 -- have said: that we seem to do very well at collection, but  
13 we don't seem to do very well at gauging intentions. Now,  
14 maybe we do. Maybe those of us sitting where we sit just  
15 don't understand the quality of the assessment of intentions  
16 that are furnished to the highest levels of our government.  
17 But we certainly get a feeling here that in terms of  
18 intentions, we don't seem to be doing very well lately and we  
19 can point to a whole bunch of instances, and there is no need  
20 to do that because you know them as well as I.

21 Now, that leads, of course, to two sub-conclusions.  
22 Sub-conclusion A, we don't have the right people any more. We  
23 are recruiting a far different kind of person than we used to.  
24 I don't want to be, you know, accused of elitism, even though  
25 I probably believe in it to some extent, being a New

1     Englander. But I must say, as I look at the curriculum vitae  
2     of the people who were recruited into that agency over the  
3     first 15 years, compared to what I look at now, there is, to  
4     say the least, a startling difference. Maybe one is not  
5     better than the other, but there is a difference. So that is  
6     the first conclusion people reach.

7             And then the second sub-conclusion that they reach is  
8     that there is something wrong with the organization, and  
9     therefore we have to reorganize because it will make it come  
10    out better. I don't know what the answer is. I surely have  
11    none of the background to be able to reach an intelligent  
12    conclusion on that. And yet like so many other things that we  
13    don't have intelligent attitudes about, we're going to have to  
14    vote on them at some point.

15            So I would like to have just a small discourse on what I  
16    consider the single most disturbing thing that is bothering  
17    all of us about this enormous amount of money that we spend,  
18    and what we get for it. And I just kind of open that up, and  
19    I would like to hear from all three.

20            **CHAIRMAN BOREN:** That's such an important question you've  
21    asked because this Committee, quite frankly, is we're looking  
22    at organizational structure, but we don't go into it with the  
23    attitude that necessarily we can solve whatever problem is  
24    there through changes of organizational structure. We have  
25    all been through that ourselves and know that maybe it is part

1 of the answer, maybe it's not. We don't prejudge that but we  
2 are concerned. Like just the most recent example, if you go  
3 back [DELETED] you find predictions that Saddam Hussein was  
4 exhausted by wars in the region and likely to be no threat to  
5 his neighbors and so on and so forth. As we got closer to the  
6 time, people began to pick up the red flags, but it got pretty  
7 close before they did and it is sort of hard to understand  
8 that. It also seems to be some risk aversion at work here in  
9 terms of stepping out and raising red flags to the President  
10 or whomever on up.

11 MR. CLINE: Could I make the first comment? I have seen  
12 at least a half dozen major reorganizations of the  
13 Intelligence Community, especially in CIA, and I don't think  
14 any of them have really improved the functioning of the  
15 organization. Tinkering with the wiring diagrams seems to me  
16 to be usually sometimes has minor benefits, but the major  
17 problem is exactly what the Senator was saying: it is the  
18 quality of the people. If the quality of the people are not  
19 high, the agencies will get bureaucratic and turf oriented and  
20 not concentrating on the national security problems. Now,  
21 it's hard to do these things.

22 But I feel that if we don't integrate all of the  
23 intelligence -- and that's what failed at Pearl Harbor. You  
24 know, the President and his immediate advisors, only six  
25 people were entitled to see the SIGINT material. And they

1 weren't allowed to keep it. And there was no intelligence  
2 organization to explain what it all meant. And that is why  
3 they didn't really understand what was going to happen at  
4 Pearl Harbor. And also, I'll bet most of you don't know that  
5 OSS, when I was there, was never given access to signals  
6 intelligence during all of World War II. Donovan fought for  
7 it but didn't ever get it because the military wouldn't let  
8 him have it. And that is one of the real handicaps of OSS.  
9 It did some wonderful analytical work, but it didn't have the  
10 real raw material. I happened to work for the Navy on  
11 Japanese Navy Code 25. When I came down right after Pearl  
12 Harbor, I knew SIGINT was crucial to winning the war in the  
13 Pacific, and I thought that Donovan should have had it, but he  
14 didn't have it.

15 So if I could recommend anything, I would say let's do  
16 something that we did in the 50's and 60's: let's get some  
17 kind of investment, and I think Congress will have to do it,  
18 in the superior education in the universities that will  
19 provide the kind of people we will need to have in the  
20 Intelligence Community in the future. We came in out of World  
21 War II and the Cold War, and that whole bulge of CIA people  
22 have all gone. And I still keep talking about it, but most  
23 people aren't even able to do it. So I think if we could set  
24 up something like a new foreign culture and language area  
25 system which would simply pay people to study international

1   affairs and particularly learn foreign languages -- which  
2   we're not very damned good at -- I think we could create a new  
3   crop of sophisticated intelligence people who then could be  
4   selected to go into the agencies.

5       **CHAIRMAN BOREN:** What about scholarships? Are you  
6   thinking in terms of providing scholarships for these people  
7   --

8       **MR. CLINE:** Essentially scholarships.

9       **CHAIRMAN BOREN:** -- early on so they could go to --

10       **MR. CLINE:** I am sure you all know, I think it was the  
11   National Defense Education Act was the thing that did it. And  
12   we spent a lot of money and we did indeed train these people  
13   and a lot of them came into the CIA. And they were good. And  
14   now it's changed.

15       **SENATOR RUDMAN:** Mr. Chairman, a fascinating exercise for  
16   anyone who is interested is to do a small survey of the people  
17   that came to that agency from '45 to '55. Look at their  
18   backgrounds, look at their educations, look at their pure  
19   brainpower, to put it another way. The fact is that great  
20   people produce great results, mediocre people produce mediocre  
21   results, and these were great people.

22       **MR. CLINE:** Well, I am glad you said that. I really feel  
23   it's true. And I still run a group called the National  
24   Intelligence Study Center -- Walter and Larry are associated  
25   with me. We have about a thousand old timers who still write

55

1 books and do book reviews. We are trying to educate the  
2 public about the meaning of intelligence. And we have -- I  
3 regret to say we don't get any money to do that either. We do  
4 it out of our volunteer services. But I think this public  
5 education of the role of intelligence in decisionmaking is  
6 crucial and I think if we don't teach people in the  
7 universities how the nitty gritty of intelligence work will  
8 make the difference in national decisionmaking, I think we  
9 will begin to lose our grip. And that is why, as I said, I  
10 believe it is so important to kind of dramatize the role of  
11 the Director of Central Intelligence, so he'll know what he  
12 --- and I am so delighted that President Bush is going to bite  
13 the bullet and recommend Bob Gates. I hired Bob Gates when I  
14 was DDI, 1966. And he's a very talented Soviet analyst. He  
15 has been around in the National Security Council. And I  
16 thought frankly the President would not decide to face the  
17 Iran-Contra business and he might choose somebody else. But I  
18 think it was a gutsy decision of the President to pick Bob  
19 Gates, and I think we ought to make sure that the Senate  
20 confirms him, because he is a well qualified guy, and he had  
21 very little to do with the Iran-Contra business.

22 MR. PFORZHEIMER: I would like to say, Mr. Chairman,  
23 before Larry Houston talks about the DNI concept and the like,  
24 because of where you all are headed at 11:30, that this  
25 document in 1705, which happened to be in this briefcase --



1 (General Laughter.)

2 MR. PFORZHEIMER: -- says that, "Our Will and Pleasure is  
3 That by vertue of Our generale Letters of Privy Seal... you  
4 issue and pay or cause to be issued and paid Out of any Our  
5 Treasure that is or shall be in the Receipt of Our Exchequer  
6 applicable to the Uses of Our Civil Government," pay it to a  
7 named foreign service officer, "any Sum or Sums of Money not  
8 exceeding in the whole the Sum of Twenty Thousand Pounds for  
9 Our Secret Services." And then the document is signed by the  
10 Lord High Chancellor, Lord Goalalphin. But I would like to  
11 suggest that if you want to say anything to Her Majesty, that  
12 this document is countersigned on the top by the Queen of  
13 England herself, Anne R.

14 You can't take that over there with you, sir.

15 Larry?

16 MR. HOUSTON: Two items. There is another association,  
17 the Association of Former Intelligence Officers, AFIO, that  
18 has a teaching function as a part of its role, and is in touch  
19 now with, what is it, 200 universities.

20 MR. PFORZHEIMER: 194 I think it is.

21 MR. HOUSTON: And is trying to show them what to teach  
22 and how to teach it. I think this is useful and ties in with  
23 what Ray is talking about.

24 MR. CLINE: And I started the first course on strategic  
25 intelligence at Georgetown University sixteen years ago; first

1 one.

2 MR. HOUSTON: The thing that baffles me -- of course, I  
3 haven't found any solution to it -- most of the people we  
4 worked with over the years we were there came in during the  
5 50's, early 60's, a great many of them if not most of them,  
6 looked on this as a career. They no longer do. They come in,  
7 you know, have an interesting assignment, a few years, they go  
8 off and do something else. How are you to cope with this, I  
9 don't know.

10 CHAIRMAN BOREN: Would you share Ray's feeling that the  
11 problem of the quality of intelligence going down -- in terms  
12 of us getting the President, the consumers, the essential  
13 consumer of intelligence getting as good a fix on intentions  
14 as early as we should, early warning signals if we want to  
15 call it -- is principally a matter of the quality of personnel  
16 as opposed to the organization chart?

17 MR. HOUSTON: Well, I think the fact that they don't look  
18 on it as a career must affect their general approach and the  
19 result of that approach. I don't think I am close enough to  
20 it to be qualified to comment further on that.

21 MR. PFORZHEIMER: I would say the problem there in part  
22 is, yes, we looked on it as a career, and it was a wonderful  
23 career. But today a lot of families have two career members.  
24 And when Joe is suddenly assigned to some station abroad and  
25 his wife has a good job and she doesn't want to give it up and

1 she can't get a good job in the particular country concerned,  
2 that does things to their income, they think it may do  
3 something to their children, although it never did anything to  
4 the children of people in my generation at the Agency. I  
5 think that is a factor. And I find that there is this strange  
6 reluctance.

7 As far as foreign languages are concerned, it is just  
8 absolutely appalling that even French and Spanish and German  
9 -- Bob Inman addresses this problem all the time, like  
10 motherhood. But as far as the role of the Director, I sustain  
11 what Ray Cline has said. Because if you move the DCI into a  
12 DNI position or a Joint Chiefs position or whatever up there,  
13 who's he going to talk to? He doesn't have any troops. So  
14 the first thing you have got to do is move the IC Staff up to  
15 join him. Then he is responsible for national estimates from  
16 that position, so you have got to move a large hunk of the  
17 NIO's or the DDI itself up to join him up there in this high  
18 position. And as Mac Bundy said in his testimony in 1978,  
19 he'll probably have to have a new building pretty soon. I  
20 think we are just fine the way we are because it is a matter  
21 -- it's a question, Mr. Chairman, of personality of the  
22 Director.

23 I will tell you, when General Bedell Smith, whom I think  
24 was our greatest director by a smidgen of a hair over John  
25 McCone and Dick Helms, when General Smith was the DCI, there

1 was no question anywhere in that community where the boss sat.  
2 Mr. McCone, by force of tremendous intellect -- if he and  
3 General Smith had changed directorships in points of time,  
4 neither of them would have been quite as good as they were  
5 when they were there.

6 But there are some very, very weak ones, and I wouldn't  
7 want to put their names in the record, they stand out so  
8 firmly as it is.

9 (General Laughter.)

10 MR. PFORZHEIMER: But there have been some great ones,  
11 but it is a question like everything else, Mr. Chairman, of  
12 who it is. And I agree with Ray Cline that Bob Gates is a  
13 superb choice. I supported him personally in my mind at least  
14 four years ago. I would support him more avidly now even  
15 because I think he is going to be a wonderful leader in this  
16 cause. And I think his relations with the Congress are going  
17 to be Webster-like. I think it is a question of who it is,  
18 who's in the DCI's position, that makes the difference as to  
19 whether you need a DNI -- he can be as silly as a DCI or as  
20 great.

21 MR. CLINE: Let me add a thought. To me, the breadth of  
22 mind of the key officials around the DCI is the most important  
23 thing. You have got to have a world view, not a  
24 particularistic view. And being involved in the National  
25 Security Council process, which I was able to do over many

1 years, is the way you learn how intelligence can be used for  
2 policymakers. It doesn't mean that the DCI or any of his  
3 deputies can dictate policy; that's not their job. But if  
4 they don't manage to explicate the intricacies of  
5 international conflict situations, the President won't know  
6 exactly what he can do. After all, intelligence estimates --  
7 and that is why they are often very faulty -- is a matter of  
8 probabilities. You are always guessing what will happen in  
9 the future, and nobody knows. But the intelligence people,  
10 who ought to concentrate strictly on objective reality as well  
11 as you can predict it, must give the President the information  
12 that he can provide. So I want the DCI to be in the  
13 policymaking arena, but he is not an actor. He is the guy who  
14 describes the whole picture of the objective reality of  
15 international affairs for the President and the National  
16 Security Council officers. He doesn't decide: he only creates  
17 the light and the illumination around the process.

18 CHAIRMAN BOREN: We're going to turn to Senator  
19 Metzenbaum now. Senator Rudman, thank you very much.

20 SENATOR RUDMAN: Mr. Chairman, thank you. I am going to  
21 have to be excused.

22 SENATOR METZENBAUM: Thank you, Mr. Chairman.

23 First, I want to say to each of the three of you, I have  
24 probably learned more this morning about the history of this  
25 organization, about which I am supposed to have some oversight

1 responsibilities, than I've learned since I have been here.  
2 So I am grateful to you.

3 I would like to ask you, Mr. Houston, and either of the  
4 other two men who might want to comment about the area of  
5 economic intelligence. As you know, right now there is  
6 considerable talk about this. Was this ever contemplated at  
7 the inception, and do you have a view as to whether it makes  
8 sense for the intelligence agencies to be getting into this  
9 whole field of economic intelligence?

10 MR. HOUSTON: Economic intelligence?

11 SENATOR METZENBAUM: Yes.

12 MR. HOUSTON: Well, it's been given a great deal of  
13 thought many times. And really, Ray can answer this better, I  
14 think, than I can, Senator, if you don't mind.

15 MR. CLINE: Okay, I'll give you an answer. We have all,  
16 in CIA and in OSS, we were always keenly interested in the  
17 economic structures that support political systems and  
18 military systems. So economic intelligence has been the bread  
19 and butter. The difference now is that most of the time we  
20 were concentrating on the Soviet Union, because it was damned  
21 hard to find out what the Soviet Union economic structure was.  
22 And we started an organization back in 1950 to find out  
23 exactly what the economy of the Soviet Union was like, and I  
24 think we eventually discovered it in a way that the Russians  
25 never understood. I think Gorbachev has accepted essentially

1 the CIA estimates, because we put them out through the  
2 Congress. As you know, the Congress puts out these annual  
3 reports, and they are really the CIA estimates.

4 So I think that what we have got to do now is recognize  
5 that international economic structures including our friends  
6 as well as our enemies, is a critical issue. And I think it  
7 is going to be very delicate to deal with, and we certainly --  
8 the CIA should certainly not be in the business of passing on  
9 information to private corporations and so on. That is out of  
10 line.

11 SENATOR NETZENBAUM: Isn't that the real concern, that  
12 once you get into economic intelligence, suddenly it is hard  
13 to maintain that wall between what you don't start reporting  
14 back, because it's essentially --

15 MR. CLINE: I think that there is a danger, but actually  
16 I am not very concerned about it because the Intelligence  
17 Community is very disciplined, and as you know, when we  
18 studied the Soviet Union at such great length, we decided the  
19 CIA could not pass it out to anybody -- we would let the Joint  
20 Economic Committee to it.

21 SENATOR NETZENBAUM: But there is a difference. In the  
22 Soviet Union, there was no economic motive involved. It  
23 wasn't a matter of figuring out how the Soviets are building a  
24 better this or that and making that information available to  
25 General Electric or IBM, or ITT, or whatever the case may be.

1           It seems to me that once you get into economic  
2 intelligence, there are going to be people who learn things at  
3 the government's expense, at great government expense, who  
4 will be inclined not to be as protective of that kind of  
5 information as they might be regarding the number of troops  
6 that are stationed somewhere, which wouldn't have the same  
7 economic value. And I am concerned that suddenly we're going  
8 to wake up some morning, five or ten years from now, and find  
9 that our CIA people have really been involved in doing a lot  
10 of leaking and somebody will go to jail for three months or  
11 six months, but the fact is it will be a reflection upon our  
12 country and it won't be a single instance, there will have  
13 been --

14           MR. CLINE: Well, all I can say is it couldn't have  
15 happened in our days, because I think we were carefully  
16 disciplined not to reveal anything to private citizens or  
17 private corporations. So I think the information, though it  
18 will be more complicated and more diverse in the future, has  
19 to go through the National Security Council to the Treasury  
20 Department, to the Commerce Department, and if they decide, as  
21 a matter of policy, that some information can be released,  
22 that is their decision. I don't think the Intelligence  
23 Community should have anything to with that kind of release.

24           CHAIRMAN BOREN: Let me ask along the lines that Howard  
25 just kind of focused it. For example, here are some of the



1 real world problems we deal with. We have got foreign  
2 intelligence services -- not private companies, but foreign  
3 government intelligence services, some of them supposedly  
4 friendly -- that have been over here stealing the  
5 technological secrets from our companies. You know, stealing  
6 a computer secret from an IBM or whatever, take it back to  
7 their country and giving it over to their companies to use,  
8 just stealing our technology. Now, you have got that  
9 situation.

10 When I was in Eastern Europe, our own station people  
11 there were asking, what's our policy on economic intelligence;  
12 we don't know. In a sense they were saying, these countries  
13 that are getting ready to buy, let's say the Polish government  
14 or the Hungarian or the Czech government getting ready to buy  
15 certain systems, like a computer system for their banking  
16 system or whatever. The other foreign governments, or the  
17 other intelligence services, find that out first, you know,  
18 that they are getting ready to make a big appropriation, or  
19 they're going to make a purchase or something, they pass the  
20 word to their companies early on. So by the time the  
21 government is ready to make a public offering about this or  
22 whatever, they have got all their ducks in a row. American  
23 companies are struggling to come on later. Another thing  
24 is when you get into GATT negotiations or something else, our  
25 negotiators are spied upon, so that they are learning what our

1 strategy is going to be in terms of fighting for our economic  
2 interest in negotiations and that kind of thing as well.

3 We are up against those real life problems, and we are  
4 also up against what Senator Metzenbaum said, that given the  
5 nature of our system, if we were to retaliate say against a  
6 foreign service, you know, let's say France stole a secret  
7 from IBM, so we went over and stole a secret from -- I don't  
8 know, Peugeot or something. Now, do we give that to General  
9 Motors, Chrysler, Ford? What do we do with it and how is that  
10 appropriate within our system? Or do we simply use that fact  
11 as a demarche and threaten we'll publish it in Scientific  
12 American or release it publicly if they won't quit spying on  
13 our companies. I think Senator Metzenbaum asked a very  
14 important question and it's a question that I find our own  
15 field people are saying to me, "Senator, do you know what our  
16 policy is on economic intelligence? We don't know. We feel  
17 bad to sit on the sidelines. Our competitors are all out here  
18 stealing. And what are we to do and how are we to stop it?  
19 What are our values, what is appropriate for us to do, what  
20 should we not do."

21 SENATOR METZENBAUM: Whom would you rather have do the  
22 stealing? Would you use AT&T, IBM, or some of these major  
23 companies that really are very sophisticated, or would you let  
24 government people do it and then sort of make that information  
25 available?

1       **CHAIRMAN BOREN:** Well, that's a question.

2       **SENATOR NETZENBAUM:** It just seems to me that once you  
3 get into that, you are going to destroy the image of CIA. And  
4 it won't happen overnight, but it will happen in two, five or  
5 six years, and you will find that we really have been playing  
6 some games. I think there ought to be a wall: no government,  
7 no economic intelligence except as is necessary for our  
8 national security.

9       **CHAIRMAN BOREN:** Well, for example, Howard, if they are  
10 trying to figure out what our negotiators are going to offer,  
11 say, in a GATT negotiation, is it cricket for us to try to  
12 find out what they are up to, or that kind of thing, as  
13 opposed to stealing a secret from a private company?

14       **SENATOR NETZENBAUM:** I don't have any problem about that.  
15 I don't have any problem even about finding out what the  
16 economic status of this country or that country is, and  
17 whether there might be an overthrow as a consequence. I think  
18 all of that is within --

19       **CHAIRMAN BOREN:** You are talking our targeting by our  
20 government of their private companies for stealing a private  
21 secret, that's what you're really talking about.

22       **SENATOR NETZENBAUM:** And I think once you move into it,  
23 it is very difficult to stop and it is going to get away from  
24 us.

25       **CHAIRMAN BOREN:** I think we'd be really interested to

1 hear how you react to this kind of thing because it is  
2 something where, frankly, the Administration has no policy.  
3 It is a whole new thought and no one has really been willing  
4 to deal with it because of the very kind of difficult issue  
5 that Senator Metzenbaum raises. So we are trying to get into  
6 this and think about the proper guidance.

7 MR. PFORZHEIMER: Can I give you one example, Mr.  
8 Chairman, out of World War II? At the end of the war, Germany  
9 was divided, you recall, into zones. And while the French had  
10 a zone, the documents and material were to be divided between  
11 the British and ourselves for exploitation purposes. And to  
12 our horror one day, we discovered that the Messerschmitt  
13 papers, documents, tons of them, were in the French zone and  
14 they had been lifted by the French without authority and taken  
15 back to the French Air Ministry. Well, how do you deal with  
16 that? Messerschmitt papers were very important for British  
17 and American exploitation. We dealt with it very simply. My  
18 deputy, who spoke fluent French, was given a four by four and  
19 a couple of enlisted men and went down to the French Air  
20 Ministry and just took them back. And that is what we had to  
21 do and the French didn't do more than just protest once or  
22 twice, but they weren't authorized to have them and we brought  
23 them back. They were in this country. Now that is a little  
24 extreme.

25 I think what we fear is, mostly, as I get talking to some

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1 of the seniors out there, is this thought that was being  
2 pressed at one time that the Agency, if they get some really  
3 good economic intelligence, pass it on to the appropriate  
4 company or companies. Now, that gets to be very dicey and  
5 very selective, and the opposition to that, to the Agency  
6 doing that I think is complete, within the Agency itself.  
7 They are perfectly willing to give the information, where  
8 appropriate, to Commerce, or Treasury, and what Commerce and  
9 Treasury then can do on a declassified basis is up to them;  
10 they're the ones responsible for dealing with American  
11 industry and American finance. But as far as the Agency or  
12 the Community getting into giving economic intelligence of any  
13 nature to any specific company or companies, I think the  
14 opposition within the Community is quite strong, give or take  
15 a special item which we could understand was ordered to be  
16 delivered.

17 I think we ought to be into economic intelligence. And I  
18 think back to the late forties, as Ray does in his knowledge,  
19 where we first set up an economic intelligence research unit,  
20 ORR. And it was a very flexible unit because it had a little  
21 branch in it, for instance, which looked at photographs, under  
22 a tremendous figure named Arthur Lundahl. And we were  
23 flexible enough when photography became what it was with U-2  
24 and then SAMOS and the rest, to pull that little branch out of  
25 ORR to set up what you now know as NPIC, still headed then by

1 Arthur Lundahl before his physical infirmities forced him out  
2 of action. But it takes flexibility to do that, and we had  
3 it. And we still have it.

4 SENATOR METZENBAUM: Let me ask another question if I  
5 may, please.

6 At what point in the history of this legislation was it  
7 determined that the total budget for intelligence activities  
8 should remain secret and not available to the American public?  
9 And my following question is, do you think it still should be?  
10 On television the other night I heard on the national media,  
11 the 6:30 or 7:00 o'clock news, a figure just about on the  
12 button of what we do spend. And if TV commentators are going  
13 to have it, why shouldn't be actually made public by the  
14 Congress without any secrecy?

15 CHAIRMAN BOREN: Total aggregate, not the individual  
16 aspects of it.

17 SENATOR METZENBAUM: That's correct.

18 MR. PFORZHEIMER: One line item.

19 I think, Larry, if I could take that from the legislative  
20 start, the feeling on the Hill was that it would always, in  
21 the very earliest days, be kept secret. It was so secret in  
22 the minds of Congressmen on the House side that when we had  
23 our annual appropriations hearings, as we did in those days,  
24 they wouldn't tell us the room number until ten minutes before  
25 we had to leave the Agency and they would call me up and say

1 go to this door and someone will meet you. They were very,  
2 very firm on this point, and the thesis then was that if you  
3 disclosed the total budget, hostile intelligence services  
4 could pretty well figure out the scope of your operations.  
5 Now, we have been up and down this thing, should we have a one  
6 line item -- Bob Inman the other day in testimony before your  
7 Committee covered that very well. But it's from the very  
8 beginning, Senator Metzenbaum, that it has always been secret,  
9 and it was not at our initial request, although we supported  
10 it. It was the Congress who kept it secret; they felt --

11 SENATOR METZENBAUM: Do you see any danger to the  
12 national security if we were to make it public at this point?

13 MR. HOUSTON: Let me give one example that I think is  
14 very clear. When we were bothered by the rumors of the  
15 production in Russia of long range missiles and things and  
16 didn't have any information coming in, the proposal was made  
17 and was rather enthusiastically taken up by the Air Force,  
18 Defense and ourselves. And the question was, all right, who  
19 will do the procurement. Quite a bit of discussion. The Air  
20 Force said they could not guarantee the security because of  
21 their system of procurement. It's too widespread, every piece  
22 has to -- and could we do it? And we took the position that  
23 it would only be done in one small component so that no  
24 information would have to go out in widespread fashion. So  
25 the Air Force then agreed to furnish us with the \$22 million

1 for the procurement of 19 U-2's. And we went ahead, the  
2 security problem being as far as we could tell, their surface  
3 to air missiles were accurate up to somewhere around 40,000  
4 feet, and were very inaccurate over 40,000, which of course is  
5 where the U-2 would fly. Very important, because if they got  
6 information that they are going to fly that high, they could  
7 develop a surface to air missile with much higher range.

8 So we undertook the procurement and we got the 19 U-2's,  
9 I am glad to say, for just under \$20 million, which I don't  
10 think would happen today. But it was very important to keep  
11 that appropriation item --

12 SENATOR NETZENBAUM: I wouldn't suggest that any specific  
13 expenditures be shared. I do think the total figure is  
14 obvious. As I said, on national television the other night a  
15 newscaster said [Deleted] is spent for intelligence activities  
16 when talking about the Gates nomination. I just say, why not  
17 make it a public item, at least let the American people know  
18 what we are spending in that manner.

19 CHAIRMAN BOREN: The total only.

20 SENATOR NETZENBAUM: Oh, yes. I am not suggesting line  
21 items.

22 MR. CLINE: If you are talking just about the total, I  
23 think it is entirely appropriate now to make it public. I  
24 don't see any reason not to. I don't think the CIA or any of  
25 the intelligence agencies will object. So it is a



1 Congressional decision.

2 SENATOR METZENBAUM: Do you have any difficulty --

3 MR. CLINE: And as Walter said, it really was the kind of  
4 fascination with clandestinity that caused it to be kept so  
5 long.

6 SENATOR METZENBAUM: Do you have any problem about  
7 breaking it down between that which is under the Armed  
8 Services Committee's jurisdiction and our Committee's  
9 jurisdiction?

10 MR. CLINE: Well, no, I don't have any trouble with that.  
11 However, it may then begin to come unraveled and that will be  
12 the Congressional responsibility.

13 MR. PFORZHEIMER: This has been the problem, Senator  
14 Metzenbaum, that we have always raised when the question came  
15 up and it came up in the Senate Intelligence Committee years  
16 ago -- there's a publication about it, hearings -- and that is  
17 if you go beyond your one line item to breakdown CIA, Army,  
18 Navy, Air, not only will people say, well, what are you going  
19 to do for us next year, but also you've got a couple of  
20 organisations that aren't named and whose figures therefore  
21 wouldn't come out.

22 SENATOR METZENBAUM: I would not suggest a total  
23 breakdown. I do think that disclosing the figure for what is  
24 under Armed Services -- you don't have to have even a  
25 breakdown, Army, Navy, and that kind of breakdown -- I think

1 we could usefully disclose how much is under the Armed  
2 Services Committee's jurisdiction because what happens is that  
3 when we start to make cutbacks and we start making changes, it  
4 then has some impact upon how the Armed Services Committee  
5 handles intelligence and other programs in the defense budget.  
6 I just think, Mr. Chairman, and I feel very strongly, that the  
7 American people are entitled to know this, know the difference  
8 in the two, no specifics, and I hope we can achieve that  
9 objective. I just want to be sure these gentlemen --

10 CHAIRMAN BOREN: One of the problems we have is that the  
11 House and the Senate, just the Committees even, have different  
12 jurisdiction. The House Permanent Select Committee on  
13 Intelligence really has the whole ball of wax, from a  
14 budgetary point of view -- I mean on intelligence as opposed  
15 to what we have. We have a portion. We have not been  
16 troubled by that in the past in that we have had such a  
17 wonderful relationship. We virtually have had no changes from  
18 the Senate Armed Services Committee under the present  
19 leadership from what this Committee has wanted to do. And, of  
20 course, we've had these overlapping memberships, with Senator  
21 Nunn, Senator Warner and so on.

22 But I think, you know, it is something we have to look  
23 at especially as the Defense budget comes under stress as  
24 well, as to whether or not it's even in the interests of the  
25 Intelligence Community for this to be done the same way that

1 it's been done in the past.

2 But I think that the question you raise is a good one,  
3 and I gather what I am hearing is if we just give the one  
4 aggregate figure, and we have to then examine whether we can  
5 go beyond that --

6 SENATOR METZENBAUM: Fine. If you made the breakdown  
7 between Armed Services and Intelligence, that would make the  
8 most sense.

9 MR. CLINE: I think that's right. The key, Senator  
10 Metzenbaum, is that we continue to be able to bury individual  
11 items in the Defense appropriations.

12 SENATOR METZENBAUM: I don't have any problem with that.

13 MR. CLINE: And if you -- and you know, I really feel we  
14 need more clandestine positions abroad. We just have to have  
15 more people out there studying these foreign countries. And  
16 that is going to require better cover. I'll tell you, our  
17 cover arrangements in the State Department are not very damned  
18 good. You know, I was Director of INR in the State Department  
19 at the end of my career, and I just felt our cover  
20 arrangements were miserable. We don't do it very well. I'd  
21 like to see us be more professional about protecting sources  
22 and methods and cover arrangements, and if you can do that,  
23 then I don't care how much general budget is available.

24 SENATOR METZENBAUM: Thank you very much, sir.

25 CHAIRMAN BOREN: Thank you very much, Senator Metzenbaum.

1           We are going to do a sanitized version of this transcript  
2 that can be made a part of our public record from the  
3 historical points of view, which will be cleansed not only of  
4 any sensitive information, but any derogatory statements about  
5 Yale, I can assure you --

6           MR. PFORZHEIMER: Point of order, Mr. Chairman. I think  
7 we ought to keep that.

8           CHAIRMAN BOREN: The record is going to be appropriately  
9 cleansed. But the --

10          SENATOR METZENBAUM: There are other universities than  
11 Harvard and Yale.

12          (General Laughter.)

13          CHAIRMAN BOREN: There's an uprising behind us; you've  
14 stirred up a revolt here in the ranks, Howard.

15               This has really been fascinating for us. I think you  
16 have given us a tremendous perspective here. As you know, the  
17 Committee is undertaking quite an initiative in the budgetary  
18 area to try to improve emphasis on human resources, going in  
19 to try to find this talent, recruit this talent and increase  
20 the number of slots for this talent. We have been very  
21 troubled also by the shrinking number of State Department  
22 positions and other methods of providing cover. Because the  
23 State Department budget has come under such stress now, we've  
24 suffered a real problem in being able to have official cover,  
25 and so we're really under pressure.

1 I'm really intrigued by this idea, and I'd like to  
2 pursue, if you want to call it, almost a scholarship program,  
3 a personnel development program under which perhaps the Agency  
4 itself could do the selecting. I don't know, I think probably  
5 in terms of providing scholarships to send people to advance  
6 study --

7 MR. CLINE: They certainly ought to have a voice in it.

8 CHAIRMAN BOREN: They -- the CIA -- ought to have a voice  
9 in it. And maybe there could be a National Security  
10 Scholarship Program which could be done on a committee basis  
11 and on which the Agency would be represented, where it is not  
12 quite so obvious that you are just out here directly  
13 recruiting agents and analysts.

14 MR. CLINE: Or educating people -- educating people.  
15 Then you will have the talent pool to use for intelligence.  
16 That's my view.

17 CHAIRMAN BOREN: I think it is so critically important.

18 I think I am inclined to the view that more important  
19 than organization charts are the kind of interpersonal  
20 relationships and working relationships that develop. I have  
21 to say I am a little troubled that the DCI doesn't sit in  
22 Cabinet meetings any more and some other things. I think that  
23 sends a wrong message in terms of the clout of the Agency,  
24 which means that when the DCI has to sit down with, say, the  
25 Secretary of Defense to discuss a budgetary matter, or to make

1 sure that the DCI or some other Agency is appropriately  
2 responsive to the needs of the Intelligence Community in an  
3 integrated fashion. I don't pick out the fact because I am  
4 suggesting that they are not or any particular individuals are  
5 not, but just as a hypothetical, whatever agency it is.  
6 Messages are sent in terms of access to the President that  
7 have an important impact upon how cooperative bureaucracies  
8 are willing to be. I think all of that has to be thought  
9 through and obviously you can't write that into an  
10 organization chart. That has to do with practice, not with  
11 structure.

12 We are looking at this whole tendency to grow up two  
13 systems here, as is the Armed Services Committee. Even the  
14 reporting mechanism within the Department of Defense itself,  
15 where that should be and what the relationship of the  
16 individual to whom the reports are given is with the DCI. And  
17 I am inclined to agree with you that a person, given the  
18 nature of our system with no troops is probably a person that  
19 is going to end up with no power.

20 MR. CLINE: That's right.

21 CHAIRMAN BOREN: So I think that has certainly been a  
22 basic principle that seems to have been true for a long time.  
23 But we may ask you to look specifically at certain  
24 relationships, whether it's the DIA, or the tactical  
25 intelligence side or whatever, to see if you think that the

1 authorities are there that need to be there. Have we drifted  
2 a little bit towards a Balkanized system organizationally that  
3 makes it even harder for a DCI, whoever that DCI might be with  
4 whatever relationship with the President, with whatever  
5 personal talents or political skills? Are there any  
6 impediments that have been organizationally put in place now  
7 that encourage further Balkanization, because I think we are  
8 seeing some Balkanization and drift. And that concerns me.

9 MR. CLINE: I think that is very important, Mr. Chairman.  
10 Clearly the military budget is going to be reduced. They are  
11 probably going to squeeze out and try to centralize some of  
12 the intelligence activities, and that is not unnatural. But  
13 we should not let military intelligence become a rival of the  
14 national intelligence system. We had that problem for so many  
15 years.

16 CHAIRMAN BOREN: That is really the battle that you were  
17 talking about from the very beginning. that battle is still  
18 on-going and as centers of power shift politically, the battle  
19 gets resumed and won and lost differently sometimes.

20 MR. PFORZHEIMER: Well, you have got C<sup>3</sup>I, Mr. Chairman,  
21 grabbing more organizations than we have ever heard of almost  
22 in his power. He's got DIA under him now and he's got Defense  
23 Mapping under him now and he's got a dotted line to NSA under  
24 him now and there's a center of power developing there that  
25 bodes no good.

1       MR. CLINE: But it can bode good if we do maintain the  
2 superior position --

3       CHAIRMAN BOREN: Of the DCI.

4       MR. CLINE: -- of the DCI.

5       CHAIRMAN BOREN: If it goes there, it's all right. If it  
6 ultimately goes to the DCI on the intelligence function.

7       Well, thank you all very, very much. This has been very  
8 helpful and we want to continue to have discussion with you as  
9 we go through this process. And as I say, as far as I am  
10 concerned we are not going into it with the attitude that we  
11 are going to reinvent the wheel or think we're going to solve  
12 problems. We realize we are dealing with institutions that  
13 are organic and much impacted by the personalities and the  
14 interplay between. So we are not going to go into this with a  
15 mechanistic -- I might put it that way -- point of view about  
16 it.

17       MR. CLINE: Can I make one last point?

18       I think that we have not had a President since George  
19 Washington who was a professional intelligence officer except  
20 for George Bush. It has been 200 years. And George,  
21 President Bush, was DCI, and he knows intelligence and he will  
22 know how to use it. And you go back to George Washington  
23 before we had that hands on knowledge.

24       CHAIRMAN BOREN: I think this can give us a real  
25 opportunity. Another example could be the pending appointment



1 of Mr. Gates because, as you said, having been at the National  
2 Security Council under two Presidents in addition to having  
3 been at the Agency, he should have an understanding of what  
4 the policymaker needs as well as the consumer and producer  
5 aspects of intelligence. At a time when we have got to make a  
6 lot of these decisions, it is very important that we have  
7 someone in that position with that kind of experience and  
8 also creativity in terms of approach plus a working  
9 relationship with the President.

10 MR. CLINE: Thank you very much, Mr. Chairman, and we'll  
11 be glad to do anything you want us to.

12 CHAIRMAN BOREN: Well, this has really been helpful to  
13 us. We appreciate it.

14 (Thereupon, at 11:00 o'clock a.m., the hearing was  
15 concluded.)

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Chairman BOREN. Today, the Committee begins a series of hearings on S. 2198, the Intelligence Reorganization Act of 1992, a bill which contemplates the most dramatic restructuring of the U.S. Intelligence Community since its creation some 43 years ago. The world has changed and clearly the Intelligence Community must change with it. Just like many companies in the private sector which are undergoing restructuring, our goal must be a better product at lower cost.

When I introduced this legislation several weeks ago, I said that I regarded this proposal as a starting point, a "launching pad" for discussion. We needed a straw man, a focus for testimony and comment, if this effort was to proceed in an orderly yet expeditious manner.

I said that I hoped it would provoke a reaction, I hoped it would provoke new thought, and I hoped that it would stimulate discussion. I would say to my colleagues on the Committee that on that point I'm quite sure we have succeeded, at least in our first objective, perhaps even more discussion than we thought we might stimulate. I said then and I want to reiterate now, I am personally not wedded to any particular provision of the bill. It was meant to be provocative. It was meant to prompt serious consideration of the issues involved. It is not cast in stone. However this bill does address what I perceive to be the principal problems with the current organizational structure. Whether the solutions it proposes are necessarily the right ones is another matter and on this score I, and I'm sure other Members of the Committee, will keep an open mind.

I have a longer prepared statement which without objection I will place in the record at this point. While it would take too much of our time for me to read the full statement this afternoon, I offer it in the hope that it will be useful and provide useful background information on the existing framework of intelligence.

The first part of the statement traces the history and the evolution of the intelligence and provides a basic understanding of how it currently operates.

[The statement of Chairman Boren follows:]

PREPARED STATEMENT OF SENATOR DAVID L. BOREN

Today the committee begins a series of hearings on S. 2198, the Intelligence Reorganization Act of 1992, A bill which contemplates the most dramatic restructuring of the U.S. intelligence community since its creation some 43 years ago. The world has changed and clearly the intelligence committee must change with it. Just like many companies in the private sector which are undergoing restructuring, our goal must be a better product at lower cost.

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I said then and I reiterate now, I am not wedded to any particular provision of the bill. It was meant to be provocative. However, it does address what I perceive to be the principal problems with the current structure. But I keep an open mind in terms of whether the solutions proposed by the bill are necessarily the right ones. This should become clearer as we proceed.

Before we turn to our distinguished witnesses this afternoon, I want to provide a bit of context for this legislation, so that the public can appreciate, in general terms, the basic organizational arrangements for the intelligence community that exist today, and understand what is prompting us to review these arrangements now.

## PART I. THE EXISTING STRUCTURE

*An historical perspective*

First, a bit of history. While U.S. intelligence activities literally pre-date the founding of the republic, the "U.S. intelligence community" of today, as it has come to be called, had its origins in the security arrangements that were established by law after World War II.

At the end of the war, the Office of Strategic Services [OSS] which had been created during the war to carry out clandestine intelligence gathering and other types of operational activities overseas in support of the U.S. war effort, was disbanded. What remained were the intelligence elements of the military services, the State Department, and the FBI, which had been given responsibility for the entire Western Hemisphere during the war and retained post-war authority for counterintelligence. President Truman was nonetheless convinced that a permanent follow-on capability was needed to provide the President with independent analysis of all intelligence available to the Government. To perform this function, he created by Presidential directive the Central Intelligence Group [CIG] in January, 1946.

The Truman administration soon concluded, however, that the Central Intelligence Group could not legally remain a creature of executive directive for more than a year without receiving statutory authorization from the Congress. A new bill was being drafted at the time to bring each of the military departments under a new Department of Defense, and the administration decided to seek statutory authority for a Central Intelligence Agency, among the bill's provisions.

Enacted on July 26, 1947, the National Security Act of 1947 provided for the establishment of a Central Intelligence Agency [CIA] to be headed by a Director of Central Intelligence [DCI], and provided that "for the purpose of coordinating the intelligence activities of the several Government departments and agencies in the interest of national security," it would be the "duty of the agency"—

"(1) To advise the National Security Council in matters concerning such intelligence activities. . . ;

"(2) To make recommendations to the National Security Council for the coordination of such intelligence activities. . . ;

"(3) To correlate and evaluate intelligence relating to the national security and provide for appropriate dissemination of such intelligence. . . ;

"(4) To perform, for the benefit of the existing intelligence agencies, such additional services of common concern as the National Security Council determines can be more efficiently accomplished centrally; and

"(5) To perform such other functions and duties related to intelligence affecting the national security as the National Security Council may from time to time direct.

These responsibilities have remained unchanged to the present day. And while it seems clear the law contemplated that the Director of Central Intelligence would coordinate the intelligence activities of the departments and agencies of the Executive branch, it did not specify how this would be done or what functions were entailed for him. Nor did it give the DCI any specific authorities beyond providing for his access to intelligence. Essentially, the law left these matters to be determined by the National Security Council and approved by the President.

Indeed, in the first 24 years that followed the enactment of the National Security Act of 1947, the DCI's relationship with the Intelligence Community evolved within the context of classified directives issued by the National Security Council which were not made available to the public.

For the most part, though, DCI's during these early years took little interest in attempting to manage the Intelligence Community. Turf battles were time-consuming and often unproductive. They had their hands full just taking care of the CIA. Meanwhile, President Truman issued a classified directive creating the National Security Agency, merging the signals intelligence collection components of the military services. Later, under President Kennedy, the Defense Department created a Defense Intelligence Agency to serve both the civilian and joint military leadership of the department. Other classified offices were established to collect specialized intelligence through reconnaissance programs. These organizations emerged to meet specific needs, with no overall management or coordination of the sprawling Intelligence Community.

The first significant institutional attempt to coordinate the Intelligence Community came in 1971 when President Nixon, acting upon the recommendations contained in a study carried out under the direction of one of our witnesses today, James Schlesinger, who was director of OMB at the time, took steps to give the DCI "an enhanced leadership role in coordinating intelligence programs and in the production of national intelligence." In fact, it made the DCI responsible, for the first time,

for the preparation of a consolidated intelligence budget, and for the establishment of requirements and priorities to guide intelligence collection throughout the Government.

But the specific document setting forth these new responsibilities for the DCI was classified, and the public remained largely oblivious to the changes in his functions.

#### *The authorities of the DCI as provided by executive order*

This changed in February, 1976, when President Ford, reacting to the investigations of U.S. intelligence activities taking place at the time, issued the first Executive Order on intelligence activities, setting forth publicly, and for the first time in detail, the responsibilities and functions of the DCI. It also specified for the first time the elements of the Executive branch which were considered to be part of the U.S. Intelligence Community, and set forth in general terms their functions.

While there have been two superceding Executive Orders on intelligence activities—one issued by President Carter and another by President Reagan—they have not radically altered the basic functions or authorities of the DCI as set forth in the 1975 order. I take note here of the more significant—

It made the DCI responsible for preparing a consolidated National Foreign Intelligence Program budget, encompassing all intelligence activities undertaken by U.S. agencies, and for presenting it to the President and Congress;

It designated the DCI as the "primary adviser to the President on foreign intelligence" and charged him with the preparation of national intelligence estimates;

It made the DCI responsible for developing national intelligence requirements and priorities, and for supervising the production and dissemination of national intelligence within the Executive branch;

It gave the DCI responsibility to monitor the implementation of the National Foreign Intelligence Program, and to conduct evaluations and audits; and

It required DCI review and approval of all requests to reprogram National Foreign Intelligence Program funds.

#### *Role of the CIA*

The functions of the Central Intelligence Agency, whose head was the DCI, were also set forth publicly for the first time. The CIA was charged:

To "collect, produce and disseminate foreign intelligence and counterintelligence, including information, not otherwise obtainable." (This latter phrase was the euphemism for the clandestine collection of intelligence which could not be obtained through overt means or open sources.);

To "conduct special activities approved by the President." (The phrase "special activities" refers to "covert actions," in support of national foreign policy objectives.);

To coordinate the clandestine collection of foreign intelligence by other Government agencies outside the United States, and to coordinate all U.S. counterintelligence activities overseas; and

To "conduct services of common concern" for the benefit of other elements within the Intelligence Community.

#### *The Intelligence Community*

In addition to setting forth the functions of the DCI and CIA, the Executive order also specified publicly for the first time the remaining elements of the Government considered to be part of the U.S. Intelligence Community, and set forth generally their functions. At the risk of being overly simplistic, let me identify them and briefly explain what they do.

The National Security Agency was created by President Truman in 1952 to operate a unified organization to carry out signals intelligence activities for the Government as a whole. For administrative purposes, the agency was placed within the Department of Defense where it remains today. In addition to its intelligence gathering mission, it also serves as the focal point for the protection of classified U.S. Government communications.

The Defense Intelligence Agency was created by the Secretary of Defense in 1961 primarily to consolidate intelligence production within the Department of Defense. It provides military intelligence analysis to both military and civilian consumers within DOD, as well as to agencies outside DoD. This has remained its principal mission over the years, although it has from time to time been given other functions, such as managing the defense attache system.

There are, in addition, other offices within the Department of Defense for the collection of specialized reconnaissance whose missions, and, indeed, names, remain classified. These carry out activities on behalf of the Government as a whole.

Forming the backbone of the Intelligence Community are the intelligence elements of the military services: Army, Navy and Air Force. These include both collection and analytical elements which support both national and departmental objectives. Indeed, the U.S. Intelligence Community is, as a practical matter, heavily dependent upon the manpower and resources of the military departments to carry out its day-to-day missions.

Finally, I come to the intelligence elements of the FBI, and the Departments of State, Treasury, and Energy.

The intelligence division of the Federal Bureau of Investigation is responsible for conducting and coordinating counterintelligence and counterterrorism investigations and operations within the United States and investigating espionage at U.S. diplomatic establishments abroad. The FBI also produces counterintelligence reports and analyses for internal and external dissemination and collects foreign intelligence in response to other agency requests.

For simplicity's sake, I will group together the intelligence elements at State, Treasury, and Energy because their functions are, in a generic sense, the same. And that is to provide tailored analyses to their respective secretaries, based not only upon what is obtained from the Intelligence Community, but also from other sources available to them. As members of the Intelligence Community, these elements are frequently asked to contribute to national intelligence products, but their principal, mutually-shared responsibility is to provide intelligence support to their respective secretaries.

#### *Coordination mechanisms of the DCI*

To assist the DCI in coordinating the intelligence activities of these departments and agencies, a number of coordination mechanisms have been created, some by Executive order and some by the DCI.

The largest of these is a 200-person staff known as the Intelligence Community staff, or "IC staff." While the functions of the IC staff have traditionally been established by the DCI and have varied from Administration to Administration, it has since its creation in 1976 (ck) been used to carry out the program and budget responsibilities of the DCI for the National Foreign Intelligence Program, to provide a central mechanism for tasking of collection elements, and to provide a staff for the policy development and oversight of the DCI's functions.

The IC staff also provides staff support to other coordination mechanisms used by the DCI. These are typically interagency groups composed of representatives of agencies within the Intelligence Community which are utilized by the DCI for a variety of purposes. For example, The National Foreign Intelligence Board [NFIB] advises the DCI concerning the production, review and coordination of national foreign intelligence, including the review of all national intelligence estimates; and the National Foreign Intelligence Council [NFIC] advises the DCI with respect to policy and programmatic matters that cut across agency lines. The NFIC has the principal role in addressing the budget priorities to be established by the DCI.

#### *The intelligence cycle*

Although the structure of the U.S. Intelligence Community may seem complex, its day-to-day operations are, in theory, based upon a few simple principles:

Consumers of intelligence within the Government (e.g. policymakers, diplomats, military commanders, scientists, researchers) identify what information they need to help them do their respective jobs.

Intelligence agencies with collection capabilities are tasked to collect the information requested.

Once collected, the information is sent to analysts who place it in the context of other information available to them which bears upon the subject and deliver it to the consumer who requested it.

The consumer, in turn, advises what information he now needs, and the cycle repeats itself.

In practice, the intelligence requirements of consumers are gathered together and assigned priorities by the Director of Central Intelligence on an annual basis. Additional requirements are imposed, and priorities are shifted, during the year to satisfy ad hoc, unanticipated requirements that emerge over time. The DCI issues these requirements to all intelligence agencies with the capability to collect the information in question. These may, in turn, be supplemented by intelligence requirements or priorities established by the department or agency which has jurisdiction over a particular collection element. For example, the Secretary of Defense may impose additional specific requirements upon intelligence collection elements within the De-

partment of Defense within the context of the overall requirements assigned by the DCI.

As a general matter, collection capabilities which are very specialized or very expensive are lodged with a single intelligence agency or office which carries out its collection mission for the benefit of all government consumers. Where more than one intelligence agency has the capability to carry out a certain type of collection (e.g. collection of electronic signals), one agency may be designated to ensure coordination among the potential collectors to avoid duplication and conflict.

Once the intelligence information is collected, it is typically disseminated by the collection agency to analysts at all agencies who might require it, not simply to the agency with the predominant interest. Thus, specific information about a potential change in the leadership of country x may be disseminated not only to analysts at CIA or the Department of State, but to analysts at the Departments of Defense, Treasury, Commerce, and Energy as well. Indeed, depending upon its reliability and relevance, it may be disseminated directly to the National Security Council.

Intelligence analysis is performed on a far more decentralized fashion than collection. CIA performs its analytical functions chiefly in support of the President, although its analyses are routinely made available to other agencies. Typically, however, each department or agency with international responsibilities maintains its own intelligence analytical capability at the departmental level, combining what they receive from intelligence collection agencies with other sources of information which may be available to them. For example, analysts at the Bureau of Intelligence and Research at the Department of State would combine reporting from intelligence collectors with reporting received from U.S. diplomatic posts abroad in providing their analyses to the Secretary.

#### *The intelligence budget*

Let me conclude this part of my statement with a few remarks about the budget process. As I mentioned earlier, the DCI is made responsible by Executive order for developing, in concert with the departments and agencies concerned, a consolidated budget for all intelligence agencies, and for presenting it to the President and Congress. Each year the DCI prepares budget guidance for elements of the U.S. Intelligence Community (regardless of their parent agency), reviews the proposed budgets which are submitted in response to this guidance, and ultimately allocates resources within the NFIP.

This process is, in fact, unique in the Federal Government. In no other area are resources programmed and managed in this fashion across department or agency lines.

With the exception of the CIA, the funds which are ultimately authorized and appropriated by the Congress, are actually appropriated to the department or agency which "owns" the intelligence component concerned. Thus, the funds in the National Foreign Intelligence Program [NFIP] appropriated for the Defense Intelligence Agency are appropriated not to the DCI, but to the Secretary of Defense. Similarly, the portion of the NFIP allocated to the Bureau of Intelligence and Research in the State Department is appropriated to the Department of State, and not the DCI. The budget for CIA, on the other hand, is appropriated in various line items of the Department of Defense budget which are not identifiable on their face as belonging to CIA.

Because the total amount of the intelligence budget, as well as each of its component parts, have historically been classified, the funds allocated for elements of the national foreign intelligence program are not identifiable in the budgets of the agencies to which they belong.

In practice, the Director of Central Intelligence and Secretary of Defense agree each year on what portion of the President's budget allocated for the Department of Defense will be allocated to the CIA and to the National Foreign Intelligence Program elements within the Department of Defense. On the basis of this agreement, the DCI makes his allocations among NFIP components, which ultimately become the budget presented to the President and Congress as the national foreign intelligence program for a given year.

#### **PART II. THE NEED FOR CHANGE**

Since I introduced S. 2198 a few weeks ago, people have asked what motivated me. Why the need for change in this structure? It may be complex, it may have its shortcomings, but it has served us reasonably well for over 40 years.

Incidentally, I happen to agree with that last statement. We do have an extraordinarily capable intelligence apparatus. Over the years, it has produced information

that has been extraordinarily useful to policymakers, diplomats, scientists, and military commanders—information that they could act upon.

But can it be better? Is now a propitious time for change? My answer to both questions is "yes."

First, it hardly needs repeating that the world has dramatically changed. The cold war is over, and the Soviet Union no longer exists. Perhaps as much as half of the effort of the Intelligence Community had been directed at the Soviet Union and its Warsaw Pact allies. While a great deal of uncertainty remains with respect to that area of the world, the United States' needs for information have radically changed, as have the means required to gather it.

Similar uncertainty exists in other areas of the world. What now are the basic threats to U.S. interests? What must we prepare for? What countries now or in the future could pose threats to our security?

I daresay each of us has his own candidates. My point is, we have gone from a world where the principal threat to U.S. interests was clear to one where the principal threats are less clear. For the Intelligence Community, it is a matter of where to focus its attention now, and how.

Compounding the problem are the enormous budget deficits that now drive so much of our current planning. The Defense budget is being severely cut, and other parts of the national security budget, including intelligence, are shrinking. And rightly so. When threats to our security interests are diminishing, we should look to the national security budget as a source of deficit reduction or funding for other needs?

In short, it is clear that the Intelligence Community during the next decade is going to have less resources to carry out its responsibilities.

The world is also in the middle of a technological revolution, particularly in terms of the availability of information. Advances in technology have vastly improved the ability of governments to obtain, manipulate, analyze, and disseminate information, literally in matters of seconds. The potential impact of these technical advances on the operations of the Intelligence Community is nothing short of enormous, and yet these capabilities must be harnessed to do the work of intelligence in a coordinated, complementary way.

To my mind, all of these factors suggest the need for an effective management structure: A structure that can identify the informational needs and priorities of the Government and harness the advances in information technology to satisfy them; and a structure that can get this done with diminishing resources.

Is the existing management structure of the Intelligence Community up to this job? I find considerable cause for skepticism.

#### DEFICIENCIES IN THE MANAGEMENT STRUCTURE

Indeed, throughout the existing management structure, beginning with the relationship between the DCI and the President, I find problems. To elaborate—

##### *The White House*

Regardless of the rhetoric one hears about the DCI serving as the President's intelligence adviser, I find a structure that is largely dependent upon the personal relationship between a President and the Director.

For example, there is no provision in law for the Director of Central Intelligence to have a role in the National Security Council process.

Nor is there a structure in law or Executive order for translating the objectives and priorities of a particular President into requirements and priorities for the Intelligence Community. All depends upon a President conveying these to the DCI, or, more likely, the DCI divining them on his own.

Nor is there any organizational structure at the White House, apart from the President's Foreign Intelligence Advisory Board (which is itself removed from the policy process) to hold the Intelligence Community accountable for its performance. Most presidents probably have relatively vague impressions of how well the Intelligence Community has supported them.

The President does have a foreign intelligence advisory board, but its role has varied widely from administration to administration, and it has no formal role in the governmental process.

In short, I find an intelligence community that I believe is institutionally too isolated from the policymakers it was created to serve. To be sure, these policymakers regularly receive intelligence reports and briefings, and the DCI ordinarily is asked to take part in White House deliberations in the national security area. Some presidents have relied heavily on their DCIs.

But to me, the absence of any structure which guarantees a role for the DCI in White House deliberations, or which relates the intelligence agenda to the foreign policy and Defense agenda of a particular administration, or which provides some measure of accountability vis-a-vis the President is not an optimal management structure. If we are going to spend billions on intelligence, surely we can establish better linkages at the most crucial point of impact in the system.

### *Responsibilities and authorities of the DCI*

Now let me address the responsibilities and authorities of the Director of Central Intelligence.

The statutory responsibilities of the DCI, written in 1947, before most of the existing Intelligence Community came into being, are general and open-ended. They do provide that he will "correlate and disseminate intelligence," and that he will "make recommendations to the National Security Council for the coordination of intelligence activities" and perform such functions as the NSC may direct. Similarly, the 1947 act only empowers the DCI to access information held by other agencies, and to provide for the protection of intelligence sources and methods throughout the Government.

These provisions hardly provide an authoritative mandate or the necessary tools for the Director of Central Intelligence to manage anything beyond CIA and his own staff elements. Indeed, when they were written, they were not meant to.

So when we look for the DCI's responsibilities and his authorities, we look not to the law but rather to the more up-to-date Executive orders which spell them out in some detail. Executive orders, however, do not have the status of law. They do not have the weight of the Congress behind them. A failure of a department or agency head who "owns" elements in the Intelligence Community to adhere to the DCI's policies may raise hackles at CIA but rarely is made the subject of official complaint. They are tolerated.

More important, Executive orders themselves represent bureaucratic compromises. Such is the case with Executive Order 12333 on intelligence activities. While it provides the DCI with certain roles and authorities over the intelligence community, it provides him with few means of effectuating them.

Take the budget. The DCI is responsible for developing a consolidated intelligence budget, and presenting it to the President and Congress. But the way this happens in reality hardly suggests much real authority over this process. Each year the DCI must go hat in hand to the Secretary of Defense and ask for a share of the defense budget to be devoted to national intelligence. Once he has that figure in hand, the DCI carves up the pie, telling each component of the Intelligence Community what its share will be, for purposes of submitting a budget. While there have been a few exceptions, this number has typically been calculated proportionately to provide either some growth or a reduction over the previous year. Typically, the rate of growth is determined with no real discussion or prioritization of intelligence requirements. The process is arbitrary and some would say undisciplined.

Once the budget is submitted, and Congress has appropriated the money, it goes to the Secretary of Defense or other agencies with intelligence elements, and not to the DCI. Indeed, CIA receives its appropriated funds from the Comptroller of the Defense Department.

Moreover, even after the money is appropriated, and despite an explicit prohibition in the Executive order, departments and agencies who have elements in the Intelligence Community occasionally will reprogram intelligence funds for other activities without so much as informing the DCI. Is this real authority?

I could make a similar point about collection. Yes, the DCI is charged with developing collection requirements and priorities, and he can coordinate tasking and provide guidance, but he is given no explicit authority over collection agencies other than the CIA itself. He cannot move money or people around. He cannot direct agencies which are not under his control. He can beg and he can plead, but he cannot direct.

In some cases, although the Executive order gives him authority, he has been unable to implement them due to resistance within the Intelligence Community. For example, the Executive order charges the DCI with "monitoring NFIP implementation" and conducting "performance evaluations." The reality is, although various DCIs have tried, that the DCI today has been unable to perform this essential function due to the longstanding resistance of the intelligence community.

To make matters worse, the Executive order on intelligence makes independent grants of authority to other officials which appears to overlap, or conflict with, the authorities of the DCI. For example, the Secretary of Defense is charged to "collect national foreign intelligence and be responsive to collection tasking by the Director



of Central Intelligence." The Secretary is also given authority to "direct, operate, control, and provide fiscal management for the National Security Agency." The Director of the Defense Intelligence Agency is charged with providing military intelligence to the Department of Defense and to "non-defense agencies, as appropriate," but no mention is made of the DCI.

