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REVIEW OF INTELLIGENCE ORGANIZATION

HEARING

BEFORE THE

SELECT COMMITTEE ON INTELLIGENCE

OF THE

UNITED STATES SENATE

ONE HUNDRED SECOND CONGRESS

1ST SESSION

ON

REVIEW OF INTELLIGENCE ORGANIZATION

THURSDAY, MARCH 21, 1991

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REVIEW OF INTELLIGENCE ORGANIZATION

THURSDAY, MARCH 21, 1991

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

The Select Committee met, pursuant to notice, at 1:39 o'clock p.m., in room SR-222, Russell Senate Office Building, the Honorable David L. Boren (Chairman of the Committee) presiding.

Present: Senators Boren, Nunn, Bradley, Metzenbaum, Glenn, Murkowski, Warner, D'Amato, Rudman, Gorton and Chafee.

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, Richard Combs, Chris Mellon, James Currie, James Wolfe, Claudia Daley, Connell Sullivan, Pat Hanback, Sarah Holmes, Michael Hathaway, Charles Battaglia, Chris Straub, James Martin, Jennifer Sims, Edward Levine, Gary Sojka, Al Ptak, Andre Pearson, Zach Messitte, Don Mitchell, Eric Liu, Richard Arenberg, John Elliff, Tim Carlsgaard and Regina Genton, Staff Members.

Chairman BOREN. We will commence now and at least begin some introductory comments. Other members of the Committee, including the Vice Chairman, are on their way.

Today the Committee begins a series of hearings which will continue throughout the first session of the 102nd Congress on the subject of intelligence reorganization.

Some forty-four years after the passage of the National Security Act which created what we now refer to as the Intelligence Community, it is now time to assess whether the structure and organization of the Community are serving our national security interests as they should.

With the end of the Cold War and changing intelligence requirements and priorities, we must now ask ourselves, "What are we getting for our money?" Does the current organization and structure provide the President with timely information which allows him to deter crises and conflicts rather than just to manage difficult events after they occur? I think we have all been impressed in recent days and weeks with the ability of our government to manage a crisis once it develops. But the important question remains, is it a crisis that with timely intelligence—6 months, a year in advance—we could have avoided it in the first place. So we have to aim for crisis avoidance, not just crisis management. Does the current organization and structure impede risk-taking, forthright analysis and timely adjustments to a changing world environment?

As I noted, the basic statutory framework for the conduct of intelligence activities was enacted over 40 years ago as part of the National Security Act of 1947. The roles and responsibilities set forth by that legislation in very general terms have evolved enormously since that time. Indeed, many of the agencies and offices which comprise the U.S. Intelligence Community of today did not even exist in 1947. Advances in technology have also provided intelligence agencies with capabilities which could not have been imagined at that time. We need to ask ourselves whether the statutory framework established over forty years ago continues to provide an adequate structure for the management and integration of what has become an extremely complex and extremely capable intelligence apparatus.

The Intelligence Community of 1947 was put together largely to keep track of the military threat posed to the United States by the Soviet Union and its Warsaw Pact allies. This has been its focus for the last 40 years. That threat has not evaporated certainly but it is significantly changed. In the meantime, more and more is being asked of intelligence. Whether it's keeping track of international narcotics trafficking, weapons proliferation in Third World countries, or supporting a war in an unexpected place, the demands placed upon intelligence have never been greater. We ought to step back and ask ourselves whether we have in place a structure that enables us to cope with these demands in the most effective way.

An important part of the answer to that question will be how intelligence worked in support of Operation Desert Shield and Desert Storm. Obviously, the operation itself was an overwhelming military success and could not have been accomplished without superb support from the Intelligence Community. But we need to look behind the end result to ascertain whether our success on the intelligence side was attributable to the management and coordination structures in place or whether success came in spite of them. What lessons can be learned by the Intelligence Community in terms of supporting future conflicts?

My own initial impression regarding our performance during the Persian Gulf is twofold.

First, I believe the record will show that strategic intelligence—that is, long-term political and military intelligence regarding Iraqi intentions and plans—was inadequate.

The question much aired as to whether or not U.S. intelligence predicted the invasion of Kuwait four or five days before it actually occurred is not really the relevant question.

Deterrence requires long-term strategic intelligence and we simply did not have it.