Finally, to add to the DCI's difficulties, he does not have the wherewithal needed to effectuate his role as head of the Intelligence Community. The Intelligence Community Staff was created to serve this function, but, by most accounts, has been a failure. Physically separated from the DCI, staffed in large part by employees on temporary rotational assignments from other agencies, and dependent upon a busy DCI's willingness to do battle on their behalf, the Intelligence Community Staff has fallen woefully short of fulfilling its coordinating role.

In short, despite all the rhetoric about the DCI's role as leader of the Intelligence Community, I do not see a leader with clear responsibilities; or a leader with significant authorities over the Intelligence Community, either in law or in Executive order; or a leader with sufficient wherewithal to effectively manage the U.S. Intelligence Community.

Before leaving this topic, I want to say a word about counterintelligence. The comments I have made about management do not apply to domestic counterintelligence functions, especially FBI investigations. While the FBI is part of the Intelligence Community, we need checks and balances where the rights of Americans are affected. The current structure that keeps the FBI primarily under the authority of the Attorney General has worked well in recent years, there is no intent on my part to change it.

#### *The management structure for defense intelligence*

Structural deficiencies also exist in the management of defense intelligence.

The role of the Secretary of Defense in coordinating and integrating intelligence activities has historically been muddled. As head of the Department of Defense, clearly the Secretary has control of and authority over the DOD components within the National Foreign Intelligence Program. Only the Secretary can promulgate policy which is binding on these components, and only the Secretary can allocate funds to defense components. But if the Director of Central Intelligence is head of the Intelligence Community, and develops its budget, how does that role square with the Secretary's authorities?

There is no authoritative document that I am aware of which resolves this basic conflict. The Executive order only makes it worse.

A similar problem exists in terms of integrating tactical intelligence activities with the "national" intelligence activities under the control of the DCI. It is usually agreed that national intelligence programs cannot and should not be managed in a vacuum, without regard for collection and analytical capabilities developed to support tactical military operations, and vice versa.

Yet for various reasons, too complex and too arcane to elaborate here, the tactical intelligence activities of the military departments are not managed as a discrete, separate program by DOD, nor are they systematically comprehensively integrated with national programs under the control of the DCI. What we have is a more or less ad hoc effort by the office of the Secretary of Defense to address in a piecemeal fashion the most pressing problems, where the need for compatibility and synchronism between national and tactical programs is greatest, or where consistency among the military departments is essential.

The allocation of responsibility for intelligence within the office of the Secretary of Defense appears to contribute to this problem. Principal responsibility is assigned to an Assistant Secretary who has responsibility for another demanding and largely unrelated subject area in addition to intelligence. Moreover, aspects of the intelligence management structure are spread across four additional offices on the Secretary's staff. To burden the key DOD intelligence official with other demanding responsibilities unrelated to intelligence, and spread aspects of intelligence management across a number of other offices does not appear to me to be an optimal management arrangement. In short, we have two intelligence empires, one military and one civilian, which are virtually independent of each other. We can no longer afford to operate that way. For the sake of effectiveness and to save money, the two must be more fully married together.

#### *Functional management*

In addition to the structural problems I see at the top management levels of the intelligence community and in Defense, I perceive problems with how several functional areas within the intelligence community are structured.

## NATIONAL-LEVEL ANALYSIS

In the area of analysis, we have a structure at the national level which is dominated by the CIA. Indeed, the National Security Act of 1947 made it a "duty of the agency" to "correlate and disseminate" intelligence available to the Government. But what this meant was joining the analytical function with the CIA's other missions, including clandestine collection and covert actions, which are quite dissimilar. The match has not always been a happy one. Operators are unhappy when analysis does not support their operations; and analysts are unhappy when the operators' views prevail in policy circles.

Various directors have sought to address this situation by placing the analysts responsible for national intelligence estimates outside the CIA, and have them report directly to the DCI. The current arrangement fails to provide them with a separate staff, however, making them rely largely on CIA analysts to carry out their work.

There are, as I see, several downsides to the current structure. First, I think it places national analysis at too low a level. This functional area represents the culmination of the intelligence process, and should organizationally transcend rather than be linked to an operational agency like the CIA. National analysis belongs under the DCI as head of the Intelligence Community, rather than as a part of an operational agency.

I also think placing this function within CIA has made it more difficult to attract the best and brightest to lend their talents. Many may want to contribute, especially academics who could be very helpful on short-term projects in their own areas of expertise, but are leery of becoming employees of CIA. Even those who do join the effort are often overshadowed within the bureaucracy by the clandestine service.

To some degree, I also feel that a new organizational structure may help to deal with the lack of precision or "mushiness" in national analysis that General Schwarzkopf and others have complained of to this committee. Intelligence estimates often become a compilation of what each agency thinks rather than representing a clear cut majority view upon which a consumer can act and minority views which challenge us to think again before reaching a final decision. While the preservation of dissenting views is important, it seems to me that analysis would be sharper and better with a structure that places national analysts, representing various elements of the Intelligence Community, under one organizational umbrella. It could truly become a world-class think tank to provide our policymakers with the best possible information and analysis. With more and more information from open sources it makes less sense to house the analysis primarily with the clandestine service.

## COORDINATION OF HUMAN INTELLIGENCE COLLECTION

Under the existing framework, CIA is charged with coordinating clandestine collection using human sources or agents. This has historically meant making sure other agencies' operations do not conflict with or jeopardize those of CIA. CIA has not, however, seen its role as questioning the need for other agencies' collection activities.

With respect to overt collection using human sources, no one in the Intelligence Community effectively manages or rationalizes such collection for the community as a whole.

As I have indicated, in the future, it is clear that a great deal more information will be available through open sources than has been the case heretofore. In many countries, U.S. needs could be met exclusively and much less expensively through such collection.

However, in the absence of any management structure to assess U.S. needs for human intelligence in particular locations, and whether those are best satisfied by elements of the Intelligence Community, through overt or clandestine collection, then I believe we do not have an optimal structure.

## COORDINATION OF IMAGERY ACTIVITIES

There is a sharp contrast between two of the most important technical collection programs. The National Security Agency manages a unified system for collection, processing, and dissemination of signals intelligence. But imagery activities are currently carried out on a decentralized basis within the Intelligence Community. Imagery collectors are acquired by one agency. The tasking of these collectors is performed by an element of the Intelligence Community staff. Collection operations are carried out by still other offices or agencies. Exploitation and interpretation of the

photography produced by these collectors is carried out by still other offices or agencies, and dissemination is accomplished through yet additional channels.

There is no one in charge of this extremely important functional area, as there is for signals intelligence.

In my view, the absence of a unifying management structure for imagery has led to duplication and waste, and to significant "disconnects." Particularly between national and tactical imaging activities.

Creation of a national imagery agency would also make possible reforms in the way we procure and operate overhead reconnaissance systems. This function needs greater accountability and management scrutiny than is currently provided by the classified agency in the Defense Department which now has this responsibility.

#### CONCLUSION

I could go on. But these deficiencies, in my view, are the key ones.

S. 2198 offers solutions to each of them. I do not suggest they are necessarily the right solutions. And I recognize that some of the problem areas I've identified could be addressed by the Executive without legislation. I must say, I wonder whether such changes would be made without legislation, but I am willing to give the Executive appropriate latitude here.

In any event, the purpose of these hearings is to explore the alternatives and lay the groundwork, if possible, for a consensus, both with the President and with our colleagues in the House, with respect to what makes sense to do, whether by legislation or by action of the administration.

It is in this spirit that we open these hearings today, and seek the advice and counsel of our distinguished witnesses.

Chairman BOREN. I want to focus these remarks—and I will try to proceed as quickly as I can—on what I see as the principal structural problems within the existing framework. Since I introduced the bill several weeks ago and a companion bill was introduced by Chairman McCurdy on the House side, people have asked me what is it that needs to be fixed? The structure may have its shortcomings but it has served us reasonably well for over forty years.

Incidentally, I happen to agree with that sentiment. We do have an extraordinarily capable intelligence apparatus. Over the years, it has produced information that has been extraordinarily useful to policymakers, diplomats, scientists, military commanders and others.

But can it be improved? Is now a proper and propitious time for change? My answer to both questions is "yes."

First, it hardly needs repeating that the world has dramatically changed. The Cold War is over, and the Soviet Union no longer exists as an entity. Perhaps as much as half of the effort of the Intelligence Community has been directed at the Soviet Union and its Warsaw Pact allies. While a great deal of uncertainty remains with respect to that area of the world, the United States' needs for information have radically changed, as have the means required to obtain it.

Similar uncertainty exists in other areas of the world. What now are the basic threats to U.S. interests? What must we prepare for now? What countries now or in the future could pose threats to our national security?

Each of us would have his or her own list of suggested priorities. My point is, we have gone from a world where the principal threat to U.S. interests was clear—the military threat posed by the Soviet Union and the Warsaw Pact—to a world where the principal threats are less clear. For the Intelligence Community, it is a matter of where to focus its attention now and how to do it.

Compounding the problem is the enormous budget deficit that now drives so much of our current planning. The Defense budget is being severely cut, and other parts of the National Security budget, including intelligence, are shrinking. And I believe, of course, that this is appropriate since times have changed. When threats to our security interests are diminishing, we should look to the National Security budget as a source of deficit reduction or funding for other needs within the bounds of what is safe and what is reasonable to still meet our national security needs.

In short, it is clear that the Intelligence Community during the next decade is going to have less resources to carry out its responsibilities.

The world is also in the middle of a technological revolution, particularly in terms of the availability of information. These capabilities must be harnessed to do the work of intelligence in a coordinated and complementary way.

To my mind, all of these factors suggest the need for an effective management structure: A structure that can identify the informational needs and priorities of the government and harness the advances in information technology to satisfy them; and a structure that can get this done with diminishing financial resources.

Is the existing management structure of the Intelligence Community up to this job? I find considerable cause for skepticism.

Indeed, throughout the existing management structure, beginning with the relationship between the Director of Central Intelligence and the President, I find problems. Let me elaborate briefly.

Regardless of the rhetoric one hears about the DCI serving as the President's intelligence adviser, I find a structure that is largely dependent upon the personal relationship between a President and the Director.

For example, there is no provision in law for the Director of Central Intelligence to have a role in the National Security Council process.

Nor is there structure in law or Executive Order for translating the objectives and priorities of a particular President into requirements and priorities for the Intelligence Community. All depends upon a President conveying these to the DCI, or, more likely, the DCI divining them on their own.

Nor is there any organizational structure at the White House to hold the Intelligence Community accountable for its performance. Most Presidents probably have relatively vague impressions of how well the Intelligence Community has supported them.

The President does have a Foreign Intelligence Advisory Board but its role has varied widely from Administration to Administration and it has no formal role in the governmental process.

In short, I find an Intelligence Community that I believe is institutionally too isolated from the policymakers. To be sure, these policymakers regularly receive intelligence reports and briefings, and the DCI ordinarily is asked to take part in White House deliberations in the national security area. Some Presidents have relied heavily on their DCIs.

But to me, the absence of any structure which guarantees a role for the DCI in White House deliberations, or which relates the intelligence agenda to the foreign policy and defense agenda of a par-

ticular Administration, or which provides some measure of accountability, is not an optimal structure. If we're going to spend billions on intelligence, surely we can establish better linkages at the most critical point of the system.

I want to also address the responsibilities and authorities of the Director of Central Intelligence.

The statutory responsibilities of the DCI, written in 1947, were written before most of the existing Intelligence Community came into being. They are general and open-ended. They do provide that he will "correlate and disseminate intelligence," that he will "make recommendations to the National Security Council for the coordination of intelligence activities and perform such functions as the NSC may direct." The 1947 act only empowers the DCI to access information held by other agencies and to provide for the protection of intelligence sources and methods throughout the government.

These provisions hardly provide an authoritative mandate or the necessary tools for the Director of Central Intelligence to manage anything beyond CIA and his own staff elements. Indeed, when they were written, they were not meant to do that.

So when we look for the DCI's responsibilities and his authorities, we look not to the law but rather to the more up-to-date Executive Orders which spell them out in some additional detail. Executive Orders, however, do not have the status of law. They do not have the weight of Congress behind them. The failure of a Department or Agency head who "owns" elements of the Intelligence Community, owns those departments, those budgets, those technologies, to adhere to the priorities of the Director of Central Intelligence and his policies may raise hackles at CIA but rarely are they made the subject of official complaint. They are tolerated.

More important, Executive Orders themselves represent bureaucratic compromises. Such is the case with Executive Order 12333 on Intelligence Activities. While it provides the DCI with certain roles and authorities over the Intelligence Community, it provides him with very few means or tools for implementing them.

The DCI is responsible for developing a consolidated intelligence budget, and presenting it to the President and Congress. But the way it happens in reality hardly suggests much real authority over this process. Each year the DCI must go hat in hand to the Secretary of Defense and ask for a share of the Defense budget to be devoted to national intelligence. Once he has that figure in hand, the DCI carves up the pie, telling each component of the Intelligence Community what its share will be. While there have been a few exceptions, this number has typically been calculated proportionately to provide either some growth or a reduction over the previous year. Typically, the rate of growth is determined with no real discussion or prioritization of intelligence requirements. The process is arbitrary and some would say undisciplined.

Once the budget is submitted and Congress has appropriated the money, it goes to the Secretary of Defense or other agencies with intelligence elements, and not to the Director of Central Intelligence. In fact—and this is really surprising—CIA receives its appropriated funds from the Comptroller of the Defense Department.

Moreover, this is to an agency whose Director is the budgetary chief of the entire intelligence budget. Even after the money is appropriated and despite an explicit prohibition in the Executive Order, departments and agencies who have elements in the Intelligence Community occasionally will reprogram intelligence funds for other activities without even informing the Director of Central Intelligence. So those in a Defense Intelligence Agency or Defense appropriated account supposedly for intelligence may decide to reprogram it for a non-intelligence function and the DCI really is not informed. This is not real authority.

I could make similar points about collection of intelligence. Yes, the DCI is charged with developing collection requirements and priorities. He can coordinate the tasking of the technical collection systems, and provide guidance, but he is given no explicit authority over collection agencies other than the CIA itself. He cannot move money or people around. He cannot direct agencies which are not under this control. He can beg and he can plead, but he cannot direct and he cannot coordinate. And that is why we end up having so much duplication, the creation of separate empires, and the waste of money.

In some cases, although the Executive Order gives him authority, he has been unable to implement them due to resistance within the Intelligence Community. For example, the Executive Order charges the DCI with "monitoring NFIP implementation" and conducting "performance evaluations." The reality is, although some Directors have tried, that the Director has been unable to perform this essential function due to the long-standing resistance of the Intelligence Community.

To make matters worse, the Executive Order on intelligence makes independent grants of authority to other officials which appears to overlap, or conflict with, the authorities of the DCI. For example, the Secretary of Defense is charged to "collect National Foreign Intelligence and be responsive to collection tasking by the Director of Central Intelligence." The Secretary of Defense, however, is given authority to "direct, operate, control, and provide fiscal management for the National Security Agency." The Director of the Defense Intelligence Agency is charged with providing military intelligence to the Department of Defense and the "non-defense agencies"—read CIA—as deemed appropriate, by the Secretary of Defense and by the DIA. But no mention is made of the Director of Central Intelligence.

Finally, to add to the DCI's difficulties, he does not have the wherewithal needed to effectuate his role as head of the Intelligence Community. The Intelligence Community staff was created to serve this function but, by most accounts, has been a failure. Physically separated from the Director of Central Intelligence, staffed in large part by temporary employees on rotational assignment from other agencies, and dependent upon a busy DCI's willingness to do battle on their behalf, the Intelligence Community Staff has fallen woefully short of fulfilling its coordinating role.

In short, despite all the rhetoric about the role of the Director of Central Intelligence as leader, coordinator, budgetary leader of the Intelligence Community, I do not see a leader with clear responsibilities; or a leader with significant authorities over the Intelli-

gence Community, either in law or in Executive Order; or a leader with sufficient wherewithal to effectively manage the U.S. Intelligence Community. Especially when it is going to be shrunk because of budgetary concerns, especially where we must end duplication, especially in times when we must have a better product at lower cost.

Before leaving this topic, I want to say a word about counterintelligence. The comments I have made about management do not apply to domestic counterintelligence functions, specifically FBI investigations. While the FBI is considered to be a part of the Intelligence Community, we must have checks and balances where the rights of Americans are affected. The current structure that keeps the FBI primarily under the authority of the Attorney General has worked well in recent years, and there is no intent on my part to change those lines of authority or to give the Director of Central Intelligence any additional authority over the FBI, any kind of domestic activity that is not now present.

There have been some false reports circulated, I think principally by those who do not want to see any changes in the current structure, to use this as a red herring to attack our proposal. We intend to modify the language of the bill to make it absolutely clear, to put an absolute prohibition and to re-state it again to make sure there will be no question raised about the civil liberties of American citizens or interference with the current monitoring of FBI activities.

Structural deficiencies also exist in the management of Defense Intelligence. The role of the Secretary of Defense in coordinating and integrating intelligence activities has historically been muddled. As head of the Department of Defense, clearly the Secretary has control of and authority over DoD components within the National Foreign Intelligence Program. Only the Secretary can promulgate policy which is binding on these components, and only the Secretary can allocate funds to defense components. But if the Director of Central Intelligence is head of the Intelligence Community and develops its budget, how does that role square with the Secretary's authorities?

There is no authoritative document that I am aware of which resolves this basic conflict. The Executive Order only makes it worse.

A similar problem exists in the area of integrating tactical intelligence activities with the national intelligence activities under the control of the DCI. It is usually agreed that the national intelligence programs cannot and should not be managed in a vacuum, without regard for collection and analytical capabilities developed to support tactical military operations and vice versa.

We certainly heard that from General Schwarzkopf and others.

Yet for various reasons, too complex and too arcane to elaborate here, the tactical intelligence activities of the military departments are not managed in a discrete, separate program by the DoD, nor are they systematically and comprehensively integrated with national programs under the control of the DCI.

The allocation of responsibility for intelligence within the Office of the Secretary of Defense appears to contribute to this problem. Principal responsibility is assigned to an Assistant Secretary who has responsibility for another demanding and largely unrelated

subject area in addition to intelligence. In short, we have two intelligence empires, one military and one civilian, which are virtually independent of each other. We can no longer afford to operate that way. For the sake of effectiveness and to save money, the two must be more fully married together.

In addition to the structural problems I see at the top management levels of the Intelligence Community and in Defense, I perceive problems with how several functional areas within the Intelligence Community are being structured.

And now in conclusion I turn to the area of analysis, which was, of course, a major subject during the confirmation hearings of the current Director, Mr. Gates. We have a structure at the national level which is dominated by the CIA. Indeed, the National Security Act of 1947 made it a "duty of the Agency" to "correlate and disseminate" intelligence available to the government. But what this meant was joining the analytical function with the CIA's other missions, including clandestine collection and covert actions, which are very dissimilar. The analysis responsibility is a very different and independent responsibility from covert actions and clandestine operations. This match has not always been a happy one. Operators are unhappy when analysis does not support their operations; and analysts are unhappy when the operators' views prevail in policy circles.

Various Directors have sought to address this situation by placing the analysts responsible for National Intelligence Estimates outside the CIA, and having them report directly to the DCI. The current arrangement fails to provide them with a separate staff, however, making them rely largely on the CIA analysts to carry out their work. So CIA continues to dominate the process; we continue to have analysis in some ways married to covert and clandestine activities.

There are, as I see it, several downsides to the current structure. First, it places national analysis at too low a level. This functional area represents the culmination of the intelligence process, and should organizationally transcend rather than be linked to an operational agency like the CIA. It should be at the very top of the government drawing all of the resources of the government together, from all sources, to perform analysis which then goes directly to the top policymakers, including the President. National analysis belongs under the DCI as head of the Intelligence Community rather than as a part of an operational agency like the CIA with clandestine activities.

I also think placing this function within CIA has made it more difficult to attract the best and brightest to lend their talents. Many may want to contribute, especially academics who could be very helpful on short-term projects within their own areas of expertise, but they are leery of becoming employees of the CIA which also operates clandestine activities. Even those who do join the effort are often overshadowed within the bureaucracy by the clandestine service.

To some degree, I feel that a new organizational structure may help to deal with the lack of precision or "mushiness" in national analysis that General Schwarzkopf and others have complained to this Committee. Intelligence estimates often become a compilation



of what each Agency thinks rather than representing a clear cut majority view upon which the consumer can act with minority views which challenge us to think again before reaching a final decision. While the preservation of dissenting views is important, it seems to me that analysis would be sharper and better with a structure that places national analysts, representing various elements of the Intelligence Community, under one organizational umbrella, still coming forth with majority and minority clashing views when they make their reports. It could truly become a world-class think-tank to provide our policymakers with the best information and analysis possible. With more and more information coming from sources, open sources, it makes less and less sense to house the analysis activity primarily with the clandestine service.

Under the existing framework, CIA is charged with coordinating clandestine collection using human sources or agents. This has historically meant making sure other agencies' operations do not conflict with or jeopardize those of the CIA. CIA has not, however, seen its role as questioning the need for other agencies' collection activities.

With respect to overt collection using human sources, no one in the Intelligence Community effectively manages or rationalizes such collection for the Community as a whole. As I've indicated, in the future it's clear that a great deal more information will be available through open sources than has been the case before. In many countries, U.S. needs could be met exclusively and much less expensively through such collection. But there is no one in our government now sitting down and saying, "We have so many open sources, we don't have to have people we would call spies finding out in a clandestine way what's going on." Do we still need a very expensive agent-spy type of operation in country X or could we get by with having the Defense Attache collect it from open sources or maybe even someone from the State Department collect it from open sources. No one is empowered to look at that and make sure that we are making the best use of our resources in the most cost effective way.

In the absence of any management structure to assess U.S. needs for human intelligence in particular locations, we will simply go ahead wasting money in the future. So that's another part of this proposal.

There is a sharp contrast between two of the most important technical collection programs. General Odom will be with us today, and this is a point that he has made in the past. I am now talking about our signals intelligence and imagery collection. Imagery activities are now carried out on a decentralized basis within the Intelligence Community. The tasking of these collectors is performed by an element of the Intelligence Community Staff. Collection and operations are carried out by still other offices and agencies. Exploitation and interpretation of the photography obtained is carried out by still other offices and agencies, and dissemination is accomplished by yet another office and agency.

Well, it's time for us to bring all of these together to one functional area. We cannot afford this kind of inefficiency and we need to do it just as we've done it for signals intelligence. So we propose bringing together one imagery collection agency coordinated, coher-

ent, rational, more cost effective and one signals intelligence agency to do the job.

I think I've summarized the key elements. S. 2198 attempts to offer solutions to each of them—the duplication, the problem of coordination between military and civilian intelligence, the problems with analysis now being buried in an agency essentially devoted to clandestine and covert activities in the minds of many. We need to bring all of our analysis activities together in a world-class think tank operation with majority and minority views. We need to coordinate our human sources to use the least expensive human source analysis possible, and we need to more effectively manage our technical systems.

I recognize some of the problem areas I have identified could be addressed by Executive Orders without legislation. I must say I wonder whether such changes would be made without legislation, but I'm willing to give the Executive branch certainly appropriate latitude here. In any event, the purpose of these hearings is to explore the alternatives and to lay the groundwork, if possible, for a consensus, both with the President and with our colleagues in the House, with respect to what it makes sense to do, whether by legislation or by action of the Administration.

It is in that spirit that we open these hearings today to offer these ideas, seek the advice and counsel of our distinguished witnesses, and our distinguished colleagues on this Committee.

So, as I've said before, I'm very proud of the fact this Committee has always operated in a totally bipartisan fashion. That's been the hallmark of this Committee during the last six or eight years. We approach this matter with the same totally bipartisan spirit. We're fortunate the President of the United States himself is a past Director of Central Intelligence, and he has vast personal knowledge of this system. For us to try to proceed without a meaningful dialogue with the President, to have his views, to have his input, without seriously considering them would be foolhardy indeed. It's not our purpose to try to pass a bill out of this Committee put together by one side of the aisle without the other. It's not our purpose to pass a bill and send it down to the President unless it's one we feel the President would find acceptable and be ready to implement because it also had input from his ideas and his suggestions. So we begin the dialogue in that spirit—working together in bipartisan fashion on this Committee—working together with the Administration—working together with existing Community and calling upon the views, the experience, the advice of experts, especially those who have served in these positions in the past as we have among our witnesses today. Our purpose is a constructive one, and it's one that we all undertake with certainly an open mind in terms of our intellectual spirit of our inquiry.

Senator Warner, any opening comments?

Senator WARNER. Mr. Chairman, thank you. On behalf of the distinguished Ranking Member who was unavoidably detained, I ask that his opening statement be made a part of the record.

Chairman BOREN. Without objection, it will be entered.

[The opening statement of Senator Murkowski follows:]

## STATEMENT OF VICE CHAIRMAN FRANK H. MURKOWSKI

We are confronting a changing world, and the threats to our national security are vastly different than they were only a year ago. At the same time, we have diminishing resources to devote to national security. These realities present us with a challenging atmosphere for intelligence reorganization.

Chairman Boren has proposed far-reaching and comprehensive reorganization legislation. I like some aspects of his bill, and I am skeptical about others. But I regard the bill as I believe the Chairman does: It's a starting point—a means to enable debate and focus dialogue with the Administration, which is clearly a full partner in this process.

It's important to note that Director of Central Intelligence Robert Gates has a dozen task forces at work, actively looking at many of the same issues we will explore as our hearing process continues. Knowing Mr. Gates' activism and his intellect as I do, I know he has a healthy bias favoring constructive change. In other words, the Intelligence Community under Robert Gates is not an entrenched bureaucracy concerned with preserving the status quo. Some important changes began the moment Mr. Gates took his oath, and they are just the beginning.

I believe we have an obligation to give Director Gates a chance to do his work. That doesn't mean that we must sit on our hands and wait. We should proceed with these hearings and use them as the framework for positive, constructive dialogue with Director Gates, Secretary Cheney, National Security Advisor Scowcroft, and others. But we must also listen, and give Mr. Gates time to act.

As this process unfolds, I have an open mind on even the most fundamental questions. For example, it may be that we don't need a massive, legislative package similar to the one that is before us in S. 2198. Because the process begun by Director Gates is so promising, we may choose to do very little legislatively and allow the bulk of reorganization to occur through Executive Order. As the Chairman himself noted during reorganization hearings we held last year, extensive legislation may not be necessary if the Administration is serious about addressing some of the problems many of us perceive in the Community.

There is one aspect about which I feel particularly strong: The issue of accountability. We must create and maintain an atmosphere of accountability in the Intelligence Community. It is my intent that we use this process to empower the Director and other senior managers in the Community with the tools they need to do their jobs, but they should be on notice that they will be held accountable for their successes and failures.

Looking specifically for a moment at S. 2198, I hope today's two distinguished witnesses will address some of the specific issues raised by this bill. For instance:

What, if anything, do we gain from the creation of a Director of National Intelligence, which some have dubbed an "Intelligence Czar"?

What are the implications of giving this new "Intelligence Czar" greater control over intelligence elements in the Pentagon?

Do we want to mandate the creation of new organizations such as a National Imagery Agency at a time when budget realities demand downsizing?

What dangers to "competitive analysis" will we encounter if we combine Community-wide analytical elements in a single Office of Analysis?

Will intelligence, which is now a largely decentralized support function, perform better in a centralized structure with clear lines of authority?

As we seek the counsel of today's distinguished witnesses and the many others that will follow in the weeks ahead, we will also hear Mr. Gates' view of what needs to change, what changes the Administration is prepared to make on its own, and which changes require specific legislation. After that process unfolds, I am reasonably hopeful that we will see a consensus emerging from this Committee.

The Chairman is to be commended for putting forth some bold ideas and creating the framework for dialogue, and I will do what I can to work with him.

Senator WARNER. And I simply add myself that the Chairman has made a number of very constructive observations about the existing system. We shall take that under careful advisement as we pursue a review of the need to make some changes, either statutory or by Executive Order.

I take note of the fact that our distinguished first witness appeared before the Senate of the United States on Wednesday, April 9, 1980, at which time the Select Committee on Intelligence initiated in February of that year, 12 years ago, an analysis similar to

what we're undertaking today. In the famous words of Yogi Berra, it is *deja vu* all over again. And I note the witness was greeted on that day by none other than Senator Chafee who is present here today. It's in the record, Senator Chafee. So, we're fortunate to have his corporate knowledge to join in this analysis.

I'll be very interested in hearing from our witness, a man whom I've known for many years and worked with very closely, particularly interested in having you provide us with a brief historical perspective on how you address these problems that you reviewed very carefully in the past. It was your wisdom, and indeed, your study, that led to the Executive Order which established the current framework today, which the Chairman in many respects has addressed in the past few minutes.

Thank you, Mr. Chairman.

Chairman BOREN. Thank you very much, Senator Warner.

Senator Danforth, any opening comments that you'd like to make.

Senator DANFORTH. I have no comments and no statement.

Chairman BOREN. Senator Chafee, who I might say, is serving his second stint. Are you the first person to ever serve a second stint on the Intelligence Committee?

Senator CHAFEE. I believe so.

Chairman BOREN. He brings to us in all of our deliberations a very valuable perspective because of his experience.

Senator CHAFEE. Well, Mr. Chairman, since my greeting 8 years or 10 years or 12 years ago was so memorable, I'll ask that it be put in the record and used again. And, I do want to welcome our distinguished witness. Jim, we're delighted to see you again.

Chairman BOREN. Thank you very much, Senator Chafee. Senator Rudman, any opening comments?

Senator RUDMAN. Other than to say I'm always delighted to sit next to my good friend from Rhode Island who is obviously a glutton for punishment and greet both witnesses and look forward to hearing their testimony.

Senator WARNER. We also extend that greeting to the next witness, General Odom, who has appeared before this Committee many times.

Senator CHAFEE. I join in that, Mr. Chairman.

Chairman BOREN. Thank you very much. Our first witness is well known to all of us. A person of keen intellect and a long and distinguished record of public service, Dr. James R. Schlesinger is one of those rare people we in Congress keep turning to for advice and counsel on a variety of subjects, not just this one. A *summa cum laude* graduate of Harvard University with Masters and Doctoral degrees from the same institution, Dr. Schlesinger has risen above that early hindrance in life. He began his government service in 1969 as Assistant Director of the Bureau of the Budget, which later became the Office of Management and Budget, and for a period served as its Acting Director. In 1971, he served as Chairman of the Atomic Energy Commission. He was appointed Director of Central Intelligence in 1973, where he served for a period of time before being appointed as Secretary of Defense. When we talk about the powers and relationships between those two positions, he's held both jobs and has a unique perspective. He remained at

Defense until 1975. In 1976, he became Assistant to President Carter who charged him with developing a new plan for a new Department of Energy and, in 1977, he became the first Secretary of that new department. Since leaving that position in 1979, he has continued to serve on numerous commissions, governmental task forces in the national security area, and has written extensively on these topics.

We're particularly interested in having his thoughts on intelligence business at this juncture in our history—where he sees it heading and how it should be structured to get there. Not only is Dr. Schlesinger a former Director of Central Intelligence, he played a key role in shaping the modern Intelligence Community. As Budget Director in 1971 he produced a report for President Nixon recommending a far stronger Community role for the Director of Central Intelligence. Indeed, as a result of the study, the DCI was charged for the first time with putting together a consolidated budget for intelligence activities.

So, I'm hopeful he might provide us today with a bit of background here in terms of what he would recommend as an approach for the future. So, again, Dr. Schlesinger, on behalf of all of the Committee, we welcome you, and we look forward to your remarks.

#### STATEMENT OF JAMES R. SCHLESINGER

Dr. SCHLESINGER. Thank you very much, Mr. Chairman. I'm delighted to be here today, and I thank you for your kind comments about the past, and I thank you particularly for your respectful, if grudging, compliments to that institution in Cambridge, Massachusetts.

You have intended, Mr. Chairman, to focus attention on the issue of the structuring of the Intelligence Community, and I believe that you have been eminently successful. It is time, indeed, to rethink the structure. That does not mean radical changes, but it is certainly time to pay close attention to what we have as we move into a new era.

At the outset, Mr. Chairman, let me express my appreciation to the Committee for its invitation to appear before you today, as you consider changes in the activities and structures of the Intelligence Community impelled by the radical transformation of the international scene that has so dramatically marked these last 30 months. That transformation implies complementary adjustments of the activities in the Intelligence Community. The Senate, the House, along with the Administration and the Intelligence Community in particular, are studying these political changes to see what they may portend.

That substantial adjustment will be necessary goes without saying, but, if an optimal outcome is to be obtained, it should come only after careful reflection. In order to be most helpful to this Committee, as it proceeds with its deliberations, I believe it would be most useful for me to underscore in this opening statement certain central aspects of the intelligence process rather than provide specific comments on the legislative proposals. I shall deal with the following questions: the nature of the intelligence process, the prin-

cipal source of intelligence failures, and what the Intelligence Community now needs.

One. I begin with the collection and analysis of raw intelligence and with the production and dissemination of finished intelligence. I start with this simple reminder: intelligence serves not only the highest reaches of government, but tens of thousands of makers and executors of policy. In military operations it includes the CINCs down to battalion and company commanders, Task Force commanders, individual officers aboard ship, individual pilots, et cetera. And, it of course includes those who authorize and guide military operations here in Washington. It includes specific intelligence and counterintelligence operations. It includes numerous civilian operations—diplomatic negotiations, trade negotiations, negotiations on monetary issues, agricultural policy, energy policy, et cetera. The list is almost endless. The point to bear in mind is that the heart of the intelligence process is not simply the collection of raw data, but rather the effective and selective dissemination of that information to those with a need to know.

In brief, there are tens of thousands of users. For each of those users the need for information is compelling. Intelligence needs to be responsive to these many users. They will insist on its responsiveness—that their own questions be answered. They will live in fear that they will be denied the information to perform their tasks. To influence action, intelligence must, above all, be credible to these users.

If they are dissatisfied with the response of proffered intelligence—or even merely suspicious—they will seek to create their own sources of information. Particularly will this be so where matters of life and death are involved.

Consequently, there must be a mechanism to assure the users that a serious effort will be made to meet their needs. In the absence of such a mechanism, the resources devoted to intelligence tend steadily to expand.

Historically, intelligence capabilities have grown up in close association with using organizations. Their needs are quite variegated and quite variable, and are best understood by the users themselves. For this reason they have sought to have intelligence capabilities under their own direction. The process for informing the users is an iterative one, in which additional questions are asked, as information becomes available.

Inevitably the demand for information is reflected in a demand for collection capabilities under the organization's direct control. Yet, collection capabilities can be immensely expensive. If the intelligence budget is not to grow astronomically, this demand for collection assets under the users' direct control cannot be satisfied. The growth of national capabilities has exacerbated this problem. The product of such national capabilities may be vastly superior to that which individual users may gather through their own lesser resources. But, once again, the users must be assured that such national assets will be adequately responsive to their needs. In the absence of such assurance, the users inevitably will scramble to provide their own capabilities, even if such assets are distinctly inferior. I must underscore, Mr. Chairman, that this behavior is unavoidable, and that budget officers will struggle in vain to prevent so

natural a response on the part of the users who seek to acquire the information to get their tasks done.

Some will assert that the close historical association between users and intelligence producers means that intelligence has been loosely organized. They are, of course, correct. The intelligence process below the national level—as well as at the national level—must be continuous and iterative—and that implies what some critics will judge to be the loose organization of the intelligence process. Such critics, who pursue an illusory goal of managerial efficiency in intelligence, are in error. Only if intelligence assets are widely distributed, and marbled throughout the user communities, will the ultimate tasks of policy best be achieved. Moreover, the single-minded pursuit of efficiency will not have the sought-after effect. Rather, it will result in the accepted, winked-at, or under-the-table diversion of resources to intelligence activities—that will inflate the actual, if not the nominal, bill for intelligence. It is illusory to believe that a centralized management structure can preclude such an outcome.

Secondly, in intelligence the gravest problem—and the source of both the most and the most dramatic intelligence failures—is an established mind-set. Intelligence deals quite easily with the handling of routine developments. It is in danger of missing the non-routine: a turn in the political road, a sharp break in the trendline, a new activity not previously observed or monitored. It is the failure to detect these non-routine developments that underlies both major and minor intelligence failures. Sometimes these failures arise within the Intelligence Community itself, but for many major failures the origin quite regularly lies with senior policymakers. These senior officials reach judgments about policy that become fixed convictions in their minds—indeed, axioms that go unchallenged—and begin to influence intelligence assessments. It is these axioms, drawn from the policymakers, that lie at the root of the most dramatic so-called intelligence failures. Let me add, Mr. Chairman, that senior policymakers rarely will say we messed up. Rather, they prefer to point outside to supposed intelligence failures.

With the substantial disappearance of a single overriding threat represented by the Soviet Union, and the shift in the focus of military and diplomatic concern to regional struggles and to regional adversaries, the likelihood of these policy axioms frustrating good intelligence and culminating in policy failures may have grown significantly. During the years of the Cold War it required no great act of discernment or prophecy to understand that the Soviet Union was a rival seeking energetically to improve its position across a whole range of activities. By contrast, it is far harder to determine whether at any moment an Assad, a Rafsanjani, a Saddam Hussein, or I might add, a Deng Xioping or a Sihanouk is a rival or a transitory ally—and how long this is likely to last. Nonetheless, policymakers are likely to reach judgments about the conditions that determine the actions of such players on the international scene, and these judgments, based more than acknowledged on hope, may well interfere with the production, let alone the reception of good intelligence.

I have dwelt on this matter at some length because I believe the best antidote to reduce the risk inherent in such policy predilections is to have competing centers of analysis and interpretation which are carefully protected. Needless to say, Mr. Chairman, there is no sure antidote. The policy axiom may reign supreme and prevent reality from breaking through. But competitive centers of analysis and interpretation provide the greatest possibility of effective challenge to the prevailing mind-set.

This need for encouraging competitive centers of analysis was one of the principal points made in the study on restructuring the Intelligence Community that I completed for President Nixon in 1971. It is an immense, and possibly fatal, danger that in the quest to reduce the costs of the Intelligence Community—by eliminating duplication—that we eliminate the very competition in analysis that provides us with some protection against intelligence and policy misjudgments. I hope that in this Committee's quest to reduce the cost of intelligence that it will protect and encourage such centers of potentially fruitful differences of view—rather than eliminating them in the misguided quest to reduce duplication.

The last thing we need in intelligence is a monolith that establishes an official line. Happily, maintaining competitive centers is not only productive but relatively inexpensive. Analysis is cheap, comparatively speaking—it is collection that is dear. Indeed, competitive analysis can be improved even with a reduction in personnel. What one requires is not so much numbers as capable, knowledgeable, and insightful analysts—people who have good intuitions and clear perceptions based upon experience as well as training. It is the principal duty of the leaders of the Intelligence Community to find such people—whether they be inside or outside government service.

Much of the attention and energy within the Intelligence Community, on the other hand, is devoted to collection. This is understandable in that collection is not subject to the same ambiguity as is analysis. A picture, as President Kennedy observed in the Cuban missile crisis, is worth a thousand words. Yet, there is no way of escaping the ambiguities of analysis—especially so in the post-Cold War world which we are now entering. That world is now inherently more amorphous than it was during the Cold War with its clear lines of ideological and political division.

It is from collection activities that the main savings should come. Here I refer primarily to technical collection systems—and not to human intelligence collection, which becomes more rather than less necessary in a world now more changeable and less predictable with the end of the clear lines of division of the Cold War. In the technical collection area, however, duplication is not only very costly, but it has none of the therapeutic effects that so-called duplication has in the analytic area. It is here that the main quest for savings must come, and it is here that increased authority for the head of the Intelligence Community is most desired.

Mr. Chairman, let me close with a few observations regarding what the Intelligence Community does need at the present time. What it requires above all else is a shift of perspective—a new vision to match America's altered role in the world. It will require flexibility to adjust to this altered vision and these altered duties.



Achieving this adaptation will not in my judgment, be advanced by laying down a highly structured or rigidly structured legislative blueprint for the future. First, it is necessary to define the new goals and the new responsibilities for elements in the Community, and only thereafter would it be appropriate to enshrine these new goals and responsibilities in legislation.

Over the years the hallmark of the Intelligence Community has been its flexibility. Substantial authority was given to the President and to the Director of Central Intelligence to structure part of the Community as they saw fit. Within the Department of Defense great authority was given to the Secretary and to the Services. It may be true that a planner with impressive foresight might have structured the Community differently from the way it has evolved. Nonetheless, we have developed a system that works reasonably well, can adapt to change, and provides a set of checks and balances satisfying the needs of the American democracy. Generally, speaking, I believe that in this period we should move cautiously and permit the system to evolve—rather than to provide a pre-set or untested blueprint.

I believe it is important for us better to define the responsibilities of the Director of Central Intelligence, or the Director of National Intelligence, should such a change be made. Much responsibility will be placed upon the Director to alter the vision and thereby the priorities of the Community. There should be no doubt that he is primarily responsible for establishing budgetary priorities. Only in this way can the unavoidable downsizing of the Community be satisfactorily accomplished. However, no individual is in a position to know the requirements of the many agencies and individual users that the Community must serve. Therefore, the responsibility for the Director should be primarily framework planning. He should not attempt to plan in detail or to execute intelligence activities primarily carried on in and for other agencies.

What I outlined in the earlier parts of my testimony were certain constraints that must steadily be borne in mind. While the Director must make the basic judgments about the budget, I do not believe that he should be given technical "budget authority" and the responsibility to execute his budget plan. To attempt to do so, for example, in the Department of Defense would not be desirable even if it were workable. I do not think it would be desirable—because intelligence officials must be credible to their seniors—and will only be credible if they are known to be responsive. To place officers and enlisted ranks in a position in which their promotions are determined by one set of superiors while they are directed by another set of superiors is to place them in an impossible position. I also think it undesirable that the Secretary of Defense be obliged to seek authorization by the DNI, if the Secretary determines to use a collection asset against a particular target.

Nor do I think such an arrangement would be workable—because all forms of ingenuity, informal arrangement, and budget twisting would be used to obtain alternative capabilities that were under direct control. It seems to me far better, because it would be far more successful, to have the Director provide general guidance in the form of framework planning.

Similarly, I do not think that a Secretary of State would be inclined willingly to accept the judgments of intelligence officials. The next sentence I think should be modified, but I shall read it Mr. Chairman. Nor do I think that the Director of the FBI would allow his agents to be directed and compensated from the outside. Mr. Chairman, if J. Edgar Hoover were not now dead, he would be killed by such a proposition.

There has been good reason for the kind of distribution of assets that we have seen in the system. It seems to me to be ill advised to combine all such assets—in the name of managerial efficiency—because all fall under the rubric of intelligence.

Much of the prospective savings will come from reduced duplication in collection activities and from reduced manpower requirements. The bulk of such savings must take place within the Department of Defense. With better delineated and enhanced authority, the Director can help accomplish much of this by working with the Secretary of Defense and the Chairman of the Joint Chiefs of Staff—given their own enhanced authority under the Goldwater-Nichols Act. Only through them can we achieve greater “jointness” under the various CINCs. We should bear in mind that anything that the Secretary and the Chairman are unable to achieve from within the Department will surely not be achievable by somebody operating outside the Department.

In 1969, Mr. Chairman, while the Vietnam War continued, the Congress indicated that it felt intelligence spending was too high and wanted it reduced by 40 percent. It did so quietly, without any public fanfare. That goal was accomplished by the Executive Branch—operating with the authorities it had then and still has. The point is not that the procedures cannot be improved upon, the point is that the Congress expressed its will and then got those results that it wanted.

Mr. Chairman, let me close by reiterating my concern that we enhance rather than diminish competing competitive centers for analysis. If intelligence activities are to be effectively carried out over time, we need ferment—intellectual ferment—and not stagnation. The altered world scene represents a new and exciting challenge for this country. Yet at the same time, it also imposes the duty of substantial and painful adjustments from those arrangements that were appropriate during the Cold War.

Mr. Chairman, I wish you and the Members of this Committee good fortune as you proceed with your deliberations regarding how to respond to these challenges and to these painful adjustments. I am ready now to respond to any questions that you or other Members of the Committee may have.

Chairman BOREN. Thank you very much, Dr. Schlesinger. Listening to these comments myself, and I listened as opposed to reading them, they have great impact. I strongly agree with you, as you probably know from comments I have made in the past, about competing analysis. In fact, I have been concerned that the current system has a way of forcing people into kind of a mushy consensus mode that is not very sharp and doesn't show really what is being said very well. Any very strong dissenting view that thinks they perhaps caught a trend that hasn't been caught before often is buried in a footnote. The dissenters are sort of forced into silence

or to accept a little word change or two in the majority opinion so their dissent really doesn't show up. It is not red flagged to the policymaker.

I also understand what you are saying about the need for certain agencies to have both an assurance of responsiveness in terms of intelligence collection and analysis and at least some modicum of in-house capabilities, we might call it. That really is necessary for them. So of course, none of us would propose that we take away the intelligence component of the State Department, for example, totally and move it somewhere else. There is bound to be some in-house capability that has to remain in all of these various agencies.

First of all, within the system that we now have, let alone thinking about any changes, how we can obtain even more competition in terms of analysis and how we can express that clash of competing views in a clearer way to the policymaker? How do you think we could improve the current structure in terms of competition of analysis and sharper, clearer, more predictive analysis with dissents?

Dr. SCHLESINGER. Well, I think that that is the right question, Mr. Chairman. Sometimes the NIEs, which I think that you are referring to particularly turn out to be diplomatic documents——

Chairman BOREN. Yes. Exactly.

Dr. SCHLESINGER [continuing]. In which words are negotiated over time to hide differences.

Chairman BOREN. Sort of like communiques at the end of a summit conference and that doesn't necessarily give the policymaker much to go on.

Dr. SCHLESINGER. I think that it's the responsibility of the DCI or prospective DNI to make those judgments sharper, and to encourage rather than to allow the debate to be suppressed.

When Members of Congress, or the Executive branch have an opportunity to look at an NIE, they do not know that there has been a continued debate back there amongst elements of the Intelligence Community. And my particular concern at the moment is that Members of Congress, Members of the Senate, not throw the baby out with the bath water because you don't see this debate in the NIE, that you believe there is no debate there.

I just mention in passing, one of the episodes that I thought quite striking and that was the debate between the Army and the Central Intelligence Agency twenty-odd years ago with regard to whether or not the VC were receiving equipment and supplies through the port of Sihanoukville. And the Army turned out to be right, even though less articulate than the analysts at the CIA. That debate was never suppressed. It never affected, I think, judgments on Capitol Hill, but the Army turned out to be right. And I think that it is important to maintain these kinds of centers of experience rather than because they may not surface in the press or in the Congress or elsewhere, to repress them.

Chairman BOREN. Do you think in the NIE itself, for example, it would help to have a process that encourages, as it were, almost a Supreme Court-like writing opinion process so that you have a very clear forceful majority view. And if there is any degree of dissent, it would include a very clearly spelled out sort of unconstrained minority view as well. As you say, the fact that we don't see it nec-

essarily expressed in the NIE doesn't mean the debate didn't go on. But isn't it perhaps a little bit helpful for the policymaker to have a debate red-flagged if there is really a serious division of opinion.

Dr. SCHLESINGER. I think that indeed that is desirable. Sometimes that is done informally rather than in the NIE itself. For example, Mr. McCone during the Cuban missile crisis, allowed the analysts to say that they did not think that the Soviets had missiles in Cuba. But he informed President Kennedy that in his own personal judgment there were such Soviet missiles in Cuba. He turned out to be right.

So some of that goes on behind the scenes. But I agree with you that we should make it much more evident on the surface and have those differences when they are sharp not suppressed, but reflected in the NIE.

Chairman BOREN. Right. What about the——

Dr. SCHLESINGER. Let me add one thing. I always felt when I was DCI, and subsequently, that we ought to have a process of devil's advocacy——

Chairman BOREN. Yes.

Dr. SCHLESINGER [continuing]. A process of devil's advocacy, which has to be protected by the Director of Central Intelligence, because if somebody is arguing a minority view, he will be—he may be punished at a later stage.

Chairman BOREN. Yes.

Dr. SCHLESINGER. And that process has to be protected. We had the right story, it turns out, in retrospect, on the Arab attack on Israel in October of 1973. But it got pushed down. If we had a process in which people challenged the prevailing consensus, then it would not be possible simply for these judgments that are so important at a turn in the road, to fail to be elevated to higher attention.

I think that subsequent to that, Mr. Colby attempted to introduce some of that. But you need continuously to have devil's advocacy within the system that will be helpful to the policymakers.

Chairman BOREN. Right. I don't disagree with that at all. In fact, I strongly agree with it. Let me sort of make this point and then have you respond to it. By setting up this new division of analysis under our simplified structure we are not attempting to wipe out, say, DIA analysts as a center for competing analysis, or State Department as a center for competing analysis and so on. What we are really trying to do is put the process we hope into more of an equal footing. It seems, at least many have charged, that the CIA really dominates the analytical process right now. We certainly talked about that perception during the recent confirmation process. When you have analysts sitting in a building, especially within the same very direct umbrella organization with the clandestine service undertaking covert operations, clandestine collection and the rest of it, there is a perception that these activities sometimes drive the analytical conclusions. Someone, operating a covert action program or clandestine collection of some kind, want the analysts to come along with their point of view to support a continuation of their program as it is being undertaken. Support and continue to support, say, the reasoning behind a Presidential Finding even though the analysts might later think it is not wise.

So that is that point. Would we really have a more competing analysis if the analytical section except for those analysts directly supporting a clandestine operation, were separated out from the CIA? Could this open up the analytical process and put it on a more equal footing say if someone comes in from DIA or State or someplace else to argue a different and competing view?

We have not had a shortage of people that knew Soviet order of battle, intercepting Soviet military communication which they understood what it meant, what it might be likely to mean and what level of warning we should go to or whatever. When we get into the course of Islamic fundamentalism and political implications, we are much less deep internal in our analytical structure. Since we will have many more diverse targets of interest to us in the future, diverse areas in the world and policy areas, we will have the need—perhaps much greater need—to draw from time to time from the academic community. It is a much more complex undertaking than it has been in the past. It is very difficult to reach down and find professor X at Harvard, Yale, Stanford, Princeton or MIT, who may be the world's leading authority on some subject the President has become very interested in or the National Security Council thinks that it is imperative they know more about it. Draw that person in to the CIA, still attached to the clandestine service, and he or she becomes a part of the analytical process for three months and then goes back to the academic environment still an objective scholar. That is very difficult.

So our thought was to try and separate to some degree the principal analytical component. We may need to make some changes in our original proposal to assure that we are not, in fact, doing away with competing centers of analysis but enhancing them by putting them on a more equal footing. Make it more attractive to very important resources to come in and help us in this analytical process. We hope we can graft on top of that something you might call the red team-blue team attitude, competing analysis, majority and minority dissenting views. Does that make any sense? If that is not the way to do it, is there some other way you think we could achieve this result?

Dr. SCHLESINGER. Well, you have a rich menu that you have just spread before me, Mr. Chairman. You raised the question, for example of the possible domination—or of the perceived domination—of the analytic fraternity by officers from the clandestine services. I think that that is a risk, and I think the greater separation may be helpful in that regard. That in part incidentally depends upon the DCI and his preferences, a subject to which I would return.

But is important to achieve cross fertilization between the analysts and the clandestine officers. I hope I am revealing no confidences here, but they don't always like one another very much. Their views are quite different. For example, I believe that the phenomenon that you described may have influenced the intelligence analysis in Nicaragua over the course over the last 15 years in which a policy objective floated back to influence the analytic judgments. But to take a contrasting case, in 1968 the prevailing view in the government was that the Soviet Union under Mr. Brezhnev and Mr. Kosygin was so wedded to detente they would never move

against Czechoslovakia militarily. In that case, the analysts had it wrong, and those clandestine officers who have been working the back alley of the world against the Soviet Union had a far better understanding of what the Soviet Union was really like. And so you need to get the cross-fertilization continuously even—but within domination.

Sometimes the clandestine types do indeed dominate and sometimes they do not. And sometimes we would like to have their views more influential than they actually are.

With regard to an earlier point that you made Mr. Chairman, with regard to the issue who pays the officers in INR at State, I can assure you that if the DCI is paying those officials, the Foreign Service at least, if not the Secretary of State, will regard that as a penetration, and those people will not be much listened to. So you have to be very careful about who pays the analysts.

Chairman BOREN. Right.

What about academics coming in?

Dr. SCHLESINGER. That is the way Intelligence Community got started after World War II. And I regret that has diminished over the years, partly for the reason that you mentioned, partly because of disagreements over the Vietnam War and subsequently over the Cold War. Maybe all of that has faded and maybe it will be easier to draw distinguished academics into the process than it has been.

I regretted in some ways the disappearance of the Board of National Estimates, because that was an instrument for drawing the academics from them outside. I think in this more complicated world in which history has a larger role to play, that it is necessary for us to draw in the academics, get the best minds whether they are inside or outside the government.

Chairman BOREN. It might be that we need to structure a way where they are not CIA or contract employees.

Dr. SCHLESINGER. I think that is right. I think that is one of the areas that you should explore as you have, whether a greater institutional separation at this time makes sense. In that report that I did for Mr. Nixon in 1971, the whole question of a Director of National Intelligence came up, and it was rejected at that time. It was a different concept in which one sat a DNI in the White House complex and left the DCI in charge of all the troops out at Langley. And that would leave the DNI without any troops to respond to him.

Chairman BOREN. A person without troops has no influence usually for very long.

Dr. SCHLESINGER. It tends to disappear pretty quickly.

Chairman BOREN. One last question. You have talked about the fact that the greatest area for savings potential—and I certainly would agree with you—is in the technical collection systems as opposed to analysis and human intelligence. These are very expensive programs. How do you react to the idea of drawing together the signals collection and the imagery collection, for example, into an imagery collection agency so that we can have a much more efficient operation than the far-flung one that we now have?

Dr. SCHLESINGER. I don't think that that would be too radical a change in terms of signals intelligence. I think you are just basically shifting the NSA complex to a different place.

I think that the notion of an imagery agency deserves very careful study. There are disadvantages in moving away from any existing system. I would agree that there are advantages to be realized from strengthening the organizational focus as you suggest, particularly in the total system engineering of these architectures and in conducting cohesive operations. However, I am equally concerned that we proceed cautiously for the potential clearly exists to do more harm than good to a process which to a large extent has worked. It has been the Air Force that has provided that expertise. I would not quickly remove that process from the Air Force—that procurement process from the Air Force, because you may be less successful in obtaining these very complex technical capacities that we now are doing. Now that these systems have become more complicated, I think you need the depth of procurement experience that at this juncture is in the Air Force.

Chairman BOREN. But we might be able to coordinate more of the functions that are now spread out. I am not necessarily talking about moving procurement from one place to another.

Dr. SCHLESINGER. Yes sir.

Chairman BOREN. We might marry many of the other things more closely to the procurement agency.

Dr. SCHLESINGER. I think that it deserves very careful study. And let me say one of the results, one of the great lessons of the Gulf War is that what we—

Chairman BOREN. Absolutely.

Dr. SCHLESINGER [continuing]. Was communications capabilities. It's the communications that was a principal problem out there. And that's because it has not been integrated into the procurement process.

Chairman BOREN. Absolutely.

Senator Rudman.

Senator RUDMAN. I may have some questions but I will probably submit them to the Secretary if I do.

Chairman BOREN. Thank you very much.

Senator Chafee.

Senator CHAFEE. Thank you, Mr. Chairman. I unfortunately missed a good deal of Secretary Schlesinger's testimony. I would just like to explore a thought with him if I might. I was inspired by what you said at the bottom of page 12. "Let me reiterate my concern that we enhance rather than diminish competing competitive centers for analysis." I somehow get nervous when I see beautiful tables of organization for the Intelligence Community, particularly when I look back at those things that have been successful. I recently was reading "Bodyguard of Lies," which describes the development of ULTRA and the very unusual group of individuals who located ULTRA and then brought it over through Poland. And I don't think any intelligence organization—well organized intelligence organization would have ever hired any one of those groups. One of the leaders was an Oxford mathematician who had a very irritating cackle that disturbed his colleagues. And he would appear in downtown London at the intelligence offices having run in from a long distance away—I have forgotten the name of the headquarters—with a great alarm clock around his neck. To say he was unusual would be understating it.

Well, at the same time, he was a genius. And maybe we look back—we look at the British system—maybe I look at it too much because they have been penetrated far more than most systems have. But could you amplify on what you were saying in your last remarks there? I was very interested. You pointed out that the Air Force can contribute significantly to the overhead mission and we shouldn't keep them out.

Dr. SCHLESINGER. The first point I would make, Senator Chafee, is that you can't make the Intelligence Community neat, which is what you say about your nervousness when you look at organization charts. It can't be done. If you have a clean organizational chart, it doesn't tell you how it operates. These organizations operate through informal contacts, targets of opportunity. One of the worries that we have, Senator, is that the Intelligence Community may have become too bureaucratic and that it lacks the capacity to absorb these human oddities of the sort that you describe. The English are much more tolerant—at least in the past have been far more tolerant of deviations, as it were—than we have been, and that the people that capture much of this work are those outsiders, those people who are different.

So I think that we must recognize that inherently there is ambiguity in the structure of the Intelligence Community. You are attempting to define something for which there is no good resolution. And that if you are over precise, then you are in danger of losing something that it is important to catch.

Senator CHAFEE. At the same time, that is not to say that what we have is perfect, because I think that one of the things we—at least I got out of the confirmation proceedings of Mr. Gates—was the fact that when these analyses would come up through the chain of command, they were scrubbed and scrubbed and scrubbed, although Gates himself, as Director of Analysis, had a record of moving the material along quickly and not holding it up and not delaying. He made extraordinary accomplishments as far as being able to read and comment upon the analyses that came before him. Nonetheless, certainly I got the feeling that there is a pretty heavy layer of bureaucracy within the current system.

Dr. SCHLESINGER. Well, I think that there is always that danger as the system gets bigger. Particularly during the 1980's, with the growth of the Defense budget, the number of employees expanded to a level that has not been seen before, and as you have a larger organization, you are almost inevitably going to have more players, simply because the span of control of senior officials is not infinite.

I think I will stop there.

Senator CHAFEE. Well, I appreciate your views and again want to thank you for coming here. Let me just say that when you look back at some of our great intelligence achievements, for example, the breaking of the Japanese code in World War II, and the intelligence work that was done leading up to the Battle of Midway, which is set forth so well in *Incredible Victory*, that it just involved a handful of people that were doing this, and the most loose organization structurally, but they did it in a most extraordinary fashion.

So I am not saying that no form of—no organizational chart necessarily produces excellence, but like you, I share your concerns that it all may be too formal.



Dr. SCHLESINGER. May I make two points on that, first that one of the questions that this Committee may well address itself to is whether or not the process has become too bureaucratic, that you have lost the informality and the insight of a few individuals of the sort that did the breakthrough on MAGIC.

Secondly, the reference to Midway and the breaking of the code underscores a certain point. We are behaving today in a different way from the way the Intelligence Community grew up. In the past, we have always thought of a need to know, that nothing is written down in legislation if you can possibly avoid it.

Now in looking back, one detects that there are many lacunae, as it were, in the legislation. That does not mean that there were not activities or organization or procedures in place, it simply meant that they were not written down.

I think the Chairman in his Floor statement said, for example, that Mr. Truman established the NSA in 1952. At that time, one did not even mention the existence of the NSA. It was something as a result of World War I, 1917, it was prohibited to even discuss in the press a critical element of signals intelligence which remained classified down to modern times. We sometimes as we look back forget that there were procedures in place, and that what we are doing now to some extent is to impose new and different standards to judge activities of the past which were based upon quite different standards. If you think about these past results, there were all sorts of informal procedures, word of mouth, things that were written down, the NSCIDS that were under close hold that no one discussed, things never got into the press. Perhaps that was a happier world that some of us might want to go back to. I am not sure that we will get there.

But the standards that we have today should not be based upon what we regard as acceptable behavior today as opposed to what the Community was based on then. Most of the organizations which we are discussing today were classified in the early period. They could not be mentioned in public.

Senator CHAFEE. Thank you. Thank you, Mr. Chairman.

Chairman BOREN. Thank you very much. I applaud what you just said about the concern about the bureaucratic nature of so much of our process now. I think many of us have had that feeling. I heard Senator Warner also comment when you made that statement that a sort of bureaucratic mindset is contributing to the lack of sharpness and depth of analysis, at the real clash of views you talked about earlier, and the direct communication of them. I know the Committee would welcome any additional thoughts and suggestions you might have especially in writing, on that particular subject. A common theme time and time again as we have confronted individual situations around the world has been we have felt that we have gotten too bureaucratic.

And as you said, the analysis—often the NIE comes out like a diplomatic document as opposed to the kinds of real input that you need.

Senator Warner.

Senator WARNER. Thank you, Mr. Chairman. I associate myself with your remarks and those of my distinguished colleague, Mr. Chafee.

We can't quite have the tenure concept that we do in the university college structure, but to the degree we can achieve that and allow individual freedom and individual expression within the Intelligence Community and creativeness, it's what has made this system work and survive through the many years.

So I hope we don't swing it too bureaucratic. And I am sure, Mr. Chairman, that if we eventually have a piece of legislation, the preamble will assure that to those who serve. And I would put as one of the highest priorities of the DCI is recruiting the quality of talent we need. And that is not an easy job today.

In your view, Mr. Secretary, is intelligence too divorced from policy? Particularly when we refer to the intelligence agencies located within the various departments of the U.S. government?

Dr. SCHLESINGER. I think that one should not make a generalization of that sort. It depends in part upon the heads of agencies, or in the case of national intelligence, on the attitude of the President of the United States.

In order for intelligence to be effective, somebody must be listening. One cannot compel people seriously to listen to what is being said by the intelligence analysts, but I don't think that one can make that kind of generalization. I believe that within the individual departments, that the normal procedure is for very close attention to be paid to intelligence. Particularly is this true in the Department of Defense as one approaches wartime circumstances.

Now there may always be an overriding postulate such as the Chinese would never dare to introduce forces into North Korea, and that that results in a suppression—intentional or unintentional—of evidence that indeed the Chinese just might have done that very thing. But most of the time there is an eagerness to pick up new information.

Now with respect to the senior national level, that depends very much on the style of the President of the United States, just as behavior within the CIA complex depends upon the style of the DCI. A President may be very interested as the present President is, in intelligence products. Other Presidents have not been interested in it.

Indeed, very frequently the President and the Secretary of State and the National Security Advisor have been, let's say, to Moscow and have seen Brezhnev in the flesh, or seen Kosygin in the flesh, and some academic type out at Langley tries to describe what they are like, when they themselves have had extended conversations. Under those circumstances it is not surprising that a President will think that he knows better or a Secretary of State believes that he knows better. Regrettably he may reject evidence that he should be willing to take into account.

But I think that one cannot generalize at the national level, Senator Warner, because I think it depends very much on the individual, the degree of curiosity, and the like.

Senator WARNER. Currently the Department of Defense has an Assistant Secretary for Command, Control, Communications and Intell. What is your view on whether we should separate the intelligence part by creating an Assistant Secretary of Defense for Intelligence?

And I might note, when you were Secretary of Defense did not that post exist? I know it's come and gone through the years, but I am trying to go back. I had the privilege of serving with you, but I can't remember.

Dr. SCHLESINGER. No, I created the slot for C<sup>3</sup>. Let me give a bit of history on that. In the old days we used to talk about command and control. Then it became command and control and communications, C<sup>3</sup>. And then finally it became C<sup>3</sup>I, because of the intimate relationship between these communications capabilities and the ability to deliver relevant defense information to the field.

Senator WARNER. Right.

Dr. SCHLESINGER. I think that General Schwarzkopf's principal concerns about intelligence relate primarily to communications and that capability. Now there is therefore the capacity to fight wars and in regard to fighting wars, there is an intimate relationship and I can well understand the desire to have a single Assistant Secretary with purview over C<sup>3</sup>I. However, there is also something else, which is long-range intelligence, what Saddam Hussein is planning to do, or where Yeltsin is going, and that is different. That does not depend upon communications. And to the extent that this Committee wants to have somebody in the Department of Defense that it can turn to with regard to these issues, there is more justification for a separation.

I think that you want very carefully to see that these activities remain wedded insofar as relevant defense information. You may want to encourage the Secretary of Defense to have somebody who can be responsive to you with regard to this other type of intelligence question. But let me add that I think that by and large, to the extent that the Congress will allow it, that the Secretary of Defense should be left to organize his own office. And if he believes that—

Senator WARNER. Why don't you just leave it at that and let me slip in two more quick questions. Should the DCI have tasking authority over the intelligence assets in a theater supporting a CINC during, let's say, a wartime situation? Or should a CINC have the total control?

Dr. SCHLESINGER. I think that the DCI must retain control in the event that there is more than one engagement going on. If there is only one conflict going on, then the DCI should be responsive to the CINC. But you could be having conflicts in two places, and a CINC wants all of the assets all for himself. Understandably.

Senator WARNER. But he's the one ultimately held accountable by the President of the United States.

Dr. SCHLESINGER. But if you have two CINCs engaged—

Senator WARNER. I understand.

Dr. SCHLESINGER. Somebody has got to make the division. In regard to war, however, when you are at war, the responsibility should shift, if there's only one engagement, towards the CINC in command.

Senator WARNER. Lastly, in your view should the Director of Central Intelligence be a statutory member of the NSC?

Dr. SCHLESINGER. He should not be a statutory member of the NSC, Senator Warner. The Chairman commented in his opening remarks that the DCI is not mentioned in regard to the NSC. If

you want to say that he should be an adviser to the statutory members, I don't see that that does any harm, but he should not be a statutory—

Senator WARNER. In a sense he's that now.

Dr. SCHLESINGER. Exactly. It would be putting in legislative form what has existed now for 40 years. But, as the Chairman said, that is not mentioned in the statute. Maybe Congress wishes to do so. But he should not be a statutory member. The Intelligence Community exists to serve the Department of Defense, the Department of State and others. He should not be on an equal footing with them. They should, of course, be respectful of judgments that he may make, but he is there to serve them, and he should not be a statutory member.

Senator WARNER. I presume those same points of logic would say he should not be on the Cabinet.

Dr. SCHLESINGER. I don't think he should be in the Cabinet. Indeed, I think that that probably has been a mistake. It has drawn some DCIs into areas that really they should not have much contact with.

Senator WARNER. I thank you for coming today. It has been very helpful.

Chairman BOREN. Thank you very much, Senator Warner. Senator Cranston.

Senator CRANSTON. Thank you very much. I have a prepared statement I'd like to appear in the record.

Chairman Boren. We will insert it in the record.

[The prepared statement of Senator Cranston follows:]

#### OPENING STATEMENT OF SENATOR ALAN CRANSTON

Mr. Chairman, I want to commend you for putting forward your legislation on the reorganization of the Intelligence Community. I believe that your bill and these hearings serve as an important starting point for us to institute reforms in the way our Intelligence Community is structured.

Our intelligence organizations have evolved over the last forty years in response to the now-outmoded intelligence needs of the cold war. And yet here we are with agencies still steeped in a cold war mentality. Events are moving too rapidly for us to expect the Intelligence Community to evolve on its own to meet the changing needs of policymakers operating in a fastly changing world. We have a unique opportunity not only to lay the groundwork for management reforms, but to spur the Intelligence Community to examine broader policy issues that get at the very essence of how we have defined and provided for our nation's intelligence requirements.

In this era of declining defense budgets, it is also imperative that we explore every feasible way to cut costs and save money without impairing our intelligence capabilities. This discussion parallels the ongoing debate about how to cut defense spending. Just as we work to restructure our forces to respond to changing threat assessments, we must consider how the "new world order" dictates changes in the way we meet our intelligence needs.

These hearings will begin that discussion. I look forward to hearing the views of our witnesses.

Senator CRANSTON. I welcome Jim Schlesinger. You've come to us with a very unique background, and therefore, your thoughts are very interesting to us. As you know, we had a lot of charges made during the Gates hearings about politicization of reporting. Some of those charges seem to be unfounded. Do you feel that anything in this proposed approach to reorganization would diminish or perhaps cause more politicization of reporting by agents?

Dr. SCHLESINGER. I don't see any reason that it necessarily would lead in that direction. As I indicated in my prepared remarks, I think that one of the best defenses against politicization is to have competing centers of analysis. If the legislation were to move in the direction of reducing that, then I would be fearful. Absent that, however, I think that the avoidance of politicization depends upon the strength of the analysts and also the forbearance of their seniors to listen carefully to evidence that they may not entirely welcome.

Senator CRANSTON. Given the new world we're in it seems very likely that there certainly will be reductions in military spending and presumably in intelligence spending. Do you have any specific recommendations on how we can go about cutting costs without diminishing the receipt of information we need?

Dr. SCHLESINGER. I have stressed that there can be manpower reductions. I think that they can be substantial reductions, for example, in SIGINT activities we no longer need to listen to the activities of every radar establishment in the former Soviet Union. The number of people in the Community can be substantially reduced and the expenditure on collection systems can be substantially reduced—and must be as the Defense budget goes down.

Senator CRANSTON. What are your views on declassifying the aggregate figure for intelligence. Would that lead to more accountability and perhaps also help to some degree in making cuts that are appropriate?

Dr. SCHLESINGER. Instinctively I lean against that partly because perhaps I'm too much of a traditionalist. I think that it is a question that appropriately should be asked at this time however. I think that you might want to get some fresh views rather than people who have grown up within the Intelligence Community. A problem with providing that figure publicly is that—and officially as opposed to what appears in the press from time to time—is that it makes the intelligence budget an obvious target for attack for those who want to acquire resources for pet programs of their own or for reduction of the deficit or what have you.

Senator CRANSTON. What are your views on doing more in the realm of economic intelligence? Mr. Gates expressed the view that it should certainly not be done in a way that would be of direct benefit to any one corporation or company as against others. There is, I think, quite a widespread view that it could be helpful in dealing with proliferation problems.

Dr. SCHLESINGER. I think that there is a good deal of activity with regard to foreign entities that may be providing supplies that we indeed can very effectively use, and we have used. We have conveyed information to the German government with regard to some of their suppliers, as I recall it in the case of Libya, which the German government was not entirely happy about receiving and did not respond to. So I think that kind of economic intelligence is quite worthwhile.

I think Mr. Gates' point is that insofar as one is learning something that may be of value with regard to what foreign competitors may be doing or technology available to foreign competitors, in the American system as opposed to other systems, it is very hard to disseminate that information fairly. In other systems, there is usu-

ally a favorite corporation—let's say in air transportation. We don't have that system here in the United States. We must treat all corporations equally.

The notion that we should be doing a lot more in economic intelligence has been around for at least for a quarter of a century, and probably longer than that. I remember former Governor Connally, when he was head of the PFIAB, pressing President Nixon that we should be doing far more in this area. We've never developed a delivery system as it were to make use of certain types of economic information that might improve the competitive positions of American firms. But there are all sorts of economic issues, trade issues, monetary issues on which we can collect economic intelligence to our own benefit.

Senator CRANSTON. Thank you. That's a very helpful, constructive answer.

One more question. Do you feel that there are steps that we can take in conjunction with reorganization to reduce classification where classification is really not necessary. As you know, everywhere reports and so forth get classified in a rather broad sweep of the brush beyond what is really rational.

Dr. SCHLESINGER. Well, sometimes they get classified not because they contain secret information, but because they contain embarrassing information, and there's no reason for those to be classified, and that's a misuse of the classification label. I think that there have been from time to time procedures set up to encourage declassification. I think that much information that involves negotiations and personalities of the past can be declassified. I worry a little bit about the declassification of certain types of technical information. For example, when the United States decided that it didn't want to make use of magnetic separation of uranium because it was too inefficient, it dumped all of that information into the public domain. We thought that it was quite inefficient at that time. Saddam Hussein did not think it was that inefficient, and no doubt drew upon the revelations of the American government of many decades ago. So I think that with regard to technical information we must recognize that there are a number of states technically more backward than we are that can find processes, which we regard as obsolete, quite useful to them for their purposes.

Senator CRANSTON. Thank you much.

Chairman BOREN. Thank you very much, Senator Cranston.

Senator Murkowski.

Senator MURKOWSKI. Good afternoon, Doctor. I apologize for having come in late. I was with Secretary Eagleburger on another matter of significance.

You indicated your frustration with bureaucratic inefficiencies, and I would suggest that intelligence is not unique in that regard; but inefficiency is found in almost every form of administrative activity I have seen. You've also indicated that you can't make intelligence "neat." My question to you, sir, is this: while your focus is decentralization, which I happen to agree with, how can we also have accountability? I can't think of anything more frustrating than to have served on this Committee for the last almost eight years and to try to identify accountability in such a vast system. Take, for example, the Moscow embassy debacle where we looked

to find someone to hold accountable for decisions that were idiotic, that nobody should have made had they related to reality, and we found nobody who's responsible because the system is set up that way. Or, where we've had situations where clearly security interests have been overlooked of a very, very basic nature. As I understand the bill that we have before us, in the sense of the reorganization effort, we're concerned with how to address accountability and yet have a flexible system that is, as you suggest, decentralized. Can you have both worlds, accountability and decentralization, and how do you structure it? That's my bottom line in this. If I contribute anything to this, that's what I want to do.

Dr. SCHLESINGER. First point, Senator Murkowski, is we need more centralization with regard to collection activities, with regard to decisions about assets—collection assets in particular. What we want to avoid is that tendency with regard to centralization in those areas spilling over into analysis, because that precludes the kind of competitive thoughts that we need. But I am not talking about decentralization in general—only with regard to analysis.

And I think that, as you may recall, Senator, I had the special pleasure of responding to Secretary Shultz's request of doing the study on the Moscow Embassy, and I think that one can delineate accountability with some degree of clarity, which I'll be happy to do sometime in private.

With regard to the establishment of an NSC Committee, it is somewhat like the PFIAB as originally intended, which was, you know, go back there, find out who goofed. And it turns out that you don't—senior officials and Presidents don't really like to have that information made public. Not that you can't find the accountable party, it's that there is regret because it may be embarrassing to certain people within the Administration. But I think that you can find the accountable parties.

Senator MURKOWSKI. I think if we relate back to that particular episode, we would all agree that the system itself was structured in such a way as to almost avoid accountability. But maybe it depends on what side of the table you are on. Our responsibility is oversight. Oversight implies that you have the capability of holding someone accountable for action. On the other hand, the Administration, when the Moscow embassy happened, they looked for any excuse—well, you know, "it was somebody else." I mean, that issue was blamed on everybody but the gardener relative to who made decisions along the way. And I think we can cite time and time again the difficulty of finding accountability. And accountability is easy to find when things go right. When things go wrong, why it is a different matter.

Tell me, this particular Bill, S. 2198, creates—at least the terminology that has been adopted is an "Intelligence Czar." Now, when you were DCI, did you find that you lacked the necessary tools to perform the work that you felt had to be done, or did you need more capability in the sense of having more authority.

Dr. SCHLESINGER. I think that further delineation and clarification of the head of the Intelligence Community's authority is desirable. I don't think that one should establish an Intelligence Czar in the sense that he commands the assets throughout the Community. The authorities of the DCI have regularly been ample if he has the

backing of the President and if the other members of the Administration believe that he has the backing of the President, they will incline to be deferential. That I think is the heart of the process except for one thing. Certain DCI's have not wanted to exercise authority outside of the Central Intelligence Agency. They have been drawn to—they have grown up in the OSS or before them with those kinds of activities, and they have been reluctant to press elsewhere. If they are reluctant then no further grant of authority is going to change their attitudes.

But I think that for the most part the authorities are there. Further delineation would be helpful.

Let me add, that General DeGaulle said, "Failure is always an orphan. Success has a thousand fathers."

Senator MURKOWSKI. In having served as both the Director of Central Intelligence and Secretary of Defense, would your last point, regardless of which position you are in, that the commitment of the Commander in Chief to the DCI is the basic bottom line, almost making irrelevant a given structure or adequate budgeting or developing and executing programs?

Dr. SCHLESINGER. I think that it is the ultimate bottom line. I think that you need to have guidelines that allocate, in a rough way, responsibilities. Which is what this sort of legislation is all about. But unless a DCI or the Secretary of Defense or the Secretary of State has the backing of the President, it doesn't matter what legislation that you write. The President can call upon anybody, whether or not he is in an official position or not to provide advice in particular areas.

We try to channel advice, but it depends very much on the personality of the President. And we all know of many cases, distinguished cases, such as Colonel House in World War I and Harry Hopkins in World War II in which somebody essentially not in the official structure had great influence on policy. So if the President is inclined that way, he is the head of the Executive branch under the Constitution.

Senator MURKOWSKI. Last question. I wonder if you would just highlight very briefly the portion of S. 2198 that you most support as you have reviewed it, and also highlight the portion that you fear the most. Your views would be helpful to both the Chairman and myself.

Dr. SCHLESINGER. My greatest concern, as I have indicated earlier, is that budget authority outside of his areas of responsibility and inside other agencies and departments, go to the DCI. I don't think that he can effectively execute that authority. And that if one attempted to do so, that one would both weaken the intelligence process within those other agencies and departments, and that it wouldn't work, simply because his agents, as it were, would be distrusted by the standard people in the department and that they would find other ways of getting advice. Even if it were inferior advice, it would be better trusted. That would be my greatest concern.

I think in the area of collection, the proposals with regard to a new rearranged imaging service, in particular, and the NSC arrangements deserve very careful attention on the part of the Members of this Committee. Let me say, however, that one should be



careful to avoid making stovepipe arrangements in their entirety because one needs cross fertilization between SIGINT and imagery, that you don't want to drive that up to the level of the DNI or the DCI. Relay satellites, to take one example, can apply in both cases. If you have stovepipes, you're going to have higher expenditures. So I think that this area of collection and right now imagery in light of lessons learned from the Gulf War may be most deserving of attention by the Congress and by the Executive branch as well.

Senator MURKOWSKI. Thank you.

Chairman BOREN. Thank you very much, Dr. Schlesinger. And again, Members of the Committee, I am sure, are going to want to address some additional questions to you, perhaps in writing. We've discussed some additional areas where we would value your thoughts. This is the beginning of a dialogue and a process, and I hope you will regard this as an open invitation. As you have thoughts about how we should proceed, please bring that advice to us because we would greatly value it.

Dr. SCHLESINGER. Thank you very much, Mr. Chairman. I may accept your invitation more than you desire.

Chairman BOREN. No, it will not be more than we desire. We hope you will. Thank you very much for spending so much time with us this afternoon.

Dr. SCHLESINGER. Thank you, Senator Murkowski.

Senator MURKOWSKI. Thank you.

Chairman BOREN. Our second witness this afternoon is retired General William E. Odom. General Odom, we welcome you. General Odom is another whose counsel we regularly seek on matters before this Committee. He is familiar to all the Members of this Committee. As former Director of the National Security Agency, former Assistant Chief of Staff for Intelligence at the Department of Army, former member of the National Security Council staff, former Attaché in Moscow, General Odom brings a wealth of personal high level experience in the intelligence business. And to show some balance with our previous witness, he has most recently served as Visiting Professor at Yale which pleases all of us there.

It is not just a matter of his experience, it is a matter of his insights and courage to make them known. I have always found him to be a very provocative witness, willing to think creatively and to state his views candidly. That kind of straight talk that he has always been willing to give this Committee has added to its value immeasurably. We are very fortunate to have had a person of his candor and his intellectual honesty serving in our government.

Last spring, as my colleagues may recall, we heard from him just as we were beginning to get our thoughts together on possible reorganization initiatives. I would be less than candid if I didn't admit to borrowing some of his ideas and concepts and including some of them in the bill before us. I don't want to burden him with the responsibility for the version in this bill, but certainly his ideas stimulated our thinking in many of these areas, and we are very grateful for that.

General Odom, as always we are pleased to have you with us this afternoon, and we would welcome your comments.

General ODOM. Thank you very much, Mr. Chairman.

Senator MURKOWSKI. Let me join you, Mr. Chairman. I want to welcome you, too. Please proceed, General Odom.

**STATEMENT OF LT. GEN. WILLIAM E. ODOM (USA RET.)**

General ODOM. Thank you very much, Senator Boren. It's an honor once again to appear before this Committee and to address the fundamental issues that your draft legislation places on the agenda.

Now, you asked me specifically to deal with a number of very broad themes, and then to follow up with some specific ones. The task is large, and I shall therefore begin with the general questions and move down to the narrow ones.

Your first question considers how the Intelligence Community should make the transition to a world where the Soviet Union no longer poses the kind of threat we have been anticipating since World War II. Now I take this not to mean a structural transition—that's your second question—but rather changing target focus.

I do not share the view expressed by many that the intelligence task will decline in the future in the new era. On the contrary, in some ways I think it has increased and will continue to do so. In the past we had a clear and present danger. The choice of targets was clear. They were difficult targets—the Soviet Union, for example—but they were nonetheless obvious. The Cold War era was exceptional in that regard.

I think we are now back to normalcy where the proper targets are more obscure, often diffuse—as they were before World War II. Now the difference today is that we remain globally engaged as we were not before World War II, and notwithstanding talk of a new isolationism, I believe we will probably remain engaged.

If that is true, then we will continue to be concerned with matters of peace and war at least in four major regions of the world: Europe extending to the Urals; Northeast Asia; the Middle East; and the Caribbean littoral. Maybe beyond that, but I think that is a minimum area.

Diplomacy and economic cooperation, of course, will involve us far beyond those limited regions, but I think there those four are where we would be seriously concerned with military issues.

Now, this view of the future suggests a fairly straightforward solution to the problem of new directions in the Intelligence Community. Political and military intelligence about all these regions—about all the regions of the world but primarily these four—will dominate. As the transition takes place, I believe the role of Military intelligence will become a much bigger part of the overall effort than is generally believed.

I know this sounds counterintuitive, but let me try to explain. Political analysis, if it is solid, inevitably depends heavily on open sources, particularly media and academic work. One could do quite a respectable job without clandestine sources. But they will be nice to have for managing current developments in diplomacy and anticipating crises.

Now, clandestine political intelligence becomes most important for dealing with closed societies. The number of those societies in

this era, this new era, is smaller, and they deserve the priority for that kind of collection. I would cite, for example, North Korea, Vietnam, China, Libya, Iran and so forth. Here the role of sensitive intelligence collection inevitably is greater.

Military intelligence in the past could be focused primarily on the Soviet Union. Today, small conflicts are probable in several parts of the world, and the weapons available there come from a wide variety of sources, including our allies who sell these weapons abroad. We may, in those conflicts, face some of our own weapons. Third World military arsenals can change quite rapidly. This was not true of the Soviet military. In many ways, it was a far more predictable target than the armed forces of Iraq in 1990 and 1991. Large in size and based on serial production, the parameters and characteristics could not be rapidly changed.

A Third World country with adequate funds may trade out a large part of its weaponry, renew it from different sources in a very short time. The mix of weaponry creates an added intelligence puzzle. Several types of the same weapons may be in such an arsenal.

The changing technology of weapons adds to the military intelligence problem. Additional complexities are created for analysis and estimates. Changing military and industrial production capabilities. Some very advanced plants in the Third World, for example, present a new challenge.

I could go on at length including areas that are not mentioned—that cannot be mentioned in unclassified testimony, but I think the point is clear. The tendency will be, I think, to underestimate the intelligence effort needed in these proliferating military areas.

Going back to normalcy and having no single threat, yet remaining broadly exposed in the world, means we face a different intelligence task, especially in the military area. The challenge will be to hedge against the risk, the uncertainty, and to avoid surprises.

Now, if we err in emphasis on sensitive intelligence collection and analysis, I think it ought to be in too much attention to these military targets. And I'll make this point because I fear an error in the opposite direction. Most military collection is not very glamorous. Thus, it may fall by the wayside if we become captivated by the image of "Reilly, ace of spies."

Your second question concerns the structure of the Community and how it served in the past and what alterations it has. I know you have heard Dr. Schlesinger's remarks earlier, and some of mine are going to duplicate it, but let me make them anyway.

Overall, the Intelligence Community, I agree, has performed remarkably well. Some of the more egregious errors, such as estimates of the Soviet economy and Soviet military burden are difficult to excuse, but any curious policymaker who really wanted to know could find critics who offered grossly different assessments from the CIA that turned out to be closer to reality.

I have always been impressed at the degree to which our surveillance system or surveillance regime—and I use that somewhat broader term than the Intelligence Community—has actually overwhelmed all the competition in the world. In a relative sense, U.S. policymakers and military commanders have enjoyed a vast advantage, so great at times that one wonders that our adversaries were

willing to challenge us. When policymakers and commanders have really demanded intelligence support, they have generally been well served.

In the more technical means of collection, we have enjoyed especially tremendous edge over all the opposition, and we have experienced not only success with these means, but also dynamic change and improvements through innovation.

The dynamic technical change has been, I think, both a blessing and a bane. Twenty years ago no one could see precisely where it was leading. New synergisms have been discovered—surprising ones on occasion. All of these were blessings. The institutions of the Intelligence Community, however, have remained more or less unchanged. At their creation and for a long time, they worked well. Lack of change, however, has often prevented full exploitation of much of that capability. It has also led to some poor management arrangements where responsibility for costs and for output of intelligence are disconnected, leading to large inefficiencies. Any specialist in organization theory would predict precisely this outcome. It happens in all big organizations.

Here is where I am really encouraged by your proposed legislation. It seems to me to address head on a number of these kinds of issues. I have some problems with the details on one or two major points, but on the whole, I find the Bill insightfully drafted, and if I simply had to take it whole, without modifications, or nothing at all, I would readily accept it. That's my overall judgment.

Let me be more specific about some of the details of the draft. You know from my testimony before this Committee earlier that I favor strongly the concept of three discipline managers, for SIGINT, imagery and HUMINT. The Bill seems to provide that role with NSA, the new imagery agency, and the CIA separated from the DCI who now becomes the Director of National Intelligence, as the HUMINT chief. Equally if not more important, I am delighted to see that you put the Directors of NSA and NIA in charge of programming and executing the monies for overhead collection. This will allow them to make the appropriate trade-offs between the overhead systems and other systems, seeking more efficiency in the mix of the way we do thing with collection against the same targets overhead, in the air and on the ground.

Now let me give you an example to kind of clarify this point. Now with the absence of an imagery agency, there is no one who can say whether we have too much or too little overhead collection as opposed to aerial reconnaissance, RF-4's, for example, or U-2's, or hand held cameras, or ground based electro-optic systems or a variety of other things. There is just nobody in a position to give the answer to the DNI, DCI, or whoever you want to say, about what that mix is. Back during the days of the Central Front in Europe when I was Assistant Chief of Staff for Intelligence in the Army, I used to examine the shortage of imagery for Central Front targeting. In principle there was plenty of imagery capability but there was no way to get it to tactical users, because it was all overhead. Moreover, it was not related to what imaging capability was in the theater on the ground. The new imagery agency could put together that kind of program mix, which is indeed encouraging.

If this authority is used well, I think it could lead to great savings in cost. Providing the authority, of course, will not ensure its full use. That will take strong and innovative leadership at the top of both NSA and the new NIA. Within these agencies there will be a lot of bureaucratic resistance, and no organizational trick will compensate for weak and unimaginative leadership.

Let me add parenthetically another point that I do not want to see confused from Dr. Schlesinger's testimony. We were talking about procurement capabilities in the Air Force as opposed to the CIA for certain overhead systems. I don't think you have to destroy any of that contracting capability. That contracting capability can be kept in place; nobody gets fired. They just get their money through another source, and they are responsive to that source. And as a result of that, I think you'll get a more effective program performance.

Chairman BOREN. You don't have to have any of the disadvantages Dr. Schlesinger talked about, because you are not recreating the procurement agency or those with expertise. You're not moving that away and putting it at CIA.

General ODOM. Not at all, and I think that really needs to be made clear because I think a lot of spurious arguments are going to be advanced against the bill along that line.

Now the new DNI stands above the three collection disciplines in a position to allocate resources among them. And the collection discipline chiefs are in a position to give the new DNI solid answers as to how to make budget decisions or additions—reductions or additions, relating them to the likely impact on the collection. The present system makes this very difficult to do. You know, I testified to this effect last year. I described the National Foreign Intelligence Council where the poor DCI didn't have a man in the room to give him the answer to whether he should buy more HUMINT, less HUMINT, more imagery, less imagery. And this would put that cast of characters in the room who would be able to answer the questions. If they can't answer the questions, then the DNI ought to fire them and get people who can answer them, because they have been given the authority.

If your Bill only introduced these changes, it would go a long way towards providing a structure that would adapt readily to the new technological opportunities and manage expenditures more effectively. Let me again add that it will not ensure these results, but it makes them possible in a way the present structure prevents.

One of the objections you are sure to hear about your proposal for the overhead procurement is that under NIA and NSA, it will be concerned with the short run, and these agencies will not spend money on high risk technology projects. The danger is real. I confronted it within NSA and in the Army. The DNI's staff—if he has a staff and he wants to use it—must have an S&T section with terribly competent scientists who can help him discover this propensity in these agencies and elsewhere.

If these agencies are reluctant to make the investments in high risk projects after some prodding, then the DNI should have the means to let his S&T staff seek out a vendor who will create a Skunk Works and try this technology. The DNI can provide the monies to that staff, give them a small contracting staff to help

them, and add a Sunset Rule—three year or five years, limiting the number of years in which this project can be pursued. If it succeeds, it will be easy to sell to the potential users in the NIA or NSA. If it fails, the project should be closed and no enduring bureaucracy left to continue to spend money idly.

So I think there is a clear answer to those who say innovation will be lost, and I think those who say that should also examine closely the recent record of innovation in the present system.

The present overhead system perhaps made some high risk investments, but as I have just said, I don't think that they've continued that in more recent times.

Now let me turn to the areas where I am less enthusiastic about the Bill. I am inclined to agree with much of what Dr. Schlesinger said about the DNI having an independent budget. I can understand and strongly support the DNI as a program manager of the National Foreign Intelligence Program. Budget execution is another matter. I do not see how he could effectively do this inside other departments; nor am I sure that that responsibility really helps him achieve the things you want him to do. Monies have to be spent for the programs for which they were appropriated. If the DNI controls the programs and you authorize and appropriate it for them, the money will be spent for those purposes no matter if it is executed under Defense, State, or other departments.

I heard you say earlier that there was a lot of reprogramming that goes on without his oversight. That may be the case. If the evidence is abundant—I mean, if those figures turn out to be large, then I am prepared to reconsider my view. I also think under the present arrangement there is no reason the DCI couldn't have to sign off on whether or not these reprogramming steps are taken over a certain level of money. For minor levels of funding, you don't want to be bothered with that.

Chairman BOREN. So let me understand you: If, let's say Agency X, maybe a part of DOD, receives an appropriation based upon an intelligence purpose and the DCI has put it in the intelligence budget. In essence, that agency can internally reprogram it to a non-intelligence function. What you were saying is that if it is of a significant amount, you think that the DCI should be vested with authority of having to sign off on that.

General ODOM. Sure. I mean, I think the Administration would do it. Your Committee could force that informally to happen right now if you just required it—we have to come back to Congress to reprogram that money. If you don't want that to happen, you could do that right now, I believe. I thought you made a very good point that I did not want to leave unaddressed. If there is a lot of moving the money around uncontrolled, so that the DCI truly has lost control after the program build, that's a matter that needs to be dealt with. And I want to acknowledge that, because it runs somewhat against the other drift of my testimony here.

Now I think you could have two dysfunctions from a distinct and separate intelligence budget. The first, the DNI will never equal the Secretary of Defense in getting monies from the Congress. My people at NSA used to talk about why—they used to say, we ought to have a special budget. I ought to come down here to Congress and get the money for them, so that people in the Defense Depart-

ment can't steal it. Well, I would just ask them if they could imagine me elbowing at the trough down here against Cap Weinberger or other able Secretaries of Defense, and once they thought that through, they realized we were much better off getting our money from the Secretary of Defense than we were competing with him.

The Intelligence Community complains about the Defense's niggardly treatment of the NFIP, but if you look at the record, the NFIP has grown much faster than the Defense budget. And the Intelligence Community has, in my view, been greatly overfunded and the Secretaries of Defense have been the ones who contributed to this. Every Secretary of Defense I have known has fully appreciated the need for intelligence. And while there may be a great deal of screaming and threatening during the program build, when you get down to the final line, the Secretaries of Defense seldom starve the intelligence area. I found them to be the strongest constituent of the intelligence area.

Now second, progress in linking and integrating the tactical intelligence programs with the national programs has always been poor. The linkages are complex, and their understanding in the military service is weak. Drawing a new formal budget line between them will slow the progress in integration even more, I fear. The military services will most likely begin to build all kinds of duplicate intelligence systems under different labels, much as Dr. Schlesinger mentioned. They will call them "target acquisition systems" or "electronic support measures" or other names to make them sound like non-intelligence when in fact they are simply a duplication of what you are buying in a national system.

I find this especially disturbing because one of the great advantages of the new national imagery agency and the authorities you give to NSA in programming certain kinds of monies, is that it could in principle link the tactical and national systems, creating synergisms and new capabilities. The leadership of NIA will have a steep hill to climb in gaining the confidence of the military services so that much of this kind of program coordination can be achieved. NSA has that problem today with tactical SIGINT. The authority and potential you are granting the NIA with control of overhead procurement is somewhat undercut by drawing the national-tactical boundary in budget execution. That is the practical reason that I am disturbed.

The truly big gains, I think, in exploiting technologies in both SIGINT and imagery, will come through these national-tactical linkages. And the present system of overhead procurement pretends to seek them, but it cannot because it does not understand or control the whole collection program of SIGINT or IMINT. I am talking about the present program office, the Air Force and so forth. It would be sad to have created the institution to make the greater and more effective integration possible and then confront it with a new budgeting obstacle.

Now I know it is an arcane issue and I may not fully understand your Bill in this regard, but the potential of that problem is of such magnitude that I would just caution that it should receive close scrutiny as you move towards final things.

Now another issue which I know you are interested—I elaborated here in my testimony and I hope you'll bear with me—is intelli-

gence analysis. You make it appear from the text that there will be a considerable centralization of a lot of intelligence analysis under the DNI. I think from the discussion earlier I may have a different impression, so some of this may be a little off the mark. But I repeat it just for the point.

Intelligence analysis and production needs to be highly decentralized. And I like to use the computer concept. We need distributed processing, not one big mainframe. Now in the military forces, an intelligence staff section is found at every staff level and unit level from the battalion upward in the Army and the Marines, and in the Navy, from the ship upwards, from the squadron up in the Air Force. Those sections provide intelligence analysis for immediate commanders and operational staff sections. Now this function simply has to be performed at those locations because only there can the intelligence analyst understand the questions that needed to be answered. Moreover they should have the technical experience to know how to communicate and get in to the signals intelligence national column, the imagery column, and the HUMINT column. They must bring that expertise to every command level.

The case can be made for having an intelligence analysis section on most staffs of Cabinet Secretaries, and I think with some of the Assistant Secretaries, a similar case can be made. Otherwise, I do not see how a policymaker will get the analysis he wants. Certainly he and his non-intelligence staff people will not even know how to task the collection agencies for support. He needs the analysis and intelligence staff capability to help him understand how to do that.

At the White House—and a lot of the top heavy aspects of the Intelligence Community in the past seem to me to hang very much on the connection to the White House, so bear with me going into a little detail about that. The intelligence analysis role varies from Administration to Administration. But the White House situation room plays a key role. It gets anything it needs and it provides minute by minute flow, 24 hours each day. In the National Security Council staff under the Carter Administration, that staff—the NSC staff—used the majority of this flow and integrated the various raw sources of intelligence coming in that way to keep the President and the National Security Advisor abreast of intelligence relevant to their policy areas. Now, without that kind of NSC staff work on raw intelligence, the White House may receive a lot of intelligence, but it will seldom be used because of the massive flow.

There is a popular conception that the White House and to a lesser degree the Secretaries of State and Defense depend heavily on the DDI at CIA for analysis. There may be some cases where this is true. I saw it happen very infrequently. They may read a lot of DDI products, but I believe if they received none, they probably would not miss them. And therefore I found really off the point of all this discussion about the honesty and integrity of this various analysis. I really don't think it bears on anything of significance in effective policymaking.

The reasons are not difficult to divine. First there are hundreds of analysts out at CIA, too far away from the policy action to know what's needed. They submit studies, so-called finished intelligence, watered down through editing, too late, usually answering questions nobody asked. [General Laughter.]



CIA's military analysis plays virtually no role in either current operations at the Pentagon, or in materiel and force development. It is not adequately comprehensive. It is too eclectic, entirely insensitive to what a program manager needs in order to build a new tank, a new submarine, or an aircraft. And in that sense the military needs lot of tactical intelligence, that is certainly not within the remote capability of the DDI to provide.

For the military commands in the field, the DDI may occasionally provide a study that draws serious attention to some subject, but seldom does action flow from it.

The second reason concerns the nature of high level policymakers. They tend to be fairly clever people, highly knowledgeable of their areas, and therefore much better intelligence analysts than most of the analysts within the Intelligence Community who are trying to support them. They derive a large amount of their intelligence from the media, personal contacts, and other irregular means. They very easily recognize the relevance of raw intelligence and integrate it swiftly into their own intelligence picture. Keeping raw intelligence from them, making them wait until some all source product can be developed, is usually a mistake.

Now there are exceptions. For example, bomb damage assessments during the Gulf War required tedious analytic efforts, but these kinds of cases are well known, and staff analysts for handling them are fairly effective.

Your bill seems to me to give the old DDI and the National Intelligence Council a new stature and rank. Am I suggesting that it be dropped entirely? Not quite. And I heard in the earlier discussions, I think, some grounds where I could come to a much more common agreement with your viewpoint on this than I had originally anticipated. I think a fairly small analytic capability working directly for the DNI can really be justified. If it is to be effective, it must look for the gaps, for issues that are ignored by other intelligence analysis staffs, and it can then do intelligence studies that wake everybody up to the realities that they have been ignoring.

Now let me cite an example. In 1977, the DDI at CIA produced a very good analysis on future Soviet oil production. It was much disputed, got a lot of attention. The DIA, in the traditional intramural sports fashion challenged it, said it was all wrong. Samuel Huntington, who was on the NSC staff at the time, Director of Security Planning, subjected it to outside criticism, found that it really held up, and used it to create some policy options for the President which otherwise would have never been conceived.

Two things are important about this example. First, no one else in the Community took the initiative to do such a study. And here I think that special analytic function is very important. Second, the NSC staff took it over and related it to policy. The President didn't receive it from the DCI, judge it to be important and then ask the NSC staff to use it. The system seldom works that way. And when it does, excellent intelligence may never affect policy because it is shown to the President, put aside, and never gets to the staff analysis where it can be interjected.

Creating a small DDI to support the new Director of National Intelligence would not ensure this kind of selective insightful analysis, but it certainly would make it possible. In the final count, it

will depend upon the wit and wisdom of a DNI and the Director of that analytic effort.

Let me sum up this point by making a plea for retaining a lot of distributive processing capability. And I would offer, as a guide for determining the size of analytic intelligence units, this point: ten mediocre analysts will never equal one good analyst in output of useful intelligence. We may well have ten times too many analysts in the Intelligence Community today.

Next, the Bill puts special attention on the role of intelligence warning. And I know this is a point of keen interest to you and therefore permit me to make a few points about it. The motivation for the institutionalization of it is clear, easy to understand, and I think those feelings are wholly justified. But I have serious doubts that it will improve the intelligence warning.

The warning problem is complex, not easy to define precisely, much less to place as a specific responsibility.

For military warning, all unified commanders with whom I have dealt are sharply focused on this topic. Their whole purpose is to be ready for war, and most of them remember Admiral Kimmel and General Short at Pearl Harbor. General Schwarzkopf was reportedly revising his war plans before the Iraqi invasion of Kuwait precisely because he was concerned with new threats. The commanders in Korea are notorious for sounding the alarm.

The system for warning against surprise nuclear attacks is complex, well established, occasionally in need of repair, but hardly a big gap in our system. Moreover, the threat of that kind of attack has abated. The Intelligence Community warning organization, however, will never be able to insert itself into the nuclear attack system. It is just not needed, not to mention not welcome here.

This brings me to another kind of warning—political warning. Why did we fail to foresee the fall of the Shah in Iran? Why did we misread Saddam Hussein? Why did we miss General Jaruzelski's martial law decree in 1981 and so on? Now, I first encountered this kind of problem when I was military assistant to the National Security Advisor in the NSC in 1977. I was told to take charge of crisis management. How to do that was far from clear and it never became clear to me in four years, but let me offer you some conclusions I drew after four years in that position, looking back on it, because the problem starts with intelligence warning.

First, crises are seldom because of a lack of intelligence warning. I heard Secretary Schlesinger make this point earlier, and I couldn't agree with him more. They derive from the mindsets of policymakers and the failure of intelligence-policy interaction. Second, to anticipate crises or disturbing turns of events, one has to be focused on the regions in which they occur. While they may be purely domestic for a given country, they usually have regional dynamics. Third, who is in the position to focus on these regional tensions and potential surprises? The regional experts of the NSC staff, the Assistant Secretaries in the regional bureaus, and the regional Deputy Assistant Secretaries in ISA at Defense. The National Intelligence Officers, of course, are to be included. If this group, for each region of the world, periodically does a close analysis of the balance of power in its region, and looks for sources of tension and sudden or surprising change, I think it has a fair chance of

identifying an imminent crisis. Again, it depends on the quality of the thought and the knowledge they bring to bear.

It is left to the National Intelligence Officer and some intelligence analysts, they will find it difficult to get the NSC staff and the Assistant Secretaries to accommodate the possibility into their thinking. Only if those people have to participate, even lead the analysis, will the awareness develop. Some surprises will occur anyway.

Fourth and finally, I think there is no organizational solution to this problem. The NSC and the interagency structure today seem to me to provide for adequate warning if that system is used. The crux of the problem is in the heads of the policymakers and the staff incumbents. I know of no way to organize that will compensate for lack of wisdom, curiosity, or insight.

Therefore, for those reasons, I have hesitations about supporting the formalization of a warning system in the Intelligence Community.

Let me close by citing a couple of areas that I think this draft legislation will push you into. One is the internal structure of organization in the Defense Department. This Bill impinges heavily on it. I think changes are needed there. I think you are probably already aware of some of them. But it seems to me that will be the next chip that falls, reorganization of Defense intelligence.

I also think you may find yourself bumping into the way we are organized for space. And I also think the government and the Congress need to think through fundamentally how we are organized to deal with space. Let me just point out that a lot of confusion and potential for turf fights exists here. The Space Command, or SPACECOM, is a frustrated organization in the Defense Department, which probably should have been called the Strategic Defense Command instead of the Space Command. It will instinctively try to insert itself into this intelligence reorganization affair. Misguided by the notion that its mission is space control, it must be made to realize that space is a place, not a mission, and that there are several missions in space, most of which it does not and should not control.

I strongly support the major thrust of the Bill, and as I said earlier, I could come around to support the part I—I mean to accept the parts I don't now support, because I think some of the positive things about the Bill have to be done, or the kinds of economies and improved efficiencies you are talking about simply do not seem to me to be possible to achieve.

Thank you very much for the opportunity to be here.

Chairman BOREN. Thank you very much, General Odum.

When you talk about the current overhead imagery programs and the mix of these programs, you talk about the fact that the system takes little risk and by implication it is responsible for little innovation I wonder if you could be a little more specific with regard to the problems. Perhaps put back on your hat as Director of NSA. Obviously, we can't go into any classified example here, but into broad categories. What were some of the kinds of things that happened that led you to these conclusions?

General ODUM. Well, let me state it as succinctly and to the point as I can. I felt that I was required to deliver intelligence to

lots of users. And when I didn't I got calls from people. And I was particularly nervous when I got calls from the Chairman of the Joint Chiefs or the Secretary of Defense that I wasn't supporting one of his unified commanders. That will stimulate you to take a lot of action.

Very often in supporting crises which the JCS want you to provide the support for, it requires being able to readjust the focus of lots of very complex intelligence assets. As I got to know how that was done, and as I watched the Agency learn how to do that more effectively, I began to realize that people back in the design phase of these system had never understood what we really needed—no reason for them to, but through our learning experience we were seeing ways to use these systems that had not been anticipated.

I wanted—

Chairman BOREN. Redirecting them to get variations of information that, say, a commander or someone else needed in an emergency that the people that originally designed the system had no concept would ever happen that way.

General ODOM. Exactly right.

So you could say, all right now, if I had my choice in the next budgeting cycle, I would buy two of X and none of Y. I found situations where the agency who bought those for me would prefer to buy Y and no X's and when one asked why they wanted to do that, it was fairly clear. The cost of Y was about twice the cost of two X's. And that is not strange behavior if that procurement agency's incentive for output, its measurement of success, is the size of its budget. Therefore, given a choice between a cheaper and a more expensive solution, I would be surprised if it chooses the cheaper solution. And I don't care who the incumbents are—I am not impugning anybody's personal standards—I think it would be very difficult for anyone with that incentive structure, to resist coming to very much the same procurement decision.

The directors of these two agencies you are setting up—NSA and NIA—are facing a quite different incentive structure. And not only will they be interested in a cheaper version of the overhead, they will be interested in what the output from it is. And as I say, the potential for greater efficiency is created in the new structure. I don't see how the present structure can achieve the same results. I have seen some examples where it missed some very big savings.

But if you go to the new structure, it will require good leadership or you won't get the savings anyway.

Chairman BOREN. Right.

In terms of organizing technical systems and Dr. Schlesinger clearly agrees with you and with the premise we had when we started this, that's where the big dollars potentially can be saved.

General ODOM. Oh, no question about it.

Chairman BOREN. That's where the dollars are and where the big savings can be achieved. Can you give us any idea—are we talking here of being able to save 20%, 30%, of our current budget and maintain capabilities by simply making the right choices, the right designs, the right procurements? Or are we talking about saving 5% potentially by these kinds of changes?

General ODOM. Well, let me analyze the question for you the following way. Having struggled endlessly in dealing with the budget

or program build within the Intelligence Community a number of places, I soon realized that getting in and understanding the analysis behind each of the arguments that brought the program up would never lead me to a completely rational basis for reducing, because the system is structured for people to compete to get their demands on the table. To withhold them for savings is to allow someone else to capture the money and waste it.

I think what managers will have to do is impose arbitrary reductions. And then people will scramble for efficiencies.

Chairman BOREN. So that you have—

General ODOM. Given that, I would not be at all hesitant to impose a 15 to 20% reduction on intelligence in the next couple of years, and let them scramble, and we'll see what breaks. And after you see what breaks, if you push it too far, you just admit it and you go back and you pay the damages. If it doesn't break, you say we made a very good management decision. I think—I see no other way to break through the vast fog of the bureaucratic structure that you're trying to force to be efficient but that kind of—

Chairman BOREN. Well, that's exactly the way a private company downsizes because of budgetary constraints. They would say all right, we're going to have 90% of the money we had last year to operate with and still put out our product. How are we going to do it? In essence, that's what you're saying if we're talking about the technical side and using these new organizational structures to be more efficient to achieve these costs, continue to meet the product goals and find a better way to do it.

General ODOM. You know, when I say I would reduce it by 20%, let me give you a basis for my judgment. I am not an incumbent now and I don't have the responsibility, so I can make these outrageous statements. But this is not as outrageous as it may sound. Let me give you the reasoning.

I am simply saying that given what I knew a number of years ago and given what I think the risks are today, I am prepared to risk what would break at 15 to 20%. So if someone comes in and tells you that General Odom is crazy, he would break this whole system, I may be, but I am willing to take that risk to see where it breaks. That is the basis of that judgment. It doesn't purport to rest on some incredible insight into the precise details or programs.

Chairman BOREN. Right.

Just one last question. Let me make sure I understood you. You talked about the failure to adequately detect and predict the fall of the Shah, and the obvious failures we had in terms of predicting Saddam's intentions early enough. Obviously we had some success. When we got down within a few days, our people did a good job of tracking military movements and identifying units. All of a sudden, a number of people in the Community said here's what this means, here's what these communications mean, and here's what this movement of people means. We have a potential invasion on our hands. But whether that's 10 days, two weeks, or 30 days out, that's not six months out or a year so that the President has different policy alternatives to work with other countries in the region. So you really almost are on a collision course. The President is just doing contingency planning at that point without the opportunity to look at other diplomatic alternatives, show of

strength, basing agreements, joint exercises, a lot of other things that had you really understood the intention early enough you might have done.

The situation with the fall of the Shah may be somewhat different. I don't know what the range of actions we might have been able to take could have been. I recall being briefed myself shortly after I came here. We were wrong even within a very few days, almost within hours of his fall from power as to at least how rapidly it would occur.

I am not one that believes that structure can solve all problems. By no means do I think that moving around boxes in organization charts can substitute for sound budgetary priorities, recruiting and training the best qualified people into a system who have sound judgment and insight.

Since we're focusing on structure today, do you think that there are any structural changes that would have at all improved our chances to detect intentions earlier on, say, of a Saddam Hussein?

General ODOM. Before I go to that specific question, let me make a point about organization and structure as you just articulated it, because it came up earlier and I heard Dr. Schlesinger and Senator Chafee or some other Senator saying—agreeing that organization doesn't make any difference. I don't accept that.

Chairman BOREN. No.

General ODOM. Organization makes a lot of difference. Our Constitutional fathers thought that. You know, they were good organization theorists.

Chairman BOREN. That's right.

General ODOM. Now I have said organization won't solve everything, but some of these structural changes you are proposing will have real consequences.

Chairman BOREN. Yes.

General ODOM. So to say that structure is irrelevant, that shouldn't be let stand. You ought to keep the record clear on this point. It may not solve all your problems, but it is going to make a difference.

I think what I am saying on this point with regard to opposing a new structure, is consistent with the principle. I don't see a new structure that strikes me as likely to solve the political warning problem, and I think there already exists a structure which can be used to solve it if one really wants to. If the NSC chairs interagency groups based on regions, and if they are charged periodically by the National Security Advisor to the President to go take a look, are we in trouble here, what is our strategy in this region or another, more crises will be anticipated. We did that in the Carter Administration to a certain degree. Now the reason we didn't get good answers in some cases—and I think the same thing happened under the Reagan Administration, and I was in that NSC staff for a short while—is that these working groups either weren't chaired by the NSC during the Reagan Administration, or in the Carter Administration there were policy disputes within the working groups which kept mindsets at work that absolutely couldn't tolerate certain kinds of conclusions.

We launched four intersecting self-defeating policies in the Persian Gulf region in the Spring of 1977, which made it very hard for

anybody to be willing to see the consequences of Iran coming apart on us. And having already launched those four policies, I think looking back and saying that a new piece of intelligence earlier would have caused the Administration to behave in a highly different way really misses the point. I just don't think that would have happened. We didn't want to be warned.

I think in the case of Jaruselski's martial law, we could have seen that. We just didn't pay attention to internal structure, how the Zomos were organized. That is one example where I think we could have seen it coming. I think the breakup of the Soviet Union has been eminently foreseeable since the Summer of 1990. And you know the mindsets against that conclusion.

So I do think we have the institutional structure with these NSC-led working groups which look at regions, look at our policies, look at what kind of stresses they are creating—

Chairman BOREN. If there is a will to do it.

General ODOM. Absolutely. So the structure—I don't believe—I am still saying an adequate structure is there. It's in the present NSC system.

Chairman BOREN. Thank you very much, General Odom. Your testimony has been very helpful. As I indicated to Dr. Schlesinger, this is a beginning of a dialogue in general, and certainly I want you to view that individually as well. It is the continuation of a dialogue, because you have been such a helpful witness to us as we were beginning this process over a year ago. We will continue to seek your advice and counsel. This bill is really the start. Without a bill before us there was no way to focus our discussion. We were simply having academic discussions. If we were really serious about trying to make some constructive improvements, I think we have to have a set of proposals before us, then work from them, modify them, change some of them, reject others, accept some, and the rest of that process. As we go through that process, we will certainly continue to value your advice and your help with it. I appreciate very much the amount of time that you have given the Committee, not only this afternoon, but that you have given staff and Members in testimony previously.

General ODOM. Thank you very much, sir. And I commend this effort, and I am honored to be allowed to participate in it.

Chairman BOREN. Thank you very much. We will stand in recess. [Thereupon, at 4:51 p.m., the Committee stood in recess.]

## HEARINGS ON S. 2198 AND S. 421

WEDNESDAY, MARCH 4, 1992

U.S. SENATE,  
SELECT COMMITTEE ON INTELLIGENCE,  
*Washington, DC.*

The Select Committee met, pursuant to notice, at 2:16 p.m., in room SH-216, Hart Senate Office Building, the Honorable David L. Boren (chairman of the committee) presiding.

Present: Senators Boren, Bradley, Murkowski, D'Amato, Danforth and Gorton.

Also Present: George Tenet, Staff Director; John Moseman, Minority Staff Director; Britt Snider, Chief Counsel; and Kathleen McGhee, Chief Clerk.

Chairman BOREN. We'll go ahead and come to order. There are other members of the Committee due to be present but I know the witnesses are on a tight timeframe.

Today we continue our series of hearings on legislation to reorganize the Intelligence Community. On February 20th we began by hearing testimony from Dr. James Schlesinger and retired Gen. William Odom in a very interesting and provocative session. I've often said that in having the two Committees join together in introducing this legislation, our goals were not only to bring about changes where needed to improve the quality of our intelligence product, to reduce the cost and to have greater efficiency, but my hope was that we would provide discussion and reaction.

I'm happy to say that we have succeeded admirably in this goal since we first made these proposals. I look at this as a very healthy process. As I said in the beginning, I felt we had to have something before us on which we could focus our attention, otherwise we would have an abstract discussion wandering over the entire landscape. I certainly didn't introduce the bill with any expectation that it would become law as written or with the attitude that I indeed wanted to try to push it through this Committee as written. This bill is a launching pad for the kind of discussion that I think is so valuable with the changes in the world that are going on around us. And so that's exactly the kind of process that we've had.

I have no pride of authorship of any portion of this plan. To me, I've already been convinced by witnesses that there are better alternatives to the way we've suggested. I think it's a very healthy process to have as much of the discussion as possible in open session so that the American people could follow our deliberations and understand more about the process. After all, it is their tax dollars that support the process and support the Intelligence Community.



My expectations are especially high for this afternoon. We're delighted to have with us, three thoughtful, articulate witnesses to continue this dialogue with us, each distinguished in his own right. I've asked them to come up as a panel and proceed with all three opening statements, and then we'll be able to address our questions to them as a panel. I think that will conserve time and I appreciate their willingness to do so.

Our first witness will be Morton Abramowitz, former U.S. Ambassador to Turkey and Thailand, who now heads the Carnegie Endowment for International Peace. A career Foreign Service Officer who holds the rank of Career Ambassador, highest rank in the Foreign Service, Mr. Abramowitz is well known to all of us. Indeed he spent a great deal of his career dealing with intelligence, notably serving as Director of the Bureau of Intelligence and Research at the Department of State from 1985 to 1989 during which time we had a very close relationship with him. We came to appreciate his keen intellect and insight and it is certainly a pleasure, Ambassador Abramowitz to have you with us today. I'll introduce your colleagues, as well, before we begin but I'm very glad to have you back.

Let me say that during the time that I have been privileged to serve as Chairman of this Committee, I felt that I learned as much and gained as many useful insights from testimony you presented to our Committee as any other witness that ever came before us. I have enormous respect for your point of view and your grasp of this subject matter.

Following Ambassador Abramowitz will be retired Admiral Bobby Ray Inman, former Director of the National Security Agency, former Director of Naval Intelligence and former Deputy Director of the Central Intelligence. We keep returning time and time again to Admiral Inman for his advice and counsel. Without fail, he gives generously of his time and his considerable talents to the work of this Committee. Members of the Committee have complete confidence, not only in his ability but in his integrity. He's the kind of advisor who is very helpful to us and very valuable to us in our deliberations.

He undoubtedly would not be burdened with responsibility for my actions as Chairman of this Committee over the last several years, but if there is any one individual who has served more than any other as my informal advisor, educator and teacher on intelligence matters, it's Admiral Inman. I'm very grateful to him for that education and for the advice which he has constantly been willing to give us. I'll hasten to say he should not be held accountable, however, for the provisions of this bill. I'll say that before he volunteers that information to those who know him in the Intelligence Community.

Our third and final witness will be Dr. Ernest R. May, who is the Charles Warren Professor of History at the Kennedy School of Government, Harvard University. Dr. May has been a Professor at Harvard since 1963. During his tenure there, he has written extensively on the history of American diplomacy. In one of his more recent works, the 1985 book entitled "Knowing Ones Enemies—Intelligence Assessment Before the Two World Wars", he specifically looked at intelligence support to U.S. foreign policymaking leading

to these two conflicts. Since 1988 he has managed an intelligence policy program with which many of us are familiar at the Kennedy School examining the relationship between intelligence and policy which has drawn many of its students from the Intelligence Community. Dr. May currently serves as Chairman of the Board of Visitors at the Defense Intelligence College. So we're especially glad to have you with us, Dr. May, and again we try to show the broad-mindedness of this Committee from time to time by allowing people from Harvard University to appear before us. We compliment you on the very high caliber, quality of the program you have been directing at the University.

I would encourage each of our witnesses to proceed as you see fit. Each brings a different perspective on the subject. I again want to say that we really want your comments, not only on this legislation, but your perception of the strengths and weaknesses of the Community. If you see ways we can make changes other than the ones we've suggested, areas we've not yet examined that we should examine, alternative solutions to the ones we've proposed, we would value your advice on any of these subjects. So indeed this is an open-ended invitation for you to share with us what you think we most need to hear as we try to make intelligence relevant and try to devise a structure in which our resources can be marshaled most effectively, given the fact that we face a very different world environment than we did just two or three years ago.

So, let me ask if there are any other members of the Committee?

Senator D'AMATO. In the interests of time let me ask that I might be permitted to submit a statement as if read in its entirety.

Chairman BOREN. Without objection so ordered.

[The prepared statement of Senator D'Amato follows:]

#### OPENING STATEMENT OF SENATOR ALFONSE D'AMATO

Mr. Chairman: I want to begin by thanking you and our distinguished Vice Chairman for organizing this series of hearings and for providing such an outstanding panel of witnesses. I am certain that their testimony today will help us make correct decisions on the matters before us.

When the time comes to ask Ambassador Abramowitz, Admiral Inman, and Dr. May questions, I am going to ask them a very fundamental question. That question is how much of a positive effect even the best reorganization of the Intelligence Community could have, if the policy community remains organized as it is today.

We are trying to improve the efficiency, economy, and effectiveness of U.S. intelligence in this reorganization process. The end of the Cold War means that the American taxpayer no longer should pay for intelligence on a Soviet Union or Warsaw Pact that no longer exist. But the U.S. government still needs to know what is going on in Russia, in the Baltics, and in Poland, not because of the threat of nuclear war or continuing ideological competition, but because we want to assist in the course of democratic developments in those countries.

In addition, we need to know about new threats—everything from the drug war to terrorism, nuclear proliferation, and predatory trade practices. These activities occur in areas of the world and organizations that did not command as high a priority—rightfully so—as did our nuclear-armed superpower adversary. That must now change.

Thinking about how we should conduct any reorganization, it seems to me that real changes in the world call for real changes in intelligence organizations—changes that redirect resources and refocus efforts. But they also require changes in how intelligence organizations interface with intelligence consumers—the policymakers whom the intelligence process is supported to support.