While we managed this crisis extremely well, we have to learn how to anticipate and thereby provide the President timely options to deter and avoid future crises. If the President had known a year before or if he had had adequate signals, what steps could he have taken? Could we perhaps have based aircraft in the region? Could we have sent a stronger signal as to in terms of our intentions with greater credibility? Could we therefore have avoided some of the risks that became necessary later in the conflict?

Second, it seems clear that tactical intelligence support to our military commanders in the design of war plans, in the selection of

targets, and in our understanding of the precise location of the enemy, appears to have been excellent.

Obviously, there may well have been shortfalls here as well. The lessons learned will be a critical guide to our understanding of problems.

Our own interest in reorganization was born out of a concern that, despite a sizable growth in development in intelligence during the 1980's, military commanders were not receiving timely and relevant intelligence regarding the threats and contingencies which they perceived as the most threatening. The members of this Committee became concerned that national and tactical intelligence bureaucracies were isolated from each other resulting in duplication, waste and poor performance. We are meeting today in the Committee space of the Armed Services Committee. They have shared this concern with us about the growth of two bureaucracies, two separate empires really—one on the military side and one on the civilian side. Two separate empires that we really cannot afford to finance. And so both of our Committees have been grappling with this problem.

Let me say also the former Vice Chairman of this Committee, Senator Cohen, was a real leader early on in the Committee process in focusing our attention on the need to study the problems of duplication and to study the whole question of organization of the Intelligence Community. So the work which we carry on in this Committee and the work which I share now with the new Vice Chairman of this Committee, Senator Murkowski, was actually commenced during the Vice Chairmanship of Senator Cohen, and I want to pay tribute to the contribution he has made to this process.

In the report accompanying the Fiscal Year 1991 Intelligence Authorization Bill, the Committee stated:

> . . . The tactical and national Intelligence Communities appear to be excessively isolated from one another, leaving each free to pursue self-sufficiency in their particular realms. Military commanders seek self-sufficiency through organic systems and organizations on the argument that national systems or civilian systems cannot be relied upon for support. The national community, likewise, emphasizes its peacetime missions and pays scant attention to the commander's needs.

Finally, we undertake this review in light of the economic realities that will confront us in the 1990's. If budget deficits are to be brought down, government spending must be reduced, and intelligence will be forced to share in these reductions. We must look for ways then to do more with less. If we can streamline, if we can avoid unnecessary duplication, if we can find more efficient ways of accomplishing the intelligence mission, then by all means we should adopt them.

At this phase of our inquiry, we intend to ask as many questions as we can to identify as many problems as we possibly can. Among the areas that we will consider, among the questions that will be raised, are the following:

Can the Director of Central Intelligence really be dual hatted, managing the CIA while serving as the leader of the Intelligence Community at the same time? Clearly that doesn't happen on the military side. The Chairman of the Joint Chiefs of Staff doesn't operate as chief of one of the services at the same time. He doesn't serve as Chief of Staff of the Air Force or the Army or Chief of

Naval Operations while also serving as Chairman of the Joint Chiefs of Staff.

Should the President have an independent Director of National Intelligence to establish priorities and allocate resources? Or does the Director need more authority to command a structure that often reflects distinct bureaucratic interests at the expense of larger common goals?

Is the Office of the Secretary of Defense structured to appropriately manage and coordinate all the Defense intelligence functions? Should the Director of the Defense Intelligence Agency have a stronger coordinating authority to eliminate duplication among the military services?

Are too many resources directed at the Soviet target at the expense of regional and third world instability and the need for greater economic intelligence? As I have indicated, the world has changed dramatically. Have we changed our thinking adequately to reflect the changes in the world around us? And more importantly, have we then changed the bureaucratic structure to reflect the change of priorities? Have we shifted resources into areas where they are much more needed at the current time than they were just two or three years ago.?

Should the aggregate amount of the intelligence budget remain classified? It has always been assumed that it would remain classified. Should it continue to be classified. Or does the current budget situation demand greater public debate on the amount of money dedicated to the Intelligence Community?

Can changes in organization lead to better human intelligence? The weakest link in our intelligence performance has been knowing the intentions and plans of our adversaries. And I think, once again, if there is any lesson we can learn from what has occurred in the Persian Gulf, it is that technical means alone cannot give us all of the intelligence that we need. There is a tremendous need—this Committee has been working on it now through the budget process for several years—to increase the level of investment in human intelligence and to rebuild some of the strength that was lost in that area over a decade ago.