In a post-Cold War world, will policymaking work the same way? When this nation faced the threat of nuclear war, we knew that the President might face life-or-death decisions for the whole world, with thirty minutes or less for him to act

once warning of an attack was received. Our national security organization was optimized to serve him, as it had to be.

Will it be the same in the future? I would argue that it will not, and that foreign policy decisions will be pushed down in the hierarchy from the President to others. My question is how well the present organization will be able to handle added responsibility for making many more decisions at lower levels?

This raises the question of how the Intelligence Community should be reorganized to best serve the future needs of policymakers. If we reorganize to cure the problems of the Cold War, our reorganization may be obsolete before it is even finished.

I understand that asking what the policy community should look like and how it should work are beyond the scope of this Committee's legislative jurisdiction. However, I believe we have an obligation to ask that question before we make changes in our Intelligence Community that may make it harder to support a more dispersed and more highly delegated foreign policy process in the future.

I look forward to hearing the views of our distinguished panel of witnesses on this and other parts of the reorganization issue.

Thank you.

Chairman BOREN. Senator Bradley, any opening comments?

Senator BRADLEY. No opening statement.

Chairman BOREN. Thank you very much. We'll proceed then.

Ambassador Abramowitz, welcome, and we would value your comments.

#### STATEMENT OF MORTON ABRAMOWITZ

Ambassador ABRAMOWITZ. Thank you Mr. Chairman, Members of the Committee. Mr. Chairman thank you for your very generous words. I am very pleased to be here again. I might add that it's a little nicer being here being out of the government rather than in the government.

I approach the issue of intelligence as a long time consumer, a diplomatic reporter, and a former manager of a small component of the Intelligence Community—the State Department's Bureau of Intelligence and Research. I want to focus on intelligence analysis and its contribution to policymaking. Analysis is the part of the intelligence business that gets the least serious scrutiny, the fewest bucks and the most criticism. I do not address covert action, although I am pleased to comment on that as you see fit. Nor do I deal with aspects of the proposed legislation that are beyond my experience, such as the management of the Community budget or specialized and important intelligence needs of the military.

In reviewing the proposed legislation I asked myself the following questions:

How should we meaningfully re-examine our intelligence system?

What are we trying to fix? What are some of the strengths and weaknesses of intelligence analysis?

What can we do to improve the contribution of intelligence analysis to policymaking?

The Intelligence Community, along with the Defense Department, needs help in redefining its purposes. The reason is clear. The central threat to our security, which defined the missions, organizations and budgets of the Community for the past 45 years is gone. This fundamental change dictates a reconsideration of the objectives and structure of our intelligence system. We must see if there are new guiding concepts for America's role in the world and to decide what we need and expect from intelligence. Our problem is that we are faced with redefining our intelligence approach at a

time when our international purposes are not clear. While the Intelligence Community has continuing business, it will be some time before our understanding of the world catches up with changed circumstances and our foreign and defense policies are more firmly based.

We spend many, many billions of dollars annually on intelligence. This fact alone mandates a full and fresh examination of how we want to use our intelligence resources. Fortunately, we have time to do it right. And so great are the uncertainties of the new period that we must avoid both impatience and timidity.

This transitional period presents this Committee with a rare opportunity to reconsider and help refashion our intelligence requirements as our national security policy evolves. My central recommendation to you would be to aim for an approach that is both deep and broad.

These hearings are an excellent way to begin consideration of what must be done. The Intelligence Community itself has also undertaken a comprehensive self-examination. Its 22 Committees will provide useful, even essential input; no one doubts that the Community must think through its own responses to the changed world. But this step is only a beginning. Internal bureaucratic processes do not produce fundamental re-examination.

So let me make a proposal. We need to tap the best minds in the country to do that. They are not all in the government, not even in the Congress. I strongly suggest that a panel be established in legislation to examine our intelligence needs for at least the next decade. Panel members should be drawn from the Congress, the Executive branch, and from among our most creative people from outside of government. Their mandate should be to place our intelligence needs firmly in the context of our evolving foreign and defense policies, and to determine how we can improve intelligence and its contribution to policy. Such a fundamental inquiry should also facilitate consideration of the organization of the Community. This panel should report some time after the election.

We have had, of course, panels and panels in numerous fields of importance. There is no assurance that the results of such a study will be of much use. The work of many panels has faded into oblivion. But given the seismic changes in the world and the importance and cost of intelligence, it should not be beyond our powers to fashion and carry out a serious and productive effort.

Let me now move on the Intelligence Community and analysis. If you look at the Community today from a user's perspective, you find a mixture of strengths and weaknesses. Our technical collections are superb: they have served us very well and should continue to do so, although at less cost.

The contribution of clandestine human intelligence is not as clear. There are instances in which it is very good, even spectacular; at other times its contribution is marginal at best, and more costly than diplomatic reporting, which I think needs greater recognition from this Committee. It will continue to be useful against such remaining difficult targets as Iraq.

Turning to analysis—and I am not characterizing all levels of analysis that go on, but only analysis that makes its way to the high-level policymakers—our analytical process and product do not

give us as high a payoff as technical collection. Admittedly, it is difficult to put a value on analysis. But from my experience I would say it is uneven, and often not of much practical value. You will get mixed reviews from senior members of the policy community who speak frankly.

Intelligence is not a search for the Holy Grail. Most days, most of us would much prefer to read *The New York Times* rather than the *National Intelligence Daily*, and would be at least as well informed for doing so. Nor, may I add, does a *Good Morning America* DIA show help much. Intelligence analysis is largely a highly bureaucratic and often messy process in which analysts, managers, and agencies massage their differences; they can drive out creativity along the way. On many issues technical collection does not help much and can sometimes be misleading; uncertainties can be very great. In the end, brilliance, insight, learnedness and often the courage of individual analysts are what produces the most useful results.

Very simply, the main contribution of intelligence to the policymakers is to define an issue better or illuminate its context, to give them better grounding for what is going on, and to reduce uncertainty. Intelligence analysts can bring long-term expertise and familiarity with an issue or region, a richer sense of history and a surer grasp of complexity. The detachment of the intelligence analyst is basically a source of strength, but is also a source of weakness.

Indeed, I would argue that on many issues the best overall analytic judgment comes from veteran policymakers—from country directors to ambassadors—particularly Ambassadors to Turkey—to Secretaries of State. They may not possess the specific expert skills, but they have a better feel for what makes things happen and their practical experience usually gives them greater insight into events and leaders. And it is clear to me that George Shultz, after numerous meetings with Gorbachev and Shevardnadze, had far greater understanding of what was happening in the Soviet Union than anything the Intelligence Community—and I include myself—offered him.

I must go on to say that policymakers are often flawed analysts: they are usually wedded to existing policy, which makes them hesitant to accept different perspectives or to encourage unorthodox interpretations or take seriously their implications. There may be lip service to open-mindedness on their parts, but it is largely ritualistic.

More to the point, policymakers as consumers are usually a big part of the intelligence system. Not many demand good analysis and not many encourage it. Some seek only vindication of their policies in the intelligence output. Some use intelligence as a public punching bag. Some fly by the seat of their pants. Those policymakers—I'm not naming names, sir—those policymakers who would benefit most are usually the most scornful of intelligence analysis. Few are willing or trustful enough to make time available to put their hoard of information into the analytic process. The policymaker, in short, is an essential contributor to the inadequacies of intelligence.

The system itself has some basic difficulties, both in its products and how it manages human resources. For example, the process

that results in National Intelligence Estimates helps analysts take stock of situations and understand what is known, but in practice has been of little use to policymakers. NIEs are read more by Defense budgeters and Congressional staffers than by senior policymakers. I agree with the usual critique of NIEs: too frequently they have been bland and contribute little to decisionmaking. Those larded with footnotes are of little use. It would be far better in form to highlight up front the major areas of agreement. In fact I believe the Community recognizes these problems and is trying to make NIE's more cogent or compelling. I personally would not shed tears if the numbers of NIEs were sharply reduced.

Finally, our system for fostering good analysts is deficient. Beyond a certain mid-range grade, the personnel systems throughout all parts of the Intelligence Community value managerial expertise more than analytical skills. We take our best analysts and we reward them by making them managers. We need fewer managers and more skilled analysts who benefit from doing what they do best and what we need most.

Mr. Chairman, you have heard about the underlying strengths of the Intelligence Community—they are many. There is one in particular that I feel has great value: our system of competing intelligence agencies. One agency, of course, may miss what another picks up. Consumers located differently reflect different interests and needs. Analysts in multiple settings can provide reality checks and correct mistakes in intelligence as well as in policy.

I believe that centralization would not serve the interests of better intelligence or better policy. Moreover, putting any analysts in one organization will isolate them even more from the political reality of policy—something which this legislation hopes to avoid. Reorganization does not necessarily improve analysis, but centralization will make it worse.

I have shared with you these brief reflections because intelligence analysis is becoming more important as the complexity of our world increases. The weakness of our analysts will have to be addressed freshly in the world of post-Cold War issues; the horizons of our policymakers will have to be broadened to include new connections between security and economics and technology; our best intelligence analysts will have to be nurtured in difficult competitive conditions—that is, it will be difficult to hire the best; our decentralized intelligence institutional arrangements may have to be reoriented. A new Community will take years to reshape and refocus.

Let me say briefly a few words about future concerns. In defining our intelligence requirements during this period of flux, much will depend upon the mixture of policies and events. In the absence of the Cold War, our national interests will not be as global as we have previously defined them. But precisely where those interests lie is a major issue. In a world of greater complexity many will argue for more intelligence. But can we afford it? What is the upper limit we are willing to pay? And, given this limit, what areas or issues are we willing to pay less attention to or drop altogether from the intelligence agenda? Also, how can the intelligence system clarify opportunities for the United States to act to achieve its goals, not just react against threats.

Everyone is busy defining our new intelligence agenda and re-thinking what remains of the old one. Requirements can be endless and agencies will make them so, particularly when you ask them. Some want to deify economics and equate national intelligence with national economic intelligence. Others focus on a new agenda of issues like the environment or migration or ethnic conflict. There are important organizational issues involved in these questions, and not just ones of analysis. Some agencies may wax, some may wane.

Certainly we need to maintain our technical collection capabilities. But at what level? This is where the money is if we want to cut the vast intelligence budget, and this is therefore where our appraisal of our requirements has to be most clear-headed. Given the end of the Cold War, those cuts would seem to be significant.

We will also have to ask ourselves whether some analysis should be left to the private sector. This question will likely become more pressing because of the increasing availability of open materials and changing policy priorities that are diminishing the comparative advantage of the government Intelligence Community. No matter where analysis is done, the Community can reach out more to good analysts, beyond the Government and the Beltway. We will also have to think of satisfying important new intelligence consumers like international organizations and international agencies.

We, of course, need to attract some of the best people. That includes the unorthodox as well as the orthodox; the former, to say the least, are not a prominent feature of the Intelligence Community. One way is obviously money. Another way may be to re-examine the security clearance process which may be overly restrictive in weeding out promising analysts or, because of the polygraph, deter some creative minds from applying. This also means doing better, as I said before, at devising more challenging careers for our analysts.

I will close by restating my recommendation that you create a special panel to do a fundamental re-examination of the role of intelligence. We now have a rare opportunity to do that. We have not yet defined or redefined our requirements. All we have done is to take note of dramatic changes in the world. These changes will certainly lead to cuts in spending. They may or may not dictate substantial organizational change. An agenda for such a panel is surely to be found in the body of these hearings and in your deliberations. And if we make the most of this opportunity, we will achieve some of the laudable goals that you want for U.S. intelligence in the next century and to which you personally have contributed a great deal.

Thank you.

Chairman BOREN. Thank you very much, Ambassador Abramowitz. A very thoughtful and provocative presentation. I know we were shocked, however, at your suggestion that all of the brightest minds might not be gathered in the Congress, but I appreciate the comments you've made very, very much, and look forward to pursuing some questions with you.

Admiral Inman, we'd be happy to hear from you at this time.

Admiral INMAN. Thank you, Mr. Chairman.

## STATEMENT OF ADM. BOBBY RAY INMAN, USN (RET)

Admiral INMAN. First, may I compliment you on introducing the legislation to launch the debate. You'll find as I go through my remarks that there are a great many pieces of that legislation that I do not support. But the critical value of introducing it I believe lies with a different audience. And that is with many of the professionals in mid and upper levels of the Intelligence Community who have been resistant to any change. Bob Gates is off to a fast start. I am not surprised, but I am pleased. But my reading is that there has been a significant resistance to his many proposals to consider change, saying we have already made all of the changes we need.

And certainly what the legislation from both Committees does, if nothing else, is to say to those professionals, there will be change and therefore you would be well served to support the efforts that are ongoing to define the optimum way to go about the job.

I am not persuaded that one needs to introduce in the legislation all change that might be desirable. The test for me is whether you think it is something that you need permanently, i.e., an agency that is going to exist for years—I still support charters as I did in 1979. On the other hand, for how you manage that structure, I think you may well want to alter that, so I am less than enthusiastic about legislating change.

But let me give you just a few thoughts I have from the Southwest in reading through the legislation that guide how I react. First, we don't want to create a structure, organizations that you would move or change their responsibilities or their reporting chain as you shift from peace to crisis to war. You may change who makes the decision, but you want the organizations that are there to do the functions that are there without needing to reorganize as you move to a crisis or war.

Second, I believe the record is already well established that a single manager approach to collection is not only viable, it's also much more efficient. But on the analytical side, it's my judgment from the years of watching that the best analytical efforts come when they are closest to the users, and where the users have taken an active interest and interacted, you draw out the best performance from those who are doing the analytical efforts. So it gives me a mind set toward decentralized analytical efforts even as you centralize collection efforts. And I will come back to that further.

My long years in the Intelligence Community through changing public attitudes, support, have left me with a very strong sense to maintain checks and balances in a structure. The Intelligence Community of absolute necessity will work largely in secrecy and therefore many of the other elements of government that cause us to check performance of a department do not exist in the Intelligence Community. And that leads me then as I come to my comment on structure towards leaning towards checks and balances as opposed to concentration of authority for efficiency.

I do see out ahead of us a long period of declining budgets, and that causes me to take the same attitude toward government, departments and agencies that I take in my private sector responsibilities. To make management as lean in its support structure as possible. Now is not the time to add additional staffs or structure,



but rather how do you simplify the lines of authority and also accountability and responsibility.

Finally in this line, a lesson that I have drawn from the Gulf War is that as you look at this turbulent world that we are in and go forward, we are increasingly likely, if we are drawn into military conflict to address that conflict in a multinational context. So we should think right from the outset, how does intelligence support flow to that multinational effort and who pays. And you will find when I get the imagery side, that I have come down to a view that rather than trying to keep a unilateral US pre-eminence, that now is the time to move toward accepting some multinational provision of imagery collection. To facilitate it, not object to it. And that we need to think about a structure as we go foreword that will in fact accommodate that effort.

Turning to structure issues itself—and in this case I am electing to look at both bills and not just the Senate bill—but I believe, while I am very sympathetic to requiring the NSC to have a committee to focus on intelligence, my advice is to leave that to the Executive branch to decide how they are going to organize the NSC. They ought to have already done an ongoing functioning committee to do it. We are watching the struggles right now within NSR 29 to produce what ought to be occurring regularly, but I am not sure trying to legislate a committee is likely going to have any more productive impact. So that one I would be incline to set aside.

On the critical issue of Director of National Intelligence and three Deputies I ultimately do not come down in support of the concept. There really are three fundamental reasons. One is I believe that rather than being lean in management approach leads one toward creating new empires and bureaucracies. Two, I believe it would run the risk of centralizing analytical functions in an undesirable way. And in fact, elevates estimates out of proportion to the reality they ought to have in the very broad performance of the intelligence mission day by day. I don't want to downgrade them, but I am afraid the structure at least as I read it would elevate them to a structure that is beyond that which is really either required or in fact would likely be productive.

But the most critical one to me quite candidly, I read the bills and thought of Gates and said great tools to help him do the tough job in front of him. And then I read it again and thought about, Bob Gates has finished his service and we are past another election, and a President elects to appoint his speech writer or his campaign manager. And looking at the concentration of authorities that are here that in my judgment would not have checks, I become very unenthusiastic about the structure that is proposed.

I do like—I prefer the Director and a Deputy. I do like the provision that would guarantee if one of those is a military officer, the rank and the fact that that would not count against the numbers of the service, so we don't go through the usual battle about being able to get best talent into those jobs.

If one were to come down with two Deputies, one to deal with the outside activities, the other to manage CIA, that's an alternative that we have tried that I can live with. I am less than enthusiastic about that than the first.

On budget preparation. I believe the DCI should have clear authority to provide the guidance for budget preparation and it should be the DCI's recommendation to the Congress for authorization and appropriations which the President will have approved and that all those coming to testify will support. Recognizing that I have played the edges of that process through the years, I do not believe that execution of the budget should be centralized under the DCI. I believe it provides more complications in the execution of the departmental responsibilities than it gains. So I would not do the execution part.

But one thing in the legislation I found that I do like is that the authority for the DCI to requisition talent from the other agencies to work on very specific problems. It is a little hard to make this point in an open session. But if one goes back to again the Gulf conflict, one of the great successes was the effort pulling together people from many agencies to work on the Iraqi command, control, and communication problem. And it would not have been nearly as effective if they had not been drawn together. And as we draw down our budgets and look at thinner levels of competitive analysis—almost a certainty with diminishing resources in front of us—the authority of the DCI to reach out and to pull together and create a center of people to go work on a problem where the evidence is ambiguous and where you want to make sure you are exposing every potential disagreement, that could be an advantage. I'd put a sunset provision. He could create one of those for six months or at the outside a year, and then it would have to go through the whole institutional process to stay longer than that. I tend to think it's better to deal with these or a specific problem and not to give them a life of their own.

Warning is an issue in the legislation proposals. Let me recommend an alternative to those which are on the table. And that's to consider designating the National Military Intelligence Center as the place to do the strategic and tactical warning for the government, that in that warning role they would report to the DCI as opposed to the Chairman and the Secretary of Defense.

Finally, Intelligence Community Staff. I am persuaded that one ought to have an Intelligence Community Staff, but vastly reoriented in its structure. It should exist to evaluate performance, to levy tasking, to prepare the budget. It should not be a gathering of committees.

On the imagery side, as I have already telegraphed in my earlier comments, I do believe this an area that needs some fixing. I am not yet persuaded that an entirely separate national imagery agency is the right way to go. My own preference is to assign those functions to the Director of DIA. I would take his current intelligence support functions and actually create a J-2 to do the military support activities and would give the Director of DIA to give the responsibility for the Community in looking at imagery requirements, at the processing architecture, and at doing the critical job of setting standards to make sure that tactical systems and national systems have the same format structure that you can transmit them electrically as you need.

I am inclined toward the House proposal for a reconnaissance support activity, giving legitimacy in charter in activities that

we've tended to ignore in unclassified terms in the past. I would give that group the charter to acquire satellites against requirements provided from NSA for signals intelligence, from Director DIA or your national imagery agency for imagery. I would assign processing architecture responsibilities to the using organizations, not to the acquirer. And specifically in looking at lean budget times ahead, I would levy on the Director of NSA or his side, Director of DIA or your national imagery agency on the other, the choice to give up requirements, to trade off requirements to fit dollars allocated to programs. I think we have to bring an end to this escalation of cost in buying systems, and the only way I know to do that is to have the primary user make trade offs in what they are prepared to give up to get a capability within dollars that are available as opposed to growth.

I would not include the analytical efforts in the imagery area in the structure for managing the imagery processing capability. Again, I am holding clear to my preference for decentralized analytical assignment.

So much useful information has already been provided by Ambassador Abramowitz on the analytical side, and I don't want to intrude on what Professor May will have to say.

On the estimates side, rather than creating a whole new Deputy Director for Estimates and Analysis, I think it may even be time to go all the way back the opposite direction to consider a Board of National Estimates, bringing some outside talent in. So I think this one where revisiting ideas that have been tried, it worked well and then it got tired. Bill Colby brought the NIOs; that worked very well and in my judgment, its gotten tired. Going back to using a concept we know that works for a period of time, I offer you at least as an alternative.

Chairman BOREN. Would you describe how that worked and who sat on the Board of National Estimates?

Admiral INMAN. The Board had substantial independence. There were a number of retired Ambassadors and Generals and Admirals who were appointed to it as well as senior analytical people. So you brought some broadly experienced users to the table to join that process as the estimates were put together to try to bring some test of relevance. My worry through the long process was that too often estimates were done because they were what the intelligence analysts wanted to write about, not because they were relevant to policy decisions that needed to be made for intelligence.

Chairman BOREN. So the Board of National Estimates had input from CIA analysis, DIA, INR, etc., is that the way it worked?

Admiral INMAN. That's the way it worked. It drew on all of the organizations for input.

Chairman BOREN. For input, but it was not composed of employees—

Admiral INMAN. It had some employees and some from outside that were appointed. So you had a mix of talent.

Chairman BOREN. I see.

Admiral INMAN. But the key was to bring people who had experience in the policy chain or in the military chain as users in that process.

Chairman BOREN. Did that change occur during Colby?

Admiral INMAN. At the beginning. And it had become a tired process. They had not been able to draw the best talent to it. But there had been earlier periods where it worked more effectively. This is one where I think that recycling some old ideas may in fact be effective for a period of time.

On human collection, as I think back to my earliest experiences as an intelligence officer, an analyst, I relied heavily on human reporting every day for my efforts. And a very large volume of that human reporting I relied on came from political officers, economic officers, cultural affairs officers, commercial attachés related to the Foreign Service and the other departments. And as I look back on the long period of draw down in the Foreign Service and the additional requirements for consular activities, I think you will find a great deal of the problem in front of us for the lack of adequate focus on human intelligence. I have some worries as I listen to the structure that we are talking about creating two totally different human intelligence organizations: one that is clandestine and the other that deals with open source or overt materials. I think that would be a great mistake. That we rather need to create a structure which lets us make far broader use and examines the contributions the other departments make and the talent they have and the quality of that talent going forward. I realize I am pushing you on some jurisdictional issues here with other Committees of the Congress, but I am persuaded fundamentally that's where the heart of the problem is in human intelligence.

Chairman BOREN. You stated the goal exactly as we see it. I don't know if we have approached it in the right way, but that is exactly the goal. In other words, do you need a clandestine operation every place? For example, if you want to find out a certain piece of information, it may well be that a good political officer at the embassy could acquire it. It may well be that the Defense attaché can, and it may well be someone else. You may not need a clandestine agent to do it.

Admiral INMAN. Given your efforts the last several years in adding money to the clandestine human intelligence business, I am persuaded that you are getting pretty close to about the right level. There may still be a little more growth.

Chairman BOREN. On the clandestine side?

Admiral INMAN. On the clandestine side. I am persuaded the largest issue is cover and the kinds of cover and how one deploys the talent that is there. I think the great unaddressed problem is the openly available information.

Chairman BOREN. Now, I don't want to interrupt to start the questioning, and I apologize. I am violating my own rule. But just to understand, did you examine what we said about the role of CIA? What we wanted to have is some place in government—maybe CIA is not the place to do it—for someone to look at this question. The CIA will always want a station everywhere in the world and always want to have clandestine collection and so on. It may well be that, especially as more and more of what we are collecting is from open source and so on, that political officers, defense attachés, and others can do the job. No one in government is now looking at the choice as to what is the most appropriate and also the least expensive, perhaps, way to obtain the human intelli-

gence we need. So we suggested that we make CIA the HUMINT "manager", not that they would control these people. Obviously, they would not control a political officer in the State Department or a Defense attaché necessarily, but they can say "In X country and X post, this is the more appropriate way to obtain information." But maybe that's not the way to do it.

Admiral INMAN. I'm not sure I know the right way to do it. I tried in '81 to persuade the State Department to support shifting State into the national security block in the allocation of resources. There was a great resistance to doing that, preferring the structure that is there now. But I saw that as the only way that I could see to begin to look more broadly.

I note with some interest that the legislation would give the DCI substantial authority over DOD assets for budgeting purposes. But I didn't find any mention of any authority for him in tasking other resources in the other departments to collect information openly available that in fact is needed by the government. I am not sure I know the right way to do it, but I think it is a critical problem to address.

I would antagonize my DOD friends by saying I am at a point of saying there I would change the organization to create an Assistant Secretary Defense for Intelligence, separated from the C<sup>3</sup>I. My case in point is the Gulf conflict again where one of, for me, the great shortfalls was the absence of the communications needed to flow information and more critical the absence of format and structure that would let you move information.

So the structure has been together for years and didn't produce it. I would separate it out and have an independent voice look, and particularly to compare the tactical budgets with what is going to be in the national budget. Unless you do in a focused way in defense, I don't think it will occur.

Finally, two other points. I am reasonably comfortable with the charters for the individual agencies as they now appear. Mistakes not made this time of making a long and involved Charters made in 1979. I think having agencies having a legislative charter, even if it is reasonably simple in its terms, is a useful function going forward.

One thing that none of us have addressed and I don't bring the expertise to you to address, but the counterintelligence issue is still left out there unaddressed. And we no longer have Soviets, East Germans, out trying to subvert people, but we still have Americans who are willing to sell classified information. And there are going to be buyers. They will be a certain type of buyers. But it is still a problem that we ultimately have to address.

Thank you, Mr. Chairman.

Chairman BOREN. Thank you very much.

Dr. May, we would appreciate your comments.

#### STATEMENT OF ERNEST R. MAY

Mr. MAY. Thank you, Mr. Chairman and Members.

It is an honor to comment on this proposed act. And I do so as an outside scholar, not as someone from inside the Intelligence Community or indeed the government.

And from that standpoint, I see the main premises and objectives of the bill as clearly right. The world has changed. Nevertheless, we need secret intelligence. And we need to ask whether in this changed world, our Intelligence Community will, as the statement from the Committee says, serve "the needs of the Government as a whole in an effective and timely manner."

Certain features of the bill may, however, be at odds with these premises. Those features about which I wish to comment concern the National Security Council, a rechartered CIA, and a new Directorate for Estimates and Analysis. Those provisions seem to me to look backward rather than forward—to solve problems that are no longer with us rather than to address problems of the future.

Before elaborating, let me say a few more words about the premises.

First, change: The bill says simply that the threat from the former Soviet Union has, in quotes, "considerably diminished." The accompanying explanatory statement adds that the United States "must prepare to meet different challenges and circumstances around the world."

We actually face three coinciding changes, all revolutionary. One is the virtual disappearance of the Soviet threat. The second is near disappearance of any comparable threat. Before the Cold War, after all, we faced the Axis and Fascism. Now, we face no menace from any foreign military power or hostile ideology. The third revolution is in warfare—evident in the Persian Gulf. There, among other things, strategic intelligence suddenly became tactical intelligence and vice versa.

Second, continuing need: Even if war scenarios appear ludicrous, we would be foolish not to prepare for the unforeseen. When the keel of the Lexington was laid in 1927, almost no one imagined that it would be needed fifteen years later in the Coral Sea, to bar Japanese conquest of the mid-Pacific. Given the revolution in warfare, it would be doubly foolish not to ensure that, if peace fails, our battlefield commanders have keener eyes and ears than any enemy's.

The phrase, "different challenges and circumstances," however, implies other secret intelligence needs. Types include sub rosa flows of narcotics, of weapons, and associated money, perhaps cross-checks on other data about trade, the environment, immigration, disease. Serving "the needs of the Government as a whole" implies generating information and analysis about new subjects, and for new consumers.

Title I of the proposed bill does not seem to me to fit these premises. It fixes relationships between the proposed Director of National Intelligence and the National Security Council. It assumes that the NSC will continue to be the paramount policy forum in the Executive branch. That may be a backward-looking assumption.

The NSC is in some respects an anachronism. It was established in 1947 to satisfy a long-standing demand of the military services for a voice in diplomacy. The armed services complained that the State Department failed to reckon possible military costs. After the Cold War intensified, it was the State Department that wanted a voice. The NSC provided it. Presidents meanwhile found the NSC an increasingly convenient mechanism for giving direction to both

Defense and State. For a time, the NSC became a super-department.

For more than a decade, however, the NSC has not been what it was when Kissinger and Brzezinski managed it. If the national agenda changes, the NSC may cease even to be *primus inter pares*. It has not in the past dealt well with non-traditional issues. In the early 1980s, the greatest foreign threat was default by Mexico and Brazil. That could have brought down the American banking system. Despite good CIA analysis and energetic efforts by some NSC staffers, the question did not get on the NSC agenda for more than two years. And then, the policy issues did not get discussed. The agencies concerned with money and banking had no natural connection with either the NSC or the Intelligence Community. We have no reason to suppose that agencies concerned with the new policy issues will be any more receptive.

In the future, the NSC may do staff work on traditional political-military issues while other bodies handle other issues. If so, a Director of National Intelligence or Director of Central Intelligence would be handicapped if defined by statute as "intelligence advisor to the National Security Council." He would be even more handicapped if required to take guidance on policy, objectives, requirements, and priorities from a committee of the NSC chaired by the National Security Assistant.

Section 104, concerning the CIA seems to me to be open to the same kind of question.

Under this section, CIA would become almost exclusively an organization for human intelligence and special operations. The explanatory statement accompanying the bill says that a new Directorate of Estimates and Analysis would take over nearly all the current Directorate of Intelligence. The new Directorate and CIA would physically separate. Though it says, in quotes, "some residual analytical capability would remain within CIA", CIA would become essentially the home of the clandestine service and a coordinating agency for other human collection.

During the high Cold War, there was a case for such a change. The history of the CIA that was prepared for the Church Committee pictured the Agency as dominated by operators. The result was not so much to distort analysis as to mischannel and muffle it. Then—roughly 15 years ago—independence for the analytic directorates might have given them a greater status and voice.

But the 1990s are not the 1970s. In fact, the 1980s were not even the 1970s. The Iran-Contra affair was probably the last heave of a slain dragon. In CIA, by all accounts I have heard, the Directorate of Intelligence has more than pulled abreast of the Directorate of Operations. Centers such as that focused on terrorism produced co-operation between analysts and operators. Judge Webster put analysts in key managerial posts. Dr. Gates comes himself from the analytic side of the Agency. There is every sign that he will continue to make analysis—the use of intelligence—the controlling missions.

Today, the relevant question seems to be exactly the opposite. What becomes of the clandestine service if it is cut adrift from the analysts? Absent the preoccupying task of combating Communists, how to choose collection targets? In the CIA, prefigured in the act,

the clandestine service would get nearly all its guidance just from the very top. That is not enough. Knowledge of the analytic issues before decisionmakers needs, I think, to influence human intelligence collection at every level, from the stations on up.

The third portion of the bill, which may be at odds with the premises, is that concerning a Directorate for Estimates and Analysis. The bill itself is ambiguous on this point, as I read it. But the accompanying statement implies that this Directorate would be the locus of most analytic work. It speaks of putting under this new Directorate nearly all the analysts now in CIA. It also speaks of leaving elsewhere only "analytical capabilities serving purely departmental interests." While I see a good case for a small, separate estimates staff, I see almost none for bunching most CIA, DIA, NSA, and other community analysts under a single tent.

Even looking back, one would question having all analysis come through one funnel. For every example of wasteful duplication or something missed, because of cracks between agencies, a counter-example shows competition sharpening analysis. Consider estimates of the Soviet economy. Decisionmakers in the Executive branch and in Congress were misled because they heard from only one group of analysts. The case for intertwining analysis with human collection seems to me equally strong for signals and imagery. Moreover, if the key aim is, as you have said, closer intelligence policy integration, the case is even stronger for placing analysts next to users of intelligence, wherever those users are.

Whether working with collectors or users, all analysts will, however, need some broad guidance. That is the justification for a small central group perhaps organized as are the council and office described in Section 103 of the bill. This small central group could help the DNI or DCI understand and interpret the needs of intelligence users.

If the "challenges and circumstances" are indeed different, this small central organization cannot be simply an update of the existing National Intelligence Council. That Council, like the earlier Board of National Estimates, has had its work defined by the Cold War. A new organization, even if you call it the National Intelligence Council, will have to be different, I think, in at least 3 major respects.

First, the new organization will have to have a much wider range of analytic talent. It is likely to need men and women who are deeply familiar with such matters as banking practices, police procedure, migrant labor markets, or medical research. For many issues, military or political-military analysts may be as marginal as agronomists or demographers would have been when the prize product was the annual estimates of Soviet strategic forces.

Second, the new organization will have to scan more widely. For new issues, much information is in open sources. Much analysis is done not only outside the national security community but outside the government. A major task for the DNI will be to identify for decisionmakers the increment in understanding provided by secret intelligence. A small, separate estimates staff can help the DNI do this.



Third, and most important, a central estimates staff will have to help the DNI determine needs of users. That can best be done if it includes analysts who work directly with decisionmakers.

The simplest first step would be to include in the central staff, analysts in charge of liaison offices in Treasury, Commerce, and elsewhere. That would be only a partial step. Most of these liaison offices, from what I hear, are little more than mail boxes. They do not have a connection with policy even as limited as that of the Bureau of Intelligence and Research in State.

A second step would be the creation of planning staffs including intelligence analysts. Our new national agenda calls for policy planning comparable to that of the Rainbow planners of 1940-1941, or of George Kennan and Paul Nitze in the early postwar years. And this time, intelligence can help. We need not make the mistakes made then when we first underestimated the Japanese, and then overestimated the Russians.

One model is the RAND Corporation of the 1950s. While its analysts did classified research, only a few had access to intelligence data. Without disclosing sources or methods, those few analysts steered others, so that RAND reports implicitly took account of, for example, U-2 photography of the Soviet Union and Berlin station intercepts from tapped telephones in East Berlin. Those analysts also carried questions back to the Intelligence Community. RAND reports shaped the strategies that stood us in good stead during the Cold War, and intelligence helped them do so.

A contemporaneous example of the same model may be the Research Institute of Japan's Ministry of International Trade and Industry. While I have no direct knowledge and may be wrong, I assume that some analysts in that Institute perform roles similar to those of the RAND analysts who had intelligence clearances. They make it possible for reports of the Research Institute to take account of all types of information and analysis available within the Japanese government.

In our government, the Congressional Research Service does some work of this type. CRS is handicapped, however, by the scope of its responsibilities and the lack of much supporting work in the Executive branch. I believe that the RAND/MITI model could be widely imitated at various locales and levels in our government. If so, intelligence analysis could be much more easily connected with policy.

Let me conclude, sir, with two asides. First, this Committee, along with others, ought urgently to review the statutes that draw lines between foreign and domestic intelligence. The concerns that produced those statutes remain alive. The march of communication and computational technologies gives them even greater force. But boundary liens that were workable when the major threat came from Moscow may not remain workable when the enemy is moving drugs or migrant workers or hot money or viruses or ultraviolet rays.

Second and last, I would urge the Committee to think of the individuals in the Intelligence Community as well as of their organizational boxes. As the Committee knows better than I, they are men and women of extraordinary intelligence and dedication. To the extent that the present bill is right in saying that the Intelligence

Community "has not . . . performed as well as it might," the chief reason I think, has not been faulty organization. It has been the fact, which is also specified in the bill, that intelligence has been "too isolated from the governmental process."

The best remedy for that isolation is for individuals in the intelligence and policy communities to get to know each other. In recent years, the CIA has sent analysts to tours of duty with operating agencies. This should be common practice, on a larger scale, throughout the community. And there should be a heavy reverse flow. Men and women from operating departments and from Congressional Committees should spend time working in intelligence agencies. Having learned at first hand what intelligence agencies do and can do, they will be much more likely to ask those agencies for help, also, they will know better what to do with the help when it is offered.

Thank you very much Senator.

Chairman BOREN. Thank you. A very thoughtful statement. Let me say to all three of you, I don't think we've had an hour and fifteen minutes of testimony any time that I think brought together so many valuable ideas and insights. I am really interested in what you say. I will try not to go on very long, because I want my colleagues to have an opportunity to ask questions as well.

Of course, the best way to find something out if you are talking about a region of the world, is to be there. I have always found the best source I could find to be a good ambassador, a good chief of station from the Intelligence Community, or a smart political officer. Depending on the issue, it may be the military attaché or the commercial officer or someone else. You sit down and get that information direct from the people that are working in the area. The analysis they provide, I find is superior to what it is once it's filtered by a large number of people sitting here reflecting upon raw data coming in to them. I agree with you in what all three of you say, being close to the policymaker, right there, knowing what the policymaker needs and seeing what it is the policymaker is grappling with is really the best way to provide intelligence that is relevant, on point, and the quality of it is better.

Now, if that's the case, I guess what I worry about is—and let me just ask it point blank: is the implication then that the analytical section of the CIA is not necessarily tied to a policymaker. It's not like INR at the State Department which is very much closely interwoven. It's not like those people few in number that are doing work of an intelligence type in Commerce or Treasury or maybe in the EPA or someplace else, the whole range of issues with which we'll be dealing. It's very different than in the past. I hear all of you saying I would rather see more decentralization of our analytical resources.

Admiral INMAN. There are two different issues here, Mr. Chairman. One is the compilation of essentially a classified Encyclopedia Britannica—how do you pull together the data base and get it usable. That can be done in reasonably centralized places or areas. It is the drawing on that to make the assessments, what does it mean, finding out what the user—whether it is a policymaker or a military operator—refining for them, through the dialogue, exactly

the best assessment you can make for the problem they are trying to deal with, is the function.

Ambassador ABRAMOWITZ. May I add another word to what Admiral Inman has just said. I am a great believer in maintaining a centralized organization—

Chairman BOREN. At the CIA.

Ambassador ABRAMOWITZ. At the CIA or wherever it is. It doesn't have to be at the CIA. But I believe in maintaining a central analytical organ, particularly as we look at the changing issues that are going to emerge in the coming years: economic issues, you name them. We all know what they generally will be.

To leave the analysis of these problems to specialized agencies, like Treasury, or even State or Commerce, is, I think, an unwise thing. I do believe there is a function for maintaining that detachment from the policymaker down in some agency. Some of it can be done in the private sector. Of course, it is done every day in the New York Times when people write Op-Ed pieces.

Chairman BOREN. Absolutely. I should have added in mine when I really wanted to know, is a good foreign correspondent added into that group as well.

Ambassador ABRAMOWITZ. But in addition to what Admiral Inman was saying, I think it is very important to maintain a central analytical agency as we move into a different stage of our national and international needs.

Chairman BOREN. Well, let's suppose that we do maintain a central analytical agency but, in a sense you've said there is so much virtue in terms of what finally feeds into the analysis that goes to the policymaker, whether we want to call it the National estimate or whatever. First of all to make sure we are estimating on the right subjects; second, that we gain not only the body of the opinion of the analytical organization, but also greater input, it seems to me, from the analysts that are out closer to the policymakers, maybe even outside the government. There has to be some bias towards having your analytical side which is acting upon this highly sensitive, classified sensitive information, also be in a sense compartmented in an analytical structure that is somewhat inside a cocoon.

But as you move to a world in which more and more of the information you are analyzing is not from a clandestine source, it should be easier. With the changing priorities and shifting sands, you're not going to be able to say, like we have done in the past, we need X people who are experts in the Soviet order of military battle, Soviet military communications, speak Russian, etc. We're going to have all new things that pop up, and maybe the only person in the United States that know about it is Professor X at the University of Y, or somebody in the private sector, or someone who happened to be the one diplomat assigned to that small consulate there 20 years ago and knew the people that are now involved in a regional flare up or something else.

Now, it seems to me we have got to have a structure that is more flexible in terms of bringing those people in, less isolated—or less dominated, perhaps, to use Admiral Inman's phrase, the people compiling the Encyclopedia Britannica of information and knowledge. Perhaps an expert in a particular field, or out of the private sector

can blend in much more easily in an independent board than they can become a permanent part of the analytical side of the CIA. Is that the answer? A different kind of board of estimates than in the past that allows a lot more flexibility, a lot more use of outside resources. Let's go to Dr. May and then back to Mort.

Mr. MAY. Well, sir, you might do it that way, but I think just to go back to your original question, that you can only get the analysis used if it is very close to the decisionmakings. On the other hand, the analysts who are there are inevitably going to be caught up in the concerns of those decisionmakers, and therefore they are going to have much shorter time horizons. And somewhere and somehow you need a substantial body of analysts in the government because you're not going to get, or you can't be sure of, comprehensive coverage unless you have people who are prepared to deal with the issues that are not currently on the agenda.

If you just go back a little bit, you would not have had any real knowledge about Islamic fundamentalism unless it had been accumulated somewhere outside the operating elements.

Chairman BOREN. Sure; right.

Mr. MAY. And in fact, I think I would argue to you something that goes beyond that proposition. That is, I think if I have seen one fault in the analytic side of the Intelligence Community, it has been a tendency even there to follow the fads, so that you've got concentration on whatever is in the headlines, and you get people taken away from what may turn out five or ten years from now to be something important.

Chairman BOREN. Proliferation was not nearly the kind of hot issue ten years ago that it is today. But thank God there were some people that were still tracking it. But let me ask you this. How would you design your perfect structure—let me ask this of the three of you—maintaining the core of the analysis process that we need, but also making sure that those that are close to the policy-makers and those from a much wider, more diverse range would be included in the analytical process? If you could just sit down and draw for us how you would change the analytical structure from what it is today to where you think it ought to go, what would that be?

Mr. MAY. Well, I sketched it in the statement. It is quite an academic picture, I have to say. You would have policy planning staffs of one one kind or another around the operating departments that included people who were out of the Intelligence Community or at least were very closely wired into it.

Chairman BOREN. You mean assigning a CIA analyst, for example, over to Department X, Y, and Z, who then spend a stint—

Mr. MAY. As part of their policy planning staffs, as actually part of their staff, but as people who have the clearances and are thought of as being in the Intelligence Community and understand what is available there and can go back and forth.

I would have the Director thinking that his first mission was to be the principal intelligence advisor to the President and to the Congress. And on a very broad level.

The second mission would be to ensure that the whole Community is serving the needs of users and keeping an eye on who they

are and what their needs are, and the extent to which those needs are being met.

And the third would be to set the framework for resource allocation, thinking about not only their immediate needs, but about what their needs might be over a long period of time in the future.

Now, I think he probably would need a couple of different advisory groups to help him understand those two sides. And I have some question about whether the old Board of National Estimates, recreated, could perform those functions. But it is a useful model. It worked very well in its early days.

Chairman BOREN. Ambassador Abramowitz, let me add to the question. You talked about the need to bring in some people that might now be intimidated by our past policies of polygraphing and so on, if I might call it, the CIA aura that makes it somewhat less attractive for certain think tank people. How do we deal with that? How do we make it less intimidating, more attractive and more broadly relevant and diverse?

Ambassador ABRAMOWITZ. May I—I will try to address that, but may I go back for a minute to the broad question?

Chairman BOREN. Surely.

Ambassador ABRAMOWITZ. Professor May has picked up one point that I want to comment on. It is important to maintain a central analytical agency not only to look at the long term, but also to provide the integration which is required in dealing with so many more complex issues as the world changes and as we redefine our interests. Such integration is not easily done in agencies related directly to policymakers. Or maybe not done as well.

Secondly, let me give you an example of how I think a new NIE process might evolve. I obviously have not thought this through, and certainly this is one of those subjects that a special panel might take a look at. We ought to consider looking at every NIE as unique. You think through what should be done to get at a unique subject matter, not a process in which everything is done the same—

Chairman BOREN. Sure; as you need. Absolutely.

Ambassador ABRAMOWITZ. And you decide if there is time—sometimes, of course, there is not time. If you decided how to get the best thinking on this problem, well, you may call in an outsider, you may get two or three people who have been working this problem and say, go off to X country, spend three months there, and come back. In the coming world, greater complexity, you devise a process that is unique for every issue.

Chairman BOREN. Exactly.

Ambassador ABRAMOWITZ. And you look to the best people. Now for example, there may be good people out there who don't want to take polygraphs. Do you say to hell with him now?

Chairman BOREN. No.

Ambassador ABRAMOWITZ. That's what I mean by raising the issue of polygraphs. I realize that it is not a great contribution to discipline. And I realize it is very difficult to run large organizations like that. But if information is becoming more open—which it may be—or if information is becoming more important or more available relative to clandestine information—then we ought to look at very unorthodox ways of proceeding.

That's all I have to say.

Chairman BOREN. I couldn't agree with you more in terms of what you said. We've certainly learned that in the private sector, have we not? All of a sudden you're trying to create centers of creativity and some diversity and autonomy within the big overreaching corporate bureaucracy, in order to rejuvenate the process. We're learning that in the private sector and it ought to be true in government as well.

Now, how do you do that then? What you're really saying is you have a little bureaucratic framework. The so-called bureau of estimates will hear from the CIA, the INR, the Commerce Department, on whatever the issue happens to be. That may be absolutely right for one issue, but for another issue you may need to hear from an academic or a business person who has had long experience in that region. You may need to hear from somebody who is some free spirit from the arts world who is not about to take a polygraph or whatever. If you have a fluid enough structure, you can accomplish utilizing people on an ad hoc basis more or less. They wouldn't all have to meet the same tests as you would have to meet to become an employee of the Central Intelligence Agency, for example.

I have become convinced about a lot of flaws in our original proposals as I have listened to various witnesses. Maybe it is a mistake to separate the analysts at CIA from the operators. Maybe you need that cross fertilization. Maybe you need this separate identity of an analytical agency out there that is not tied to any policymaker. But it seems to me that you would also need some sort of entity like what Admiral Inman is saying. The way the NIE's are put together now is not really this kind of fluid structure, not really this kind of far ranging think tank. It's going to be relatively small, because you don't have to recreate a huge staff. You've got the encyclopedia of intelligence organization out here, as analysts at CIA, and you have some smaller intelligence units around each policymaker. But you do need to have somewhere, it seems to me, a very dynamic, very open kind of central place that has the vision to look at the long range issues. You need the ability to understand also what the policymaker needs to know now, and where you have the open-mindedness to reach out and pull in the best asset from whatever community, from whatever source, as a part of the process. You're going to hear from the CIA, you're going to hear from the DIA, and you're going to hear from the INR. In other words, if we want a sort of newly creative, perhaps broadened, think tank board of estimates that is revitalized, wouldn't it be necessary to have some sort of an entity like that in order to make these things happen?

Admiral INMAN. It would facilitate the process. I think Mort has it right, you do re-look the security requirements. I had that in mind when I talked about rethinking counterintelligence, or what are the real challenges you have in the process, people who will sell classified information. I am sort of constraining my response to you, simply looking at the clock Mr. Chairman, and recognizing a couple of us are going to have to slip away at 4:00 o'clock.

Chairman BOREN. I understand.

Senator Bradley has indicated to me he has to leave, and the Vice Chairman has agreed that he should ask his questions before we turn to the Vice Chairman and then Senator Danforth.

Senator BRADLEY. Thank you, Mr. Chairman.

Let me thank the panel for their testimony. It is really quite helpful and refocuses thinking.

Let me ask first about Mr. Abramowitz's suggestion that we create an independent commission to try to devise the new structure for intelligence. Is that something that Admiral Inman or Dr. May—

Admiral INMAN. I understood Ambassador Abramowitz to say that we ought to create a blue ribbon panel to say, where are we going, what are the things we need to know going forward, for broad agreement. I strongly support—

Chairman BOREN. Not necessarily the structure—

Admiral INMAN. I don't think you want to do the structure in it. I think you want to get them to focus on what are the challenges out there that we are going to have to deal with. Once you have got agreement on that, then come back and look at what is the best structure that you put in place to implement it.

Ambassador ABRAMOWITZ. I was certainly looking at how are we going to define our intelligence needs. What do we need? That's the basic question given the world out there. But I also believe that a body like this, having looked at that question, should be willing to consider the best way to facilitate answers to those questions through organization. I think that would also be a function. But the first function is to decide what we need.

Senator BRADLEY. Right.

Dr. May.

Mr. MAY. No, I would agree with that entirely. The whole question of what the agenda will be seems to me certainly very cloudy. To just take two examples, we already have a good deal of work in the area of narcotics, and it is clear that this is an area in which there are many opportunities for learning more by secret intelligence of one kind or another. But there is a question about what we can do with it, about whether you can actually feed that intelligence into some kind of action.

On the other hand, you take the area of trade about which we have talked a good deal. You can talk about kinds of secret intelligence you might use with regard to trade, most of which you actually don't want to collect or to use or don't know what you'd do with if you had it. And this whole question of where you can get a marginal advantage from secret intelligence is worth putting the resources into. It seems to me to be the first question to be addressed before you can really come to grips with the hard questions of how it ought to be organized.

Senator BRADLEY. So the first thing is a blue ribbon panel, commission, however you want to describe it, to lay out what you think are the intelligence needs—

Mr. MAY. Right.

Senator BRADLEY [continuing]. And the trade-offs between, for example, medical research and economic migration, or terrorism and environmental changes, is that the idea?

Admiral INMAN. It would clearly be helpful if the panel could sort out between what—where is this kind of information now readily available—is it available from the World Health Organization, IMF, elsewhere—where are you going to have to concentrate to go collect it, that it is there. But it does need to begin with a broad agreement on what are our information needs on the outside world, to make the government function smoothly in the years out ahead.

Ambassador ABRAMOWITZ. You also—adding to that, you also have the questions, how much economic intelligence do we want. Do we want commercial intelligence? Is it feasible? A lot of people have strong views on that. A lot of people want to increase vastly our clandestine effort. The right level cannot be determined until we decide something about our priorities, our thrusts in the world, all these things. It is not—this effort is not being done in general, but obviously it also relates to basic questions of foreign policy, not just intelligence policy.

Senator BRADLEY. Is there anything that you now could say, given the present structure, which was premised on quite a different intelligence environment and that you would want to get rid of? Anything in the present intelligence structure that, you know, right now is either redundant or unnecessary, given the fact that, as Dr. May said, we not only no longer have the Soviet bear, but we no longer have any substantial threat.

Admiral INMAN. Your military activity in Poland, Czechoslovakia, Hungary—

Senator BRADLEY. I mean monitoring.

Admiral INMAN. You have vastly less than has gone on in the past. Now that you have 15 republics, a great many of those are going to have very minimal effort that you need to track. There will still be some problems, potential breakouts, that you will want a fair amount of information on.

Senator BRADLEY. One last question.

Dr. May, you seem to intimate that you thought the Rand-MITI model was one that should be considered. For What? I didn't quite get it.

Mr. MAY. For analysis and policy planning in departments. Of course the Rand Corporation was working directly for the Air Force, was helping the Air Force plan strategy and then by extension the Defense Department, and intelligence was able to make a contribution there without the problems that are involved with having the analysis centrally in the Intelligence Community.

I think that could be done quite widely. That is, I think there could be people who had access to the resources of the Intelligence Community who would be associated with planning and analysis in departments of the government, in agencies. Think tanks of one kind or another might be set up under the aegis of the Executive Office of the President or associated with the Congressional Research Service where there is already some tapping into these resources.

The problem of associating intelligence resources with it is a fairly easy problem. The harder problem is making sure that the policy planner connects with policy and isn't something that is



simply churning out paper that doesn't have any relationship to decisions.

Senator BRADLEY. That would relate to what you laid out as your intelligence needs?

Mr. MAY. Yes, sir.

Chairman BOREN. Thank you very much, senator Bradley.

Senator Murkowski.

Senator MURKOWSKI. Thank you, Mr. Chairman. I would like to go back to Mr. May's statement when and you indicated your concern that the NSC may not have dealt well with non-traditional issues. You reflected on the Brazilian and Mexican financial collapse. This leads me to the line that we have been discussing a little bit, relating to economic intelligence. While this is not necessarily a specific part of reorganization, it certainly bears an examination relative to our international competitiveness. There are those on this committee who are not here that feel very strongly that this is not an appropriate function. However, I would venture to say that few of us, plus few of the professional staff, really have any knowledge of what other countries are necessarily doing—whether Japan factually is using intelligence through MITI to communicate to the trading companies for a market share or a particular opportunity to look into aspects of doing business in the United States. Which brings me to my question: is it appropriate that we know at least what others are doing in this area of economic intelligence? My frustration is, first of all, we don't necessarily have a level playing field. We have various domestic regulations that others don't have—others who coordinate trading company actions with government linkage. We have antitrust laws and others don't. We have many competitors in electronics, where another country might have only one. But I am also frustrated that we are not reflecting on the intelligence capability we have, because it's been pointed out, we don't really know how to go about it. But I think there is going to be more and more pressure on the Intelligence Community as to whether this should be a role. Would it not be appropriate to at least know what other countries are doing? And I am going to prepare for the Chairman's consideration a request to have some kind of a hearing along that line so that at least we would have a base of information. I would appreciate any brief comments you would care to make. I am going to limit my questions to just two more, so feel at ease.

Admiral INMAN. Appropriate that the Intelligence Community ought to be focusing on the policies of foreign governments that impact on trade.

Chairman BOREN. What other governments are doing to collect against us?

Admiral INMAN. Yes.

Ought to focus on practices in other countries that would be violation of U.S. law if they took place in the U.S. so that you know and can impact on that in the negotiations. Counterintelligence side should clearly be looking at counterespionage activities directed against U.S. government entities, and at least awareness of them directed against U.S. corporations. That's where I stop. I think all of those I am comfortable for supporting.

I think the idea of trying to collect information proactively to provide to companies to go compete in the international market place is a terrible idea. First, what is a U.S. company in that case? Who would you decide that you would provide help to in providing exporter jobs and who would you not.

Chairman BOREN. I hear you.

Senator MURKOWSKI. But we know it is going on and others are doing it?

Admiral INMAN. Yes.

Senator MURKOWSKI. Dr. May.

Mr. MAY. One of the things—and I entirely agree with what Admiral Inman said. One of the things that can be done, I think, is simply to publish the information, because if you take the example of what the research institute of MITI does, they publish a lot of this. Now the things that are most interesting, they publish in Japanese. The less interesting things they publish in both Japanese and English. But they are available for the world. They pursue research subjects that happen to be of particular interest to Japanese producers.

Senator MURKOWSKI. That's a good point.

Mr. MAY. And we could do more of that.

Senator MURKOWSKI. We kind of used to do it in minerals management, where we we'd send our people out to gather geological survey material, publish it, and hope the private sector would use it. Now of course, they want to take all that away and don't want any more prospectors out on public land, but that's another issue for another time.

Yes, Mr. Abramowitz?

Ambassador ABRAMOWITZ. Just very briefly, I think we must be careful here. MITI is not—in the example you used—MITI is not an intelligence agency. Japanese intelligence agencies are of course very limited, by and large. We do the same thing in the Department of Commerce. We may not do it as effectively. We may not do it with the comprehensiveness or skill.

Senator MURKOWSKI. Certainly not as effectively.

Ambassador ABRAMOWITZ. Okay. But what I am saying is I am not sure what we may be measuring here in terms of looking at this.

Senator MURKOWSKI. International competitiveness ability and how you want to compete is a decision you make—

Ambassador ABRAMOWITZ. Yes, but what I am saying is that I don't think right now there is on the whole a major contribution from intelligence. They may be, and it really is a subject that I think deserves a lot of scrutiny.

Senator MURKOWSKI. I wouldn't differ with that. Admiral Inman, you talked in your statement about cutting intelligence leaner. We had, two years ago, the initiation of a statutory Inspector General. It caused a lot of concern on this Committee. Should we rely more on the IG as we cut down intelligence staff to make management accountable?

Admiral INMAN. Senator Murkowski, I can't give you a good answer, because I've not looked at a single thing that has been produced. So I don't know what the quality of it is, how good is it or not, so it would be a subjective answer.

Senator MURKOWSKI. Well, I am a little concerned about it—

Admiral INMAN. I am not a great fan of the structure of Inspectors General created across all of the departments. But that is a different topic for another time.

Senator MURKOWSKI. Mr. Abramowitz, I am concerned about the polygraph and you talked a little bit about it on two occasions. But when the Intelligence Community is faced with security realities, what do you do if you don't do that?

Ambassador ABRAMOWITZ. Well, I was not trying to make a definitive statement on the utility or lack of utility or need for polygraphing in security matters. I was simply trying to say that we have to re-examine all our practices, including our security practices. Now maybe we can't find a proper balance—I simply don't know.

Senator MURKOWSKI. Well, you brought the case of losing good people.

Ambassador ABRAMOWITZ. I brought the case up simply to emphasize my interests in getting the best analysts from outside the government. And it is quite possible that there are analysts out there, people out there, who may be terrific who do not want to work for the CIA because they simply do not want to take a polygraph, and who are, I am sure, as patriotic as anybody else. And so that is a problem. I don't know how to find the right balance. It is beyond me.

Senator MURKOWSKI. Well, you've laid out the problem. I don't know that we have the answer either.

I have one question from Senator Warner, and the question may be answered by any of you. Why is U.S. intelligence reluctant to cooperate more with our allies on the acquisition and use of reconnaissance systems?

Admiral INMAN. Senator Murkowski, let me give you a view which may or may not be valid. I remember the first day President Carter took office. There was a rush down to show him the first photographs from a near real time reconnaissance system and to tell him, you are the first President to ever see these. And it made a great splash. And for 15 years, there have been trips abroad by senior Intelligence Community representatives, almost all from CIA, to brief heads of state, show them pictures they don't see anywhere else. Very impressive; opens doors. Does add to the prestige. I accept all of that as valid in the past. But as I look out to the future and look at declining budgets, the likelihood of multinational activities and my judgment is that we ought to thoroughly re-examine the security structure for most of the imagery collection. There will still be some things we want to compartment and protect unilaterally. But that for much of it we ought to move to a mode of how do we in fact introduce—other countries are going to get the capability anyway; they are moving towards it. And this is a market we ought to be able to develop effectively. And if we don't change our attitudes on it, we're going to find that the French are the ones who have the market, the capability is there, and all we have lost is the ability to be first in the door of some national leader to impress them with the quality of the photography we can show them.

Chairman BOREN. I have always felt we were probably the most advanced in the world in this technology, don't you?

Admiral INMAN. We have been, Senator Boren, but this is an area where the world is catching up. You differentiate. There are different degrees. I am increasingly persuaded as one thinks about this need that we have been inclined to want a Cadillac for every—or a Mercedes, for every use, when a utility vehicle might well fulfill a lot of the needs, the interests of other countries, and provide information that is useful.

Chairman BOREN. But given Washington's wise adage that we may not have permanent friends, only permanent interests, if there are some areas in which we have technologies where we have clear superiority, isn't there still some benefit to keeping some of our technologies only unto ourselves?

Admiral INMAN. Some of our technologies. Let me say again, I am prepared still to support that there may be two different levels as one thinks in the whole reconnaissance support activity area, of some where you make the judgment that the lead is so unique, or the loss, if others are aware of your capability, could be so great that you continue to compartment and protect, that for much of it, particularly on the imagery side and maybe the ELINT side, moving towards thinking about multinational ownership or even other nations owning, but with a provision that we can have access to the take, is something we should address.

Senator MURKOWSKI. It depends on the technology as to what you are going to make available and what you're not.

Mr. Chairman, I want to thank the witnesses for being candid with us on a topic that obviously is very dear to our hearts, so we do appreciate your contribution, gentlemen.

Chairman BOREN. Well, let me ask one question before we turn to Senator Danforth, and I apologize to him, but Senator Murkowski's question provoked this thought—

Senator DANFORTH. I've got to go in about two minutes.

Chairman BOREN. Well, you ask your question first.

Senator DANFORTH. I just really have one conclusionary question that I would like to ask of you, relating to the significance of economic intelligence. And basically the question is, has this been something that has been grossly overlooked by us in the past and deserves a great deal more attention in the future, or is it something that doesn't present any particular urgent problem for us today.

The reason for my asking is this. I had a visit a couple of days ago from a Japan expert. This person took the position that we as a country really don't know how Japan functions economically. We don't know how the relationship between the government and the private sector functions; how the private sector relates various components of it; how this impacts on Japan's doing business throughout the world and here. And this person took the position that we have an urgent task of making it a major priority to pay much more attention on analyzing how Japan's economy works. I had never particularly thought of that one way or another.

Do you think that this is—not just singling out Japan, necessarily, but is this something where we have been woefully short in our efforts or is it—or are we doing all right?

Ambassador ABRAMOWITZ. Senator Danforth, my perspective is that what has happened is perhaps related less to whether we have done enough intelligence than to the fact that strategic factors are much less important. Other countries have caught up with us. Our economic position is not as good as it once was. So people are looking at different things that absorb us. My view is that there are a lot of questions out there that we simply have not examined. Some of these questions, for example, are how do countries foster new industries? What is the role of government? These are questions I don't think we have asked in the Intelligence Community. Maybe they should not be asked in the Intelligence Community. Maybe they should be done somewhere else. It's not—

Senator DANFORTH. Is the question should we be asking if at all?

Ambassador ABRAMOWITZ. It seems to me a question we should ask, but I am not sure these questions can be addressed as well in the Intelligence Community as elsewhere, a point that Professor May has very much made. But the question is of interest to the United States. I think there certainly is an important question there.

Admiral INMAN. Senator Danforth, in 1981 I reached a judgment that we needed to very significantly increase the focus on economic intelligence issues. I testified to the Committees on my view in that timeframe. But I actively went to the other departments, saying we didn't have the capability in-house to do it. And I tried to put together a consortia. I couldn't get Treasury or Commerce or Energy to do it individually, so I tried to get them to agree to sponsor another—a competing economic analytical organization. They had no interest in it at all. And so the idea went nowhere.

I still happen to think it is something that we ought to do and ought to have done over the past decade. And that if we had done it, we might have moved somewhat more responsibly in looking at how we were not changing to adapt to the reality of the outside world.

Mr. MAY. Senator, what Admiral Inman just said confirms my sense from the outside. Obviously we need to know answers to the questions that you ask. It's not clear to me, and I don't think it is clear to anyone, what contribution secret intelligence can make to answering those questions. And part of the reason is because—my impression from the outside is that they are not asked within the United States government. The Treasury Department, the Commerce Department, the Federal Reserve, have no idea what the Intelligence Community might provide to them, or have little idea of what they might provide. Though some excellent economic research is done within the Intelligence Community, it doesn't connect. They don't know what questions are on the minds of those people who make economic policy choices within our government, let alone people who are making choices outside the government.

Senator DANFORTH. Thank you.

Chairman BOREN. Senator Danforth raises an excellent point. We've just finished marking up the tax bill in the Finance Committee. I happen to be Chairman of the Subcommittee on Tax Policy. I can tell you, we're operating totally in a vacuum in terms of how tax policy interrelates with the tax policies of the nations we are competing with. I have seen two or three studies, one at the Uni-

versity of Maryland that was quite good—academia seems to have produced the best studies—indicating that there is a significant difference between the time of recovering the cost of your investment in our country in certain key industries and the time it takes to recover the cost of your investment under tax systems in other countries. That obviously has a huge impact on our ability to compete. We don't even sit down and think about this, not Treasury when it presents ideas to us, nor do the Congressional Committees. One thing we are very bipartisan about is total ignorance in terms of our tax policy. For example, the point Senator Danforth made about how other countries, in terms of benefits or burdens or lack thereof impact the development of new enterprises. The impact of governmental policies can discourage research and development or encourage research and development as well as the cost of new equipment.

It seems to me that maybe your Board of National Estimates or whatever we want to call it, the Neo-Board of National Estimates, the Free Spirited Board of National Estimates, or the Liberated Board of National Estimates can draw together all these things. We might want this particular existing think tank, this institute at this university, the private sector or departments of government. It could be the consortium, if we wanted to call it that, for funding, carrying out and tasking our best resources in the country to look at these things.

Does that sound reasonable? I would really value it if the three of you would really think about this. I think in some ways you have convinced me it would be wrong to do away with a sort of core analysis group at the CIA which is somehow cross fertilized and sort interconnected with the operators. It stands apart from the intelligence segments of those that have operational responsibility, whether it is intelligence of a defense installation or the State Department or the Commerce Department, wherever. But I think that we must have somewhere standing outside of the existing structure, something that allows great flexibility greater fluidity, and draws on greater assets. I would really value your thought because I think this may end up being one of the most valuable contributions from this Committee legislating or in cooperation with the Executive branch. I am not one that has to have my name on a bill. If there is a result, that's fine with me. If the President, the Director of Central Intelligence and the National Security Advisor decide to do it, that's fine. But we are in such an uncertain time with such a need for flexibility and to widen the array of assets and talents we use to confront these problems. We also have the need to have a very high powered group of people trying to determine what the questions are we need to ask. You not only need to have somebody with the ability to go out and choose your best assets to answer the question, you also have to have this focus on which questions we should be asking. Some people have joked and said well, now we have the Intelligence Community in search of a mission as if we have, to sort of figure out a reason to keep it. Well, that's not really a fair statement for people to make. We know there is a mission. But it is a fair statement to say we have not yet thought about the questions. What are the list of questions we really need to be focusing on and in what order of priority. That is

something that is very different. We know the more uncertain the world is the more we need to know about it to inform policymakers. If each of you could think about that and get back to us on how we could structure it, how we could make it work, how we could utilize the best talents and also how we could cause it to focus in on the right questions to ask.

The last question is on economic intelligence spurred by my thinking on Senator Murkowski's question. I find as I talk to the people in our Intelligence Community, flung out around the world, they have very little idea about what they are supposed to do in terms of economic intelligence. They don't know what the guidelines are and they don't know what the policies are. They know that you are not supposed to go out and steal secrets from private businesses in other countries, and if you did come across some, who would you give them to. If you learned an automotive secret, do you give it to Chrysler or GM or Ford, or whatever.

We do have a few—and I would say a very few—foreign intelligence services being utilized to steal private commercial secrets of American companies. That has happened, as we all know. It is not happening every day, not by every country by any means. Maybe not even by the countries that the average lay person would most suspect, but it happens. But we have something else going on, and that is using intelligence services to get inside what is going on in countries that are potential customers for our products.

For example, I know about one country where a decision was made inside the government to buy certain kinds of technologies, equipment, and so on, for the whole country. Now, this is not the actual case but suppose you have state owned enterprises who they are going to buy a new telephone system for the whole country. Let's use that as an example. A foreign intelligence service gets in and finds out before we do that they are going to do this, number one. And then they infiltrate the specs, in essence, find out all about it and get their people working in their sectors because they have a partnership with their government much more than we do. So they are miles ahead of us when it comes time to compete selling telephones. So they steal the market away from us. If we had had the same information the other intelligence service had given their private sector as quickly as they did, we could have been in there. Now, it could even be not that the government is purchasing, it could even be that they know that large private businesses are purchasing and they use the intelligence service to infiltrate private businesses in other countries. An American intelligence officer told me about this. He said, I am just so frustrated because here I sit with no guidance. I am doing nothing for our country like this; maybe I shouldn't be. Maybe it violates our values, our principles. I do have pretty good intelligence on what my competing intelligence service people in this capital are doing. I am sitting here without any guidance and I see them stealing and getting a head start for their economic interests to get in there and sell products in that market.

Now, what do we do about that? What is moral for us to within our own value structure? What is it appropriate for us to do within the bounds of our economic system? At the very least should we be calling the hand of the foreign government? Of course, one of the

things you can nicely do if it is a friendly government that is being spied upon by a competitor, you can let the friendly government know they are being spied upon by a competitor. They certainly deserve to know. The prime minister or the president or whatever of that country ought to know that one of our friendly competitors is planting bugs in the offices of whoever it is that is going to buy products—what do we do?

Admiral INMAN. May I give you a quick answer and my colleagues too, and then come back with hopefully a more thoughtful one later. One is the counterespionage, counterintelligence issue. What do you alert either your own government structure or other governments, friendly governments, that is occurring.

Chairman BOREN. Counterintelligence is obviously appropriate.

Admiral INMAN. Second one is you sanitize the information and broadly put out market trends, market interest. Commerce has a role to do in that. They need to be supported in that role. You don't provide the specifics. But you can say, in this country this is the direction they are headed. They are likely to be buying equipment to modernize their telephone service. It then is left to industry to pick up, pursue in their own vehicles, the details.

Chairman BOREN. So MCI, Sprint, AT&T, whoever it happens to be if we are talking about telephones in that example, all get the information at the same time. But is it appropriate for our intelligence community to get it?

Admiral INMAN. If it in fact—is it appropriate for them to collect that information as they are pursuing what other intelligence services are doing, the answer is yes. And the customer in this case is the Department of Commerce.

Chairman BOREN. Is it appropriate for us to collect it on our own initiative, whether we know the opposition is doing it or not? That is perhaps an even more difficult question, and you may not want to answer that off the top of your head.

Admiral INMAN. I would rather not.

Chairman BOREN. I understand.

Admiral INMAN. Thank you.

Chairman BOREN. Mort, any thoughts on that?

Ambassador ABRAMOWITZ. It's a very difficult question, and clearly we have not thought it through and considered it very much. My own instincts are sort of negative. But that may be wrong. But certainly those are my own instincts.

My feeling is, however, that where we may have an advantage is in—is in penetrating governments. But the fact is, with increasing privatization and private enterprise, individual companies can do far better than we. I don't believe—if we want to know what is going on in the computer business, I don't believe any spies can do as well as IBM or those companies that know what is going on. And so while I believe there are a number of issues that may arise in a number of specific cases, I simply am not sure how profound an issue this is.

Chairman BOREN. Dr. May.

Mr. MAY. I have really nothing to add. I think this is one of the kinds of questions that needs to be thought through and your examples suggest how hard it is to think about it.



Chairman BOREN. Very difficult; very difficult. But what is alarming is we have not thought them through. We could easily do one of two things. Drift into areas where we shouldn't, where it is inappropriate because we haven't thought it through, or withhold even counterintelligence kinds of activities to stop other people from playing unfairly when we ought to be at least taking them to task if they are playing. It seems to me that's at least the first thing we ought to do, take them to task when we catch them red-handed at something we're not doing that we think is unethical or questionable. And I am not sure we have even thought it through that far yet, let alone go to the next threshold questions that are very much tougher as to whether we should be initiating action like this ourselves. And I guess I would agree with Ambassador Abramowitz, I would err on the side—and the rest of you, I think—err on the side of caution in this area in terms of what we ought to do.

Thank you all very, very much for being with us. As we go along, we would value any additional thoughts, and especially your ideas of how we develop this think tank process that we were talking about to make it better than what we have had.

Thank you very much.

[Thereupon, at 4:15 o'clock p.m., the Committee was recessed.]

## HEARINGS ON S. 2198 AND S. 421

THURSDAY, MARCH 12, 1992

U.S. SENATE,  
SELECT COMMITTEE ON INTELLIGENCE,  
*Washington, DC.*

The Select Committee met, pursuant to notice, at 2:10 p.m., in Room SDG-50, Dirksen Senate Office Building, the Honorable David L. Boren, Chairman of the Committee, presiding.

Present: Senators Boren and Murkowski.

Also present: George Tenet, Staff Director; John Moseman, Minority Staff Director; Britt Snider, Chief Counsel; and Kathleen McGhee, Chief Clerk.

### PROCEEDINGS

Senator MURKOWSKI. I am going to go ahead and begin this hearing. I know the Chairman will be along very shortly, but in order to expedite the hearing process, I will place his opening statement in the record at this point.

[The statement of Senator Boren follows:]

#### OPENING STATEMENT OF SENATOR DAVID L. BOREN

Today's hearing is the third in our series of hearings on legislation to reorganize the Intelligence Community. In our first two hearings, we spent quite a bit of time focusing upon the analytical side of the intelligence business, and how it supports the policymaking process. While we will undoubtedly come back to this in today's session, much of the comment today will focus upon support to the military, and the relationship between the civilian and military intelligence structures.

We sometimes tend to forget that not only are 85% of the resources of the Intelligence Community within the Department of Defense, but the Department is by far the largest consumer of intelligence in the Government. From the planning and execution of military operations, to the development of tactics and doctrine, to the development and production of weapons systems, to the defense relationships we have with other governments, intelligence plays a pivotal supporting role in the daily decisions of literally thousands of defense consumers, from the Secretary and Chairman of the Joint Chiefs on down.

This support comes principally from two sources. One is the National Foreign Intelligence Program, comprised of agencies within and outside the Department of Defense, under the Director of Central Intelligence. These agencies collect, analyze, and disseminate intelligence in satisfaction of a myriad of military requirements. The other source of intelligence support is provided through the tactical intelligence activities undertaken by the military departments to support the training and equipping of their respective military forces, and for the planning and execution of their respective military operations. These assets are typically under the control of military commanders in the field, but often can be used in peacetime to collect and process intelligence with both national and tactical significance.

While it is essential that the military departments retain and control their own tactical intelligence capabilities, it does seem clear to me that these capabilities, which can make a considerable contribution at the national level, must be integrated in an effective way with the National Foreign Intelligence Program. The con-

verse is also true. The capabilities of the agencies within the National Foreign Intelligence Program must also be brought to bear more effectively against the requirements of tactical commanders.

We must stop thinking of these as separate empires. In times of war or even a more limited military operation, there is no more important consumer, for either national or tactical systems, than the military commander, and the output of the entire system must be brought to bear in support of his needs.

On the other hand, in times of peace, it makes little sense for the "national" Intelligence Community to acquire costly collection or analytical capabilities when the job can be done and is being done by tactical assets of the Department of Defense.

In short, as I stated when the bill before us was introduced, we can no longer afford to maintain separate civilian and military intelligence empires. There needs to be better coordination and integration of these activities, both to reduce waste and duplication, and to ensure that our military commanders in the field get the best support possible from both national and tactical intelligence systems.

The bill before us, in fact, contains a number of provisions which attempt to bridge the gap:

It requires that either the Director of National Intelligence or his deputy for the Intelligence Community be a military officer of four-star rank;

It requires that an associate director for military support be created in the directorate of operations at CIA to facilitate CIA support to military planning and operations;

It requires that the Secretary of Defense identify and manage DOD tactical intelligence activities to ensure that they are integrated with national intelligence activities;

It requires the Secretary of Defense to consult with the Director of National Intelligence before appointing directors at NSA and DIA, two defense agencies; and

It places the new National Imagery Agency within the Department of Defense in recognition that it is DOD interests which will predominate in this area. It charges this agency with performing for imagery the sort of function that the National Security Agency performs for SIGINT, and that is to operate a system which integrates both national and tactical capabilities in the imagery area, enabling these capabilities to be marshaled more quickly and effectively in support of military commanders, and other defense consumers.

At same time, the bill would give the Director of National Intelligence more authority over defense intelligence components within the National Foreign Intelligence Program, and would make the intelligence budget separate from the defense budget.

Some may see a stronger DNI or DCI as being at odds with better integration of the military and civilian realms. This is something that our witnesses may want to comment upon today. It was not intended to have such an effect. Indeed, a DNI or DCI with an improved capability to focus and direct the assets of the Intelligence Community could direct those assets in support of urgent military requirements as well as political ones. But if there are concerns here, I hope we can discuss them.

To help us sort through this topic we have with us three knowledgeable, experienced public servants, each of whom has broad personal experience both in the Department of Defense, and with the intelligence community.

Indeed, our first witness, Frank C. Carlucci, served both as Secretary of Defense and as Deputy Director of Central Intelligence. In addition, he served as National Security Advisor to President Reagan, was Ambassador to Portugal, served as Undersecretary of the Department of Health, Education and Welfare, and as Deputy Director of the Office of Management and Budget. It is clear from this extraordinary record of public service, that his advice and contributions have long been valued by Presidents from both parties. And no less so by this Committee. It is an honor to have him with us today.

Following Secretary Carlucci will be General Alfred M. Gray, former Commandant of the Marine Corps and member of the Joint Chiefs of Staff. General Gray has commanded at all levels, to include command of a tactical signals intelligence battalion in Vietnam. He has been an articulate proponent of intelligence in the JCS forum, and has written perceptively on this subject.

Our final witness will be Gen. Paul F. Gorman, who brings to us a unique combination of experience in both the military and intelligence fields. A graduate of West Point with a masters degree from Harvard University, General Gorman has 40 years of military service to his credit, which includes serving as Commander-in-Chief, U.S. Southern Command in the mid-1890s, and service as a member of the Joint Staff, and as assistant to two chairmen of the Joint Chiefs of Staff. In addi-

tion, for a portion of this career, he was a national intelligence officer who twice won CIA's Sherman Kent Award for distinguished writing on intelligence topics.

In General Gorman and in General Gray, we have two military commanders who have seen first-hand the strengths and the weaknesses of the Intelligence Community in terms of its ability to support U.S. combat forces.

This Committee spent a great deal of time last summer reviewing the nature and quality of the support provided the commanders involved in Operation Desert Storm. Indeed, while Secretary Cheney found overall intelligence support to have been a "success," he also noted there had been many problems in getting timely, crisp intelligence to the field commanders. This was, of course, echoed to the committee by General Schwarzkopf himself, and by the G-2 of the Army component command.

Reacting to these assessments, this Committee worked last year with the Senate Armed Services Committee to include several provisions in the defense authorization bill to capitalize on the strengths, and address the weaknesses, evident in Desert Storm. For example, the bill mandated that the Joint Intelligence Center created at the Pentagon to support Desert Storm be maintained permanently, and DOD has moved to integrate this joint center concept at certain other of its combatant commands. The bill also authorized these commands to task national collection systems as part of their exercise activities in peacetime, and Congress has funded a number of programs designed to improve the use made of national systems by tactical commanders—the so-called "tencap" programs.

So, much has already been done. It may, however, not be enough. The bill before us does not expressly address support to the combatant commander, although clearly the provisions to improve imagery management certainly should redound to their benefit.

If our distinguished witnesses have suggestions for additional legislative remedies in this regard, I would be pleased to have them.

With that, let me give the floor to the distinguished Vice-Chairman of the committee, Senator Murkowski, for any opening comments he may have.

**Senator MURKOWSKI.** I join with the Chairman, gentlemen, in welcoming each of our distinguished witnesses today as we continue our hearings on intelligence reorganization. Today's focus is, of course, military intelligence management, and as far as I am concerned, once the decision has been made to commit troops in a situation, we have an obligation to provide commanders in the field with the best intelligence our capabilities will allow. Intelligence is a force multiplier. Intelligence certainly saves lives. And I doubt whether there is anyone in the room who would argue with that generality.

Desert Storm showed us both the capabilities and shortcomings of our defense intelligence capabilities. There were things intelligence allowed us to do in that war that were simply unprecedented. On the other hand, bomb damage assessment, imagery dissemination, and general intelligence assessments, were less than satisfactory in the minds of many.

While military intelligence performs well overall, our challenge is to make a good thing work even better.

The questions for our witnesses today include what, if anything, should we do to improve military intelligence and national intelligence support to tactical intelligence. Should we try to change organizational structures, create new positions, or mandate simply new requirements.

Some would argue that the current DCI and Secretary of Defense have such a good working relationship that we really don't need to do anything. Well, that may be fine for now, but the questions are, what about the future.

As a consequence of that being the extent of my statement, gentlemen, we're going to attempt, if there is no objection, to try and

accommodate Mr. Carlucci's schedule, because we have been advised that the former Assistant to the President for National Security and Secretary of Defense is under a rather tight schedule. I would, as a consequence, introduce our panel today. Mr. Frank Carlucci, who will address us first and then General Alfred M. Gray, and General Paul F. Gorman.

Mr. Carlucci was a former Assistant to the President for National Security Affairs, the Deputy Secretary of Defense, Secretary of Defense, the Deputy Director of Central Intelligence, the Ambassador to Portugal, the Under Secretary of Health, Education, and Welfare, and the Deputy Director of the Office of Management and Budget, and currently is the Vice President of the Carlisle Group. And I imagine you know something about Portuguese wine, as well. But that's not why you are here, Frank.

Please proceed, Mr. Carlucci.

Mr. CARLUCCI. Thank you, Mr. Chairman.

I would ask that my full statement be submitted for the record and I will take some excerpts from it.

Senator MURKOWSKI. So noted; please proceed.

[The prepared statement of Mr. Carlucci follows:]

#### TESTIMONY BEFORE SENATE SELECT COMMITTEE ON INTELLIGENCE

Mr. Chairman, Members of the Committee, it is a pleasure to appear before you to offer some observations on S. 2198. You have already heard outstanding testimony from Secretary Schlesinger and General Odom, and I will shorten my remarks by referring to their testimony where appropriate.

At the outset, let me congratulate you, Mr. Chairman, on focusing our attention on the critical role of intelligence in a changing world. Regardless of what happens to this legislation, the debate it has precipitated will play a major role in shaping the intelligence agenda and structure for the 90's. In this connection, I share Bill Odom's view that our focus on regional threats and weapons of mass destruction will make intelligence more important and more complex than it was during the cold war. Longer warning times allow greater budget reductions, but they also require more precise and timely intelligence.

At the risk of stating the obvious, I emphasize that intelligence only has value to the extent that it responds to the policymakers' needs. The danger in any large centralized structure is that intelligence will generate its own requirements and produce a least common denominator product; policymakers will then create their own intelligence support, a process whose inevitability Jim Schlesinger describes in his testimony. Jim argues persuasively, and I would agree, for competing centers of analysis. It is important that the process of competition be responsive not just to senior policymakers, but also to the policy formulators, the GS 13's, Lieutenant Colonels and Commanders. This means the Intelligence Community must be cloned as closely as possible to the policymaking community at every level. Stovepipe organizations fail to meet that test.

A major problem in reshaping the Intelligence Community is that our country has not yet settled on its new foreign policy goals. What is the national security policy that will replace containment? Most in this room would urge that we continue to play a global role, although isolationist voices are being raised. But a global role to what purpose? To promote exports and create jobs? To deal with regional threats to our economic interests? To spread democracy and improve human rights? To prevent, or if necessary, cope with instability? Or, is it all of these?

I think you would agree that organization is a function of mission. Today we have a vague sense of our new intelligence needs, but until our foreign policy goals become clearer, we won't know which needs have priority. Moreover, if there is anything most observers agree upon is that the cold war, for all its potential for terror, at least offered a measure of stability; the new world will be far less predictable. Hence, I would keep in mind the importance of flexibility as you look at organization of the Intelligence Community. The structure you create today may be entirely inappropriate a year from now, and statutes have a way of being difficult to change.

Moreover, reorganizations, while they can generate a fresh approach, are also costly in terms of time, effort, and impact on morale.

No one can argue with the purposes of your legislation. Improved efficiency, elimination of unnecessary duplication (I underscore unnecessary) and better coordination are as desirable in the Intelligence Community as they are in any Department of Government. The problem, of course, is that intelligence is not a Department, and it should not be since it is a service function which must cater to a wide variety of consumer needs, a process Jim Schlesinger has described in some detail.

My experience in the private sector leads me to question the wisdom of focusing exclusively on management and efficiency. That is what our business organizations did 5 to 10 years ago while the Japanese were passing us by. Today we have learned that management, while important is really a subset of total quality. That must be the overarching goal, and I can think of no area where total quality is more important than intelligence. Yet, I don't find it even mentioned in the draft legislation. The Congress could render a valuable service if it could lead the Intelligence Community through the process of cultural change that has occurred in so many of our private companies that have adopted total quality programs. Total quality, by the way, begins with responding to the customers' needs.

Let me illustrate my point. I am on the board of a company that has reorganized itself under a new CEO three times in the past year, and will probably continue to reorganize. Yet earnings have gone up 13 percent in a tough year. Why? Not because they have the perfect organization; obviously they are still groping. But because of leadership and the focus on total quality. Given those two attributes, almost any organizational structure will work as long as the leader has the flexibility to change it.

Let me turn now to some features of the draft legislation.

Establishing a DNI. This is the centerpiece from which much of the rest flows. It succeeds in raising the visibility of intelligence but not necessarily its bureaucratic clout. This is presumably achieved by the absorption of analytical units from various agencies into the office of Intelligence Analysis, giving the DNI "authorities and guidance" over DOD intelligence entities and creating a separate budget for intelligence which the DNI not only formulates but apparently executes.

As a practical matter, none of these changes will happen; they are politically impractical and in my judgment managerially questionable. The intent seems to be to create a strong line organization, but this is of necessity done at the expense of other line organizations that have legitimate requirements and powerful constituencies. The end result is likely to be a compromise where the DNI emerges as an equal with the Secretaries of Defense and State with regard to their intelligence activities and nobody is in charge. This is, of course, a formula for paralysis.

This kind of arrangement is prejudicial, as well, to employees who would apparently come under the personnel programs of their original agencies but under the DNI for managerial purposes. Career planning and development would be difficult at best. Divided loyalties are never healthy.

Finally, the creation of an analytical monolith violates Jim Schlesinger's strong case for competing centers of analysis and distances analysis from collection under the impression, I suppose, that the latter taints the former. I never found that to be the case; in fact, Admiral Turner and I tried to increase the interaction in the CIA between analysts and operators in order to be certain the latter were being fully responsive and properly tasked. In DOD as well, I tried to keep the collectors close to the users.

Furthermore, I can't imagine either the Secretary of Defense or the Secretary of State being obliged to task the DNI for every requirement he or she might have. They would inevitably regrow their own capability. The DNI in turn would proliferate staffs, as would his deputy. The end result could well be to add to the bureaucracy and increase inefficiency and duplication.

There may be merit in formalizing the DCI's already strong position in the formulation (not execution) of the NFIB and in giving him reprogramming authority. But I am unsure of the intent of giving him final authority over budgets for which the Secretary of Defense must be held accountable. If the idea is that the Intelligence Community will fare better, history belies that. Secretaries of Defense have always been more forthcoming than OMB Directors. In 1981 I fenced off the intelligence budget, and I understand that fence continues. Secretaries of Defense as program managers are the appropriate officials to make the tradeoffs between the military forces and force multipliers. These tradeoffs cannot and should not be made by a service organization, and OMB lacks the in-depth expertise to do a satisfactory job.

As for making the aggregate figure public, this is now an old debate. I fail to see the merits of publishing such a figure since its opponents are sure to focus on its

absolute size, while its defenders cannot rally to its cause without revealing classified information. The very fact such a figure is out there will inspire the press to search out the details. Protection of sources and methods becomes more difficult, and as the Committee knows protection of sources and methods is the key to good intelligence. We need to strengthen our capability to protect sources and methods, not weaken it further.

I don't have the expertise to comment in detail on the creation of an imagery agency and placing a statutory base under NSA and giving it stronger authority over signals intelligence. There seems to me to be merit in having a clear focus for each of the three collection disciplines: humint, sigint and imint. One problem, though, is maintaining the integrity of the current procurement mechanism which I believe has functioned well, at least on a relative basis. It is not clear to me why collectors need to have a relative basis. It is not clear to me why collectors need to have an in-house procurement capability to do their job. Moreover, I worry about more stovepipe structures where the policy formulators and the analysts have to climb a number of bureaucratic rungs and wait while the results of their tasking ascend the same ladder before receiving the data they seek.

I favor making the DNI (or DCI) a non-voting member of the NSC and creating an NSC committee on intelligence. This provision basically codifies existing arrangements, although specifying a non-policy role for the DCI (or DNI) is useful. While I agree the National Security Advisor should chair the committee, you may wish to preserve the President's flexibility on this matter. For example, George Shultz objected to the National Security Advisor chairing meetings of cabinet members because the latter was not a confirmed official.

At the risk of repetition, let me emphasize a basic point by noting that I have attended National Security Council meetings of one sort or another on intelligence in three capacities, DDCI, National Security Advisor, and Secretary of Defense. The image that underpins the draft legislation is that these meetings should establish clear priorities which cascade down in an orderly manner to the analysts and the collectors, who then produce the desired product.

Unfortunately, that is not the real world, and it will never be. Policymakers at the senior level are busy people. They will grumble to their staff about intelligence and on occasion will do direct tasking, but they are unlikely to provide the systematic guidance the collective Intelligence Community needs. But the Colonel or Commander who has to produce a position paper for his superiors within a week is likely to be very specific with his intelligence counterparts. That is where the action is, and we need to keep it there. Informal and free exchange at all levels is crucial to producing relevant intelligence.

While I have expressed reservations about S. 2198, let me add my voice to yours in urging that the Intelligence Community change its priorities and procedures to correspond to the new reality as rapidly as possible. In fairness, though, I think we should recognize that what we are all urging is acceleration of a trend that has been underway since my days in the CIA, at least. Increasing attention has been steadily given over the years to regional threats, terrorism, non-proliferation, narcotics and broad economic intelligence.

Let me suggest a course of action. This committee should task the DCI to come up with an intelligence plan for the 90's specifying goals, priorities and above all, how the quality of intelligence can be approved. I believe the DCI is already working on such a plan. Once agreement is reached on goals and priorities, a dialogue on the organization and authorities needed can then take place. Where the job can be done by modifying existing authorities or by specific reorganizational fixes, I believe this is preferable to large-scale organizational changes which could prove faulty, could add to the bureaucracy, are inherently disruptive and are frequently difficult to modify.

Mr. Chairman, that concludes my testimony. I would now be pleased to answer questions.

#### STATEMENT OF FRANK C. CARLUCCI

Mr. CARLUCCI. It's a pleasure to appear before this Committee and let me congratulate the Committee on focusing on an issue of great importance for the '90's. Regardless of what happens to the legislation you are considering, the deliberations in which you are engaged will help to shape the intelligence agenda for some time to come.

At the risk of stating the obvious, let me emphasize that intelligence only has value to the extent that it responds to the policymakers' needs. The dangers in any large, centralized organization structure—intelligence structure, are that the institution will begin to generate its own requirements and that policymakers consequently will create their own intelligence support, a process that Jim Schlesinger has described very well in his testimony.

I would also agree with Jim on the importance of competing centers of analyses, and underscore the point that these competing centers ought to be available for a group that I would call the policy formulators as opposed to the policymakers, the GS-13s, lieutenant colonels, and the commanders. And this means that the Intelligence Community must be cloned with the analytical and policymaking community at every level. And stovepipe organizations fail to meet this test.

No one can argue with the general purposes of the legislation. Improved efficiency, elimination of unnecessary duplication, and better coordination are as desirable in the Intelligence Community as they are in any department of government. The problem is that intelligence is not a department, and it should not be since it is essentially a service function that must cater to a whole variety of consumer needs.

My experience in the private sector leads me to question the wisdom of focusing exclusively on management and efficiency. That's really what our business organizations—and I know you understand business very well, Mr. Chairman—that's what our business organizations did five to ten years ago while the Japanese were passing us by. Today we have learned that management, while important, is really a subset of total quality. That must be the overarching goal, and I can think of no area where total quality is more important than intelligence. Yet I don't find even a mention of quality in the draft legislation.

The Congress could render a valuable service if it would lead the Intelligence Community through the process of cultural change that many of our businesses have gone through. And I might note that total quality begins with responding both accurately and in a timely fashion to the customers' needs, doing it right the first time.

Let me now turn to some features of the legislation.

Establishing a DNI. This is the centerpiece from which much else flows. It succeeds in raising the visibility of the office and the visibility of the intelligence function, but not necessarily its bureaucratic clout. This is presumably achieved by the absorption of various analytical units into the Office of Intelligence Analysis, giving the DNI authorities and guidance over DOD intelligence, and creating a separate budget for intelligence which the DNI not only formulates, but executes.

As a practical matter, none of these changes will happen. They are politically impractical, and in my judgment, managerially questionable.

The intent seems to be to create a strong line organization. But this is of necessity done at the expense of other line organizations that have legitimate requirements and powerful constituencies. The end result is likely to be compromise where the DNI emerges as an equal with the Secretaries of Defense and State with regard



to their intelligence activities, and nobody is in charge. And this, of course, is a formula for paralysis.

This kind of arrangement is prejudicial as well to employees who would apparently come under the personnel programs of their original agencies, but under the DNI for managerial purposes. Career planning and development would be difficult at best. Divided loyalties are never healthy.

Finally, the creation of an analytical monolith violates Jim Schlesinger's strong case for competing centers of analysis and distances analysis from collection under the impression, I suppose, that the latter taints the former. I never found that to be the case. In fact, Admiral Turner and I tried to increase the interaction in the CIA between analysts and operators in order to be certain the latter were being fully responsive and properly tasked. In DOD as well, I tried to keep the collectors close to the users.

There may be merit in formalizing the DCI's already strong position in the formulation—not execution; formulation—of the NFIP and in giving him stronger reprogramming authority. But I am unsure of the intent of the legislation in giving him final authority over budgets for which the Secretary of Defense must be held accountable.

If the idea is that the Intelligence Community will fare better, history belies that. Secretaries of Defense have always been more forthcoming than OMB Directors. In 1981 I fenced off the intelligence budget, and I understand that that fence continues. Secretaries of Defense, as program managers, are the appropriate officials to make the trade offs between the forces and force multipliers. It cannot be done by a service organization, and OMB lacks the in depth expertise to do a satisfactory job.

I don't have the expertise to comment in detail on the creation of an imagery agency and placing a statutory base under NSA and giving it stronger authority over signals intelligence. There seems to me to be some merit in having a clear focus for each of the collection disciplines: HUMINT, SIGINT, and IMINT.

One problem though is maintaining the integrity of the current procurement mechanism, which I believe has functioned well, at least on a relative basis. It is not clear to me why collectors need to have an in-house procurement capability to do their job. Moreover, I worry about stovepipe structures in which analysts have to go up a number of rungs of the ladder in order to do their tasking, and then the answer to their tasking has to climb back up the same rungs.

Senator MURKOWSKI. Mr. Carlucci, why don't you take a break there and a long drink of water, because the second bell has rung, which means I have got six minutes to get over to the Floor and vote. I suspect the Chairman will be back by the time I get over there, and hopefully our paths will cross. But I apologize for interrupting you, but I apparently have no other choice.

So we will just informally recess for a few minutes.

Thank you, gentlemen.

[A brief recess was taken from 2:24 p.m. until 3:14 p.m.]

Senator MURKOWSKI. I apologize to you for the inconvenience that we have caused you and also those in the audience. To make a long story short, I am here and we can proceed and my apologies

on behalf of myself and Senator Boren. I may have to leave momentarily, but please proceed, Mr. Carlucci.

Mr. CARLUCCI. In which case I'll be very brief and conclude my testimony quickly, Mr. Chairman.

A couple of final points. I favor making the DNI or DCI, whatever you want to call him, a non-voting member of the NSC and creating an NSC committee on intelligence. But I think you need to be flexible on who should chair that committee. I happen to feel it should be the National Security Advisor, but that is something the President ought to determine.

Let me conclude by citing a personal experience. I have attended NSC meetings in three different capacities: as National Security Advisor; as SECDEF; and as DDCL. And the image conjured up by this legislation is that of a very orderly process in which the National Security Council people sit around a table and say, well, this ought to be my priority and this ought to be your priority, and here's how all the priorities flow, and that all goes down into an Intelligence Community which goes out and tasks the system and eventually produces a beautiful NIE. That, unfortunately, Mr. Chairman, is not the way the world works. I have to say that I have frequently left these meetings more confused than I went in. Cabinet secretaries are very busy people, they may make ad hoc judgments on what they need, but they are not equipped to make systematic judgments on what their intelligence requirements are.

The people who can make those kinds of judgments are at a much lower level in the structure. And General Gray and General Gorman will talk to that. But I happen to believe that it is at the GS-13, lieutenant colonel level, and that's the relationship that you not only have to preserve, but you have to strengthen.

I agree with the sense that the Intelligence Community ought to change its priorities with the changing world. But in fairness, those priorities have been changing back since—they started changing when I was in the CIA. In the late 1970's we began to pay increasing attention to terrorism, narcotics, non-proliferation issues and economic intelligence.

I would suggest that the Committee task the Intelligence Community to come up with an overall program—I would call it a total quality management program, you may use some other name—where you reach an agreement on goals and priorities and work back from that kind of agreement to what organizational structure is most appropriate. And use existing authorities wherever possible, because statutes are indeed very difficult to change.

With that, Mr. Chairman, I conclude my testimony and am prepared for whatever questions you might have.

Senator MURKOWSKI. Thank you, Mr. Carlucci. In order to expedite the hearing, I think it would be more appropriate if we submitted our questions to you, then you could respond at your convenience. I again apologize and wish you a good day, sir.

Mr. CARLUCCI. Thank you very much, Senator.

[Mr. Carlucci was excused.]

Senator MURKOWSKI. I would ask either General Gray or General Gorman if there is a sequence that either one of you—

General GRAY. I will bow to my distinguished and aged colleague who probably forgot more about this topic than I care to know. Why don't you go first.

Senator MURKOWSKI. Well then, I will briefly introduce General Paul Gorman, formerly a National Intelligence Officer at the CIA, the planner, J-5 of the Joint Chiefs of Staff, the Assistant to the Chairman, Joint Chiefs of Staff, and the Commander in Chief of the Southern Command and currently he is the President of Cardinal Point, Inc.

Please proceed, General.

#### STATEMENT OF GENERAL PAUL GORMAN, USA (RET)

General GORMAN. Thank you, sir. As you requested in your letter, I will avoid wordsmithing the draft bill and will address instead two main problems that I perceive within the present military intelligence structure, together with my solutions for those problems.

I have a prepared statement, sir, and I have submitted it for the record.

Senator MURKOWSKI. It will be entered in the record as if read. [The prepared statement of General Gorman follows:]

#### VIEWS ON S. 2198. INTELLIGENCE REORGANIZATION ACT OF 1992

I am pleased to be asked to comment today on those provisions of the proposed legislation that pertain to Defense intelligence management. As you requested, I will avoid "wordsmithing" the draft bill, and will address instead two main problems that I perceive within the present military intelligence structure, together with my solutions for those problems.

I thoroughly support your goal, Mr. Chairman, of a better intelligence product at lower cost. I know from experience that significant improvements in both cost and effectiveness can be achieved. I am also quite convinced that the time has come for American intelligence, no less than American industry, to cast aside the mindsets of the past fifty years, and to prepare to meet, in the decade ahead, wholly different challenges with fresh approaches to productivity.

However, for the most part, I disagree with the concepts reflected in the draft bill, as I understand them.

It seems to me that concepts like "centralization" and "colocation," enacted into law, would buttress the Beltway Barrier between the US Combatant Commands and the intelligence centers in the Washington region, subordinating and rigidifying at a time when, for the first time, it is possible to envision a very different, more flexible, adaptive, and efficient distributed architecture for the Intelligence Community, one better suited to a strategically amorphous era.

I believe, to the contrary, that decentralization should guide reorganization within the Department of Defense. Moreover, I would hold that, far from separating the management of intelligence within the Department from its management of Command, Control, and Communications, the Secretary of Defense ought to exploit the congruence between C<sup>3</sup> functions and intelligence through ever closer organizational and programmatic integration, and through research and development.

I suspect that organizing around collection-discipline managers will impair all-source fusion, slow and stultify the intelligence cycle, and add the barbed wire of inter-disciplinary competition to the Beltway Barrier.

In short, I think the reorganization proposal is old-fashioned, and vision-deficient. In my view, there are today two main organizational problems within military intelligence: first, providing for the Commanders-in-Chief of the unified and specified commands, who are both major contributors to collection and analysis, and principal consumers of intelligence products; second, dissemination, which I consider to be the major shortfall in military intelligence today.

## CENTRALIZATION ANTIPATHETIC TO CINC'S

I was frankly surprised that a reorganization so fundamental to the combat capabilities of US military forces could be drafted and described without taking into account the provisions of Title 10, US Code, as amended by the Defense Reorganization Act of 1986.<sup>1</sup> Aside from passing references to furnishing intelligence "to the Chairman of the Joint Chiefs of Staff and senior military commanders," the reorganization seems to ignore the fact that, while the military departments and the services equip and train forces, these are employed by the Commander-in-Chief of one of the US combatant commands. Further, the bill defines the Intelligence Community without taking into account the extensive intelligence functions of the unified and specified commands. These seem to me to be disabling lacunae.

I am not here to argue, Mr. Chairman, that CINCs have a better handle on intelligence than other parts of the Intelligence Community. However, I can assert, from my own experience, that a Commander-in Chief is a full and vital member of that Community. Especially if he is responsible for US security interests in a region outside our borders, a CINC has a unique perspective, and his eyes, ears, and brain contribute uniquely to the Community's understanding. I used to teach my intelligence officers in Panama that they should be aware that there were only three military staffs working full time on interstate violence in Central America: ours in USSOUTHCOM, the combined Sandinista-Cuban staff in Managua, and Castro's staff in Havana. Moreover, I enjoined, one of our jobs was quality assurance for the whole US Intelligence Community on military intelligence within our area of responsibility.

Mr. Chairman, on 20 February, in your statement concerning this proposal, you deftly outlined the intelligence cycle. I am here to remind you that the CINC is one "consumer" you mentioned, he who initiates the cycle, who ends the cycle, and who recycles. The tough problems of intelligence require countless iterations, for usually the consumer is so ill-informed that his initial questions of collectors and analysts are vague, and often misdirected; the consumer can not know how to ask about that of which he is ignorant.

Let me offer a modest example: preparing to assume command of USSOUTHCOM in 1983, I received a bleak estimate of prospects for survival of democracy in El Salvador from top analysts in the Intelligence Community—those in DoD, in State, at Langley, and at Fort Meade.

Accordingly, I early established for the Intelligence Community, among my essential elements of information (EEI), motivation for violence: why did the fighters on both sides continue an apparently hopeless struggle? The answers I received back were couched in the hoary order-of-battle accounting that caused so much controversy in Vietnam during the war, and in U.S. courtrooms long after the war. For instance, several estimates from inside the Beltway featured time-series bar charts starkly contrasting rapidly climbing numbers of guerrillas and active guerrilla-supporters against dwindling numbers of government troops. Having been able personally to inquire into the guess-and-god-data out of the US Mission in San Salvador that underpinned these statistics, I then redefined my EEI to focus, on the guerrilla side, on the nature of the relationship between the fighters and non-combatant supporters, and on the government side, on military leadership and personnel management. I personally concerted a new collection plan with the heads of agencies in Washington for all three disciplines, HUMINT, IMINT, and SIGINT. The analysis derived from implementation led to dramatic changes in US policy in El Salvador, and to a remarkable turn-around in the direction of the war: the insurgents broke up into small units, and retired into the mountains; government forces gained in numbers and in confidence; cultivated land proliferated. But now my EEI shifted to Napoleon Duarte's prospects for support, both from the left and right, and again collection was adjusted, analyses sharpened, and policies modified.

Mr. Chairman, in military intelligence these iterations of the cycle must be much faster than the DCI's annual dragnet of intelligence requirements. Time compression must be proportional to the urgency for decision. Nine years ago in Central America, weeks perhaps, and sometimes days, were appropriate for iterations of the cycle. Then I spent hours every day with my intelligence staff, either face-to-face at Quarry Heights, or connected to them wherever in the hemisphere I was traveling by my personal computer. I was also accompanied by a satellite radio, and frequently used it to consult with my staff or intelligence officials in the Washington region. Last year, during Desert Storm, hours and minutes were the measure of effectiveness for compression. Hopefully, of course, when iteration is so urgent, most of the

<sup>1</sup> Title 10, USC, Par 124

large, foggy intelligence requirements will have been successively reduced to very precise tasking for collection and analysis, and provisions for accelerated dissemination will be in place—presumably, that was how General Schwarzkopf dealt with the Scud problem.

In my own experience, I can report that eventually, after a year of cyclic refinements, even USSOUTHCOM was able to use focused collection from one discipline to cue collection in others, and hence developed the capability to predict, with all-source reliability, very near-term violence. In 1984, during the final elections for the presidency in El Salvador, Quarry Heights was able to warn the US Embassy in San Salvador to switch to emergency power because we had information that a small party of insurgents were placing explosives at the base of a key power transmission-line pole. Moments later, the blast occurred and black-out descended, but the lights of the American Embassy shone on, a beacon in the center of a city struggling toward democracy.

Mr. Chairman, helped personally by the SecDef, the CJCS, the DCI, the DDI, the DDIA, and the DIRNSA, USSOUTHCOM opened windows in that Beltway Barrier between the Intelligence Community in Washington and Panama. From time to time, I dispatched one or two of my analysts familiar with my hypotheses and my hunches to interact with Washington-based analysts, and to examine their data bases, a practice that yielded valuable insights. My analysts discovered that unexploited information inside the Beltway Barrier was a veritable treasure-trove. I asked the Director of the Defense Intelligence Agency to dedicate a small cell of analysts in the National Intelligence Center to USSOUTHCOM support, and to equip that cell with computers, secure facsimile, and the communications to permit continuous interaction with Quarry Heights. Again, the results were significant in terms of field operations, and gratifying in terms of compressing the intelligence cycle.

I impose these personal experiences on you reluctantly, but I believe them to be directly relevant to the present circumstances of most CINCs facing an amorphous strategic situation, and a constantly changing set of tactical issues. The lessons I derive for DoD intelligence organization are two fold:

The intelligence apparatus in Washington ought to be focused outward, to those who must collect the information and act on the intelligence, rather than upward, to hierarchy.

The objective should be maximum compression of the intelligence cycle.

#### DISSEMINATION, THE INTELLIGENCE SHORTFALL

Mr. Chairman, allow me now to direct your attention to the problem of dissemination.

Intelligence remains information, no matter how adroitly collected, no matter how well analyzed, until it is lodged between the ears of a decision maker. The proposed reorganization recognizes that fact in setting up an office dedicated to warning. When the United States confronts strategic surprise, however blameless the Intelligence Community may have been, the Intelligence Community suffers along with the nation. Warning is a typical intelligence process, involving both warner and warnee. Historically, most warning mishaps have involved a failure of dissemination: one or more decision-makers did not heed warners.

My talks with the US division commanders of Desert Storm would lead me to believe that the theater command control and communications apparatus was rich in information about the enemy, but that not enough of such information reached key tactical decision makers in time to influence the action. Simply put, there was a failure of dissemination.

The organizational answer to dissemination shortfalls is assuredly neither volume nor stridency of product; Washington, from day to day, resounds with cries of "wolf, wolf . . ." We scarcely need to flood field command posts with everything we know about a theater's worth of enemy forces. Rather, the answer is earned credibility, derived from timeliness and quality of product. In my experience, what get the attention of the distracted bureaucrat, the dubious legislator, or a field commander on the go is relevant, succinct, explicitly all-source analysis, supported by imagery, delivered when and where decisions must be made.

Mr. Chairman, over the past ten years there have been introduced into military intelligence collection more new sensors than were fielded in the previous century. In all three fundamental collection disciplines, there are now in use a facile array of means for amplifying the human senses, for penetrating denied areas, and for mastering space and time. Most of these utilize digital communication among their components, and at the interface with humans, present information in the same fashion

that a personal computer does: on a screen stimulated by electrons. This technological similarity makes possible wholly new applications for such sensors, by networking disparate sensors for multi-source collection, and by conjoining them with information processors *in situ* to perform all-source analyses. Modern military sensors blur the distinctions only important among HUMINT, IMINT, and ELINT. Let me return to the issue of modern technology in a moment.

Note, Mr. Chairman, the centrality of communications to the intelligence cycle, especially if acceleration of that cycle is a desideratum. The earlier all-source fusion occurs in that cycle the more efficient the analysis, and the more surely will dissemination take place. Whether we are discussing inter-personal communications—as between HUMINT collector and source, or analyst and analyst, analyst and consumer—or whether we are talking about the electronic transmission, storage, retrieval, and presentation of information, communications lies at the heart of modern military intelligence.

Moreover, military intelligence is for commanders. I learned very early in my career that the security of the soldiers given to my care depended on intelligence, and that foremost among all my responsibilities, intelligence deserved my personal participation, complete understanding, and active contribution. I have been impressed that military command and control are inseparable from communications and intelligence at every echelon within the Department of Defense. I have also been impressed that US forces fight the way they have been trained, and that therefore, practice with the full C<sup>3</sup>I system ought to figure in all exercises for command groups, or for units in the field or at sea.

Just this past week, I listened to a key Intelligence Community resource manager deploring the vacuity of a certain sensor-based system, programmatic allocation for which had provided 60 percent for collection, 39 percent for analysis, and 1 percent for dissemination. He rued the fact that program managers had become accustomed during the Cold War to take for granted amply manned and trained military staffs, well dispersed, served by broad-band global communications, so that all-source fusion and dissemination could be regarded as Government Furnished Equipment. But no longer, he correctly observed, can program managers plan thus to free-load on the C<sup>3</sup> apparatus. Rather, they will have to allocate resources in their system for means to train combatants in its use, particularly to insure dissemination.

Mr. Chairman, one of the more celebrated intelligence estimates of this century was Nikita Khrushchev's strident "We will bury you!" referring to the inevitability of the Soviet Union's winning the Cold War. It is worth reflecting, in the context of this discussion of Intelligence Community reorganization, that one of the fundamental reasons Khrushchev was wrong is simply that the Soviets themselves began to perceive that they had lost the race for high technology, especially in information science. A decade ago the Soviets began to ponder what they termed the "military-technological revolution," and more recently they began to label the underlying thrust of that revolution as "informatics." I suspect that one of the reasons that Gorbachev drew support from his military leaders was their harsh assessment that Soviet forces could not keep pace with the modernization of C<sup>3</sup>I in US and other NATO forces, especially in the embedding of advanced processors into target sensors and weapon guidance subsystems, and in the broad application of "informatics" to training those forces for battle.

Allow me to read a passage from a relevant analysis of the recent war in Southwest Asia, the official Soviet description of the United States conduct of that war—known within OSD as the "Soviet COW paper," and interpreted by OSD as the Soviets' telling themselves that they had been right all along: that there indeed has been a "Military-Technological Revolution" based on "informatics," and that the latter figured prominently in the U.S. victory:

"A computer system of modeling and visual spatial depiction of the terrain and conditions under which a tactical and operational unit would conduct combat actions was a mandatory element of commander and staff training . . . A great deal of work was done in US Department of Defense scientific research institutes, centers, and laboratories on mathematical modeling of the probable nature of future operations, and special computer programs were also developed to prepare commanders and staffs to conduct combat actions and their comprehensive support. Here, different variations of inflicting air and ground strikes on Iraq were run. In particular, more than 150 exercises with the goal of preparing battalions and brigades being sent to the Persian Gulf to break through a prepared enemy defense were conducted at the national (Fort Irwin, California) and other U.S. ground forces training centers. . . . Data from computer modeling and experimental exercises lay at the foundation of a special methodology . . . sent to troop units in November 1990. . . . Ways to organize and conduct highly maneuvering air-land combat actions of coali-

tion groupings of ground forces in cooperation with aviation and naval forces were honed during the command post exercises and practice sessions in which computer modeling systems were used. . . ."

The Soviet report is approximately correct: "informatics" were indeed central to CENTCOM's preparations, and proved useful not only in developing smoothly working command and control systems, including anticipating and resolving problems of intelligence that could have detracted from execution of CENTCOM plans.

"Informatics" have also helped us to understand what happened after the fact. Some of you may be familiar with "73 Easting," a three-dimensional, graphic simulation of the battle that took place during the evening of 26 February 1991 between the US Army's 2d Squadron, 2d Armored Cavalry Regiment and the Tawakalna Division of the Iraqi Guards. Trevor Dupuy, the noted military historian, when he saw how this simulation had captured "ground truth" for five hours of swirling, mounted combat, and presented it in a form that permits an analyst to move at will in time and in space to view the battle, declared: "this technology transforms military historiography." He might have added that it transforms military intelligence as well, because the technology used to produce "73 Easting" was ODIN, an intelligence-fusion system fielded for Desert Storm by the Defense Advanced Research Projects Agency. ODIN was described to Congress last April by Dr. Vic Reis, now DDR&E, then the Director of DARPA, in these words:

"For this project we combined three DARPA projects to provide the battlefield commander with a revolutionary new tool. From our TACNAT program, timely intelligence data on the locations and status of enemy units were overlaid on an electronic two dimensional map of the Desert Storm theater. From our FULCRUM project, friendly force and environmental data were added to the same map. This two dimensional map was then transformed into a giant three-dimensional electronic sand table using the advanced simulator graphics developed for our large scale network of combat simulators (SIMNET).

"During the battle, the electronic sand table can be fed by real time sensors so commanders can better appreciate the dynamics of battle, improving command decisions. After the battle, this system becomes a 'living note pad' to capture what actually happened. This will help commanders plan for the next day's battle, and create digital histories for later use in our Service academies and war colleges to prepare the next generation of leaders."

There is consensus in the Pentagon, among military and civilian leaders alike, that one of the prime ingredients for the U.S. military success in Desert Storm was superior training. Further, despite pending reductions in annual operating funds, each service professes to be determined to continue that training it regards as particularly germane to readiness for future operations. Thus, the Army has stated emphatically that whatever else may be cut back, its Combat Training Centers, like the National Training Center at Fort Irwin, California, will continue to operate; similarly, the Navy has identified its "Strike University" at Fallon Naval Air Station in Nevada; the Air Force its "Red Flag" exercises at Nellis Air Force Base, and the Marine Corps its exercises at 29 Palms, California. Further, in recent years CINCs have used computer simulations of military campaigns to teach joint command groups how to collect and to exploit tactical intelligence, and to measure the soundness of operational plans against the best counters an "enemy commander" can devise. All of the cited activities are forms of mock-combat, military exercises in which the engagement of opposing forces are simulated, termed Tactical Engagement Simulation. All can leverage assured dissemination of intelligence.

There can be little doubt that the Soviets, among other nations, would like to emulate such training. Even before the Gulf War, Soviet officers had been outspokenly critical of the Red Army's combat readiness. In a published survey of regimental commanders and deputies, the majority characterized the state of training as "worse or much worse" than it had been in 1980, and reported that their combat training program was only 40-60% complete, at best.

Among the reforms then under consideration by the Red Army was introduction of Tactical Engagement Simulation per the US model. But Soviet technology was a decade behind that of the US. During the 1980s the Soviets experimented first with a tank-mounted laser engagement system they called ZORKEY (sharp-eyed, vigilant), and then with a small-arms simulator for dismounted troops named BESHTRASHNIYE (fearless). In 1988, tests were conducted with both motorized rifle and tank units. In 1989, the Soviet Ground Forces Combat Training Directorate began referring to a training center, to be established in the Western U.S.S.R., at which realistic force-on-force exercises would be conducted: a battalion from one regiment would travel to the site to contend against a battalion from another regiment in both offensive and defensive operations. The 1991 Soviet defense budget re-

portedly cut back substantially the planned allocations for the lasers, and from what western reporters have seen, only crude prototypes have so far been produced. Hence, despite an acknowledged need for Tactical Engagement Simulation, the Soviets have apparently failed to develop the enabling technology—merely one example of their having failed to stay abreast of “informatics.”

Dr. Reis agrees that “informatics” lies at the heart of the ongoing technology revolution, believes that it can be advantageously inserted into existing systems or used in vastly more effective new systems, and characterizes its main impact as heightened human performance through better understanding of complex information. As Reis puts it, “increasingly powerful computational machines and graphical interfaces will enable classes of fundamental changes to occur as we approach the turn of the century.”

Let me cite some figures, all drawn from open sources (and therefore presumably available in Moscow), about the scope and pace of the revolution to which Dr. Reis refers. Twenty years ago, there was about one transistor in existence for each human being on the planet. Today, for every living person there are manufactured annually more than one million transistors. Twenty years ago, products on the average incorporated fewer than ten transistors; today, the typical product has embedded within it hundreds of thousands of transistors. Twenty years ago, it was possible to network perhaps a half-dozen computers; today networks of five hundred thousand processors are feasible, and before the decade is out, tens of millions of computers will be able to share a single network. Perhaps the most startling change underway is the speed of these machines: twenty years ago, they could handle one hundred thousand to one million instructions per second; today there are processing systems, each composed of internally interactive, parallel processors, that function at ten billion instructions per second. Indeed, soon it will be wrong to think of a computer as one machine, for networked processing systems could consist of components separated by great distances. Such distributed, or geographically dispersed computing systems are one stated objective of the Director of Defense Research and Engineering.

I hasten to point out that exotic as this technology may seem, it has already profoundly affected military intelligence not merely by providing better sensors or computer-aided analysis, but by altering the way US intelligence units have actually operated. Let me again cite a personal experience: an Army intelligence battalion with a collection and analysis mission arrived in Central America, composed of hundreds of soldiers and trucks, and forty or fifty eighteen-wheel tractor-trailers, more than the primitive local roads could support, or the frail local security forces protect. After struggling with that behemoth for a while, I sent the entire unit back to the United States, directing its commander to figure out how to perform his mission with a much lower footprint in theater. Computers networked by satellite communications eventually enabled that unit to perform its mission from home station in the United States, with less than ten vehicles, and less than 5 percent of its personnel deployed in USSOUTHCOM. Moreover, its intelligence productivity proved to be significantly higher in this echelon configuration than it had been with the entire unit forward. That was seven years ago. Technology today could support even more unobtrusive and secure collection. In coming years, the main limitations upon that technology will be conventional mindsets.

Mr. Chairman, a decentralized, distributed intelligence apparatus seems to me more compatible with American government and society than a KGB-model monolithic organization. Indeed, our public intelligence services—notably, the television networks—would scarcely organize for tomorrow by centralization and colocation.

Their free-wheeling, adaptive, innovative modus operandi reflects the American style, and furnishes a proper model for the Intelligence Community.

Centralization equates to control: funds, information collected of whatever discipline, single-discipline or multiple-discipline analyses, “finished” intelligence, CINCs need real-time access to the Intelligence Community in Washington to plan and manage time-urgent operations, and they should preferably interact with officials advantaged by all-source fusion. A centralized hierarchy organized around HUMINT, IMINT, and SIGINT faces a CINC with accepting what he is furnished by an official many echelons removed from collection and root analyses, or with performing the all-source fusion function himself. That is regressive. Modern and prospective sensors can be tasked by, and deliver information to, the user. Layered, time-consuming, stultifying processing and fusion is a tyranny we should not, for the good of this Republic, impose.

What implications do I draw for military intelligence from all the foregoing? Allow me to cite at least five:



Collection will involve networks of multi-source sensors, and, when useful, all-source fusion will take the form of virtual imagery. Major cost-avoidance for overseas deployments of intelligence personnel and equipment will become possible.

Analysis will be improved and expedited by complex, shared data-bases, and collaborative analyses will become usual among horizontally and vertically disparate elements of the Intelligence Community, typically located distant from one another.

Dissemination will be advantaged by "finished" intelligence products transmitted direct to any authorized consumer on demand, through practically instantaneous search, retrieval and display, and by vivid, *prima facie* graphics. To paraphrase President Kennedy, "one picture will be worth a thousand words."

Intelligence Training ought to encompass the entire cycle, user-collector-analyst-user, and to practice compressing that cycle in peacetime, in the closest approximation of battle that modern technology can simulate, so that in wartime our forces can overwhelm adversaries with the sureness and swiftness of US intelligence, no less than that of US weaponry.

Reorganization of the Intelligence Community within the Department of Defense ought to proceed on the premises that colocation is an outmoded imperative, and that centralization may engender waste and duplication. Rather, decentralization and communicative integration ought to be its guidelines. It should explicitly adopt the goal of exploiting "informatics" to demolish the Beltway Barrier.

General GORMAN. I would like to summarize the main points in that statement for you.

I begin by stating unequivocally that I thoroughly support the states goals of a better intelligence product at a lower cost. I know from experience, sir, that significant improvements in both cost and effectiveness can be achieved. I am also quite convinced that the time has come for American intelligence, no less than American industry, to cast aside the mindsets of the past 50 years and to prepare to meet in the decade ahead wholly different challenges with fresh approaches for productivity.

However, for the most part, I disagree with the concepts that are reflected in the draft bill as I understand them. First, it seems to me that concepts like "centralization" and "collection," enacted into law, would buttress the Beltway Barrier between the U.S. combatant commands and the intelligence centers in the Washington region, subordinating and rigidifying at a time when, for the first time it is possible to envision a very different, more flexible, adaptive, and efficient, distributed architecture for the Intelligence Community, one better suited to a strategically amorphous era.

Secondly, I believe to the contrary, that decentralization should guide reorganization within the Department of Defense. Moreover, I would hold that far from separating the management of intelligence within the Department from its management of command, control and communications, the Secretary of Defense ought to exploit the congruence between C<sup>3</sup> functions and intelligence through ever closer organizational and programmatic integration and through research and development.

Third, I suspect that organizing around collection discipline managers will impair all source fusion. It will slow and it will stultify the intelligence cycle, and it will add the barbed wire of interdisciplinary competition to the existing Beltway Barrier.

In short, I think the reorganization proposal is old fashioned and vision deficient.

I have several pages of personal experience which address what I call the antipathy of this proposed organization to the interests of the Commanders in Chief of the U.S. unified and specified commands.

In the years that I was the Commander in Chief of the United States Southern Command, I was blessed with a useful working relationship with the principal intelligence officers of the Administration. And helped personally by the Secretary of Defense and the Chairman, by the Director of Central Intelligence, the Director of the Defense Intelligence Agency, and by the DIRNSA, I believe that U.S. SOUTHCOM was able to open windows in that Beltway Barrier between the Intelligence Community and Washington.

From time to time, Mr. Chairman, I dispatched one or two of my intelligence analysts, familiar with my own hypotheses and my hunches, to interact with relatively low echelon Washington based analysts, and to examine the data from which they worked from day to day. That practice yielded valuable insights for my command. My analysts discovered and reported back that unexploited information inside the Beltway Barrier was a veritable treasure trove. Basically, the folks up here looking at information simply did not recognize valuable nuggets for our purposes.

They correctly could say that we hadn't asked about that. But, Mr. Chairman, there is the dilemma throughout the Intelligence Community—we don't know what we don't know, and we don't know until we see it whether it works or not. So my view is simply that what we have to do is encourage the kind of communications I have just described wherever and whenever we can.

I asked the Director of the Defense Intelligence Agency to dedicate a small cell of analysts in the National Intelligence Center to direct support of my command, and to equip that cell with computers, secure facsimile and other communications to permit continuous interaction with my intelligence analysts in Quarry Heights. That worked and it worked very well, and I can demonstrate that in a variety of very significant intelligence contributions to operational results in my command.

I have put these personal experiences in the record somewhat reluctantly, but I believe them to be directly relevant to the present circumstances of most CINCs. Most CINCs today face, as I faced then, an amorphous strategic situation, and a constantly changing set of tactical issues. It was virtually impossible to address such issues in those circumstances using the traditional concatenation of requirements and the annual review thereof.

Accordingly, the lessons I derived for DOD intelligence organization concerning relationship with the CINCs are twofold. First, the intelligence apparatus in Washington ought to be focused outward to those who must collect the information and act on the intelligence rather than upward to a hierarchy.

Second, the overall objective of any reorganization should be maximum compression of the intelligence cycle.

Let me now pass to what I consider to be the major intelligence shortfall, which is dissemination.

Mr. Chairman, intelligence remains information no matter how adroitly collected, no matter how well analyzed, until it is lodged between the ears of a decisionmaker. The proposed reorganization recognizes that fact in setting up an office dedicated to warning.

When the United States confronts strategic surprise, however blameless the Intelligence Community may have been, the Intelligence Community suffers along with the nation. Warning is a typi-

cal intelligence process involving both he who warns and the warnee. Historically, most warning mishaps have involved a failure of dissemination—one or more decisionmakers who did not heed the warning that he had received. And I can submit, if you are interested, evidence on that going back many years.

My talks with the division commanders of Desert Storm would lead me to believe that the theater command and communications apparatus was rich in information about the enemy but that not enough of such information reached key tactical decisionmakers in time to influence the action. Simply put, there was a failure of dissemination.

Mr. Chairman, no one of my ancient age has ever seen an armored division. It's too big a phenomena for the human intelligence to wrap itself around. In Desert Storm the Third Armored Division was 18 kilometers across and 110 kilometers in length—a river, a torrent of vehicles moving across the desert. The commander of that division has seen his outfit. He saw it in action through the eyes of the JSTARS, the Joint Target Acquisition Radar System. He has on the wall of his office some JSTARS imagery which portrays every single vehicle in that torrent. You can see them all in one fell swoop.

And he draws attention to the picture on his wall just the way that I have done for you. And he asks the viewer, tell me when that picture was made. And you know, you look at it and there are no markings on it. And he said, precisely. It was delivered to us without any indication of when it was taken. And it was delivered to us three days after the operation concluded. Marvelous intelligence. Superb sensors. Magnificent imagery. Lousy dissemination. No intelligence value in a very expensive system.

Mr. Chairman, over the past 10 years there have been introduced into military intelligence more new sensors than were fielded in the previous century. In all the three fundamental collection disciplines there are now in use a facile array of means for amplifying the human senses, for penetrating denied areas, and for mastering space and time.

Most of these use digital communications among their components and at the interface with humans present information in the same fashion that a personal computer does—on a screen stimulated by electrons. This technological similarity makes possible wholly new applications for such sensors by networking disparate sensors for multi-source collection, and by conjoining them with information processors in C<sup>2</sup> to perform all source analysis. Modern military sensors, in brief, Mr. Chairman, blur the distinctions that once were important among, HUMINT, IMINT, and ELINT.

I want to return to the issue of modern technology in a moment, but let me first make the point that the earlier all source fusion occurs in the intelligence cycle, the more efficient the analyst can function, and the more surely dissemination will take place. Whether we are discussing interpersonal communications as between a HUMINT collector and source or an analyst and analyst or analyst and consumer, or whether we are talking about the electronic transmission, storage, retrieval and presentation of information, communications lies at the heart of modern military intelligence.

Moreover, Mr. Chairman, military intelligence is for commanders. I learned very early in my career that the security of the soldiers given to my care depended on intelligence, and that foremost among all my responsibilities, intelligence deserved my participation, my complete understanding, and my active contributions.

I have been impressed that military command and control are inseparable from communications and from intelligence at every echelon within the Department of Defense. I also have been impressed that U.S. forces fight the way that they have been trained, and that therefore, practice with the full C<sup>3</sup>I system ought to figure in all exercises for command groups or for units in the field or at sea.

Mr. Chairman, one of the more celebrated intelligence estimates of this century was Nikita Khrushchev's strident, "We will bury you," referring to the inevitability of the Soviet Union's winning the Cold War. It is worth reflecting in the context of this discussion of Intelligence Community reorganization that one of the fundamental reasons Khrushchev's estimate was proved wrong is simply that the Soviets themselves began to perceive that they had lost the race for high technology, especially that in information science.

A decade ago the Soviets began to ponder what they termed the military-technological revolution, and more recently they have begun to label the underlying thrust of that revolution as "informatics." I suspect that one of the reasons that Gorbachev drew support from his military leaders was their own harsh assessment that Soviet forces could not keep pace with the modernization of command, control and intelligence in the United States and other NATO forces, especially in the embedding of advanced sensors into target sensors and weapons guidance subsystems, and in the broad application of informatics to training those forces for battle.

You don't have to take my word on this. The Department of Defense has the official Soviet appraisal of the performance of U.S. forces in the Persian Gulf War, and you will find in there pages of admiring prose on the applications of information science to preparing those forces for their role in war and in executing their mission.

Informatics, Mr. Chairman, have also helped the United States to understand what happened in that war after the fact. Some of you may be familiar with 73 Easting, a three dimensional graphic simulation of the battle that took place during the evening of 26 February 1991 between the United States Army's 2nd Squadron, 2nd Armored Cavalry Regiment and the Tawakalna Division of the Iraqi Guards.

That technology embodied in that simulation could revolutionize military intelligence, because the technology that was used to produce that simulation was Project ODIN, an intelligence fusion system fielded for Desert Storm by the Defense Advanced Research Project Agency. ODIN was described to Congress last April by Mr. Vic Reis, now the Director of Defense Research and Engineering, then the Director of DARPA, in the following words:

For this project we combined three DARPA projects to provide the battlefield commander with a revolutionary new tool. From our TACNAT program, timely intelligence data on the locations and status of enemy units were overlaid on an electronic two dimensional map of the Desert Storm theater. From our FULCRUM project, friendly force and environmental data were added to the same map. This

two dimensional map was then transformed into a giant three dimensional electronic sand table using the advanced simulator graphics developed for our large scale network of combined simulators, SIMNET.

During the battle, the electronic sand table can be fed by real time sensors so commanders can better appreciate the dynamics of battle, improving command decisions. After the battle, this system becomes a living note pad to capture what actually happened. This will help commanders plan for the next day's battle and create digital histories for later use in our service academies and war colleges to prepare the next generation of leaders.

There is consensus in the Pentagon, Mr. Chairman, among military and civilian leaders alike that one of the prime ingredients for U.S. military success was superior training. Further, despite reductions in annual operating funds, each service professes to be determined to continue that training it regards as particularly germane to its readiness for future operations. Thus, the Army has stated emphatically that it will keep Fort Irwin, the National Training Center, in operation. The Air Force has identified RED FLAG at Nellis. The Navy's Strike University at Fallon, and the Marine Corps its exercise in the Southwestern United States for air/ground teams.

In recent years Commanders in Chiefs of the unified and specified commands have used these computer simulations to teach command groups how to collect and exploit tactical intelligence and to measure the soundness of operational plans against the best counters that an enemy commander could devise. All of the cited activities are forms of mock combat. We refer to it as tactical engagement simulation. But all of these activities can lever dissemination of intelligence, and that is my fundamental point.

The Soviets, in looking at what was going on in the United States in such intelligence training, attempted to emulate it. They were unable to replicate the technology. It is clear that they would have liked to, in brief, but informatics, as the United States was able to field it, was beyond their means.

Now, Dr. Reis, the Director of Defense Research and Engineering, agrees that informatics lies at the hearts of the on-going technology revolution, believes that it can be advantageously inserted into existing systems, or used in vastly more effective new systems, and characterizes its main impact as heightened human performance through better understanding of complex information. Right there you can see its applicability to the Intelligence Community. The management of complex information is inherent to the collection, analysis, and dissemination processes.

To many who hear of this technology, it seems to be exotic and futuristic. But in fact it has already profoundly affected military intelligence, not merely by providing better sensors or computer aided analysis, but by altering the way U.S. intelligence has actually operated in the field.

I want to cite again a personal experience. About eight years ago an Army intelligence battalion with a collection and analysis mission arrived in Central America, composed of hundreds of soldiers and trucks, and 40 or 50 18-wheel tractor trailers, more than the primitive local roads could support, or the frail local security forces protect. After struggling with that behemoth for a while, Mr. Chairman, I sent the entire unit back to the United States and directed its commander to figure out how to perform his mission

with a much lower footprint in the theater. Computer, networked by satellite communications, eventually enabled that unit to perform its mission from home station in the United States with less than 10 vehicles and less than 5% of its personnel deployed in Central America. Moreover, its intelligence productivity proved to be significantly higher in this configuration than it had been when the entire unit was forward. That was seven years ago.

Technology today could support even more unobtrusive and secure collection. In coming years, the main limitations upon that technology will be conventional mindsets, and that's what's got to be changed.

Mr. Chairman, a decentralized, distributed intelligence apparatus seems to be more compatible with American government and American society than a KGB model monolithic organization. Indeed, our public intelligence services—notably the television networks—would scarcely organize for tomorrow by centralization and collection. The freewheeling, adaptive, innovative modus operandi of the television networks in fact reflects the American style and furnishes a proper model for the Intelligence Community.

What implications do I draw from all of this for military intelligence? Allow me to cite at least five.

Collection will involve networks of multisource sensors and when useful, all source fusion will take the form of virtual imagery. Major cost avoidance for overseas deployments of intelligence and equipment will become possible.

Second. Analysis will be improved and expedited by complex, shared, data bases and collaborative analyses will become usual among horizontally and vertically disparate elements of the Intelligence Community typically located distant one from another.

Third. Dissemination will be advantaged by finished intelligence products, transmitted direct to any authorized consumer on demand through practically instantaneous search, retrieval, and display, and by vivid *prima facie* graphics. To paraphrase President Kennedy on the last point, one picture will be worth a thousand words.

Fourth. Intelligence training ought to encompass the entire intelligence cycle, user-collector-analyst-user, and to practice compressing that cycle repetitively in peacetime exercises in the closest approximation of battle that modern technology can simulate, so that in wartime our forces can overwhelm adversaries with the sureness and swiftness of U.S. intelligence no less than that of U.S. weaponry.

Fifth. Reorganization of the Intelligence Community within the Department of Defense ought to proceed on the premises that collocation is an outmoded imperative, and that centralization may engender waste and duplication. Rather, decentralization and communicative integration ought to be the guidelines. The reorganization should explicitly adopt the goal of exploiting informatics to demolish the Beltway Barrier between the Washington regions and the CINCs.

Thank you, sir.

Chairman BOREN. Thank you very much, General Gorman. I appreciate your comments and I assure you I will read all the portions of your statement with interest that I was not able to hear in

person. As I indicated coming in, we had an unusual situation with a roll call which lasted approximately an hour on the Floor and I was not able to leave. I was being held captive, you might say, in the room until it was completed. So I apologize.

If we could go on and have General Gray give his comments, if that would be possible, and then let me direct some questions to both of you together at the conclusion.

General Gray, we are very happy to have you with us, and again, I apologize. Also, there is an Armed Services Committee hearing going on at this moment as well, which is the reason why some of our colleagues that have a joint assignment on Committee and this are not with us. I was asked by Senator Warner in particular to give both of you his regards. He is tied up in that Committee hearing. So events are simply conspiring against the attendance of the Committee today. But I assure you that when we sit down and make the final decisions and recommendations on the question of reorganization of the Intelligence Community, your testimony will be of immense value to us and important.

As I have indicated to earlier witnesses before us, the Chairman of the House Committee and I presented a plan with the knowledge that this would not be the final answer, but attempting to identify issues that we thought we should discuss. We said at that time that we hoped it would stimulate discussion and we have succeeded admirably in that goal. It has stimulated thought and reaction and a very healthy dialogue. That dialogue continues with the Director of Central Intelligence, with the Secretary of Defense and indeed, with the President himself. I think we are really involving the whole process, both in the Executive and Legislative branch, and what I hope will ultimately be a real partnership, a bipartisan one, in coming up with the right answers. So at least we are off the launching pad into real discussion, and we value your thoughts along the way.

So General Gray, if you would, please give your comments and then I won't detain you long. We have been so far behind schedule, but there are just a few questions I would like to address to both of you.

[The prepared statement of General Gray follows:]

#### COMMENTS ON THE NATIONAL SECURITY ACT OF 1992, S. 2198

##### OPENING STATEMENT

Mr. Chairman, Members of the Committee, I want to begin by praising your effort and vision as exercised in recent years, and in putting this bill forward. Mr. Chairman, I specifically desire to acknowledge your contributions—you have been tough but fair, hard-hitting but credible. We have all benefitted.

I can understand—from the Congressional perspective—why you have proposed this bill. Even if it is but a starting point for negotiation, or as a means of pushing the executive into faster or deeper change, there is no question in my mind but that you have rendered a great service by using such a vehicle to ensure a comprehensive and useful dialogue takes place.

However, from the perspective of a former Commandant of the Marine Corps, and a former member of the Joint Chiefs of Staff, I must put forward a different view.

First, intelligence is not as broken as some people seem to think. Certainly there is room for improvement and refinement, but over-all we have a well-established resource base, solid and mature organizations, and a good management team, both at the national and the defense levels.

Second, I feel that the responsibility for improvement and refinement should rest with those responsible, specifically the Director of Central Intelligence and the Secretary of Defense.

These officials are taking action! I will not belabor the details, but between the defense intelligence restructuring being implemented at the direction of the Secretary by the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence; and the numerous task forces and study groups established by the Director of Central Intelligence since he took office, efforts which are resulting in decisions and changes as we speak, I must be candid and tell you that I feel this bill—though well-intentioned and visionary—is premature and very likely unnecessary.

It merits comment that both the Secretary and the Director are taking these actions during a critical draw-down period for resources, and during the most politically turbulent and uncertain period since World War II. I therefore urge you to give them the opportunity to continue their restructuring efforts, landing such support as may be requested or needed. When they have finished, it may be appropriate—at that time—to scrutinize the results and take legislative action.

#### STATEMENT OF GENERAL ALFRED M. GRAY, USMC (RET)

General GRAY. Well, thank you very much, Mr. Chairman. And of course it is always a privilege to come over here and to be a part of the on-going efforts. And I would say for all of the Committee and for their staff personnel and certainly you in particular, the leadership that all of you have exhibited in this effort the past few years, and certainly while I was privileged to be a member of the Joint Chiefs of Staff, in trying to seek out ways to ensure that our all source integrated Intelligence Community, to include the related activities, are a part of that total, what I term, warfare of information, or information warfare. I think your efforts as well as your colleagues in the House have served to focus the senior leadership, both civilian and military, in these areas, to an extent which really was unheard of in all the years that I have been either involved or on the periphery of intelligence and related activities. I think we have seen more focused activity on the part of our concerned leadership in the past three or four years than we ever saw before. Or to say that another way, I would argue that had we had some of this support earlier, many of the challenges that my distinguished colleague, General Gorman, pointed out, would have been resolved. Perhaps not perfect—we live in an imperfect world—but certainly we would have been further advanced and far more capable of providing him support when he commanded all of our forces in the Southern Command.

Having said all of that, I would like to present—which may be somewhat of a different view from the bills and the like—I am somewhat known for that. But first, I want to make a general statement that in my view the intelligence system and the Intelligence Community of our great country is not broken. I believe that we have a tremendous capability, both technically and more importantly from the standpoint of the marvelous men and women that serve in that Community, both civilian and military.

Yes, there have been failures. Yes, that we could have done some things better through the years. But in the aggregate, I think that it has been more than superb. It really has done—you don't hear about the successes. We don't dwell on the successes. Only the perceived failures. And so my first point would just be to reinforce, we've got a pretty good capability, and what we have got to do in my view is continue the efforts of you and your Committee and the



others to include the Director of Central Intelligence and the Secretary of Defense, continue their on-going efforts to make it indeed not only good enough, but good enough to win the information warfare battle in the rest of this decade and as we steam into the next century.

And my second point would be a follow-on to the first. There are, as you are well aware, indeed because in many cases of your interest, there are a number of on-going task forces and study groups in the Intelligence Community and the related command and control, communications community, which indeed are focusing on many of the ideas that are set forth in your bill and in the companion bill in the House. In other words, the monoliths of intelligence, i.e., imagery intelligence, signals warfare intelligence, human intelligence and the idea of open source information intelligence and the like, they are being deliberated very carefully by task forces. Some of them have reported out. Some are still going on. There's ten, twelve of these task forces, and a number of parallel study groups. Much of this is, I think, headed right the way you would want to see it.

Secondly, most of them are due, I think, to be considered or reported out here to the National Security Council near the end of this month, chaired by the NSC, with appropriate representation from all concerned, both military and civilian. And so it seems to me, sir, to enact legislation at this time might be just somewhat premature, and we might not need it.

Now if we can do this without legislation, I think that's to the benefit of all concerned. As I have said many times in many places to many audiences, you know, you can't legislate against incompetence. You can't legislate against stupidity or lack of common sense, or more importantly, against professionalism. Commanders, their staff at all level—platoon, corps, Marine Expeditionary Force, Naval Task Force, unified commander, all of that—you cannot, in this day and age, win the battle of information without a keen understanding, appreciation and without ensuring that your warriors understand the national and the theater and the tactical systems. Anything short of that is simply nonprofessional. And we have had commanders, again like General Gorman, who understood that, and in his statement said at an early age he did this and he understood it, and he got better and better because of it and so did his people. And there are other commanders that fit that description.

However, there are far too many—in the 41 years that I have been privileged to be a Marine, far too many, whether soldiers, sailors, airmen or Marines, to include the Coast Guard as well, who didn't understand this principle; who weren't willing to roll up their sleeves and attack the green door, the blue door, whatever, to get involved, until too late in their military career.

And so this shortfall, this inability to understand what goes on in the Intelligence Community—and we have to appreciate that the Intelligence Community, whether we are describing the Central Intelligence Agency, the National Security Agency, the Defense Intelligence Agency, the State Department intelligence operation, the Federal Bureau of Investigation operation, or DEA, to name some, they are like great big technical factories, particular NSA and to some extent DIA, and certainly the office dealing with our over-

head operation and all of that. And so unless you buy in to those operations with people and with time and with attention—in other words, unless you learn the trade to the extent possible, you're not in many cases going to know what to ask for because again, as my colleague has stated, if you don't know what's in there, then how do you know what to expect. And so it is a two way street: the Intelligence Community over the years has been far from perfect, but still, in my judgment, very, very, very good and effective. And by the same token, our military commanders have been over the years for the most part pretty doggone good, and have done what has to be done. But there has been a shortfall, in my view, in really learning what this is all about. And so again, it's a two way street.

And so I would argue that we—we take what we have, which has been built in the last several years, with the blood, sweat and tears and funds of a lot of organizations, and it has been hard—it's been hard to make the changes that we have made in the last three or four years, and you have seen it come together now—albeit not perfect—but you've seen it come together in such a way that we do have a sound, fundamental base. We're good. We're very good. And we can get better.

And it would appear to me that if you take the various questions, for example, that we were asked—I was asked to comment on and I'll just go down very quickly. I commented in the statement on his questions, and I would ask that it be entered into the record if you so desire.

But when I look at the bill and review Title III and all of that, I see a lot of good ideas but I see ideas where really they are being worked on actively, some have already been implemented. For example, we've assigned Major General Lajoie to the Central Intelligence Agency to be the Assistant Deputy Director for Operations, specifically to provide coordination for military support. You wanted that and it has happened. And in a similar vein, there are a number of other initiatives that are being undertaken.

With respect to the Assistant Secretary of Defense for Command, Control, Communication and Intelligence—the so-called combination of C<sup>3</sup>I, or as in your Marine Corps, C<sup>4</sup>I<sup>2</sup>, because five years ago we did in fact—or four years ago, merge command, control, communications, computers, intelligence and interoperability. And the reason is very, very simple. Intelligence without communications is simply irrelevant. And communications without intelligence is battlefield noise. And so we simply have to have it pulled together. And you cannot separate communication requirements, the passing of information, whether they are tactical or whether they are logistics and somewhat business oriented, if you will, in the ADP process or meaning of the word. You can't separate all of that. And we have got to be able to pass this information rapidly, laterally, in a network idea. People have got to get the information simultaneously at battalion, regiment or army brigade, expeditionary force, corps, whatever, when it is applicable. You've got to be able to pull JSTARS information out and provide it to the battlefield commanders at the right level.

But at the same time, you can't just act on JSTARS alone, because time is crucial. A tank brigade in the attack, based on a report from JSTARS, may be 2, 3, 4, 5, 10, 15, 20 minutes late by

the time the commander gets it. And so he also talks to his reconnaissance people. He talks to his overhead people. He talks to his special intelligence or SIGINT collectors and the like. Maybe he has eyeballs on that target area through reconnaissance or Special Forces. And he puts that all together and then he goes with his instincts and his understanding of the commanders intent.

Now, while I am on this topic, too many commanders expect intelligence people at all levels to tell him what the intent of the enemy is. Now, it is the primary role of intelligence collectors, analysts, and disseminators, to work on capabilities and limitations of enemy forces. And commanders have to determine, after their analysis, what that intent is. Sure, you can ask your battalion intelligence officer, or for that matter the Commander in Chief can ask his Director of Central Intelligence or the Secretary of Defense, what the intent is, and those answers have to be caveated by, this is what we believe. But commanders have got to go to the mat. Commanders have to make these judgments. And I think we have to keep this in mind as we go along.

So I would, with respect to the separate ASDI, I would keep that the way it is. I think that is the right way to go for all the right reasons. And I think that they are on the right track now. I think that the structure, as I observed it in the Department of Defense in the last four years has been really good and getting better.

With respect to that second question we looked at, comments on the National Foreign Intelligence Program and on the Tactical Intelligence and Related Activities or the so-called TIARA effort, here again two separate topics. The National Foreign Intelligence Program is about 75 or 80 percent DOD done, if you will, DOD people, DOD resources, DOD all of the above. And it seems to me that it would be wrong to move that away from the Secretary of Defense. After all, the Secretary of Defense, the military secretaries, and the Joint Chiefs of staff as service chiefs, they and they alone are responsible for organizing, training, equipping, providing supporting forces, fighting forces, and all of that.

It's the service chief, for example—it's the Commandant, General Mundy, who's responsible to the parents and guardians of the young men and women who are Marines, to do all they can to see to it that they come back winners—winners in battle and winners in life. You can't dilute that kind of authority and shouldn't. And the Secretary of Defense ought to have the main say in what goes on and how you distribute scarce resources in the National Foreign Intelligence Program. And certainly the DCI has the oversight, certainly can make that decision. And that has gone on in the four years that I was a member of the Joint Chiefs, every year we met with Mr. Webster, for example, every year in the Tank, with the Secretary of Defense involved, every year we went over all of our programs and all of his programs, and every year we ended up agreeing on how to distribute very, very costly and very, very limited resources. And so I would argue that we would keep that.

With respect to TIARA, or the Tactical Intelligence and Related programs, again, a lot of effort in the last two years in particular has gone into making this oversight process better, both the budget process and the requirements process. In my view, Mr. Chairman, it's operative today, and in a way that I think you would be

pleased. And so again, I would be reluctant to change that for all the reasons again that it really is not broken. I am well satisfied in my mind that that process is good.

And I would argue with respect to the Tactical Intelligence program, again, I don't think we should redefine this conglomerate of activities. We've got it in place, it's working well. The people involved know what has to be done. The services are satisfied with it. And it does give us a good voice—a good voice on tactical intelligence requirements. And that, coupled with the Military Intelligence Board, which includes the Director of the Defense Intelligence Agency, that's the forum whereby we resolve day by day in combat, like we did Desert Shield/Desert Storm, and week by week otherwise, requirements to process the need for harmonization and resolve conflicts. It is a great forum, it works well, and again, you know, you just can't legislate against people who don't know what in the hell they are doing. And I think these people do, and from my standpoint it has worked out very well.

The National Security Agency and the Defense Intelligence Agency are, as defined in the Goldwater-Nichols law, combat support agencies. And they belong, in my view, where they are today, in the Department of Defense. I think as an adjunct to that, if you decide to have a National Imagery Agency, which I believe is a good idea, then I would make that a combat support agency as well, and group it as a part of the triad, if you will, under the Secretary of Defense.

Chairman BOREN. Like NSA?

General GRAY. Yes, sir, like NSA and DIA.

NSA, DIA, again they are monolith type structures and so on. But you know, the structure is there. For example, every morning when we reviewed the bidding during Desert Shield and as we approached Desert Storm, and particularly every day during the three weeks that we played a red team versus blue team in my command center at headquarters on the situation—because we were very concerned. You know, we—the Marine forces along the coast and their coalition allies faced about 70% of the enemy as they were currently located. And so we were very concerned to go where they weren't, we were very concerned to be able to infiltrate. We did not want to—you know, we wanted to use strength against weakness and all of that. And so we played a red team-blue team game every day, and it went far into the night. It was hard on the Commandant, because I was the only blue player because I was the only one at Headquarters Marine Corps that had access to the overall plan as it evolved. And the plan did evolve. September, October, November was different than October, December was different than November, and by New Years it began to crystallize pretty damned well—Hail Mary got some maturity after a while that wasn't always there. And so it got there and it got there for all the right reasons. In the meantime we played this and every day we were able to go to the Director of Intelligence—or the Director of DIA through the military Intelligence Board, and shift resources, shift requirements, get more information on the barriers, check again on the minefield situation and the mines at sea and all of that.

We were able to—in one weekend we were able to take all the overhead imagery and after asking repeatedly, how can we get all this stuff integrated together so we can have a pictorial view of the barrier trace along the coast and all the way west to where the coalition forces were aligned with the VII Corps, how could we get that all put together. And finally, a young Marine captain in DIA and working with the special reconnaissance people, took a video camera, had all that stuff posted on the wall in the command center, took a video camera and ran around like that and we were able to mail it out to our field commanders so they could see first hand what has to be done.

So this kind of involvement, whether you are a service chief or a force commander or a young captain, this kind of involvement at the right level has to take place. And again, I would say that the National Security Agency and the DIA, from my vantage point, functioned very well.

What they have to do, along with the people at Langley, is make sure that we complete our efforts to change our focus from the former Soviet Union-European scenario—which in my view had too much focus anyhow—and make sure that we are global in nature, global in interests. That's where our interests are, not only our urgent security interests and the like, but those of our friends, for all of the right reasons that the people of your Committee are well aware of.

So that's not easy, and that has to be done. And we pointed these things out three and four and five years ago, didn't we, Paul, when we talked about lesser intense conflict, low intensity conflict and all of that. But you see, nobody would ever change the other requirements. And so you were just adding requirements. That has got to be refocused. I am convinced that our leadership knows this. I know Secretary Cheney knows it. I know that Bob Gates knows it from going over some of the deliberations that have been taking place in the Agency. But it is time to make sure that happens.

And it is a different kind of intelligence challenge. The Soviet threat, mammoth as it was, was somewhat predictable. It was an array of orders of battle, both air and ground and naval, weaponry, terms like PK factor had to be understood by all the members of your Committee. Now, in these lesser developed regions of the world, the threat is much more uncertain. Uncertainly in terms of peoples and culture and language and intent and all of that. And so it is a different environment.

And in my view, based on spending much of my adult life conducting special operations or collecting intelligence in these regions of the world, I can tell you, it's hard. The military organizations aren't communicating, they aren't training, they don't have any money, etc., etc., etc., etc. It's hard. And you don't know who to believe, who to trust. You need much more HUMINT and that type of thing.

So again, I would build on what we have. And I would ask that we continue to ensure that the DCI and the Secretary of Defense are focused on these regions. And more importantly, that this body in the Congress provide the necessary resource and funding support to make these kind of things happen.

Again, the National Imagery Agency, I think it's a good idea. But I would put it under the Department of Defense like the NSA and like the DIA, as a combat support agency along with the Goldwater-Nichols idea. And I would—I would suggest prudence here before I would change what I call the support activities of the NSA overhead program and the special reconnaissance or imagery overhead program. And by that I mean simply that there are agencies that do this. It does go on, and there is already in being the necessary bureaucratic capability—and I don't mean bureaucratic as a bad word here, there has to be some structure, like the dictionary says. And there already is in being people who do this as a part of everything else they do.

And so if you transfer these responsibilities into sort of a monolith, if you will, under NSA or under the NIA, you're going to have to bring in people to establish the business side of the house, whether it's research and development, acquisition, support, and all of that. And at the same time, the people who are doing that today are going to have to continue to do it because they do it for a broad range of activities and functions. So again, I would just suggest prudence here and make sure that we keep this thing cost effective as well as what may be perceived as efficiency and the like.

There's three important things here that are much more important than whether you have an NIA or not. And they are, number one, we've got to do something about the lack of wide area coverage. I mean, the world is our sphere of interest, to include space. And right now we do not have wide area coverage. And because you don't have that, that is one of the reasons why people were talking at one of the other hearings yesterday about what happened to the North Korean ship. And so you have got to have that. You have got to have the ability to surge and support a crisis area, and at the same time be flexible enough to keep your eye on the rest of the world.

Now all you have to do is play a war game where there is a crisis in a particular region and yet unrest in some other part of the world. And you have got to keep focused a little bit here. In the meantime you've got to have a point or focus of main effort in the region where you have a problem. And so we need to do better in this surge idea, the surge concept.

And then finally, the lack of digital mapping capability for precision targeting, and I would add, for 1:50,000 maps, it just shouldn't be in today's world of technology and ability. It is ludicrous to have to be able to go into a contingency area with Michelin road maps. And we did it, we did it in Lebanon, and we've done it before. We made maps at about ten minutes before midnight before we swarmed ashore in Grenada. We made maps. We were able to get some overhead imagery. We had Marine photointerpreter people as part of the all source center aboard ship, and we made maps. Now that's wrong.

Chairman BOREN. Where are we falling down here? In other words, how could that have happened?

General GRAY. Well, it goes back to that overabused word, resources. There's only so much to go around. And you had the higher priorities for the more technically oriented challenges, the

strategic requirements, etc., etc., and those threats that were perceived to be greater, i.e., Europe and the like.

But here, too, there is a related aspect. We have got to watch—and I would recommend that you watch very carefully the development of any of this sophisticated overhead and related technology that involves targeting, lest we place more undue burden on the digital mapping capability. We have got to bring that along and that takes people and it takes resources and effort.

I think smarter people than me know this, they are moving to correct these things. But these are the three areas that would bother me. And again, in the prioritization when the unified commanders report to the Secretary of Defense through the Chairman of the JCS, these are my major contingency requirements, then we have got to be able to ensure by priority that we have the necessary maps. It's an awesome number of maps, too. So here we ought to go again to some of the technology that is alluded to by my colleague.

Chairman BOREN. It really goes back to what you've both said about the importance of emphasizing potential low intensity conflicts, so that you have maps of areas of the world in detail where there could be problems. But they at that period of time were so focused on Europe and the strategic threat from Warsaw Pact, the Soviet Union and so on that these things were really downgraded in terms of priority, where the dollars went and where the systems were tasked.

Now ultimately, in theory at least, the DCI brings together all of these budgetary priorities including those that flow even from the defense side and sets the budgetary priorities as they are presented to us. In theory at least, he performs something of an OMB type function for intelligence matters, even those that flow out of the tactical side of things. In fact, how does this mechanism really work? In other words, to whom does the theater commander, the CINC, send forward his priorities? Let's take the example: He thinks there is inadequate mapping in certain areas of his responsibility where there could be trouble, perhaps he might have to ultimately respond with military force. Describe to me where does that recommendation go next in terms of making budgetary requests?

General GRAY. Yes, sir.

Those requirements from the Commanders in Chief in the field, the unified commanders, they come to the Secretary of Defense, and they're compiled and they are looked at from the standpoint of all the requirements. And we have the Defense Mapping Agency, which are experts in the mapping agency and geodesy and the like. And then they set about to solve those requirements. And I want to say here that they, you know over time have done a masterful job. I mean I can guarantee we have one helluva lot of maps.

Chairman BOREN. Well let—

General GRAY. And it takes a lot of maps, by the way, to fight. It takes a destroyer full of maps, if you will, to support an Army or a Marine brigade. So it takes a lot of maps.

But what I am suggesting here is again, it takes a collective effort. For example, the case in Grenada, there were maps about Grenada. And I can remember the commanding general of the Second Marine Division saying to his superior don't forget the

maps. Get them down there. And it said aye aye, the maps will go down there. But they didn't get down there. So that was a failure on the military side as opposed to intelligence.

But basically, there are far too many key areas of the world where mapping and geodesy information is inadequate. And so what I am suggesting is we must refocus that. The Secretary of Defense can do that with the support of the DCI.

Chairman BOREN. Well, one of the things I am thinking about here, and I know you have some thoughts on this, is obviously the Secretary of Defense has so much to oversee. One of the things that we have been worried about and have made a proposal to have an Assistant Secretary of Defense for Intelligence. As it is now, it is combined with a lot of other responsibilities. Should we at least consider having an Assistant Secretary of Defense for Intelligence who can help bring these kinds of concerns forward to the Secretary? Or do you think the current structure adequately brings them forward to the Secretary?

Obviously things have to be screened through a process before they come to him for ultimate decisions on priorities of spending.

General GORMAN. Let me take a pass at that.

General GRAY. Sure.

General GORMAN. I hate to interject—

Chairman BOREN. No, no, really I am directing this to both of you, right.

General GORMAN. I believe, sir, that you are not going to solve the problem that General Gray has outlined for you with organization. I think that the answer lies in the application of what we know now about how to address digital topography and map generation and map dissemination. It is just another form of intelligence. There is kind of an iron law that operates in military affairs that says that the battle always breaks out at the place where the map sheets come together.

Chairman BOREN. Right.

General GORMAN. There is another iron law and I have seen in the Third World that you can bet that any time that there is an area of intense interest to the President of the United States and this body, there is going to be a place where there is a white area in the standard map issues.

And it is literally true that throughout all of the time that the Contra issue was a matter of concern to this body, we were dealing from maps that had a big white area right in the middle of where the Contras lived.

And today, if you go over to DEA and look at their plots of cocaine distributions, you will see that the areas most active in the cocaine distribution world are areas that are white on our maps because we just don't have basic topographic information.

What is the answer? Reorganization in Washington? No sir. It is to get superior ways of addressing that problem. And I believe that the answer lies along the direction of CINC controlled and directed of mapping capabilities that could be put into play when he begins to recognize that he has got a problem.

Now I think the difficulty in Grenada is exactly that it didn't get that kind of forethought. That kind of intense scrutiny in advance of the event.



Chairman BOREN. Soon enough.

Now, let me ask this and this is to both of you too. I am sorry, I don't want to interrupt—

General GORMAN. No, I went way too long anyway. But several of the staffers were nodding off. So you saved me sir.

Chairman BOREN. I don't believe that.

But did you have any other things you wanted to say?

General GORMAN. Yeah, but I think it would be really good just to go back and forth and make sure that we at least get to what you want to talk about. But I would say on the maps, that again, technology, proper technology here, and proper support will go a long way toward doing this very effectively.

Now we—for example, it is for this reason, that only the Marines have a topographic capability. And we have kept that through thick and thin. And so we were able to make those maps at midnight aboard ship. And we were able to make what we needed in the desert.

Chairman BOREN. I understand exactly why you want to have that capability—we are caught between what would be the natural tendency for every branch and every unit to have that capability. Everyone would love to have that in-house capability. One of the problems that we get into, if we allow all of these natural tendencies to take place unchecked, is we will end up with a tremendous duplication of resources with scarce budgets. So we really can't afford for everyone to have in-house capability of this kind. It has got to be a shared capability.

This perhaps is a broader question of how we assure that the CINC, for example, or the theater commander, has the ability to direct the intelligence resources, we have the reconnaissance resources, imagery, the SIGINT, and the rest of it. We have focused on that question probably most often in terms of a wartime situation. We have not provided for any change of direct authority in the case of wartime in this bill. Some have suggested that the CINC at that point should actually have the authority to command collection resources very directly. Others have said no, we can sufficiently take care of that by simply requiring, whether this is by Executive directive or legislation, that the theater commander's needs will take priority over all others during hostilities.

What we are talking about here goes even beyond that. It is the question of what clout shall the theater commander have before hostilities commence. For example, if he spots a Grenada situation coming. Certainly we knew the possibility of and the need for greater information in the area where the Contras were operating. I have been down into some of those areas, and terms of what you are talking about with narcotics trafficking, and talked with our people at the command.

Should we just say to theater commanders, yell a little louder, hoping that the chiefs and the other will understand the changes in the world and the shifts of priorities that need to occur. Are there any structural inhibitions? Should we think about enhancing the authority of theater commanders in wartime to directly control some of these assets? And should we extend their ability of entering into the system perhaps at the highest level—a direct appeal to the Secretary or somebody else; I suppose this happens on an infor-

mal basis—if there is a theater commander that really feels there is a white spot or whatever it is. It may not be mapping. It may be something else of an intelligence nature where there is a big gap in an area that all of that commander's intuitions tell him may be where trouble is going to erupt. Is there something we should do?

First, would you support a switch of control of assets in wartime? And second, is there a way we can strengthen the hand of the theater commander? I am a great believer that people on the scene and with the responsibility over a geographical area have a better judgment about that than those analyzing the reports once they are fed to Washington. Would you make any changes or do you think it is simply a matter of the interplay of personalities?

General GORMAN. I don't see any need to legislate concerning, although all of the problems that you raise are very real ones. And in your oversight functions, you ought to keep probing to find out if it is working well. I believe concerning the question of the white spots, if you will, in any of the collection disciplines—

Chairman BOREN. It might not be maps, might be something else.

General GORMAN. Again, whether you legislate or not, the fact is that the situation is going to get better year by year for those theater commanders as these new sensors become available to him. The question really is, how are those sensor programs structured?

I was listening to a genuine expert on intelligence programs in the government the other day describing one of these new sensor programs that he had just reviewed. The program provided about 60% of the funds within the program for the collection apparatus itself. Another 39% of the program was directed at the interface between the collection program and the analysts. 1% of that program, Mr. Chairman, was directed at the dissemination function because the assumption of the program manager was that if he connected his thing to the CINC at the CINC's level, he had done his job. But you see, that's the problem that I was describing in my statement reference JSTARS. Getting the imagery into the top of the military hierarchy doesn't do the job of timeliness to which Al Gray observed.

Rather, that program should have provided for direct interfaces all the way down to the tactical level, with mechanisms for passing those digital frames—all individually addressable incidentally and all of which could be mapped digitally, that is to say addressed digitally ahead of the event, I am interested in X-Y-Z and that digital address book changed as the battle progressed, as the unit rolled forward.

I think we have come to a point in time where the Chiefs are going to have to be thinking if they're really interested in taking advantage of what's out there, of dispensing with paper maps and getting us onto some other kind of geographic reference system.

We have resisted for years issuing GPS equipment. I have seen young officers running around with their own purchased equipment, commercial equipment, because they understand the criticality of having that kind of thing in hand.

We didn't do enough ahead of the recent war thinking along those lines. And what I am urging on you is that the real work that needs to be done to arm the Intelligence Community for the future is to take advantage of the technological opportunities that

are opening to us. And I believe that centralizing, splitting authorities, organizing by intelligence collection discipline, gets in the way of this distributive kind of intelligence support equipment that is going to be available. You can no more legislate that than you could legislate the personal computer world today.

Chairman BOREN. So do you take the position that at the top levels we do have a concentration of SIGINT within NSA.

General GORMAN. Yes sir.

Chairman BOREN. Now are you saying then you don't think we should have a concentration of imagery in exactly the same way?

General GORMAN. Let me talk to the NSA business. You mentioned passing authorities to the CINC. Look, NSA—that factory as Al calls it out there—is going to be there in wartime. What the CINC needs is not command of something up at Ft. Meade, he's got enough on his plate. What he needs is access on real time basis to what's at Ft. Meade.

Chairman BOREN. Right.

General GORMAN. And that can be arranged beforehand. It can be practiced beforehand, and it can be made to work beforehand. And can be made to work in crisis. I have done that. And the transmission time to actual operational units is a matter literally of seconds. If you get the doggone networks open and the people supporting it.

Chairman BOREN. That's why it's so important to have these joint exercises with our intelligence services which we've had all too few of in the past.

General GORMAN. I would tell you further that it doesn't happen easily, but it is a matter of getting the DIRNSA and the CINC and the Chiefs on the same sheet of music. When that happens you can make it go. If, absent that, top down interest in making it happen, it's unlikely to occur. Hence, again I go back to your oversight as opposed to your legislative function.

The question is, from year to year are the personalities and the arrangements between those personalities really exploiting the capabilities of the system.

Chairman BOREN. Now, what about the imagery situation? We're looking at accountability as well. Without going into classified titles that we can't go into, there really is a great amount of dissatisfaction for most of the customers, and certainly from a taxpayer's point of view, in terms of the way the imagery procurement and decisions have been made. I think most people would say they haven't been made as cost-effectively as—

General GORMAN. You made an excellent statement at the outset of all of this about the problem of mindsets. And I would tell you there is no community where mindset is more evident than in the imagery business.

Mr. Chairman, the very notion of imagery is undergoing profound changes. The JSTARS business is imagery. It produces imagery. But it's not imagery that ought to be handled like other imagery. It is again digital information and it is capable of being passed down to the lowest echelon of interest if you wanted to do it. The problem with the JSTARS is that we didn't give any attention to how it would plug into an operational force ahead of its being deployed.

I'm urging here that the real pay-offs in this business are not by setting up more—conceivably more efficient organizations in Washington; the pay-off is in getting the stuff to the consumer.

Chairman BOREN. General Gray, anything you might add on these subjects.

General GRAY. Well, on the latter point, Mr. Chairman, I would just reinforce that. But I think we have to remember that JSTARS was still in the developmental stage. It was not a complete fielded, tested, and fully understood system. And so I would argue that it was remarkable that we did as well as we did with JSTARS and the like. Those successes were well known and there were some, quote, failures, unquote or misuse. But that is the fog of battle.

Going back to your earlier question of whether the unified commanders should have more authority, etc. I would agree, we really don't need to change that. The unified commanders, in my judgment, have all the authority they'll ever need. And of course I'm also on record some years ago as saying they had that authority even before the legislation, before Goldwater-Nichols, but that's not part of the dialogue here today.

The point is that when you have a crisis and particularly in the lesser developed regions of the world, where many of our national and scientific and technical assets are not fully focused, because we still have to worry about the nuclear problem and other more challenging strategic requirements, and so when you have a problem in a lesser developed region of the world it goes through really three steps. You've got the national system, you've got the theater system that the unified commander controls, and then you've got the tactical requirements which are of utmost concern to the component commanders. The Army, Navy, Air Force, Marine Commanders and their staffs have a big stake in the tactical and the theater requirements and capability. And certainly they are reliant, in the planning stage, reliant on the national systems as well.

And so for the unified commander who has a white area, if you will, whether it's in any of the INTs or whether it's mapping, geodesy, etc., if they dig in and express their requirements and do their homework ahead of time and go back to basic manuals about intelligence which talk about essential elements of information at all levels, and talk about specific indicators in all of the intelligence disciplines, and get that on record and into the hands of the Secretary of Defense and the Joint Chiefs of Staff, they're not going to ignore this Unified Commander for two reasons. One, that's what you do, is support him and two, it's your warriors, regardless of service, that are going to pay the price if you do it wrong.

And so he's going to get all the support he needs. I don't really see a need—I would suggest focusing the oversight more along the lines of what Paul has suggested here. Taking advantage of technology, changing as it is, to improve this overall database. It's the databases, the encyclopedia databases that really need to be upgraded for the lesser developed regions of the world. They're not in good shape. And we need to focus our attention there.

Chairman BOREN. And that really it's a budgetary shift and it is an oversight function and so on that we can get into.

General GRAY. Yes. And I would just argue—in the last few years when I was privileged to serve with the current Secretary of

Defense—and we know about his predecessor and his intelligence background—but I found Secretary Cheney extraordinarily knowledgeable in this whole world of intelligence and related special operations. And I've had many, many discussions at both the theater and the tactical level with him on this. I've had open door access to him. We met a number of times just one on one on the Desert Shield challenge and all of that type of thing. And I'm well aware and you are too, of course, of the Director of Central Intelligence's credentials. And so I think with the right oversight and the right vision here and allowing these people to do what has to be done, I think a lot of these challenges can be resolved.

Chairman BOREN. I agree with what you've said. I think we have such a unique opportunity because we do have a Secretary of Defense who certainly understands the intelligence field very, very well. We have a DCI and Secretary of Defense who have worked together in many capacities and have a good relationship. We have a President who obviously has great technical expertise in these areas. I find myself making sure I've done all my homework even on technical systems before I go over to discuss them with him because he's very, very knowledgeable. So it gives us a unique opportunity.

Now one of the things we've tried to do is to bring about a closer relationship—you mentioned in terms of General Lajoie's assignment—between the two empires, if we call them that. Historically there has been a feeling, at least as the military viewed civilian intelligence, of some doubt that civilian intelligence would be sensitive enough to the kinds of battlefield situations to provide the kind of intelligence that's immediately usable.

We had a lot of discussions with General Schwarzkopf about this after the Persian Gulf situation and, for example, such nomenclature as trying to determine whether or not what percentage of a bridge was usable. It might be structurally 20 percent destroyed but it might be 100 percent destroyed as far as having a military use. And so you have almost sometimes speaking in foreign languages to each other between the civilian and the military side of the way an analysis of the same piece of information might occur. So that when you say something is 20 percent destroyed, that might give a very false impression to a military commander who has to decide whether it's usable to bring in support troops or supplies.

I think there has also been distrust on the civilian side that, try as they might, if they got too much in bed with the military in providing the intelligence, and if anything went wrong in the decision of a military commander, the easiest person to blame would be the ill-informed and non-efficient civilian intelligence people who gave you information in a non-usable form. So there have been really to some degree two cultures. We have it even in the civilian community between the analysts and the operators—they don't even eat at the same cafeteria out at Langley.

General GORMAN. There is existing legislation, of course, in Title 18 US Code which provides that one or another of the senior intelligence officers of the government will be a military officer. I believe that much of the troubles to which you allude began when we elected not to do that.

I would go one step further. I believe that that senior officer should not be out of the so-called intelligence line. I think he ought to be a line commander who speaks the language of the Chiefs and the CINCs, because his primary contribution to the Director for Central Intelligence, if he is a civilian, would be in fact to help ensure that there was—

Chairman BOREN. Really, the military perspective.

General GORMAN. Right—to anticipate those difficulties of language and communication and to help put in place the mechanisms to resolve it.

Chairman BOREN. I assume there are people who might flow out of or have temporary assignments, whether they be at DIA, NSA and so on, who would have had the appropriate background in their careers.

General GORMAN. Oh. Yes. But if you're really bringing to bear on the problems at that level of the Intelligence Community what it needs, it has to be somebody that is thoroughly respected by the Chiefs and who speaks the language of the Chiefs and the CINCs.

Chairman BOREN. Who speaks the military language. Who is really representing the military perspective.

As you know we've worked on that in terms of our proposal. The top person might be a person in uniform. Also in the Directorate of Operations as has already taken place by action of Mr. Gates to bring General Lajoie over.

We've also talked about the possibility of requiring sort of a joint consent on appointments. For example, you have the oddity of the Secretary of Defense naming more or less unilaterally the head of DIA or NSA, but you have most of the tasking or much of the tasking in peacetime of these agencies really coming from the DCI. There should be a kind of a joint sign-off on some of these appointments between the Secretary of Defense and the DCI, just to make sure that these people are acceptable to both.

We've tried to think of ideas like that. We've tried to strengthen the relationship, make sure that civilian intelligence is more fully integrated into the JIC, for example. And we have that kind of situation because we had some doubt as to how integrated they became and how integrated civilian intelligence people were as opposed to just sort of an arms length liaison.

Are there any other ways you can think of that we could more thoroughly span these two cultures to make sure that both sides really understand the other and understand what assets are available?

General GRAY. I would like to take a crack at that as well as some of the other comments that were just made on this topic. And I think I would urge above all here kind of a good sense of at least contemporary history as to what's happening, a good sense of the events, and not overreact to what may have happened in Desert Shield or Desert Storm or Grenada or Lebanon or the attempt to rescue our prisoners or hostages and everything and the like.

Now, why do I say that? Desert Shield, Desert Storm was unique in many ways. It was the first time and probably one of the few times that a unified commander and his staff will indeed go to the field and deploy in a remote region. Somewhat different geographically in the case of CINCSOUTH—he was there. But I think we

have to kind of keep this in mind. And these unified staffs, like all other staffs, have been under the closest of scrutiny for several years because of budgetary constraints.

For example, if you add too many people to a staff, they are going to get cut either by the Secretary of Defense or by legislation here. And so you put the best people you can with the unified staffs. But you don't necessarily have the numbers, and so you are going to have to augment any unified staff that goes to the field or any joint task force or combined force. Whether it's commanded by a soldier, sailor, airman, Marine, it's going to have to be augmented. And it has to be augmented by these intelligence groups of expertise, such as we did in Desert Shield.

For example, in your Marine case alone, when I came back from my fourth trip over the Christmas-New Year's holidays and was fairly well satisfied that the aggregate strategic concept was the kind of thing that your Commandant liked, I sent 100 intelligence people augmentation to the field. I looked at the R4-Gs and Air Guard that were providing the only aerial surveillance and reconnaissance capability we had—a much neglected area.

Chairman BOREN. Yes. We've certainly focused on that.

General GRAY. And one that we ought to fix; we need to fix that. And what we were getting though in the way of imagery results as first echelon processing were pictures, if you will, without even a north finding module arrow. Now, rather than be critical, we put a dozen of our best photointerpreters in there and said take what those kids have got, put an Air Force label on it, but give us some analysis. And we got then second echelon, which you deserve, at least from that level. And then the third echelon went back at Riyadh.

We augmented as did the other services the NSA effort in Riyadh. And once that was put in place, then many of these problems began to get resolved.

And so you had to do this all through the theater, not just for General Schwarzkopf and his staff, but for the component commanders and the forces at sea.

And so again, I think that it's always going to be this way. You know, we're kind of one deep all around right now, and if you all don't protect this overall base force in terms of resources here for the next three or four years, you're going to have even more difficult problems that you really won't be able to solve. And so we've got this level of capability beyond which if we go lower, we're going to be in very serious trouble.

And here in the Intelligence Community, you know, they have to suffer some of the drawdown as well. And that's troublesome. And I know that in part of the dialogue in both bills there is talk about should we fence the Intelligence Community off. Well, it's been pretty well fenced off, as Mr. Carlucci has indicated. However, there is a limit to what you can do there as well. And so again, we need to be, I think, very, very careful.

The problem in my view of the major problem that the Commander of the Central Command and his people had with the Central Intelligence Agency revolved around not really intelligence collection, providing, disseminating, as we normally think of it, but

with bomb or what I call battle damage assessment. That is where the rub was.

And I believe that part of that was our fault here in Washington. Clearly in the preliminary stages, in the planning stages and in the initial phase of the strategic air campaign plan, you had to have solid, bona fide credentialed analysis of the aerial attacks. And that could only come through very careful analysis of imagery. And we did that, albeit it may have been slow and the like, but we pored over those pictures. The Chiefs looked at them and all of that type of thing, so that we could re-target because we wanted to kill, if you will, his strategic command and control capability. And of course, when we took out the grid, we also took out the water and the sewage and that, you know, presented other problems.

But at any rate, when you shifted the air campaign into phase two and beyond, where you began to shape the battlefield at the strategic and then tactical level, and more and more assets are being used in the field, here is where I believe the unified commander—in this case, General Schwarzkopf—should have had much more authority to say what was happening and not. That's where the crunch came.

The agencies back here were way behind in what was actually happening in the battlefield. Now why? Because they didn't have direct access to pilot reports, as General Schwarzkopf's people did. They didn't have direct access to the weather and all that kind of thing. The feel of the battlefield. They didn't have access to the HUMINT that was coming in from the people who were defecting or being captured. And so all of that becomes a theater problem.

Now, we don't need to really legislate this. This was really something that Colin and I talked about, you know, we've got to get this across. He understood that well. And if you look at what General Powell has said with respect to the performance of intelligence, to both DIA and CIA, it's been very good.

And so again, these things happen and we don't want to draw necessarily the all time lesson out of what may have been a peculiar situation. Clearly, the momentum of the—the final authority, if you will, of the battlefield situation must shift to that joint task force or theater commander on the scene, as you say. Because he is the only one that has the resources that are there and can tap the national resources or others when he needs it, to include in this case, our allies.

And so I think that again, I would kind of tend to leave that one be but through oversight and through the war games and analysis that General Gorman has suggested and the like, get a pretty good feel, make sure everybody knows what they are talking about.

The NSA and the DIA, in my judgment, have sufficient military people in their structures to assure that we have this interoperability and mutual understanding. Not so in my view in the Central Intelligence Agency. And here again I have heard recommendations that have already been made to the Secretary of Defense, but here we should probably increase exchange officers and the like to the CIA. And as Paul points out, not people who are only intelligence people, but more importantly, get some of those young combined arms warriors out there who later, when they make lieuten-



ant colonel or colonel and command a brigade, they've got credibility, they've been there, and they know what to ask for.

Chairman BOREN. They also have in their heads the kind of things that are in the arsenal of the civilian intelligence community.

General GRAY. Yes.

And I would say with respect to the FBI, this works very well today. You know, one out of every eight agents is a former Marine, so we have got a built in military expertise. Same way in the Drug Enforcement Agency. State Department there is some military expertise, but here too, the people over there tend to be awful senior, and so it would be helpful I think to have a little bit of exchange there in their structure.

Chairman BOREN. That's something that is being very much talked about, as you know, between the Secretary and the Director.

Let me ask you just one last question. We will receive your full statements into the record, by the way, and there may be some other questions we will want to direct to you, maybe even in writing, as we complete our own record.

General GRAY. Send a secretary, will you; we retired guys don't have any help.

[General laughter.]

Chairman BOREN. You can send them in hand written.

In terms of our own pace of legislating, we don't plan to jump out in advance of the internal studies that are going on. We have not pushed Mr. Gates or Secretary Cheney to come forward yet before us to give their recommendations or reactions, because we know they have a very full blown internal process going on. We legitimately want the benefit of the conclusion of their process as we begin to legislate. It may be that 85% of what might normally be considered for legislation, could wind up being handled by Executive Order and by Executive action. It could dovetail into a piece of legislation that will be very constrained in terms of its scope to fit together as part of a total pattern.

Having been in both the Executive branch and the Legislative branch, I know both perspectives. When I was in the Executive branch I often preferred no Legislative interference with our rightful prerogatives and the need for flexibility and so on. And in the Legislative branch I see sometimes, as I have said to the President when he has said, "Well, I've handled that by Executive Order." I said, "I'm glad. I agree with everything in a particular Executive Order, but what happens if the next person comes along and changes it? It's such a fundamental policy."

But I think we will end up with a mix and probably more on the side of what can done by Executive action than by legislation. So this really is going to be a partnership. It would serve no purpose for us to pass a bill and send it down to the President of the United States if it represented a plan that the President didn't approve of as Commander in Chief, the Secretary of Defense and the Director of Central Intelligence didn't approve of, and the National Security Council could not accept. We would not have accomplished a thing. Whatever plan we come up with must be a consensus plan that really reflects the best judgments of all of us. I think that is what we need to do more of around this town. We need to realize we are

all part of the same government and the same people pay our salaries.

So that is why we are going to try to take full advantage and have full dialogue with both the Secretary and the Director and General Scowcroft and indeed the President in terms of this process that is on-going internally.

You may have already touched on this in your opening statements. I assume that both of you would not be in favor of separating the National Foreign Intelligence Budget, the NFIP, out from the Department of Defense budget where it is currently embedded.

General GORMAN. I oppose that, sir.

General GRAY. Very strongly so, again because 80% of that program is DOD resources and all that anyway.

Chairman BOREN. Support resources.

General GRAY. Yes, sir. And it goes back to the statutory and inherent responsibilities of the Secretary of Defense.

Chairman BOREN. Do you also think it would probably result in fewer resources going into these functions?

General GRAY. My fear would be that it would migrate more towards the bigger picture, if you will, around inside the Beltway to the expense of the warriors who have to do what has to be done.

General GORMAN. I stress the integration that exists between the communication apparatus and the intelligence apparatus. You cannot sort out that. We made the point about JSTARS. We could have fixed the JSTAR problem some years ago. We knew that system was coming out of development. We should have started anticipating its exploitation or dissemination, if you will, long before it came. Now it's gone back into development. My argument would be that we ought to have that system thoroughly integrated into our systems. Even without having the actual system, we ought to be simulating it in our exercises.

You cannot separate that stuff. If you have separate budgetary authority for intelligence, then the dissemination function is going to suffer.

General GRAY. Yes. We didn't appreciate the role of JSTARS in the kind of conflict we were involved in. Everything was riveted towards Eastern Europe and aerial attacks, etc.

Chairman BOREN. One of the provisions of the bill that we have laid down is the right of the DCI to reprogram funds, not inside the Tactical Intelligence budget, but inside the National Foreign Intelligence budget, and personnel slots, even if they were those in agencies that are now under the Department of Defense umbrella. So for example, if you decided that you really needed fewer slots and dollars at NSA and more slots and dollars at DIA in terms of the attache function, or at CIA in terms of Directorate of Operations, and HUMINT—we've talked about the need for more HUMINT—that the Director as opposed to the Secretary of Defense or the head of an agency, would be able to, within the National Foreign Intelligence budget, initiate a reprogramming request. Of course, these requests all still have to be approved by Congress.

One of the things that we have in mind is that in the new environment in the world is, for example, HUMINT. In the past we've always assumed that much of our human intelligence collection

had to be clandestine. It may well be now that in some areas of the world, we have much open source information and in fact the ability to operate openly. Let's take one of the Baltic states, previously part of the Soviet Union, now independent and obviously very sympathetic to our democratic ideals. It may well be you don't need a clandestine CIA officer. Maybe the military attache can do that or maybe the political officer at the embassy can collect what information you need. Those areas of information can be much less expensively collected and perhaps collected with less trouble or downside. Sometimes clandestine collection can cause problems with other governments.

I am sure this will be quite a controversial matter. Should the DCI be vested with authority to initiate reprogramming requests of those portions of the activities of, say, DIA or NSA or agencies we think of as part of the defense establishment, as they relate to the NFIP, not the tactical program, or do you think that would be a mistake?

General GORMAN. I would respond that any DCI that needs legislative authority to bring that to pass is in trouble and probably shouldn't have been the DCI in the first place. I think that between the DCI and his relationship with the Secretary of Defense and in particular the relationship between both of them and the Oversight Committees, such matters are going to get exposed, debated, and changes are going to be made, and I don't think that having a mandatory reprogramming authority would do anything except introduce animosity into a system that is now working by collaboration.

Chairman BOREN. Okay. General Gray, would you agree with that?

General GRAY. Yes, I would support that, Mr. Chairman. I believe that he has the implicit authority or status whereby he can influence these kinds of requirements. In my own personal experience in the Summer and early Fall of 1962, the then DCI had a requirement for specific intelligence information with respect to Cuba. And I know that he and the Secretary of Defense talked about that. They talked about it at the Joint Chiefs of Staff, and I was the officer in charge of making it happen, and so I am very familiar with how that happened, and the degree of cooperation, and there was never any question about it, that we would do it and we went down and did it and did it pretty well.

A decade—not a decade, but a couple of years later a similar kind of thing in Southeast Asia along the border in Laos, north of what—in the mountains north of what most people remember as Khe Sanh, a similar kind of thing, both overt and covert, both intelligence collection as well as specific training requirements.

And in the same vein, that was passed back and forth. In the case of the 1962 Cuba requirement, the conn, if you will, was given to the CIA. In the case of the requirement in 1964, it was held back in Washington but actually conducted through the command structure in Saigon.

And so I think that these kind of things can work, and I think, as my colleague has said, if there is a problem here then we have got bigger problems in River City than we realize. And I go back to the fundamental idea of the responsibility both by law and intrinsic in the requirement to organize, train, equip, provide support

forces, take care of them, and that rests with the Secretary of Defense and the military secretaries and the service chiefs. And you just can't have everybody moving them all over.

Chairman BOREN. Well, I thank you both very much. And again, I apologize that by the luck of the day we have ended up with bad luck in terms of conflicts with the Members of our Committee. There are some of us working on an even broader reorganization proposal that might have very beneficial results. That is to reorganize the way we do our business so that we can have a little more certainty with conflicts that are going to come up when we schedule important meetings like this. But I appreciate you both being here very, very much.

We have tremendous value on this Committee because by our own rules, we have overlap between the Armed Services Committee and this Committee. We have been privileged, until just about a month ago when Senator Nunn's eight years ended, to have both Senator Nunn and Senator Warner sitting as very senior Members of this Committee. We have had Senator Glenn and other Members of the Armed Services Committee here. And that has been very, very helpful to us. And as you probably know, since on many items we have joint jurisdiction between our two Committees, at least on the Senate side—Armed Services and Intelligence—an even greater interrelationship here than on the House side—we have never had a difference of opinion between our two Committees. The liaison and the interaction has been so strong that we have always ended up with joint proposals, even down to the dollar on the budget. I don't think we have ever had a shift of a single dollar even, not even one dollar, let alone \$1 million or \$1 billion or \$100 million between the two Committees.

I am intrigued by the thought of finding ways that we can bring these two cultures together, get them speaking more the same language, greater understanding. I think the idea of exchanges on a broader basis at different levels—not just at the top levels and people that are in the traditional command structure, not just out of the intelligence structure within the military—are very good ideas. Joint exercising where we really flex these systems and see how they can respond in actual combat situations all the way down to a unit commander's needs and see if it is all working the way it should. We have not done enough of this in the past. In addition to try to dual hat some of these people in terms of appointments and making sure that certain key positions on the civilian side are filled by people with military background and so on.

Part of it is budgetary, part of it is the fact that we are probably going to be far less forward positioned around the world than we have been in the past and, therefore, civilian intelligence must be much more sensitive, even on the side of early warning, to the kinds of information that someone who would be involved in a potential military response is going to need as soon as possible. We're going to have a very different situation and we're going to have to make better use of our resources, certainly a much more integrated use of all of our resources.

There have already been some excellent things said today, and if over the next few weeks, driving down the road or whatever—

General GORMAN. We'll be glad to.

Chairman BOREN [continuing]. Other thoughts come to mind, please take this as an open invitation to send them to us.

General GORMAN. We'll be glad to do that, sir.

Chairman BOREN. Thank you both very much for your remarks today and, of course, the Members of this Committee have great admiration for the contribution that both of you have made to our country and its security. We appreciate you very much.

General GORMAN. Thank you, sir.

Chairman BOREN. And we value having your thoughts.

General GRAY. Thank you. And let me just add again for all of the Committee and the staff personnel and particularly you, Mr. Chairman, a simple thank you for what you have done. We have got probably more warriors alive today because of your concern.

Chairman BOREN. Thank you very much.

[Thereupon, at 5:05 p.m., the hearing was recessed.]

## HEARING ON S. 2198 AND S. 421

THURSDAY, MARCH 19, 1992

U.S. SENATE,  
SELECT COMMITTEE ON INTELLIGENCE,  
*Washington, DC.*

The Select Committee met, pursuant to notice, at 2:21 p.m., in Room SD-106, Dirksen Senate Office Building, the Honorable David L. Boren, Chairman of the Committee, presiding.

Present: Senators Boren, Bradley, Murkowski and D'Amato.

Also present: George Tenet, Staff Director; John Moseman, Minority Staff Director; Britt Snider, Chief Counsel; and Kathleen McGhee, Chief Clerk.

### PROCEEDINGS

Chairman BOREN. I apologize to our colleague, Senator Specter, and the panel that will be before us today, and to our guests. We had a closed matter before the intelligence Committee which ran a little bit over schedule. So we were a bit delayed in getting started today.

The Committee meets this afternoon for the fourth in its series of open hearings on intelligence reorganization legislation.

We will hear first from the distinguished Senator from Pennsylvania, Senator Specter, who is the sponsor of S. 421, which is pending before the Committee, a bill which he originally introduced in the 101st Congress, when he was serving as a Member of this Committee. He served as a very valued Member of this Committee and made an enormous contribution in several areas of legislation, including the legislation which created the statutory Inspector General for the CIA. He always has thoughts worth considering, worth listening to and weighing.

His bill also proposes a Director of National Intelligence, organizationally separate from the CIA, but it envisions a DNI with a somewhat different role than the one provided for in the bill which I introduced along with the Chairman of the House Committee.

I do not want to steal his thunder, however, and will let Senator Specter describe his own proposal for us today, and his ideas on how his proposal would fit into the reorganization of the Intelligence Community in general.

Following Senator Specter, we do have two additional witnesses that we will hear: first, Harold Ford, whose testimony we all remember from the Gates confirmation hearing, and whose advice and judgment this Committee has valued for a long time. Mr. Ford,

we are very happy to have you before the Committee to share your thoughts with us today.

And also testifying will be Richard Betts, a professor at Columbia University with a long-time involvement in the intelligence area and a great level of expertise in the intelligence field.

We welcome all of you. Let me ask if there are any opening statements of other Members. Senator Murkowski, the Vice Chairman?

Senator MURKOWSKI. Mr. Chairman, I have a statement which I will enter into the record. I look forward to this hearing on issues relating to analysis. I also think it's appropriate that we hear from our colleague, Senator Specter, with regard to his recommendations as specifically represented. I am going to have to leave very shortly unfortunately. I have got a meeting with Bill Reilly of the Environmental Protection Agency that I have not been able to reschedule, so please excuse me, and thank you.

Chairman BOREN. Thank you very much, Senator Murkowski. Senator D'Amato, any opening statement?

Senator D'AMATO. Mr. Chairman, in the interest of time I would ask that my statement be included in the record as if read in its entirety.

Chairman BOREN. Without objection, so ordered.

[The statements of Senators Murkowski and D'Amato follow:]

#### SENATOR MURKOWSKI—OPENING STATEMENT

Analysis is central to the intelligence enterprise. It is the analyst who puts intelligence into a form so it can be used by policymakers. The best collection systems in the world are of little value without skilled analysts to interpret and present the raw data.

Yet analysis receives relatively little attention—either in the oversight process or in the open literature. It just isn't as exciting as something like covert action. But in the confirmation hearings for Robert Gates as DCI, we saw analysis emerge as the major issue of concern—particularly the question whether CIA analysis had been politicized to fit policy requirements.

Today I hope we can move beyond the politicization question to address such issues as whether the current analytical apparatus provides policymakers with the best possible support. Has bureaucratic growth stifled initiative and imagination? Are new topics being recognized and addressed? Can we reduce and streamline the Directorate for Intelligence to provide more timely products while saving the taxpayer some money?

I look forward to the witnesses' comments on these and other aspects of intelligence analysis.

#### OPENING STATEMENT OF SENATOR ALFONSE D'AMATO

Mr. Chairman: Thank you for scheduling this hearing today to examine intelligence analysis and other aspects of S. 2198. I look forward to hearing the views of our distinguished witnesses.

We all recall the importance of intelligence analysis in the Gates confirmation hearings. In fact, Dr. Ford, one of our witnesses today, was a leading witness during those hearings on that topic.

During the Gates hearings, we discussed at length the issue of alleged "slanting" of intelligence analysis to please policy makers. Today, I want to learn the views of our witnesses on other aspects of analysis.

My approach today will be to ask how responsive analysis is to the needs of policy makers. I want to know what our witnesses think about the process of establishing intelligence requirements, analyzing and disseminating the results of collection in response to those requirements, and tasking to follow up on initial results.

My point is simple: do policy makers usually receive the intelligence support they need to do their jobs? And I don't just mean those at the top of the policy hierarchy

where departmental intelligence resources compete with national resources to support the policy maker. I want to know what's going on at the middle-to-lower policy making levels, where the intelligence bureaucracy may not prove as responsive to requests—or as flexible in changing direction—as it does when the request comes from the top.

This will lead to a second line of questioning—how to improve support to policy makers. What can we do to make all parts of the Intelligence Community work better in support of policy makers? What change or combination of changes will help get our leaders the information they need in a timely fashion and in usable form?

I believe that if you ask policy makers how satisfied they are with the formal products of intelligence, you will find out that they view most formal products as largely irrelevant and usually late, and that they don't think the "system" is very responsive to their needs. A number of our witnesses have said as much in their testimony. The intelligence they are usually happiest with is informal and provided directly in a near-real-time fashion in response to questions they've asked.

Let me return for a moment to the issue of slanting of intelligence analysis in order to please policy makers. It is certainly true that there is the danger of at least the appearance of bias when analysis is closely coupled to policy. The antidote to this, I believe, is competitive analysis, so that there is not just one exclusive point of view on an issue.

This leads to the conclusion that both central and departmental analysis has to continue—refocused because of the changing world, and perhaps downscoped to meet budget realities. The issue for us is what should we do to improve the way competitive analysis meets the needs of the policy makers?

The bald truth is that most policy makers don't place a high value on intelligence analysis anyway—they have their own sources of information from within their own agencies' line functions and from personal contacts of their own. Before becoming senior policy makers, most people in those positions have become leading subject-matter experts themselves in the areas for which they are responsible.

What this means is that they do not read intelligence analyses in a vacuum—they already know their way around the issues and most probably have strongly held, well-formed views. In a very real sense, each one is his or her own intelligence analyst.

I have raised the concept of the creation of Staff National Intelligence Officers, each with his or her own small all-source intelligence analysis support staff, assigned directly to designated policy makers. My concept is that each of these Staff National Intelligence Officers would be the principle source of intelligence to the policy maker.

The SNIO would talk to his or her policy maker, get the best possible reading on intelligence requirements, task national agencies to meet those requirements, and return the results, after analysis, to the policy maker. The SNIO would do this over and over again, refining requirements and sharpening tasking and analysis to make certain the policy maker was well served.

To make certain the Staff National Intelligence Officer was responsive to his or her policy maker, the policy maker would rate the SNIO for promotion purposes, and the SNIO would rate his or her staff. They would all be physically located close to the supported policy maker. They would each return to his or her own home agency—whether it was CIA, NSA, DIA, or whatever—at the end of a tour on one of these support staffs. I would also require such service before a person could be promoted to a senior rank in an intelligence agency.

I have modeled this concept, to a large degree, on some parts of the Goldwater-Nichols bill that reformed the way the Defense Department works. I think it would help improve the way intelligence supports our policy makers.

I am anxious to hear the testimony of our distinguished witnesses, so I will not take any more of the Committee's time.

Thank you, Mr. Chairman.

**Chairman BOREN.** Senator Specter, again we welcome you, and we apologize that we were delayed in our earlier meeting.

**Senator SPECTER.** Thank you, Mr. Chairman. It is an unusual experience to be on this side of the podium. I am not sure that I like it.



**STATEMENT OF HON. ARLEN SPECTER, A U.S. SENATOR FROM  
THE COMMONWEALTH OF PENNSYLVANIA**

Senator SPECTER. I thank you for your comments about my work on the Intelligence Committee. I hope to return to the Intelligence Committee with my colleague Senator D'Amato next year, under an arrangement which we have worked out, and also with our colleague Senator Murkowski, who will already have finished eight distinguished years on the Intelligence Committee.

The reform of the Intelligence Community I believe is of critical importance for two reasons. One is based on a conflict of interest, and the second is to provide necessary management restructuring for a very complicated Intelligence Community.

During the course of the Iran-Contra hearings, Secretary of State George Shultz articulated a proposition which had been expressed by many other people going back to the mid-70's and that was, quote, "One is the importance of separating the function of gathering and analyzing intelligence from the function of developing and carrying out policy. If the two things are mixed together, it is too tempting to have your analysis and selection of information that is presented favor the policy that you are advocating."

It's hard to say it any better than that in terms of the conflict of interest which was present in the Central Intelligence Agency under Director Casey, to be direct, on what happened with cooking intelligence information to support the policy that the Director wanted to carry out.

Following the Iran-Contra disclosures the Intelligence Committee undertook some very significant investigations in December of 1986, and then we were superseded by the Select Committee. When it became apparent that that conflict of interest was, in fact, present, on October 27, 1987 I introduced Senate Bill 1820, and on the first day of the 101st Congress introduced Senate Bill 175, on January 25, 1989, and introduced the same bill essentially, Senate Bill 421 on February 9, 1991.

This bill seeks to establish a separate Director of National Intelligence, separate and distinct from the Director of the Central Intelligence Agency, to avoid that conflict of interest. The second reason—and I am abbreviating this testimony because you have other witnesses—the second reason is spelled out in a very expansive statement for which I thank Charles Battaglia who was my liaison on the Intelligence Committee and is a professional par excellence in this field, who has been instrumental in the development of these ideas in this legislation—is to provide better management.

At the time the Central Intelligence Agency was created, we did not have a Defense Intelligence Agency, we did not have a National Security Agency. Today we have an alphabet soup of intelligence agencies in the Army, Navy, Marine Corps, Air Force, overhead reconnaissance, Treasury, State, FBI, and others. Simply stated, it is too big a job to both manage the CIA and direct the national intelligence program.

I was hopeful that the Congress would have addressed this conflict of interest subject in the wake of Iran-Contra when there was a lot of steam behind the issue. Our power of recollection on Capitol Hill is extremely brief. Things happen so fast up here, as we

have to wrestle with so many emerging new problems, that it is hard to maintain a focus of attention for very long. But that conflict of interest was real and serious.

There is a new window of opportunity now with the new Director of the CIA, a man who is versed in management, an open mind, willing to listen, and a President who knows the intricacies of intelligence, having been director of the CIA, and there is an enormous amount to be gained on management improvements because of budget limitations and a tremendous new vista as to what intelligence has to accomplish.

That is my overview in just a couple of minutes, Mr. Chairman and Members of the Committee. I would comment on only one particular element of Senate Bill 2198 in contrast with Senate Bill 421, and that is the language in S.2198 that the Director of the CIA would be, quote, "subject to the authority, direction, and control of the DNI." I would suggest that such language not be included because it suggested daily management control which we are trying to separate out. If that is not the intent, then I would hope that it would be clarified to exclude daily management, because I believe such management ought to be left to a separate director of the CIA.

I envision a Director of National Intelligence structured very much like the Secretary of Defense with control of the budget and with the kind of stature of the Secretary of Defense empowered to withstand the kinds of internal fighting and bureaucratic cross pressures which are brought to bear. It would take a position of that stature and an individual of that stature to implement the complex functions of intelligence which is more important in the new era than it was in the two superpower eras. Now we face not one menace which is easily identified and relatively easy to muster your resources, but you have an unpredictable Saddam Hussein in Iraq, an unpredictable Qadhafi in Libya, Khomeini's successors in Iran, and a whole panorama of challenging problems as we look to the future.

So I hope the Committee will act promptly, and if not I will be prepared to take up the issues hopefully in 1993.

I thank the Chair and I thank the Committee.

Chairman BOREN. Thank you very much, Senator Specter, and we will put your entire statement into the record.

[The statement of Senator Specter follows:]

#### STATEMENT OF SENATOR ARLEN SPECTER

##### A TIME FOR CONGRESSIONAL ASSESSMENT

Thank you, Mr. Chairman. I commend you and this Committee for conducting hearings on this very vital element of national security. They come at a very important time when the world order has changed and continues to change at an unprecedented and rapid pace. Those changes together with the lessons of the past should influence the shape and size of the country's Intelligence Community.

Certainly, any military threat to United States national security must be of paramount consideration. But, the nature of the threat is changing from one of global holocaust and readiness for general war to one of regional conflicts employing missiles, chemical, biological, and radiological weapons. But, it will also consist of growing international crime, international drug production and trafficking, terrorism, economic competitiveness, and environmental survival. Therefore, it is timely for the Congress to reassess our current national security apparatus and where it is

going. For the intelligence element of the apparatus, I would briefly suggest that we should be ensuring that six very important assessments are being made.

First, we should determine whether the Administration is adequately re-assessing the changing threat facing the U.S. on a continuing basis. The monolithic and highly visible enemy is now ubiquitous and not simply a matter of threat. Second, the Congress, particularly the intelligence oversight committees, should determine whether it is authorizing the appropriate resources to collect on and assess the new threats. Third, we need to determine whether these programs and resources are being managed effectively. In the years ahead, national security programs will likely compete even more with domestic programs especially when or if the walls established by the Omnibus Budget Reconciliation Act fall. Fourth, we should be weighing whether there is a system of intelligence management in place which is structured to ensure individual accountability. Fifth, we should be examining the lessons learned from the past together with future needs to determine whether our senior intelligence officers have the clear responsibility to manage the Intelligence Community and commensurate authority in law to exercise those responsibilities.

And sixth, we are all familiar with the intelligence shortcomings and excesses of the past. We must continue to institute measures to avoid these shortcomings and excesses, which have fostered a crisis of credibility and generated calls for dismantlement, and strengthen the intelligence system we believe is so vital to our national security.

From my observations, the first three steps of this assessment have been underway or completed. Therefore, it is timely and appropriate that we move ahead with the remaining ones through these hearings. General Bill Odom, in a previous hearing, summed it up well by stating that U.S. intelligence is at the point where there is a need to increase the taxpayers' dividends through better management. I would add that there is a need to institute an additional management safeguard against abuses.

While U.S. intelligence has performed generally well since 1947, during the six years of my assignment to the Intelligence Committee, it became increasingly clear to me that some legislative changes in the structure of the Intelligence Community and the responsibilities and authorities of the Director of Central Intelligence were necessary if our intelligence apparatus was to serve the President, policymakers and the Congress with objective and timely information and analysis. My comments will focus on some of these changes I believe are necessary and are embodied in my legislation, S. 421.

S. 421 is not a new bill. During the Joint Congressional hearings on Iran-Contra and as a result of some of the revelations of the hearings conducted by this Committee, I introduced several reforms designed to help the DCI expand his managerial role and to preclude questionable future initiatives. One of these can no longer afford this. For these reasons, I reintroduced the legislation on January 25, 1989 in the 101st Congress as S. 175 and again on February 9, 1991 in the 102nd Congress as S. 421.

#### GOAL OF S. 421

The legislation introduces a number of key concepts some of which I am pleased to note have been included in Senator Boren's bill, S. 2198, particularly the feature of creating a Director of National Intelligence.

Mr. Chairman, at the outset I want to state that the goal of S. 421 is to improve the objectivity, reliability, management, and timeliness of our Nation's foreign intelligence. It is not intended to hinder or otherwise deter the lawful process of intelligence. I am convinced that this stated goal has not been fully achieved, not is it likely to be without legislation, in spite of the best efforts of Director Gates.

#### MANAGERIAL PROBLEM.

I need not remind this Committee how intelligence and intelligence organizations have grown since the position of DCI was created in 1947. It may be useful to remind you what the National Security Act did not do and what has not happened to the authority of the current DCI since then.

As you are aware, the primary thrust of the 1947 Act was to reorganize our Defense establishment and to create an over arching position to be called the Secretary of Defense. The language creating the CIA and the position, responsibilities, and authorities of a Director of Central Intelligence were very brief and not the primary focus of the Act. Ray Cline, the former Deputy Director of Intelligence for CIA, described the establishment of the CIA as largely "a by-product of reorganizing the military establishment and the State-Army-Navy procedures for handling politi-

cal and military problems at the strategic level." Debate over intelligence centered over the functions of CIA with agencies such as FBI and the Army and Navy fighting to eliminate or water them down.

While the Act had the effect of creating dual responsibilities for the management of the CIA and the Intelligence Community, dual responsibilities for the Director were never mentioned. In fact the question of a dual role for the Director had only limited relevance since most of the present day Intelligence Community was yet to be born. Yet, there was enough bureaucratic in-fighting to allow the Director to assume some authority to exercise community-wide responsibilities.

But, at best that authority was and continues to be weak and unclear. Indeed, this is not surprising when one reviews, the responsibilities as presently spelled out in the Act; they are "to advise," "to recommend," and "to correlate" intelligence activities.

The post-World War II growth of technology and the Intelligence Community have had a profound impact on intelligence management, both in terms of the number of agencies and expansion of existing agencies. Much of the growth has occurred outside the CIA and in the Defense Department. While senior managers of the CIA try hard to remind us that the "C" in CIA stands for Central, the intent does not match the reality. Nearly 85% of the National Foreign Intelligence program and budget comes from the Department of Defense. Thus, to a very large extent DCIs have faced the responsibility of attempting to manage national intelligence activities outside their immediate control.

Today, we have an Intelligence Community which is aptly described by one senior intelligence officer as a "guild" rather than an integrated and efficient organization. I would describe the agencies and offices of Intelligence Community as being analogous to participation in a marathon. They are all moving in the same general direction, but with differing goals, differing speeds and differing strategies under different coaches: the Secretary of Defense and the Director of Central Intelligence.

Several DCIs attempted to take a stronger role in managing the Intelligence Community but found their authorities lacking. Others such as Allen Dulles and William Casey were more interested in managing the CIA and in formulating foreign and national security policy than managing the Intelligence Community and serving as the nation's principal intelligence officer. Presidents Kennedy, Johnson, Nixon and Carter became directly involved in the effort to secure a wider community role for their DCI's. But, bureaucratic resistance effectively negated these instructions, and the Presidents who issued them became too absorbed in other issues to follow-up.

Perhaps former DCI Helms described the dilemma best during his 1980 testimony before this Committee's hearing on intelligence reorganization. Helms said:

"The President can give this man [the DCI] all the authority he likes, if I may say so, and I am not being rude. I am simply describing the facts of life: That when he [the DCI] clashes with the Secretary of Defense, he isn't a big enough fellow on the block."

I once asked a former DCI what percentage of his time he devoted to the Intelligence Community. I was surprised by his answer—"about 20 percent."

Therefore, it is not surprising to note that there have been 25 Legislative or Executive branch proposals to alter the leadership structure of the Intelligence Community. Senator Hollings reminds us that he served on the 1955 Second Hoover Commission which recommended that the DCI be given an executive officer or chief of staff so that the DCI could devote time to leading the Intelligence Community. Allen Dulles heeded the recommendation, but had his new executive officer attempt to manage the Intelligence Community, while he, Dulles, continued to manage the CIA. In 1956, the President's foreign intelligence board recommended the same. In 1960 and 1961 this board also recommended that the DCI be separated from the CIA. In 1971, Jim Schlesinger, the Deputy Director of OMB conducted a Presidentially directed study of the Intelligence Community. His finding was that a strong DCI was needed in order to bring intelligence costs under control and to improve intelligence production community-wide.

As I have stated, intelligence agencies and programs are needed. But their budget is in the billions and their growth in terms of people has been the greatest in the history of U.S. Intelligence.

Today, the focus is not centered on the former Soviet Union's military. In fact, the missions and challenges of the Intelligence Community are becoming more demanding, complex and diversified while resources are declining. The management of these missions and resources can no longer be accomplished by a Director with the dual responsibility of managing a large agency, the CIA and attempting to lead the Intelligence Community. Director Gates and those who succeed him will face the

continuing challenge of competing with the Defense Department and with domestic programs for decreasing resources.

Yet, one school holds that the total figure for the intelligence budget should not be declassified for the very reason that it cannot compete with domestic programs. In addition, the argument is offered that the Congress and the American public will not be satisfied with a single figure budget appropriated for intelligence and will demand a breakdown. The argument may not be without some validity. However, those arguments have not been fully articulated nor has it been demonstrated how national security will be harmed if this figure is made public. No one has suggested that we classify the total defense budget because of its sensitivity or to protect it from the jaws of a peace dividend.

Nonetheless, I also agree with the previous testimony of the former Deputy Director of Central Intelligence Bobby Inman that the National Foreign Intelligence program and budget must not be buried or be a part of the DOD budget. It must be a stand-alone figure under the control of the manager of the National Foreign Intelligence Program—a new Director of National Intelligence who is not a part of the CIA.

#### THE PROBLEM OF CREDIBILITY

There is another very strong reason why the dual roles wherein the DCI currently manages the CIA and "leads" the Intelligence Community must be separated. In the 45 years since passage of the National Security Act, DCIs have been tested repeatedly on their ability to maintain the delicate separation of two competing responsibilities. On the one hand, the DCI has been expected to provide unvarnished intelligence assessments to the President and other foreign policy makers. On the other hand, he has been asked or even has taken the initiative to be a participant in the making and execution of foreign policy through covert activities. If history has told us anything, it is that the desired separation cannot and has not been consistently maintained. All of us heard then Secretary of State George Shultz before the Iran-Contra Committees describe the problem with U.S. Intelligence. "[One] is the importance of separating the function of gathering and analyzing intelligence from the function of developing and carrying out policy. If the two things are mixed together, it is too tempting to have our analysis and selection of information that is presented favor the policy that you're advocating". Secretary Shultz went on to say that long before the Iran-Contra events came to light, he already had grave doubts about the objectivity and reliability of some of the intelligence he was receiving precisely because the people who supplied it were too deeply involved in advocating and carrying out policy.

The controversy on the quality of the analysis provided on Iran did not stop with the end of the Iran-Contra hearings. It was resurrected again with greater vigor during the Gates confirmation hearings. Whether the allegations regarding the accuracy of intelligence information are true or not is not the issue. At stake is the very reputation and credibility of the government's most important, independent analytical agency. If anything is broken with the system, it is this commingling of analysis and policy in one person.

Nor, did the problem commence with the Iran-Contra affair. The unprecedented publicity surrounding allegations of illegal or improper domestic activities and questionable covert initiatives during the 1975 and 1976 hearings were a major factor in the escalation of concern by the Executive and Legislative branches over intelligence's leadership structure.

In 1976, the predecessor to this committee, the Select Committee to Study Government Operations with Respect to Intelligence also found "concern that the function of the DCI in his roles as Intelligence Community leader and principal adviser to the President is inconsistent with his responsibilities to manage one of the Intelligence Community agencies—the CIA."

The reputation and credibility of the Intelligence Community especially the CIA has often been at risk over covert operations especially some of the more controversial ones. The Iran-Contra affair is but one. We should remind ourselves of the fallout from the Bay of Pigs, the attempts to destabilize the Marxist regime of Salvador Allende in Chile, early intervention in Angola, and assassination attempts against Castro by employing the Mafia. We may never know how these efforts affected CIA directors at the time and the objectivity of their reporting to the President and foreign policymakers at the time.

The negative publicity from the Rockefeller Commission, the Murphy Commission, the Church Committee and the Pike Committee investigations and the new intelligence reporting requirements instituted by the 1980 oversight legislation should

have sent a signal to all future DCIs the public and the Congress had a low tolerance for violations of the spirit and letter of laws governing intelligence activities.

The credibility of U.S. intelligence was a loser. But, I would submit that the credibility of U.S. foreign policy was a bigger loser.

#### PRINCIPAL OBJECTION TO A DNI

There are a number of objections which have been raised against creation of the position of Director of National Intelligence. None is more vocal than the analogy that a DNI, separated from the institutional base of the CIA, will have the same authority as the position of Director of the Office of National Drug Control Policy. I would suggest that another analogy is more appropriate. In 1947, the same argument was being made about the pending legislation to create the new position of Secretary of Defense. The military services strongly opposed the legislation. Secretary of the Navy Forrestal especially opposed the new position and successfully watered down its legislative authorities to that of a coordinating role. However, six months after being named by President Truman to be the first Secretary of Defense, Mr. Forrestal had a change of heart. His position was too weak! He could not make the defense establishment work. He therefore worked with the President and the Congress to change the '47 Act. In 1949, the law was changed. And, the Secretary of Defense was given broader and more direct authority over the three military services. Which of us today would suggest that the enhanced position of Secretary of Defense was not a wise one or that it be watered down.

Today, we in the Congress are in the same position as Secretary Forrestal.

#### CONCLUSION

I believe that we, the Congress, have a choice; we can preserve the status quo and hope that the current intelligence director—and each of his successors—will absorb the lessons of the past. Or, we can create a better system of management and checks and balances. We can allow the nation's senior intelligence officer to continue in a coordinating role for the Intelligence Community. Or, we can ensure that he has the clear responsibility and full authority to effectively manage this vast effort. In my view, there is not much choice. If we want this vast intelligence apparatus managed and integrated on a fulltime basis, we need a senior official with the clear mandate in law to do the job. If we want to ensure the credibility of the intelligence process and enhance the objectivity and timeliness of intelligence, we need a Director of National Intelligence who is legally divorced from the process of formulating and implementing foreign policy.

Chairman BOREN. When Chairman McCurdy and I introduced companion bills, we really did not introduce them as final answers to problems or something engraved in stone, but hoped to focus attention on specific proposals so that we could use it as a launching pad for discussion as how to approach the problems. It remains to be seen what the final result will be, but we have had no shortage of reaction and discussion to the proposals which we have made, and I really sincerely do think that is healthy. One of the things that we did provide as an authority for the DNI, and it is different as you described it, in the sense that we have left a closer relationship between the DNI and the CIA. We did give the DNI the right to reprogram funds in the National Foreign Intelligence Budget, within intelligence agencies. For example, the DNI is the person who is the financial manager, almost the OMB over intelligence matters in terms of budget allocations to the various sectors. We gave him the authority to move elements around within the DIA or the NSA, even though they are under the rubric of the Defense Department, or the CIA. Of course it would be subject to normal reprogramming approval of the Congressional Committees. To say, for example, if in the middle of the year you found that some of the resources at the CIA—personnel slots and dollars—might be more immediately needed at the NSA, or vice versa, you would

allow this kind of initiation of a reprogramming by the Director of National Intelligence.

In the past, of course, that can only be done if a Defense agency were involved, through the Defense Department apparatus, ultimately through the Secretary of Defense.

Do you have any reaction to that kind of authority being given to the DNI?

Senator SPECTER. I think that's a good idea, Mr. Chairman. While you were posing the question, Mr. Battaglia approached me and reminded me that that provision is present in Senate Bill 421. I believe it is indispensable that the control of the purse strings be present in the DNI if that individual is to have any real authority for the intelligence function with respect to the Defense Department. Unless the DNI can do that, he might as well not be there.

Chairman BOREN. What about the separate budgeting of intelligence of the NFIP, that part of the intelligence budget that is not strictly related to tactical military intelligence? We provided that that would be a separate budget, not embedded in the Defense Department budget as it is now. Does your bill include a provision on that point? And if not, do you have an opinion as to whether or not the intelligence function should be separately budgeted and broken out? We also provide that the bottom line number, the total aggregate number, not broken down by function, would be a publicly released number as well.

Senator SPECTER. Well, starting with the public aspect, I think it ought to be publicly released. The weight of authority is to make that disclosure and I see no reason to deviate from that conclusion.

With respect to the separateness of the account, I think it ought to be separate, it ought to be separate from the other defense accounts so that the intelligence appropriation is clearly delineated and that is subject to the control of the DNI.

Chairman BOREN. What about the analytical function which we will be focusing on specifically in just a moment when we get to Professor Betts and to Mr. Ford. We have had some concern that in the past, perhaps the CIA may have dominated the analytical side too much in terms of the balance with other entities in the government. Now we'll certainly be getting intelligence from more sources, particularly more open sources than we have in the past in the new world environment. We had considered really breaking analysis away from the CIA. We have had various arguments pro and con about that. Some have felt that it would be unwise because it is somewhat of a healthy interchange between the operations side and the analytical side. We have also struggled to find a way in which we could draw people in to the analytical side, let's say, from academia where you might have the world's greatest authority on some subject. That professor may have an historic aversion to being viewed as an employee of the CIA or perhaps to go through the kinds of background requirements. Yet he may be dealing mainly with open source information and the world's greatest authority on a subject the policymaker needs to know about.

So we have tried to figure out a way of creating some sort of an independent, we call it world class think tank attracting people not only within the government in a very interdisciplinary way between departments, but also coming in from the private sector,

from academia, and maybe even from private business. It might be a foreign correspondent, or someone with that kind of experience who could come in even for a limited period of time to be a part of analyzing a particular policy issue without being tarred as CIA. Do you have any thoughts about how we might reorganize the analytical function of this as well?

Senator SPECTER. Mr. Chairman, I think that the think-tank idea is a good one. It is innovative. It seeks to expand the horizons of those who could make a contribution without being in the government or in the CIA. I think that these hearings are extremely useful in developing from people, who have been in the field, an understanding of the day in and day out working arrangements.

What we are looking at is the efficiency of having one agency do it all or not having overlap and duplication among all of these agencies which are currently in the field, contrasted with the advantage of having somebody check or double check other analysis and other collection information. I do not have a ready answer to what that appropriate balance and mix is.

I have a sense that if you go through the numerous agencies now in existence, that the duplication is vastly excessive. I would not, however, want to put all my eggs in one basket. But to arrange the baskets, I think we need the experience of more than Senators. I think we need the experience of the people who have worked in the field to give us some factual information as to how much overlap, duplication, there is, how much of that is desirable, and where the analysis ought to be. I think in the Senate we have a view of public policy in a representative democracy, but how you particularize it, I would want to see some of the day in and day out experts express themselves before I came to a judgment.

Chairman BOREN. What about the DNI as set up under your bill? One of the criticisms that has been lodged of the proposal to have a totally separate DNI, with broad policy setting control but not direct operational control over any one of the agencies, has been that the DNI is out there without any troops. Normally in a bureaucratic establishment, a person who doesn't have troops doesn't have very much clout.

I recall early in the Carter Administration before the Department of Energy was actually created, I believe Dr. Schlesinger was brought on board and called the Secretary of Energy but he had no department. He was a sort of coordinating person operating out of the White House, with this agency and that agency. And there was a feeling that he was sort of there with four or five staffers in the White House in theory coordinating energy policy, but without the troops.

I guess the converse would be give the DNI some troops and before you know it you would end up with another huge office surrounding him with a lot of additional bureaucracy and duplication. How would you answer those two arguments, one that he is without troops, second that to build himself back up with some power status, he might start trying to add too many troops? What kind of staffing would envision that would enable the DNI, since he wouldn't have an agency that he directly commanded, to have the kind of authority within the bureaucracy that he would need?



Senator SPECTER. Mr. Chairman, I think the answer to no troops is more clout. I believe you can have the clout without the troops. In a sense, the President has no troops. In a sense, the Secretary of Defense has a few troops, and most of the troops are in the Department of the Army, Department of the Air Force, Department of the Navy, Marine Corps. So that if there is clout, I think you do not need the troops.

And the best way to provide the clout is to control the purse strings. If the purse strings are controlled, there is going to be control.

And as to staffing, I am not sure. Perhaps the analogy would be to the Department of Defense.

As you articulate your question, one thought which came to my mind was the authority of Attorney General Robert Kennedy. I recall being an Assistant DA in 1961 when Robert Kennedy was the Attorney General, and watching the efficient coordination of law enforcement among the various agencies, far beyond the Justice Department, into the Treasury Department which has many law enforcement agency responsibilities, and far into the bureaucracy and into the portals of the FBI, which all though in Justice, had never been controlled by the Attorney General, and into other governmental agencies, because of his natural position as not only the President's brother, but more importantly as the President's confidante.

So I think there are ways to provide the clout without the troops, and I think that the best structure that the Congress can provide is control of the money. And you start turning around the money and you start moving the money around in the Department of Defense illustratively, and you soon have the attention of the Secretary of Defense. And it's nice have his attention.

Chairman BOREN. Well, thank you very much. That's a very interesting argument. The point that the President himself doesn't directly have too many troops but he manages to have a fair amount of influence within the Executive branch is certainly one which makes your point very well.

Senator SPECTER. Of course, he got into some trouble, too, with an agency known as the National Security Council.

Chairman BOREN. Yes.

Senator SPECTER. There was his adjunct troopers. So it all has to be guarded against.

Chairman BOREN. Yes.

Well, thank you very much for your comments. We will receive your full statement as well into the record, and I apologize that we have so many conflicts today. But as we grapple with this whole question of reorganization, I want to assure you that we are going to give a lot of consideration to your views. You have made an enormous contribution.

I would tell you by the way that the independent statutory Inspector General for the CIA, which you worked so long and hard to create, is an institution which is working very well now. We have had a very beneficial result having the independent Inspector General there. It is just one of many contributions you have made, and we appreciate it.

Senator SPECTER. Well, I thank you for those good words, Mr. Chairman. There would not have been a statutory Inspector General without your full push. That was a tough bill to get through. One day I hope you will write your memoirs and tell the whole story.

Chairman BOREN. I may have to leave that sealed until after my demise to be opened later.

Senator SPECTER. Well, you may want to put a few more years between now and the time you write, to see really what happens to the Inspector General in a little fuller picture. But I think it is a very important instrumentality. It is the only reform so far to come out of Iran-Contra. I was glad to play a role. Again, Charles Battaglia was instrumental. But this Committee did carry some very heavy water in negotiations with the White House. And I am prepared to work with you further in any way that I can be helpful.

Chairman BOREN. Thank you very much.

Senator SPECTER. Thank you.

Chairman BOREN. We appreciate you coming. I again apologize that we were later in starting.

We are going to continue now. If I could ask Mr. Ford and Professor Betts to come forward. We're going to focus in conclusion today on the question of analysis. We've had a very interesting discussion already with some of the earlier witnesses before us in our public sessions on the question of analysis. Dr. Hal Ford provided very interesting testimony to us during the confirmation hearings on this subject. He has a wealth of experience, over 40 years of experience in the Intelligence Community, serving with distinction in a number of key analytical positions at the CIA, including Deputy Chairman of the National Intelligence Council in the early 1980's. He has written extensively on the framework and process for intelligence and analysis, has lectured frequently on this subject, and has given very beneficial advice to this Committee on that subject, which we value and respect greatly.

Dr. Richard Betts, Professor of Political Science at Columbia University, with Masters and Doctoral degrees from—an undergraduate degree also from Harvard?

Mr. BETTS. Right.

Chairman BOREN. Well, in spite of that, he has risen to a position of great respect in the academic community. Dr. Betts was until 1990 a senior fellow at the Brookings Institution, and lecturer at the Nitze School of Advanced International Studies at the Johns Hopkins University as well. He is the author of numerous books in the field of strategic studies and articles on intelligence, a former consultant to the National Intelligence Council and to the CIA as well as serving on the staff of this Committee in its early period, and the National Security Council in the 1970's.

So we have two witnesses with an enormous amount of experience and very valuable perspectives.

Let me summarize briefly and informally what some of those who have preceded you in earlier sessions have had to say about intelligence.

One. They have expressed concern that we not overcentralize the analysis of intelligence. Some felt that in the draft bill which we

put forward that we had some risk of doing that. I think all of us value competing analysis. We talked, especially in the wake of the confirmation hearings with the new Director, about the need to have full representation of minority points of view when analysis is being done. It should be a sort of majority-minority opinion format instead of having what General Schwarzkopf once referred to as mush, forced consensus, with sometimes only a footnote, a word or two input from a minority position. A more clear, forthcoming majority opinion could be expressed, sometimes in a very predictive way, and then allow the minority to have the resources to express itself. The policymaker could then see for himself or herself the clear clash of views without having it watered down and sort of swept into footnotes.

I think the Committee certainly has indicated that it values competing analysis. We don't want to have too much centralization of analysis. I think sometimes we have worried that the quality of analysis in the CIA and in the Intelligence Community has not been what it once was. We have been concerned that policymakers, who get information from so many sources now, may not be making as much use of the analysis coming out of the intelligence Community as they once did; that there is in some ways maybe too much divorcement from the policymaker and the kind of information the policymaker really needs. Analysis doesn't always dovetail very well into the exact point that the policymaker needs to know in the short term. So there's that question.

There are those who said, well, we think it is very important to keep a very strong analytical component of the CIA itself, and not have the CIA be purely an operational agency. Because if you have, for example, the intelligence section at the State Department or the Commerce Department or some other department, they are really serving policymakers with agendas for those agencies. And the argument has been made to the Committee, since we have begun this process, that some analytical capability should remain at the CIA because it is in theory at least divorced from the policies any particular Cabinet Secretary might be advocating.

So not having the change of developing information to help a policymaker advocate a particular policy, but having the charge to develop objective analysis without a policy bias, the CIA, properly structured, should maintain an analytical capability.

So we have had as a goal of the Committee to try to reduce as much expensive or wasteful duplication as we can. We've had the feeling stated that we want to make sure there is competitive analysis, that it's not so centralized that you get only one mindset or one point of view.

We have two other factors to think about as well, and I shall put these all out on the table as conflicting objectives. We're going to have shrinking budgets. I don't think there is any doubt of that. Which means we must make reductions as we do in the technical areas whether we're talking about satellites or other technical systems, in the analytical side as well. We're probably going to have to try to do with less money and yet hopefully have a better product.

We're going to be called upon to do exactly what the private sector is doing, and that is make a better product at lower cost if we're going to continue to do the job as we must do it.

So some duplication that is not necessary to the integrity of the process we hope we can do without from the point of view of saving money.

We will have more open source information available and that raises the question as to how much of the analytical process has to be operated in a very cloistered way, requiring very sensitive clearances and all the kind of compartmentation of information that is necessary when you are dealing mainly with information from clandestine sensitive sources.

Then this last question, which really is one which concerns me greatly, is that with the world changing as it is and changing in a very unpredictable way, and the fact that percentage-wise so much more of our information will come from open sources, I do hope that the policymaker will have the benefit of what I would call truly interdisciplinary expertise. In other words, if it is something that needs input from the EPA or the Commerce Department, the CIA as well as the military establishment or people with experience in the private sector, maybe commercially, and certainly from our academic community, I hope we'll have a structure that will enable that to happen. That we can be truly interdisciplinary and also draw people in, even on a very short term basis, in a way that will allow us to use their expertise. Some way of establishing a mechanism of immense prestige, not necessarily directly tied with the CIA stamp on it, although certainly having input from the CIA analytical section, that would enable us to have what I have called, for want of a better term, a sort of world class think tank.

We had Admiral Inman, we had Professor May from Harvard, and also Ambassador Abramowitz, particularly in their very interesting panel discussion that day, talk some about the possibility of bringing back I guess what used to be called the Board of Estimates, but bringing it back in a somewhat different way, recycling it but making it relevant to these changed circumstances we are talking about. Some place in the structure that might be housed somewhere else that has a different public perception and where you have greater flexibility to bring people in and out in terms of working with them than we perhaps have now.

So these are random thoughts and various suggestions that have come before us. We would value your perspective and your suggestions as to how we can avoid politicizing the analysis too much, make sure it's objective, make sure minority views are heard, but also making sure it is interdisciplinary. If we are dealing with places in the world where we don't have any in-house analyst in any agency of the government on a certain question or about a certain region of the world, we should make sure that we really can reach out and literally find Professor X who is the only living authority in the United States on this subject. We want to be able to do that perhaps more effectively than we do now, and make it a more attractive situation for them.

So we would value your thoughts very much. I don't know which one of you wants to proceed first. We will receive your full statements for the record, and if you could, since obviously the rest of

the Members of the Committee will be mainly getting your insights by reading you full statements, perhaps summarize the main points as you see them. Please feel free to respond in any way or to raise new issues as well, that might have been provoked by my summary of some of the things that have been said to us by other witnesses so far.

Mr. Ford, would you like to begin?

[The statement of Mr. Ford follows:]

#### STATEMENT OF HAROLD P. FORD

Thank you, Mr. Chairman. I am pleased to support S. 2198 in its entirety, but especially its provisions concerning analysis. I have been in and around intelligence analysis since 1951 as an analyst and manager of intelligence production in the Office of National Estimates, in CIA's Directorate of Intelligence, and in the National Intelligence Council—where at the time of my retirement from CIA in 1986 I was its Acting Chairman. Also, during the four years I served as a staffer with this Committee in the late 1970's, my responsibilities centered on the quality and utility of the intelligence analysis being produced by the Intelligence Community. Since retiring from the CIA, I have written and spoken at length on questions of intelligence analysis—including a prize-winning book on estimative intelligence. A few days ago I gave the Committee's staff some written comments on various aspects of S. 2198's proposals. Today I will confine my remarks to the bill's provisions for a reorganized estimative and analytic capability for the Intelligence Community.

In sum, I heartily support S. 2198's provision for a Deputy DNI for Estimates and Analysis, and for the creation of an estimates and analysis capability that would not be part of the Central Intelligence Agency itself. In various contexts since 1974, I and others have championed intelligence analysis reorganization proposals very similar to those of your bill—though without success of our part, I might add. Thus, I am especially pleased that the Committee is proposing such a new analytic structure at this time.

I appreciate that any such reorganization of the Intelligence Community's analytical effort as your bill proposes would involve some pain and would not in itself guarantee a panacea. I'll return to those questions in a moment. Suffice it to say, there will be plenty for intelligence analysis to do in the future. Some of its effort will concern familiar questions, but much more will be of new and different sort. We will not be entering a great new world, but one marked by a thousand points of dimness—a proliferation of political groupings and political actors, many of them highly emotional; a proliferation of weapons of mass destruction; a proliferation of arms transfers; and a proliferation of thorny economic, sociological and environmental problems.

Moreover, these demands will press in upon us from abroad at a time of rising domestic problems within the United States, and of rising pressures to direct more of our attention and assets to domestic demands. Hence, policymakers will need all the help they can get to assist them in sorting out the world's problems and deciding which of them constitute hazards to the U.S.—or opportunities for the U.S. Here is where intelligence estimates and analysis will come in. The need for current intelligence, the latest breaking details, will be even more needed by policymakers facing a more anarchic and uncertain world. But of even more importance will be the need for better analysis, a better so-what of breaking events that has often been obtained to date—where policymaking customers of intelligence have sometimes been deluged by bits and pieces of intelligence, but left in the dark as to what all this added up to, and how U.S. interests might be affected. One of the clearest examples of such performance occurred in 1978-1979, when the Intelligence Community was not able even to produce a National Intelligence Estimate summing up the significance of the revolution going on in Iran, or what the consequences of the possible fall of the Shah might be for U.S. security interests.

Hence, there will be a continuing great need for intelligence analyses and estimates, some aimed at national customers, others designed for decision makers down the lines of civilian and military command. But, as I have said, these analyses and estimates must do a much better job of informing policy than they have to date. The Intelligence Community cannot so improve unless substantial changes, such as your bill proposes, are made in its present organization and practices.

There are many telling reasons why such major changes in the Intelligence Community's analytic organization and practices are necessary. Briefly stated, these reasons are:

1. The Intelligence Community's present analytic effort is too scattered, too voluminous, too duplicative, too unguided by a central intelligence—spelled with a small "i", that is. Moreover, in many instances its overproduction is irrelevant to the needs of national security policymaking.

2. Back in 1971, Dr. James Schlesinger correctly characterized analysis as being "the stepchild" of the intelligence business. It still is. Also, the Intelligence Community's management of analysis has been slow to change its organization, practices, and priorities to fit a world environment radically different from the one that gave rise to the Community years ago.

3. Reforms have been made from time to time, but in the main they have been tinkering, Band-Aids. The patient needs major surgery.

4. Intelligence analysis has to some degree suffered because so large a proportion of it over the years has been produced by the CIA. In the main, the Agency's intelligence product has been notable for its independence. Yet there have been occasions where the fact that the CIA is also a policy arm of the government has had a damaging effect on the clarity, candor, and courage of the Agency's intelligence analysis. Furthermore, the fact that the CIA has also been the government's arm for certain special Cold War operations has, rightly or wrongly, tended to create a stigma in the minds of some outside experts that has kept them from becoming CIA analysts or lending their talents to CIA's intelligence production.

5. Moreover, CIA's estimates and analyses apparently missed the ball on the most important foreign policy development of our time: the collapse of Communist authority in the USSR and Eastern Europe. Complaints indicate that the Agency's analyses on these questions were muted, hedged, uncertain, not attuned to the many overt signs of major change that were occurring—and that were being appreciated by other experts. In my view, some of this hesitance was simply the product of CIA middle age, a culture that has become overly bureaucratized and encrusted with business as usual: that is, "we've always done it this way," "we've always analyzed this problem this way," and "let's not get too far out front and possibly be proved wrong. Furthermore, CIA's failure to shake up our policymakers to the coming new Communist revolutions was caused also by the fact that many of the officers in key CIA analytic positions were themselves strongly predisposed to view things Communist as unchanged and unchanging.

6. The complex and uncertain future we are entering demands that the U.S. Government receive analytical guidance from the country's best brains on foreign affairs. That wisdom does not all reside within the U.S. Intelligence Community. Yet the Community has been hit-or-miss in tapping the wisdom that exists in certain of the country's think tanks, universities, institutions and the media. This is all the more telling in that the views of some of these outside experts have proved more accurate on certain questions than have those of the Intelligence Community.

7. The final reason why intelligence analysis should be upgraded: many of the world's problems will be more open in character than have the traditional tasks of probing Kremlin mysteries. Hence, the Intelligence Community will cease to have the degree of monopoly it has enjoyed in intelligence analysis. Untangling and understanding tomorrow's more open problems will be the primary responsibility, in many cases, of entities other than the Intelligence Community, although the Community can make unique contributions to those probings. To do so, however, it must itself become a more open and creative analytic endeavor than it has been to date. Your bill's provisions would enhance the chances of such improvement.

As I stated a moment ago, creating a wholly new analytic structure such as your bill proposes will not in itself represent a panacea. It will, however, offer the opportunity, the potential for U.S. intelligence to create a quality analytic effort it has not enjoyed since World War II's Research and Analysis arm of the OSS, and the early 1950's initial years of CIA's Office of National Estimates. In order for the new National Intelligence Council and the Office of Intelligence Analysis to become more than just a reshuffling of the Intelligence Community's analysts, I submit that these new offices will have to have characteristics such as the following:

1. There will, of course, be little merit in simply pushing all or most of the Intelligence Community's analysts into one big bullpen. In the first instance, small residual analytic offices will have to remain in the front offices of the Secretaries of State and Defense, and perhaps elsewhere. More important, the bill's language should be changed to provide explicitly for recruiting outside experts, as well, into the new National Intelligence Council and the Office of Intelligence Analysis, not just peopling those offices with the Community's present analysts.

2. In placing so much of U.S. intelligence analysis and estimates in one large body, great managerial care must be taken to insure that their product is not simply "group think," or that the mandatory benefit of competitive thinking has been lost or diminished. Here I agree completely with the testimony of previous witnesses who have warned the Committee against such a danger. I differ with those witnesses, however, in that S. 2198's provisions could substantially improve analysis and estimates, overall, if competitive thinking is provided for on a continuing basis. Here, in the strongest terms, I would urge the new Intelligence Community, whatever its form, to insure that far more competitive analysis take place than has been the usual practice to date. Provision should be made for airing and clearly identifying conflicting views within the Community. Provision should also be made for substantial competitive analyses from outside the Community—and not just on and ad hoc, but a continuing basis. As I mentioned earlier, there is tremendous ability and wisdom outside the Intelligence Community that has often been untapped to date. Rigorous, regular use of competitive analysis—from within and without the Community—will greatly strengthen the intelligence product being given policymakers, and at the same time will protect the new National Intelligence Council and the Office of Intelligence Analysis against the lethal malady of groupthink.

3. The continuing new emphases must be on quality, not quantity. This applies both to production and people. The number of present estimative and analytic products should be reduced, with top management limiting output to those issues known to be of direct interest to policymakers. Also, the new estimative and analytic offices should end up notably smaller than the present total number of analysts within the Intelligence community. Fewer top quality analysts and estimators can much better serve the national interest than can acres of warm bodies. Achieving such a slimmed down endeavor will, of course, be a painful process, but it could be accomplished over a period of time by thoughtful management and attrition.

4. Estimative and analytical production must be tied far more closely to top policymaking offices. The record to date is mixed: excellent in some cases, missing in others. There must be systematic, continuing close ties if the central purposes of intelligence are to be realized, and intelligence analyses not simply produced and mailed out, with often little knowledge of whether policymaking consumers have taken these products aboard their thinking. To the end of closer ties, the Deputy Director of National Intelligence for Estimates and Analysis at a minimum, and as many of his people as possible, must be housed in the District of Columbia, near the White House and the Department of State, not isolated in Langley, Virginia, or worse still, in West Virginia. Also, some new office must be created within the National Security Council Staff which will tie the White House and U.S. intelligence production much closer and more systematically than has been obtained to date, and hence, will heighten the utility of all that intelligence production.

5. Additionally, the producers of intelligence must do a much better job of marketing their products with their policymaking consumers: more face-to-face briefings and informal discussions; more use of video and other means of communicating findings, other than the written paragraph; and much more informal contact with policymakers, including more explanations of what intelligence estimates and analyses can and cannot provide. For their part, policymaking consumers must better acquaint the producers of intelligence with their needs and their problems. They must also cut the producers of intelligence much more fully into the U.S. ingredient in given situations than has generally existed to date—where the producers of intelligence often have been able to learn more about the policies of entities abroad than they have about how U.S. policies may or may not be affecting the estimative and analytical problem under study.

6. Several additional measures are necessary in order for the new National Intelligence Council and the Office of Intelligence Analysis to live up to their potential. Ideally, their boss, the Deputy DNI, should not be a relatively unknown professional intelligence officer, but a scholar or other expert of national standing, repute, and clout—in a word, a latter day version of Dr. William L. Langer, as of World War II the country's leading diplomatic historian (and a tough and demanding boss) who headed OSS's estimative and analytic endeavors, and later, the CIA's new Office of National Estimates. In our present case, outstanding new blood must be brought in from the outside to take leading roles in the ranks of the bill's new estimative and analytical offices. In addition, supervisors should not be left to remain in their same positions for years, especially if their estimative and analytical batting averages have not been too sharp. Also, various steps should be taken within the new National Intelligence Council to provide for more collective wisdom and review than has often been the case to date, inasmuch as individual National Intelligence Officers have on occasion unilaterally bullied through their own versions of reality. And

that council's production of national intelligence estimates must, overall, once again gain, deserve, and retain the original status DCI General Walter Bedell Smith intended for that endeavor when he first established such an office in 1950—at which time he told the Intelligence Community's chiefs that that endeavor would be “the heart” of the intelligence business.

7. Recruitment standards for the new estimative and analytical offices should be raised: to seek of candidates much more prior foreign exposure and more advanced foreign language capabilities than has generally been obtained to date. Also, once established as top analysts in the new offices, individual officers should be allowed to be promoted and rewarded in place, as top analysts, rather than automatically making managers of them—and thus robbing the government of their analytic skills amid their new needs to assign parking spaces, fill out fitness reports, and the like.

8. Most important of all, emphases in every respect must be on people, on the quality of the new Intelligence Community's estimators and analysts, not on how they may happen to be organized. The proposed new organization would be a great step forward, but the officers who populate the new estimative and analytic offices must be strong on brainpower, creativeness, courage of convictions, and overall effectiveness. Not least, they must not look upon their jobs as just being jobs, but in the word of Sherman Kent, long the country's leading authority on strategic intelligence, work at the intelligence calling “until they are numb, because they love it, because it is their life, and because the rewards are the rewards of professional accomplishment.”

Overall, S. 2198 is a long-needed, major step in the right direction of giving the American taxpayer and American policymakers the effective, quality intelligence structure of which our gifted population is capable, and which our greatly changed new world now demands. I wish the bill and the Committee well. Thank you.

#### BIOGRAPHIC BRIEF, HAROLD P. FORD

B., Los Angeles, California, 23 March 1921.

BA, University of Redlands.

PhD, University of Chicago.

Post-doctoral scholar, Oxford University (St. Antony's College)

CIA experience: 1950-1955, 1957-1974, 1980-1986.

Duty included: Chief, Estimates Staff, Office of National Estimates; Chief of Station, Taiwan; National Intelligence Officer, National Intelligence Council (NIC); Vice Chairman, NIC; Acting Chairman, NIC.

Retired from CIA, 3 September 1986.

Recipient various CIA awards, including National Intelligence Distinguished Service Medal.

3 September 1986 to date: contract (part-time) historian, CIA's History Staff.

*Other experience:*

Staff member, Senate Select Committee on Intelligence, 1976-1980.

Consultant, Senate Select Committee to Study Governmental Operations with Respect to Intelligence Activities (the Church Committee), 1975-1976.

Adjunct Professor, Defense Intelligence College, Washington, D.C.

Professorial Lecturer, School of Foreign Service, Georgetown University.

Associate Professor of Political Science, Davidson College.

Author and lecturer (intelligence, American defense policy, Soviet and Chinese affairs, the Vietnam war, ethics and public policy).

#### STATEMENT OF HAROLD P. FORD

Mr. FORD. Thank you, Mr. Chairman.

I am pleased to support S. 2198 in its entirety, including the provisions concerning analysis and particularly the provision that intelligence analysis and estimate functions be taken out of CIA and other existing agencies and be transferred to a new and more open independent entity at the national level.

Chairman BOREN. Dr. Ford, I want to make sure that the recorder underlines that statement in the record. I think that you may have been the first witness that has said it that strongly across the board, and I want to make sure that we put that in bold type in the hearing record.

Mr. FORD. I have just begun.



Chairman BOREN. The caveats that will follow now should be in lower case. Thank you.

Mr. FORD. In endorsing the bill's provisions I am aware that several previous witnesses have argued against so reorganizing the Intelligence Community's analytic and estimative functions, holding in particular: first, that less drastic reform of present systems would be better and less disruptive; second, that drastic reorganization would be no answer in itself; and third, that the bill's reorganization scheme would cut CIA's analysts off too far from contact with CIA's operations officers—the collectors of intelligence. I will be arguing the opposite case, and will speak to each of these criticisms.

In supporting the reorganization provisions of your bill, I must admit to being both a biased and an unbiased witness. I'm biased in the sense that I and others have for years championed intelligence analysis reorganization proposals very similar to those of your bill. I first championed just such an analytical reorganization scheme in December, 1974, in testimony I made at the time to senator Muskie's Subcommittee of the Senate Operations Committee. In various settings since that time, within this Committee staff, in public statements, and within the CIA, I have continued to champion that position—most recently within the CIA in January of this year.

I do not feel that I'm just stuck in a rut. I think it is simply that a major reorganization of the Intelligence Community's analytic and estimative functions has long been badly needed, and would create the opportunity for the production of much better intelligence guidance to U.S. policymakers than continues to be the case at the present or will be the case if all parties simply settle now for some minor tinkering reforms of the present system.

But in so championing the bill's provisions, I also consider myself an unbiased witness. I represent no vested interest within U.S. intelligence or policymaking—no concern that major reorganization might break my particular occupational rice bowl or change the bureaucratic ways to which I have become happily accustomed. Furthermore, my fairly broad background has, I think, insulated me against any particular parochial mindset in that I have been a former DDI analyst, a former member of the Office of National Estimates, and a close colleague of its Chairman, Dr. Sherman Kent. I've been an intelligence analysis and estimating manager, Vice Chairman of the Office of National Estimates, successor of the National Intelligence Council, also Acting Chairman of that group for five months. I have been a professor, a Ph.D. I've served as a CIA Operations Officer at home and abroad. I've been an Intelligence Community Officer. I've been a staff member of this Committee. I've been a CIA historian, and an author and lecturer on the subject of intelligence analysis.

Why now do I support your bill's reorganization provisions? There are many reasons, as I spell out more fully in my prepared statement, and in a separate note I've given staff on issues other than analysis. But of those reasons that I support the bill's position on analysis today, the most compelling to me are these.

First, because the present intelligence system is based on a few outmoded laws, plus a large jumble of decrees and Rube Goldberg

arrangements, or as Senator Specter says, alphabet soup. In my view, new organization backed up by law is mandatory.

Secondly, I support the bill because the need for timely and accurate current intelligence, and the latest-breaking details will be even more needed by U.S. policymakers who now face a much more anarchic and uncertain world.

Third, because of more importance than good and current intelligence will be the need for much better analysis and estimates. A much better so-what or summing up of breaking events than has often obtained to date, where policymaking consumers of intelligence have sometimes been deluged by bits and pieces of current intelligence but left in the dark as to what all this added up to and how U.S. interests might be affected. And, as I say at greater length in my prepared statement, a prime occasion was the fall of the Shah in 1978 and 79 when there was all kinds of current intelligence but no telling of the policymakers where this was all going. The Community was not even able to produce a National Intelligence Estimate.

Fourth, I support the bill because the present Intelligence Community's analytic effort is too scattered, too voluminous, too duplicative, too unguided by a central intelligence—small c, small i. And in many instances its overproduction is irrelevant to the needs of national security policymaking.

Fifth, I support the bill because intelligence analysis has to some degree suffered because so large a proportion of it over the years has been produced by the CIA. In the main, the Agency's intelligence product has been notable for its independence. Yet, there have been occasions where the fact that the CIA is also a policy arm of the government has had a damaging effect on the clarity, the candor and the courage of the Agency's intelligence analysis. Furthermore, the fact that the CIA has also been the government's arm for certain special Cold War operations has, rightly or wrongly, tended to create a stigma in the minds of some outside experts that have kept them from becoming CIA analysts or lending their talents to CIA's intelligence production.

Sixth, I think that intelligence analysis should be moved out of CIA to a national world class think tank, as the Chairman says, because CIA's estimates and analyses apparently missed the ball on the most important foreign policy development of our time—the collapse of Communist authority in the USSR and Eastern Europe. Complaints indicate that the Agency's analyses on these questions were muted, hedged, uncertain, not attuned to the many overt signs of major change that were occurring, and that were being appreciated at the time by other, outside, experts. Some of this hesitance was doubtless simply the product of CIA middle age, a culture that has become overly bureaucratized—even though I still work there—and encrusted with business as usual. Furthermore, however, CIA's failure to shake up our policymakers to the momentous Communist revolutions of our time has also been caused by the fact that many of the officers in key CIA analytic positions were themselves strongly predisposed to view things Communist as unchanged and unchanging.

Seventh, and I particularly stress this point, I support the bill because the complex and uncertain future we are entering demands

that the U.S. Government receive analytical guidance from the country's best brains on foreign affairs. And I would underline the next sentence. That wisdom does not all reside within the CIA and the U.S. Intelligence Community. Furthermore, those offices have been somewhat hit or miss in tapping the wisdom that exists in certain of the country's think tanks, universities, institutions and the like. And this is all the more telling, as I mentioned a moment ago, in that the views of some of these outside experts have proved more accurate on certain questions in recent years than have those of the CIA and the Intelligence Community.

Eight, finally, I support the bill because many of the world's coming problems will be more open in character than have been the traditional tasks of probing Kremlin mysteries. Hence, the CIA and the Intelligence Community will cease to have the degree of monopoly they have enjoyed in intelligence analysis and estimating. Untangling and understanding tomorrow's more open problems will be the primary responsibility, in many cases, of entities other than the Intelligence Community, though the Community can make unique contributions to those probings. To do so, however, the Intelligence Community must itself become a more open, creative, and attractive analytic endeavor than it has been to date. And I would add, as I have recently argued within CIA, that CIA's commendable interest in becoming a more open institution and in being so perceived will be much better served by creating a new, much more open, independent effort at the national level for analysis, such as your bill proposes, than by simply declassifying a lot of old documents as CIA has recently indicated it is doing.

I appreciate that creating a wholly new analytic structure such as your bill proposes will not in itself represent a panacea and will cause some pain. Your bill does offer the opportunity, the potential for U.S. Intelligence to create the quality effort which the unknown future demands. But in order for the new National Intelligence Council and the new Office of Intelligence Analysis to become more than just a reshuffling of the Intelligence Community's analysts, I submit that these new offices should reflect recommendations such as the following:

First, There will be little merit in simply pushing all or most of the Intelligence Community's analysts into one big bullpen. In the first instance, small residual analytical offices would have to remain in the front offices of the Secretaries of State and Defense, and perhaps elsewhere. More important, the bill's language should be changed to provide explicitly for recruiting outside experts, as well, into the new National Intelligence Council and the Office of Intelligence Analysis, not just peopling those offices by pasting together the Community's present analysts. The bill, as it presently reads, is confined just to bringing together analysts from within the Intelligence Community. That language, I think strongly, should be changed to provide for recruiting outside experts as well.

Second, In placing so much of U.S. Intelligence analysis and estimates into one large body, great managerial care must be taken to insure that their product does not become simply group think, as has occurred at times in the past in the CIA and elsewhere. Or that the mandatory benefit of competitive thinking has been lost or diminished. Here I agree completely with the testimony of previous

witnesses who have warned the Committee against such a danger of group think. I differ with those witnesses, however, in that the bill's provisions could markedly improve analysis and estimates if substantial competitive thinking is provided for on a continuing basis. Here, in the strongest terms, I would urge that the new Intelligence Community, whatever its form, should insure that far more competitive analysis take place than has been the usual practice to date—both within the Community and especially far more competitive analysis from outside the Intelligence Community—and not just on and ad hoc, but a continuing, basis.

Third, the continuing new emphases must be on quality and not quantity. This applies both to production and people. The number of present estimative and analytic products should be reduced, with top management limiting output to those issues known to be of direct interest to policymakers. Also, the new estimative and analytic offices should end up notably smaller than the present total number of analysts within the Intelligence Community. Fewer top quality analysts and estimators can much better serve the national interest than can acres of warm bodies. Achieving such a slimmed down endeavor will be a painful process, but it could be accomplished over a period of time by thoughtful management and thoughtful attrition.

Fourth, estimative and analytical production must, through various means, be tied far more closely and systematically to top policymaking offices than has existed to date. As part of such change, the Deputy Director of National Intelligence for Estimates and Analysis at a minimum, and as many of his people as possible, must be housed in the District of Columbia, near the White House and the Department of State, and not isolated in Langley, Virginia, or worse still, in West Virginia.

Fifth, the producers of intelligence must, through various means, do a much better job of marketing their products with their policy-making consumers. Much more face-to-face encounter—not settling for just mailing out finished paragraphs of prose to the customer with little or no feedback and usually little knowledge of whether particular intelligence facts and judgments have really registered with the intended senior recipients. For their part, policymaking consumers must better acquaint the producers of intelligence with their needs and their problems. They must also cut the producers of intelligence much more fully into the U.S. ingredient in given situations than has generally existed to date—where the producers of intelligence often have been able to learn more about the policies of entities abroad than they have about how U.S. policies may or may not be affecting the estimative and analytical problem under study.

Sixth, the Deputy DNI for Analysis, and Estimates should not be a relatively unknown professional intelligence officer, no matter how able, but a scholar or other expert of national standing, repute, and clout. In addition, supervisors should not be left to remain in their same positions for years, especially if their estimative and analytical batting averages on Soviet and other questions have not been too sharp. Also, various steps should be taken within the new National Intelligence Council to provide for more collective wisdom and review than has often been the case to date, inas-

much as individual National Intelligence Officers have on occasion unilaterally bulled through their own versions of reality. Overall, that council's production of National Intelligence Estimates must once again gain, deserve, and retain the original status, DCI General Walter Bedell Smith intended for that endeavor when he first established an estimates office in 1950—at which time he told the Intelligence Community's chiefs that that endeavor would be, quote, "the heart," unquote of the intelligence business.

Seventh, recruitment standards for the new estimative and analytical offices should be raised—to seek of candidates much more prior foreign exposure and more advanced foreign language capabilities than has often obtained to date. Also, once established as top analysts in the new offices, individual officers should be allowed to be promoted and rewarded in place, as top analysts, rather than automatically diluting their analytical contribution by making them procedural managers.

Eighth, in the new structure, analysts and estimators must keep in close, continuing personal contact with the collectors of intelligence in the residual CIA's operations offices. But in my view there is little merit in the argument that to achieve such contact, all these officers must be kept within CIA. In many, perhaps most cases, to date—and I have served on both sides, analytic and operations—but in many, perhaps most cases to date, there has been too little meaningful contact between these two worlds of analysis and operations, anyway, even through their respective offices have all sat at the same address in Langley. The answer always has been, and should continue to be, imaginative, energetic, individual contact. This could be achieved on individual initiative without having to sit just down the hall but a world away from one another. Similarly, the analysts and estimators will also have to keep in constant, close contact with collectors of intelligence in the new National Security Agency and the National Imagery Agency. But this by no means means that they must all sit together in CIA or elsewhere.

There is no contradiction in my positions. It is far more important for the Intelligence Community's top analysts and estimators to sit close to top policymakers than it is for intelligence collectors and analysts to sit cheek by jowl.

Ninth, most important of all, emphasis in every respect must be on people—on the quality of the new Intelligence Community's estimators and analysis—not on how they happen to be organized. The proposed new organization would be a great step forward, but the officers who populate the new estimative and analytic offices must be strong on brainpower, creativity, courage of convictions, initiative and overall effectiveness. Not least, they must not look upon their jobs as just being jobs, but in the words of Sherman Kent, long the country's leading authority on strategic intelligence, they must work at the intelligence calling, quote, "until they are numb, because they love it, because it is their life, and because the rewards are the rewards of professional accomplishment," unquote.

Overall, in my view S. 2198 is a long-needed, major step in the right direction of giving the American taxpayer and American policymakers the effective, quality intelligence structure of which our gifted population is capable, and which our greatly changed new

world now demands. I wish the bill well and believe it should go forward now. If, however, for some reason it should not, then this bill should be kept on tap to be reintroduced in the future in the event that lesser reforms have not measurably improved U.S. intelligence performance in the meantime.

Thank you.

Chairman BOREN. Thank you very much, Dr. Ford. I think what we'll do is go on to Dr. Betts and then come back and address our questions to the two of you together.

Dr. Betts, we welcome you.

[The statement of Dr. Betts follows:]

#### STATEMENT OF RICHARD K. BETTS

Thank you for inviting me to testify. I should note that although I have had some inside involvement with intelligence analysis and consumers in the past, my ideas come primarily from general study of the problems of intelligence estimating and warning over the past fifty years rather than from up-to-the-minute familiarity with the most recent developments in the process.

From my reading, other provisions of S. 2198 relating to the centralization of authority in a prospective Director of National Intelligence (DNI) over budgets and collection programs are likely to be more significant than the provisions affecting analytical functions. On balance I do not feel strongly one way or the other about the bill's implications for analysis. This is not to say that differences in organization do not matter. The proposed reorganization of analytical units under the DWI and a new Deputy DNI for Estimates and Analysis would certainly be a major change in terms of the wiring diagram. It is not obvious, however, whether these specific changes in form would translate into comparable changes in substance, whether output in terms of the type, quality, or value of analyses would improve or decline. As I will suggest toward the end of my remarks, the answer might depend on mundane details of implementation, such as where the new analytical organs are housed.

Uncertainty about results is a caution, but not necessarily an argument for sticking with the current structure. If I had to decide, I would probably endorse the plan in S. 2198, but would not bet a lot of money that it will solve long-standing problems. Moreover, we should remember that reorganization always poses appreciable costs on productivity and efficiency in the short term because changeovers from one system to another disrupt lines of communication, clarity of responsibility and authority, working relationships, and scheduled projects.

Indeed, the Intelligence Community suffered from too rapid a sequence of reorganization from the end of the 1960s to the beginning of the 1980s. Too often, I fear, political leaders have been frustrated with the performance of the intelligence system, have been reluctant to consider that many inadequacies may be inherent in the nature of the intelligence problem, and not having any other means at hand to deal with their dissatisfaction have tried to fix the inadequacies by reorganization. So while I find myself sympathetic to the goals of S. 2198 we should think hard about turning things upside-down unless we have good reason to believe that a major change is likely to last.

The most important questions about organization in this realm of intelligence are how it affects the range of analytical activities, the distribution of authority over production and dissemination, and the degree and timing of access to policymakers. Changes in form which alter these patterns will be far more significant than ones that, in actual effect, only juggle the boxes on the chart. The question of how centralized the analytical process should be cut into all three of the above issues. Neither the 1947 National Security Act, nor periodic executive reorganizations in the decade since, resolved the question of centralization as decisively as S. 2198 aims to do. For over forty years we have had a structure which is both highly centralized and decentralized. That combination has yielded benefits as well as inefficiencies.

#### PAST PERFORMANCE: QUALITY OF ANALYSIS

Overall, the record of estimates and warning in the U.S. Intelligence Community has been quite poor when measured against what we would like, and quite good when measured against what we have a right to expect. Although we have spent lavishly on research and analysis, relative to most other countries, our estimators

failed to predict many important developments during the Cold War, or failed to impress consumers with the need to respond to ambiguous warnings, or "wasted" much time and money on studies of little use to policymakers. At the same time, analysts sometimes succeed in prompting attention to overlooked issues and interpretations, challenging unexamined assumptions, and providing material to get policymakers up to speed when they found themselves confronting problems and places they had never thought about.

My view of the record on balance is favorable because I think that successful understanding and prediction—what we want from analysts—are not the natural state of affairs. The inherent difficulty of figuring out the consequences of foreign social and economic developments, or what leaders in unfamiliar cultures will decide to do on matters of interest to the United States, the psychological and political obstacles to making good use of assessments even if they are correct and timely—all of these are overwhelming. If intelligent analysts have gotten it right even half the time, they have done well.

Two main organizational facts have probably contributed to the positive parts of the record since World War II, and the two seem to point in opposite directions. One is the institutionalization of a large and independent corps of analysts within the CIA's Directorate of Intelligence. By "independent" I mean the clear separation of career advancement and professional responsibilities from the vested interests of line agencies such as the departments of State and Defense. The other is the persistence of decentralization and redundancy in analysis, which allows departmental intelligence units such as State's Bureau of Intelligence and Research (INR) and the Defense Intelligence Agency (DIA) to supplement or challenge CIA's work. The establishment of CIA centralized the system in the sense of adding a new center, rather than replacing the dispersed structure of departmental intelligence.

The question of which agencies' analytical efforts have been best is quite controversial, and is hard to disentangle from one's ideological view of the world and policy preferences. It is terribly difficult for any of us to distinguish in our minds between "good" analysis and the "right" analysis—the latter meaning assessments whose implications for policy are consistent with our inclinations. For example, hawks during the Cold War were probably more often prone to view contributions by DIA as more objective and realistic, doves more likely to view INR that way, and both more likely to be skeptical of CIA when its assessments came out in the middle.

Any generalization about quality is risky, and doubly so coming from anyone who is an outside observer. That said, my impression is that, on average, analyses from CIA during the Cold War tended to be less susceptible to policy bias than those associated with departmental perspectives. This is not to say that products from CIA are always superior, or that they are free of other biases, but only that CIA analysts are not personnel performing the function temporarily between operational assignments in a service devoted to policy missions. They do not have to answer (or anticipate answering in the future) to the State Department's Middle East Bureau, the Air Force, the Secretary of Energy, or anyone whose responsibility is something other than analysis. (It is true that the Directorate of Operations has policy responsibilities when it comes to covert action, but analysts' and operators' career patterns in CIA are rarely intermingled as they often are in the military or foreign service.)

CIA's Directorate of Intelligence, however, is a huge bureaucracy with its own assortment of biases or unspoken assumptions lurking within (as any organization does). The "parochial" perspectives of departmental intelligence units discipline CIA in the interagency coordination process. So it has been good to have *both* centralized and independent analysis; on one hand, and pluralism and *ex parte* analysis on the other, to help everyone hold each other's feet to the fire. In all this, however, CIA's Intelligence Directorate (or its successor under S.2198) should not be just one among several equal competing centers of analysis; it should be clearly the first among equals, with others nipping at its heels. Given my tilt in favor of the performance of CIA, compared to other sources of analysis, I am sympathetic to the centralizing tendency in S.2198 as long as it does not go so far as to suppress the beneficial affects of competition.

#### PAST PERFORMANCE: VALUE TO POLICY

The downside of pluralism and redundancy, apart from the expense it involves, is that it goes hand in hand with bureaucratization and layering; checks and balances and mutual second-guessing create increased volume of work and decreased agility in linking intelligence efforts to changing policy problems. Bureaucratization hampers quality, as sluggishness in procedures for approving, circulating,

or coordinating papers encourages rubbing off the sharp edges, or demoralizes analysts who feel their products are over-edited or nit-picked to death. The bigger problems with the volume that accompanies the size of the analytical establishment are (1) the question of how much of what is produced actually gets used, and (2) whether bureaucratization creates its own dynamics and "goal displacement," reducing the responsiveness of the main analytical assets to the immediate needs of policymakers and their staffs.

Even if one considers the general quality of intelligence analysis to have been reasonably good, as I do, the question of how valuable it has been is a completely different question. The perfect paper will not matter if it does not get out in time to influence a decision, or if it has to swim upstream in a pile of mediocre competing papers and thus escapes the attention of someone who can act on its implications. Expense aside, though, it is better to have unused material available than to want it and not have it at some critical point. ("Expense aside" is a big aside, I know, but the analytical bureaucracy even at its most bloated has never been a large part of the intelligence budget.) If we assume that it is useful to have large volume of material produced by intelligence analysts (and probably no other countries do invest in the volume we do), the problem becomes how to manage its dissemination and consumption to get maximum benefit from it. It is my guess that the problem of failing to produce relevant intelligence has been no greater than the problem of having useful intelligence ignored by busy consumers.

Some critics, on the other hand, do not think that the problem is making use of what the process produces, but reorienting the process to focus more efficiently on actual issues of concern to line officials. They see CIA's Intelligence Directorate as a cumbersome monster generating its own work, producing research that policymakers do not want or need, or that could be done as readily outside government. To some extent this is true. For example, my impression is that for much of the Cold War, too large a proportion of analytical effort was devoted to the production of regular annual National Intelligence Estimates which were often unread above low levels in line agencies. Value to policy might have been greater if priority had been put more often on contributions to interagency studies designed to generate policy options (what were called National Security Study Memoranda in the Nixon and Ford administrations, or Presidential Review Memoranda under Carter). The desire of professional analysts to pursue their own pet projects or undertake lengthy research papers of uncertain relevance to policy officials, however, has seldom gotten out of control; if anything, analysts have been held to producing current intelligence more than many of them would like.

If the size of the analytical community has fostered too much unneeded in-house research, it is the price of having a large volume and variety of analysis available at the odd times that it turns out to useful—there is an encyclopedic function for intelligence apart from the mission of providing ad hoc support in crises. Moreover, if we want to have in-house experts on the shelf for out-of-the-way places, so that leaders can draw on them quickly in a crisis, we are inevitably going to have a large and bureaucratized corps of analysts.

If the need is to make better use of intelligence that the Intelligence Community generates itself, or to make analysts more responsive to immediate needs of policymakers, the problem lies primarily with the policymakers, who too often lack the time or inclination to think seriously about how they might get better service from intelligence. It is a mistake to conclude from this, however, that the solution is to develop new mechanisms to involve high-level policymakers in processes of deciding on collection or research priorities.

That notion is not new; various efforts have been undertaken in the past to get the consumers more engaged in intelligence planning, but without apparent enduring results. This is because those officials high enough in the pyramid to know what the administration needs simply will not have the time on any sustained basis to think carefully about intelligence planning. At best they will sandwich a few moments in here and there between meetings, phone calls, and policy activities to give the question some thought—in which case they may do more harm than good, by tossing out ill-considered directions. Or, they will soon wind up delegating the job of attending committee meetings on the subject to one of their subordinates, who, if it is someone with clout (say, at the level of Under or Assistant Secretary), is likely to be almost as preoccupied with other matters.

My recollection is that this is more or less what happened with such an effort in the Nixon administration, when an NSC committee on intelligence was established but soon fell into disuse. (I am not especially optimistic that writing a comparable NSC committee into law as the current S. 2198 aims to do should make us expect it to fare much better, *unless* the Assistant to the President for National Security Af-



fares just happens to be someone unusually interested in the problem, and chooses to seize and run with the leverage provided by his designation as Chairman of the committee.) Realistically, if a better fit between analytical activities and policymakers' needs is to be found and fostered, the job will probably have to be done more by managers in the Intelligence Community who deal with policymakers than by the line officials themselves.

Therefore I place a high premium on the brokerage role of managers at the level of the current Deputy Director for Intelligence; or the prospective Deputy DNI for Estimates and Analysis, the Chairman of the National Intelligence Council, and the main production offices. Legislation can help them by giving them high rank and claim to the attention of policymakers, but ultimately if the policy level is to have better exposure to intelligence products, the intelligence professionals will have to be the ones to promote it.

#### LIMITS OF REORGANIZATION

As an outsider reading S. 2198, it seems to me that the bill aims to do two main things to affect intelligence production and its relation to policy: First, to beef up the central organs for coordinating analysis throughout the Intelligence Community—the National Intelligence Center, National Intelligence Council, and Office of Intelligence Analysis; second, to separate analytical activities from collection and covert action by taking them out of CIA. The first of these could prove to be significant, depending on how the legislation were to shake down in practice. I doubt that the second would have more than cosmetic value at best.

As to the first, we should keep in mind that centralization was the main goal of the original 1947 legislation, inspired by the Pearl Harbor disaster. Indeed, what else was the title Director of "Central" Intelligence supposed to mean? As the system evolved, it became clear that CIA was first among equals, in the job of producing national estimates and general intelligence research and reporting, but that it would not control or dictate to other parts of the community.

It is important to realize, however, that the limitations on centralization and the authority of the DCI have not been due to deficiencies in the original legislation so much as to the powerful in-built tendencies of departments and military services to preserve or regenerate their own intelligence resources—and because higher authorities, either unwilling to spill bureaucratic blood, or recognizing the benefits of pluralism and competition, have not squashed such tendencies. (The same has been true of attempts to centralize within the Department of Defense. When DIA was created in 1961, some hoped that it would consolidate and replace separate service intelligence agencies, but the old service intelligence organizations not only resisted assimilation but grew.) Even with the centralizing innovations in S. 2198, the currents of decentralization will persist unless the departments and services are bludgeoned into surrendering their intelligence autonomy. Yet if political leadership wants to do that, it is not clear to me why it cannot do so within the confines of the old legislation. Significant latitude for centralization already exists, not only within the intelligence community, but within departments.

For example, how many remember the Ford administration's brief creation of an intelligence Czar in the Pentagon? In 1976 a second Deputy Secretary of Defense was established to oversee defense intelligence activities; the position was filled by former Congressman Robert Ellsworth. Had the organizational change been institutionalized, the results could have been quite significant since such a Deputy Secretary would certainly have rivaled the DCI and possibly eclipsed his overall influence on intelligence. The innovation lapsed, though, because subsequent administration chose not to centralize defense intelligence at that level.

Perhaps the explanation for attempting to increase centralization by legislation lies in different views of those promoting the legislation and those in the executive branch who are content with the old mix of centralization and decentralization. On matters like budget control and assignment of functions that cannot be cheaply duplicated (such as reconnaissance), formal changes in structure and authority may indeed prove decisive. But when it comes to analysis and estimates I doubt that legislation can succeed in making executive practice conform to legislative principle; presidents and their lieutenants in the departments will find ways to bend or circumvent the formal structure and adjust the process to their preferences.

If the formal structure requires a process that the administration does not want or value, that process is likely to become ritualized, a fifth wheel that turns but does not move anything. Because analysis is a slippery commodity, presidents and members of the NSC will pick it up where they want to, and ignore that in which they are not interested. By the same token, it is desirable for the President to have

a close working relationship with his DCI/DNI, and for the latter to be involved in policy discussions at the NSC level. No legislation, however, can compel a President to have confidence in or pay attention to any official.

The formal separation of the bulk of CIA's current Directorate of Intelligence from association with the clandestine services, as envisioned in the bill, is not likely to matter much. There is not generally a great deal of interaction between analysts and the Directorate of Operations anyway, and it is not clear that what interaction takes place is a bad thing. (The Bay of Pigs operation, in which the Directorate of Intelligence was kept out of the planning, is often cited as a case where more interaction might have prevented a disaster by challenging mistaken assumptions among the operators.)

One apparent benefit might be in public relations, if separation lent the analysts more respectability in the eyes of squeamish outsiders who disapprove of covert action. I doubt very much, however, that citizens are likely to be very aware of or attach much significance to changes in the organization chart. Doubt would be especially warranted if the Deputy DNI for Estimates and Analysis and his people remain housed at Langley next to the remains of CIA—and where else would we put them, especially after putting up that big new building out there? Recall that the Carter administration renamed DDI the "National Foreign Assessment Center"; did that make any real difference? (It will also be a bit peculiar if we continue to call the old agency, shorn of its function of producing the most important finished intelligence, the "Central" Intelligence Agency.)

If the separation from CIA were to involve relocating the main analytical staffs downtown (or at least someplace close, reachable by Metro, like Rosslyn), in an effort to bridge the geographic gap between the analytical bureaucracy and policy community, the idea would have more than cosmetic significance, and I would endorse it. It would also evoke all the longstanding debates between those in the tradition of Sherman Kent who fear contamination or politicization of intelligence, and those who see closer association with the policy world as the only way to improve the relevance and utility of intelligence. On balance, I would side with the latter group, although moving in that direction risks bloody controversies about balancing the management of analytical integrity and policy relevance, as we all saw so painfully in the Gates hearings.

I have a few comments on the bill's proposal for an Office of Warning and Crisis Support. This may be a good idea, as long as it is not viewed as a key to perfecting the warning process. The main problems in warning have usually been intellectual and political more than organizational. Beyond collection of relevant data, the main resources for warning lie in the expertise of specialists who are intimately familiar with particular countries or political, economic, or military problems. Every intelligence analyst is responsible for warning, and new technologies and procedures introduced over time have reduced the barriers to quick communication of warning reports to top levels of government.

There is value in having non-specialists involved, second-guessing experts who are so familiar with a problem that they understand all the reasons that apparently dangerous indicators have not produced a crisis in the past and therefore may underestimate the probability of crisis at any given time. There is also value in having a central location to which all ambiguous warning data from various places goes. This has been done in various forms over time: for example, the Strategic Warning Staff in the Pentagon, the National Intelligence Officer for Warning, or the Crisis Management Center in the NSC Staff. A new office of this sort probably makes sense, as long as other such units are folded into it. Redundancy is fine in the sense of complementing the warning function of the substantive intelligence offices and analysts, but more than one central staff is likely to confuse the issue more than clarify it.

#### SUMMATION: ACTIVITIES, AUTHORITY, AND ACCESS

The Intelligence Reorganization Act of 1992 proposed major initiatives to centralize authority under a new DNI. Because of the nature of analysis, such measures are less certain to change the substance of that function than they are in areas where more money, more concrete functions, and less easily duplicated assets are involved. Shifting the balance of centralization and decentralization of analysis a bit might be a good idea, but there is not a crying need for radical change. What is good to do can also be accomplished under the present DCI, within the limits of existing legislation.

What does clearly need improvement is matching the activities of an analytical bureaucracy that is largely self-directed with the rapidly changing needs of policy-

makers who are not well-equipped to exploit the intelligence system on their own. This means nurturing mechanisms to bring analytical assets to bear quickly on problems as they arise, but also to market the products that the analysts generate themselves. Just because a policymaker does not ask a question does not mean that analysts should not give him or her the answer. Ideally, policymakers should be alerted to problems before they become crises and force themselves on their attention. Access should be a two-way street. If reorganization places the analysts more conveniently for interaction with line officials, it could mean a great deal.

#### BIOGRAPHICAL INFORMATION OF RICHARD K. BETTS

Richard K. Betts is Professor of Political Science and member of the Institute of War and Peace Studies at Columbia University. Born in 1947, he received his B.A., M.A., and Ph.D. in Government from Harvard University. He was a Senior Fellow at the Brookings Institution until 1990 and adjunct Lecturer at the Johns Hopkins University's Nitse School of Advanced International Studies. He has also served on the Harvard faculty as Lecturer and as Visiting Professor of Government.

Betts' first book, "Soldiers, Statesman, and Cold War Crises" (first edition, Harvard University Press, 1977; second edition, Columbia University Press, 1991) won the Harold D. Lasswell Award for the best book on civil-military relations. He is also the author of "Surprise Attack" (Brookings Institution, 1982) and "Nuclear Blackmail and Nuclear Balance" (Brookings, 1987); coauthor of "The Irony of Vietnam" (Brookings, 1979), which won the Woodrow Wilson Prize for the best book in political science, and Nonproliferation and "U.S. Foreign Policy" (Brookings, 1980); and editor of "Cruise Missiles: Technology, Strategy, Politics" (Brookings, 1981). He is currently completing a book on military readiness and U.S. strategy. Betts has also published numerous articles on foreign policy, intelligence operations, conventional forces and strategy, nuclear weapons, arms trade, security issues in Asia, and other subjects in professional journals.

A former staff member of the Senate Select Committee on Intelligence, the National Security Council, and the Mondale Presidential Campaign, and consultant to the National Intelligence Council and Central Intelligence Agency, Betts lectures frequently at schools such as the National War College, Foreign Service Institute, and U.S. Military Academy. He is married to Adela M. Bolet, has three children, and lives in Teaneck, New Jersey.

#### STATEMENT OF DR. RICHARD K. BETTS

Dr. BETTS. Thank you, Mr. Chairman.

Off hand I can't think of anyone whose wisdom on this subject I've respected more than Hal Ford's. My own endorsement of the bill may be less decisive because I am something of a knee jerk pessimist about how reorganizations overcome problems in analysis, especially if Presidents and their lieutenants don't feel like cracking heads in the bureaucracy over these issues. But also as a pessimist I am never unhappy to be shown that I am wrong.

I do think that the provisions in the bill that affect budgets and collection programs are likely to be more significant than those affecting analysis. I do favor the bill, but don't feel strongly about its implications for analysis, at least until it's clear how the specific changes in form are likely to translate into changes in substance. We should also remember that reorganization always poses appreciable costs in productivity and efficiency in the short term because of all the problems of changing over from one system to another. So we should be pretty sure that this reorganization would be in place for a long time and would have the advantages we hoped for.

I developed my statement in terms of how the process seems to have worked in the past to provide a background for judging how the proposed reforms are likely to work. My own judgment is that overall, the record of estimates and warning in the U.S. Intelligence Community has been quite poor if we measure it against what we would like, but quite good when we measure it against

what we have a right to expect. My view of the record is favorable, again because of my pessimism. I don't think that successful understanding and prediction, which is what we want from analysts, is the natural state of affairs. So if intelligence analysis have gotten it right even half of the time, they have done well.

Two main organizational facts have contributed to the positive parts to the record since World War II, and the two point in the opposite directions. One is the institutionalization of a large independent corps of analysts within the CIA's Directorate of Intelligence. By independent, I mean a clear separation of career advancement and professional responsibilities from the vested interests of line agencies such as the Departments of State and Defense. The other is the persistence of decentralization and redundancy in analysis which allows departmental intelligence units such as INR or DIA to supplement or challenge CIA's work.

Any generalization about the quality of analytical products is risky, but my impression is that on average analyses from CIA during the Cold War tended to be less susceptible to policy bias than those associated with departmental perspectives. I gather from your initial remarks that some other arguments in this vein have already been made by previous witnesses.

But given my tilt in favor of the performance of CIA within the Community compared to other sources of analysis, I am sympathetic to the centralizing tendency in S. 2198 as long as it doesn't go so far as to suppress the beneficial effects of competition.

The down side of this pluralism and redundancy, apart from the expense it involves, is that it goes hand in hand with the bureaucratization and layering in the Intelligence Community. The checks and balances and mutual second guessing create increased volume of work and decreased agility in linking intelligence efforts to changing policy problems.

Even if one considers the general quality of intelligence analysis to have been reasonably good, as I do, how valuable it has been is a completely different question. The perfect paper will not matter if it does not get out in time to influence a decision or if it has to swim upstream in a pile of mediocre competing papers and thus escapes the attention of someone who can act on its implications.

It is my guess that the problem of failing to produce relevant intelligence has been no greater than the problem of having useful intelligence ignored by busy consumers. Some critics, on the other hand, don't think that the problem is making use of what the process produces, but reorienting the process to focus more efficiently on actual issues of concern to line officials.

They see CIA's Intelligence Directorate as a cumbersome monster generating its own work, producing research that policymakers don't want or need or that can be done as readily outside government. To some extent this is true. But if the size of the analytical community fosters too much unneeded in-house research, it's also the price of having a large volume and variety of analysis available at the odd times that it turns out to be useful.

If the need is to make better use of intelligence that the Intelligence Community generates itself, or to make analysts more responsive to immediate needs of policymakers, the problem lies primarily with the policymakers, who too often lack the time or the

inclination to think seriously about how they might get better service from intelligence.

It's a mistake to conclude from this, however, that the solution is to develop new mechanisms to involve high level policymakers in processes of deciding on collection or research priorities—not that I think that that will hurt, but I just don't think it is likely to work in the long run.

The notion of involving policymakers isn't new. There have been various efforts undertaken in the past to get consumers more engaged in intelligence planning, but as far as I can see without enduring results. This is because those officials high enough in the pyramid to know what the Administration needs, simply will not have the time on any sustained basis to think carefully about intelligence planning. They wind up delegating the job of attending committee meetings on the subject to one of their subordinates who, if it is someone with clout—say at the level of assistant secretary—is likely to be almost as preoccupied with other matters.

My recollection is that this is more or less what happened with such an effort in the Nixon Administration when an NSC Committee on Intelligence was established but soon fell into disuse. So I am not especially optimistic that writing a comparable NSC committee into law, as the current bill aims to do, should make us expect it to fair much better.

Realistically if a better fit between analytical activities and policymakers needs to be fostered, the job will probably have to be done more by managers in the Intelligence Community who deal with policymakers than by the line officials themselves.

I place a high premium on the brokerage role of managers at the level of the current Deputy Director for Intelligence or the prospective Deputy DNI for Estimates and Analysis, the Chairman of the National Intelligence Council and the heads of the main production offices.

It seems to me that the bill before us aims to do two main things to affect intelligence production and its relation to policy. First, to beef up the central organs for coordinating analysis—the National Intelligence Center, the National Intelligence Council, Office of Intelligence Analysis. And second, to separate analytical activities from collection and covert action by taking them out of CIA.

The first of these could prove to be significant, depending on how the legislation were to shake down in practice. I doubt that the second would have more than cosmetic value.

As to the first, limitations on centralization and the authority of the DCI have not been due to deficiencies in the original legislation so much as to the powerful in-built tendencies of departments and military services to preserve or regenerate their own intelligence resources and because higher authorities, either unwilling to spill bureaucratic blood or recognizing the benefits of pluralism in competition, have not squashed such tendencies.

Even with the centralizing innovations in S. 2198, the currents of decentralization will persist unless the departments and services are bludgeoned into surrendering their intelligence autonomy. Yet if the political leadership wants to do that, it is not clear to me why it can't be done within the confines of the old legislation.

On matters like budget control and assignment of functions that can't be cheaply duplicated, such as reconnaissance, formal changes in structure and authority may indeed prove decisive.

But when it comes to analysis, I doubt that legislation can succeed in making Executive practice conform to legislative principle if the executives are not so inclined. Because analysis is a slippery commodity, Presidents and members of the NSC will pick it up where they want to and ignore that in which they are not interested.

By the same token, it is desirable for the President to have a close working relationship with his DCI or DNI and for the latter to be involved in policy discussions at the NSC level. But no legislation can compel a President to have confidence in or to pay real attention to any official.

The formal separation of the bulk of the CIA's current Directorate of Intelligence from association with the clandestine services as envisioned in the bill, is not likely to matter much. There is not generally a great deal of interaction between analysts and the Directorate of Operations anyway. And it is not clear that when interaction takes place is a bad thing.

The Bay of Pigs is a case often cited as one where there should have been more interaction that might have prevented the disaster.

One apparent benefit might be in public relations, if separation lent the analysts more respectability in the eyes of outsiders who disapprove of covert activities. But I doubt very much that citizens are likely to pay a great deal of attention to changes in the organization chart. I recall that the Carter Administration renamed the DDI the National Foreign Assessment Center and I wonder whether that really made any difference.

If the separation from CIA were to involve relocating the main analytical staffs downtown, or at least someplace close in an effort to bridge the geographic gap between the analytic bureaucracy and policy community, the idea would have more than cosmetic significance and I would endorse it more decisively. But it would also evoke all of the long-standing debates about politicization of intelligence and the debates between those who fear politicization and those who seek closer association with the policy world as the only way to improve the relevance and utility of intelligence. On balance, I side with the latter group, although moving in that direction risks bloody controversies.

I have a few comments about the bill's proposal for an office of warning and crisis support. I think it may be a good idea, but we should remember that the main resources for warning lie in the expertise of specialists. Every intelligence analyst is responsible for warning. New technologies and procedures introduced over time have reduced the barriers to quick communication of warning reports to top levels of government.

There is a value in having non-specialists involved and in second guessing these experts. This has been done in various forms over time. For example, the Strategic Warning Staff in the Pentagon, the National Intelligence Officer for Warning, or the Crisis Management Center in the NSC Staff.

A new office of this sort probably makes sense, as long as other such units are folded into it. I think more than one central staff of this kind is likely to confuse the issue more than clarify it.

In the interest of time, I will end my remarks here except for one thing that occurred to me in the course of your remarks, Mr. Chairman, and those of Hal Ford. And that is in the context of the assumption that our overall resources are going to be reduced, and that there will be a slimming down of the analytical bureaucracy. I am a little bit worried about the prospect of breaking up the old Directorate of Intelligence, putting some of it under the new Deputy DNI, leaving some of it at CIA. I have a feeling—not completely thought through—that in leaner times, we might want to be careful about splitting up a critical mass of the sort that we have had in the CIA's Directorate of Intelligence, and we might want to either move the vast bulk of the assets more thoroughly to the new Deputy or to consider at least the problems of reducing what is available at that level.

Chairman BOREN. I appreciate your comments very much.

Let me go back first to Dr. Ford and ask—you said you didn't agree with the fears that Mort Abramowitz and others expressed that setting up the analytical section separately, more or less bringing it together in one place, would necessarily lead to less competitive analysis. And you talked about the need, with whatever structure we have, to take steps to assure more competitive analysis which we certainly take to heart. That has been a major concern of this Committee. How would you answer the criticisms of Ambassador Abramowitz? I am sure he would say to you how are you going to assure that there will be more competitiveness analysis if you have so much of this drawn together under one roof or in one center.

Mr. FORD. It is hard for me to argue against Mort Abramowitz, an old friend and expert, and one whose views I have always respected. Nonetheless, it seems to me that their position assumes that to date there has been a lot of genuine competitive analysis within the Community. I think in practice that's an overstatement. That generally a strong Director of CIA and/or a strong head of the estimates business or a strong NIO often can get his way and sort of bull something through with a minimum of competitive voices. And as we've learned in the past—in fact, Mort himself was talked out of a dissenting voice on a key estimate that went wrong some years ago concerning Iran. I think there would have to be a number of special steps taken if there were a new, one large world class office to ensure that much more meaningful competitive analysis takes place within that. The fact that all the analysts are in one large office doesn't mean that they all necessarily think alike. There should be much more opportunity than has ever existed for outside chance estimates to come to the fore.

There has been a tendency in CIA for views that are unpopular or held by a minority of analysts to get sat upon by supervisors up and down the line, so that perhaps the Director is never aware of that, or the Director himself sits on those views. That cannot be. In finished product going to consumers, whether there is a major reorganization of analysis or not, there must be far clearer indication of what the range of opinion is, where who differs and why. And if

there is a difference, not only what the difference is, but why they have come to that difference. And even perhaps explaining in an annex what the differences in the care given to this or that particular evidence, or the particular analytic procedures that have brought people to different views.

That should apply especially in cases where there is an outside chance that the analysis or the estimate might be wrong. In other words, an estimate or an analysis should never simply stop saying we believe that this is the most likely thing. That was one of the major difficulties in one of the worst cases in the history, and that was the Cuban missile crisis, when shortly before it the old Office of National Estimates said we don't think Khrushchev is going to put nuclear weapons in there. It wouldn't fit with previous Soviet practice. It wouldn't make sense for the Soviets to do so. Bracket, it wouldn't make sense to whom, bracket. And if Khrushchev does put such weapons in there it would be a mistake, period.

Well, it was a mistake for Khrushchev, but it was an awfully near thing. What that paper should have said in addition was, the evidence is pretty thin and ambiguous. It's our best judgment that—but in the event that we are wrong, here then are some contingent circumstances and contingent things that the policymakers should be aware of. The so-what for U.S. interests of this kind and another.

Another is in the Iran thing where no estimate ever came out. But had the NIE come out, whatever judgment it made about the Shah, and probably the prevailing judgment at the time would have been, well, he'll probably survive as he has before. That estimate should have gone on to say, in the event that he doesn't and in the event we are wrong, these would be the consequences for oil, for the U.S.'s prestige, for the role of the Soviets so on and so.

Now this kind of thing in my view should be present in just about any case. Now, in addition, that means competitive analysis and the airing of outside or minority views rather than simply sitting upon them.

In addition, as I said a moment ago, there should be far more competitive analysis from the outside. Now, the most noted case was the celebrated A Team-B Team thing of 15 years or so ago. There were three such competitive analysis teams involved at that time. Two of them were on highly classified technical questions and they worked quite well to the benefit of all. The difficulty arose in third endeavor, concerning Soviet intentions, where it got out into the public light and worked a disadvantage, even though the views of the critics over the long term were shown to have been useful and correct. There should be much more of that sort of thing, either direct—give an outside group exactly the same problem as the Community, or whatever. There should be far more use of consultants or people on part time assignments. There is some now and there has been some over the years, but it is pretty much hit or miss. I think that there are various means in which a DNI seized with the necessity for competitive analysis would be able to ensure that analysis would not suffer because the analysts are all one big group, but would be better than what we have had to date.



Chairman BOREN. Have you followed what Mr. Gates has proposed so far in terms of trying to move toward the majority-minority sort of approach on analysis?

Mr. FORD. I'm not really aware of just what those proposals are, Mr. Chairman. I am aware of the CIA statements that have been made about the skewing of intelligence and the outfit that looked into that, and I am also aware of their intentions with respect to creating a more open visage by making more past classified documents available. But I do not know what the intent is on competitive analysis. I think what I see thus far, they are all moving in the right direction. I guess my only concern would be, is it enough.

Chairman BOREN. How far?

Mr. FORD. How far.

Chairman BOREN. Let me ask both of you to comment on this. This also came up in the discussion with an earlier panel, I believe maybe Ambassador Abramowitz and Admiral Inman as well. They were talking about the fact that many people also hesitate to come into a process that is, in essence, CIA controlled or viewed to be CIA controlled, because of the amount of polygraphing and that sort of thing that also goes on. Particularly people from the academic community might not wish to be involved in that. They might be mainly dealing with open sources. We won't get into the basic argument about whether a polygraph should be used now or should not be used or how it should be used or whatever. But just basically there could well be some people who might have very high expertise that would not want to go through all the procedures now in place for someone to work with the CIA, and yet they could be a very valuable part of the analytical process.

Do you think we should devise a system where we have greater flexibility in bringing people in who would not want to go through that system. And in your own experience, do we have that kind of flexibility today to bring people in on that basis? I suppose we can do it by contracting with an academic to do a study. I don't suppose they would have to go through the same kind of checks. Do you think we should allow people to actually be brought into a center to work with us for three, four, six months or a year without having to go through all of those procedures?

Mr. FORD. I think we have both spoken to the question that there has been a certain stigma about working for CIA on the part of some outside experts. Your particular question about polygraphing and so on, I think especially on a lot of questions in the future that we both mentioned, will be more open in which open information plays a larger part, that a number of people from the outside could be very usefully used either on a one shot or for in-house for a year or two, something like that, where they are working on questions, where there is nothing—no information higher, say, than secret, most of it is open—and where in may view a polygraph would not be necessary and therefore would not scare them off.

If, however, they were working on questions where you get into compartmented things which could be quite sensitive, including questions other than clandestine operations or espionage, I personally would opt to stick with the polygraphing. It's not a pleasant experience. But I think it has been a better thing where it has

been in existence, than in certain places abroad where it has not been in existence.

I don't know if Dick agrees with me or not.

Chairman BOREN. Dr. Betts.

Mr. BETTS. There ought to be as much flexibility as possible in bringing people in and using whatever unclassified expertise they have, if they don't want to get involved more deeply or if it is not necessary. If the problem, though, is the stigma that is associated with CIA, I am not sure how much it will take to overcome that, assuming that you need to. If you reorganize things so that you are talking about a Deputy DNI for Estimates instead of CIA, I am not sure that would do the trick. The problem is probably in most cases a distaste for the idea of intelligence in general or for anything associated with intelligence.

If you really wanted to deal with that problem, probably the best thing to do would be to set up an office in the State Department which could serve as a center for utilizing people in a way which would seem to be more innocent. But anything that contributes flexibility to the Community's ability to exploit outside people on an ad hoc basis should be a good thing. But that is hard for any bureaucracy to do as long as you are dealing with classified information around any of the edges of what would be under discussion.

Mr. FORD. We should recall that back in World War II when OSS setup its very high class world class think tank, its analytic and research arm, it is my understanding that they first sat in the Library of Congress.

Chairman BOREN. Dr. Betts, you commented on physically moving at least a part of the analytical function. There is obviously discussion in looking at this matter as to whether or not we should physically move part of the analytical process actually out of Langley, whether it is downtown closer to the policymaker physically and perhaps more relevant, physically separated from the CIA Headquarters facility showing some greater detachment, I suppose, or less absolute dominance by one agency over the process. I wasn't sure if you camp out for or against the idea of doing that.

Mr. BETTS. I'm for it in principle, although you have a lot of people who will object in principle. I would also imagine that there are practical problems, but I won't address those. It is better to have more interaction and easier interaction—you'll have more if it is easier—between the analysis and people in the departments or higher level officials. And even if you have extra buses running more often back and forth to Langley, that physical distance is a big inhibitor.

On the other hand, you have a lot of people who believe as a matter of principle that that distance is important in order to preserve the integrity of the analysts. That is a long standing debate. In fact, I think only in recent years have many people challenged that traditional wisdom about the need to keep the separation. But I would be for it, that is for moving them.

Chairman BOREN. And in a sense, from the question of the point of view of CIA domination of the process, if it were some place other than at the CIA Headquarters at Langley, that at least gives the perception, and maybe also the fact, that there would be less dominance if we are talking about really making it more inter-dis-

disciplinary in terms of the elements of government as well as outsiders being brought into it.

Mr. FORD. For those who would object to the idea of moving analysis downtown because "it would be too close to policymakers," we should remind them that from the start of CIA until 1961, I think it was when they moved out to Langley, that all of CIA plus CIA analysis was downtown. In fact right across the street from the State Department. And it was far easier to have a drink together, have coffee together, have lunch together, go drop in on your colleagues and say, you know, help me on this, or back and forth. And even though there are buses running back and forth now, it's a world apart and I personally think it was a mistake ever to have moved CIA out to that Langley campus anyway.

Chairman BOREN. Well, there are a number of Cabinet members that have made statements to the fact that they never read National Estimates, never bothered to read any of them in the whole time of service on the Cabinet. We are probably in danger of having too much of a distance between those that are customers. Not that we want to tell them what they want to hear, but we at least want to be relevant to the questions and concerns they have and make sure that they know there is a relevant body of information there for them.

Mr. FORD. There is a whole world we have not spoken about—well, Dick has spoken to it very well today, and that is of the relationships between producers and consumers, and including good intelligence that policymakers see but don't happen to agree with, or find it uncongenial. Good intelligence, for example, on the progress or the lack of progress in the Vietnam War, but that is not what President Johnson wanted to hear, and so on and so on. Or there is a problem that senior policymakers are too busy. The very people at whom estimates and high class analysis are aimed are the people who have the least time and effort to absorb this. Therefore, it is always a matter of their staffs or their particular filters—who it is that sits outside the great person's office and so on. And the answer is simply always, I think, on the matter of individuals' personalities: both who heads U.S. intelligence and who is this and that, and the more bringing together, the better.

But even in cases where perhaps the top people don't see some of the intelligence, their staffs do and down the line. But I think the Agency has been especially good in recent years on that score, in the last decade or so, in what they call the President's Daily Brief, in which a senior person takes these key items everyday to the top policymakers—and it is not just a messenger boy, either, but it's a senior analytic officer, who, if there is a question or a comment or whatever, is able to deal with it or to report back to the DCI, there is this or that question to be involved. So that kind of thing should remain, and I would think that perhaps there could be a broadening of that so you could hit people who don't now see not just NIEs, but other kinds of top analytical products.

Mr. BETTS. I agree.

Chairman BOREN. Let us assume that we are not successful in moving the reorganization plan all the way in the direction that it was originally introduced in terms of separating analysis out from the CIA completely as has been suggested here under a Director of

National Intelligence. If we end up with continuing to have the DI still be a part of the CIA as some of our witnesses have suggested that it should. Admiral Inman, as I think back to the testimony, was the one who said, well, the DI should still be part of the CIA. But he argued that we should think about the creation of something like the National Board of Estimates again. I believe he or some of the witnesses said, yes it should be housed separately, not headquartered at Langley, perhaps housed downtown near the policymakers, but separate and apart from Langley and CIA Headquarters. You would have some, to use the military analogy, purple suit people as opposed to just CIA people, some distinguished outside scholars and others who would not even be normal employees of the government that would come in to serve a stint partially determined by the areas of expertise you need in a particular period of time. People come in and out on an ad hoc basis, still maybe State Department employees, so to speak, not fully putting on the purple suit but coming in and out on specific issues of concern. Coming over from Commerce, not being detailed full time to the center, but some would be detailed full time and put on the purple suit. Some would come from outside maybe as fellows of the center for a year or something like that, out of academia, and some temporarily detailed or just coming over to present their department's or agency's point of view to the Board of Estimates or whatever we called it. How would you react to a suggestion like that in terms of the organizational structure? Would that help us do what both of you had said is advisable, that is have enough flexibility to bring people in and out, get the best expertise because we are going to have such a changing world situation?

Mr. BETTS. I think it would probably be a good idea as long as it didn't become a new highly bureaucratized institution in itself, which some people criticized the old one for becoming. Also, my impression is that it came to be identified heavily with CIA even though it was in principle a Community organ. I am not sure how much of a problem that is. But there might be tendencies in that direction that it would take a lot of imagination to keep from happening over time as organizations evolve. Finally, it would be important, too, that it not be chartered as having a primary purpose of focusing intently on regular scheduled annual estimates.

Chairman BOREN. Ad hoc things as they arise.

Mr. BETTS. Right.

Chairman BOREN. If you need to know about what is going to happen to the Shah of Iran, you put those people to work on it, and draw people in to deal with it or whatever.

Dr. Ford, any thoughts about how that might work?

Mr. FORD. Yes, your question speaks to one of my favorite subjects. I will try to be brief.

I've been a member both of the old system—that is, the National Estimates one, and its successor, the National Intelligence Council, and I think that there are strengths and weaknesses in both. I think that the present one could be strengthened in various ways. The strength of the old system was that at least in the initial years they were able to get some of the most prestigious and the best professors in the country, some of the best and most distinguished recently retired ambassadors and generals, for their senior group, so

that they commanded ideally and justifiably a lot of respect. They were also known commodities to the then policymakers, not only in a formal sense, but they moved in the same circles in cocktail parties, Georgetown, and so on. The staffs that the Office of National Estimate recruited in their initial years was outstanding, and a number of its people went on to very senior jobs in government and national life. Also, that staff did almost all of the drafting, so that the drafting of estimates was much better and higher quality than it has been in recent years. Those were the strengths.

The weaknesses were that over a period of time, the vigor declined, the people got cut off from policymakers, they got shut off out in Langley. Their prevailing philosophy was, be careful, don't go downtown because you'll become a policymaker and therefore you'll lose your credibility. And the general quality of staff and Board declined, so much so that there were a lot of questions raised for some years, and finally Schlesinger and Colby brought in the new system of National Intelligence Officers, the principal purpose of which was that individual officers would be a vice president in charge of this and that substantive question in the world. So they would be reigning experts, maybe the best in the Community, on the USSR, on this and that, rather than simply generalists.

Also, their governing philosophy was to do the opposite from the old Office of National Estimate: that is, not get cut off, but go downtown and mix it up, and bring back the relevance and what policymaker wants and so on. And you can do that without getting corrupted. My experience in both camps has been that, by and large, that has occurred and you can, quote, "go downtown," or those people can, the NIOs, without getting corrupted, paren, with a few notable exceptions, paren.

Chairman BOREN. Yes.

Mr. FORD. But overall, the stature, the reputé in which the members and the officer are held, the quality of the NIOs and the quality of the staff are not what they were when it was—there are a lot of fine people there, some excellent people, but it tends to be sort of just another job.

Now, I think, A, that it should be moved back downtown, clearly brought out from under CIA, and every effort made over a period of time to attract the kind of talent that has obtained in the past. But, B, to keep these people as NIOs and to keep them and make sure that each of them is active with their opposite, policymaking numbers. At the same time create, more of a staff than they have now, so that more in-house drafting can be done.

Chairman BOREN. Because the NIOs really don't have many troops themselves.

Mr. FORD. Yes, they can't do it themselves, and they have to go scrounge drafting, and the worst thing is if you get a draft after X days or weeks have gone by and it's not very good, it just screws up everything. How do you fix it? And so therefore some offices within the KNACK are repair shops. Well, you shouldn't have to do that.

Chairman BOREN. So if you had something sort of like the Board of Estimates, you still have your NIOs assigned to it, is that the way you—

Mr. FORD. I'm sorry, I couldn't hear you, sir.

Chairman BOREN. If you had a Board of Estimates again, would you have the NIOs assigned to it?

Mr. FORD. Yes, I would.

Chairman BOREN. With beefed up staff capability.

Mr. FORD. And they would remain NIOs, they would remain experts, and they would remain in touch with their opposite numbers. But there should be a few what are called NIOs at Large, or generalists.

Chairman BOREN. Exactly.

Mr. FORD. I was one at one time, and it was debatable whether I was a renaissance man or just in charge of this and that turkey project that came along. But there should be ways for more collective responsibility and more panels within the NIC than exists now, because too much authority rests with a given NIO.

Chairman BOREN. Things that start out well often become calcified and less innovative and so on. There's probably some virtue, although we don't want to get into the position of reorganizing for the sake of reorganizing.

Mr. FORD. No.

Chairman BOREN. But there is probably some virtue from time to time, especially in this area, of creating a center where you bring, in theory, the best and brightest and best assets of the country together, knowing that maybe ten years down the road, that institution itself may become one that needs to be shaken up again, and not allowed to become too comfortable and bureaucratic.

Mr. FORD. But again, as in all these endeavors, the answer is in the quality of the people.

Chairman BOREN. Oh, absolutely.

Mr. FORD. And they could be organized in almost any way, and if you get the top kinds of people in the country, and you get a national regard and respect for them in the country and among the policymakers, you're going to have a much better intelligence system—and I think of all the alternatives, something like your bill proposes would be the best, rather than just sort of tinkering with what we've got.

Chairman BOREN. Let me ask one last question. I apologize, I have to leave as well, and we've held you here a long time. We may have some additional questions that we will want you to think about and get back to us with your advice and thoughts about them.

We haven't begun our budget cycles yet. We're just starting our budget analysis so no one should read anything in to this. But suppose you pull it out of the air that we're going to do with 25% less money than we are now in terms of our analytical capability, but we want to make it better if we possibly can. Faced with the choice and suppose you had no impediment to that in terms of ten year rules, employment rules and policy and the rest of it, would you opt to have fewer, more senior and highly paid analysts or would you opt to have a larger number of analysts?

Mr. BETTS. I would do both. An idea which is not original with me—I have heard William Colby mention it—is the possibility of having people involved on a sort of reserve commission basis, for third order intelligence priorities which may some day be important even if they are not usually important—like Afghanistan

before and after 1978-79. These people would work on a part time basis. But if you have to make a decision between full time employment of large numbers of analysts or fewer of higher quality, I would tilt in the latter direction.

Mr. FORD. I would also.

Chairman BOREN. To the fewer, higher quality.

Mr. FORD. Yes.

Chairman BOREN. Well, again, I thank you both very much. We hope to begin to sort of come together and focus within the next 30 to 60 days on the directions we hope to take. We, of course, have asked the Executive branch to respond to our proposals. They have a number of in-house studies under way. We want to give them time to hear the results of those studies before we ask them to come before us. Hopefully, our own proposals have stimulated bolder thinking on the part of those in-house studies. That certainly is one of our aims and objectives as well. I know members of our staff have an opportunity to visit with both of you from time to time, and so do Members from time to time. We may well be back to you with bouncing ideas off you as they evolve and are modified to see how you react to these proposals as we go through the process.

When we talk about bringing the best to bear, the best judgments to bear, we certainly include both of you in that category, and we appreciate very, very much that you are willing to share your time, your expertise and your perspective with us as we grapple with these problems.

It's a great opportunity, I think. I was talking with someone at the Agency recently and they said, well, there are almost long faces in some quarters about the fact that we have to make changes, and times are changing. We're going to have to adapt this system to fit the changing times and also the resources available and so on. I think we should really view this as a very exciting opportunity and period of time, the same kind of excitement that people felt obviously that were present at the creation of the current Community as it evolved in the very early stages. We have an opportunity here to do things that will be very, very helpful in terms of informing our policymakers and in terms of improving the quality of intelligence and analysis. I think it should be viewed as a period of excitement and real challenge and not a period that we should dread. This doesn't mean we are going to tear up everything that is there, unlearn the lessons we have learned, not utilize the great amount of expertise that we already have on board and in-house. I think it is a task that is one that I certainly think is a great challenge. I am glad there have been these changes in the world that for the most part have been immensely positive that give us an opportunity to take on this task. And we appreciate very much your participation in it.

Mr. BETTS. Thank you.

[Thereupon, at 4:08 p.m., the hearing was recessed.]