These are just some of the questions that we should address, and no doubt our witnesses today will help us to define legitimate lines of inquiry.

At the end, organizational changes may well be called for, either through legislation or through actions taken by the Executive Branch itself. We have no preconceived agenda. Indeed, we recognize that organizational changes we might suggest are not the only means for effecting improvements in the Intelligence Community.

This is not intended to be a confrontational process with the Executive Branch, or a negative process in any sense. It is a positive process. I have discussed this endeavor with the President personally, and assured him that our goal was to either propose changes or to prompt the Executive Branch to make changes that in the end are sound and will provide us with better intelligence. We view this as a cooperative partnership with our efforts meshing with those of the Executive Branch to thoroughly evaluate the current process to see if we can make it better. So we will begin in that very constructive and cooperative spirit of partnership.

As we begin this important review of the Intelligence Community, I think that it is worthwhile to consider an analogous, and very recent, reorganization effort. Back in 1986, if there was one thing which united the military services—other than the Soviet threat—it was their fierce antipathy toward the Goldwater-Nichols Reorganization Act, at least initially. And yet few today would deny that our victory in the Persian Gulf was in large part attributable to General Schwarzkopf's streamlined management structure—a structure that was at least in part established under the Goldwater-Nichols bill which was hammered out in part in this very room. Today, too, many vested interests will resist any talk of reorganization. I ask only that those, within the Intelligence Community and elsewhere, keep an open mind. After all, our ultimate goal is the same: better intelligence and a better product in the national interest of the United States.

Finally, a word about the process. While some of our hearings will necessarily have to be closed to the public, we will endeavor to do as much as we can in open session. While we have no preconceived notions where these deliberations will take us, we do foresee legislation as a possible outcome and we do not want to legislate in secret. As much as possible, we want to bring the American people into this process of discussion and debate. The American people and our colleagues should understand the factors that motivate the Committee.

In addition to discussing this process with the President and with the National Security Advisor, General Scowcroft, I have also had the privilege of having several discussions with the Director of Central Intelligence, Judge Webster, about our process. He has written this letter which I want to place in the record at this time.

I appreciate that communication from the Director. It reflects the spirit which prevails in the Executive Branch as well as in this Committee as we begin this very important process of examining the organizational structure of the Intelligence Community.

[The letter from Judge Webster follows:]

THE DIRECTOR OF CENTRAL INTELLIGENCE,
Washington, DC, March 20, 1991.

Hon. DAVID L. BOREN,
Chairman, Select Committee on Intelligence,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: As you begin your series of hearings on the subject of Intelligence Community organization, I want you to know that you will have my full cooperation and that of senior Community managers. It is important to the President, to the Congress, and indeed to all of us in intelligence that the Community functions at its very best in the service of the nation.

Preparing to meet the challenges of the 1990s has been a central focus of mine. In earlier testimony, we in the Community outlined in general terms how we have been going about this task, and we expect to keep you fully informed as we further refine our plans. The Committee's efforts cannot help but enlighten the process, and I look forward to reviewing with you the results of your hearings and staff studies.

Sincerely,

WILLIAM H. WEBSTER.

Chairman BOREN. I want to turn now to the Vice Chairman of this Committee, Senator Murkowski. I believe that this is the first public hearing that we have had since Senator Murkowski has become the Vice Chairman of this Committee. I am already very much valuing the cooperation, and partnership, the effort that Sen-

ator Murkowski is putting into the work of the Committee. We remain absolutely dedicated to the bipartisan approach in the work of this Committee as we have for the past several years. It is a privilege to share the work of this Committee with him in that full spirit of bipartisan partnership.

Senator Murkowski, I would welcome any opening comments you might have.

Senator MURKOWSKI. Thank you, very much, Mr. Chairman. I want to also acknowledge the very comprehensive statement which you've made in your opening statement, and I'll be relatively brief in mine.

Today marks the start of what I think is going to prove to be probably the most important series of hearings in the history of this Committee. Not since the CIA was founded in 1947, has the Intelligence Community undergone a fundamental reassessment of its mission and organization. And I think, Mr. Chairman, the fact that this is occurring in a public forum is evidence of the necessity of getting outside input and objectivity. Intelligence, while in many cases is not everybody's "business," is indeed a subject about which we need appropriate input from a variety of experts.

I, for one, begin this enterprise without any strong preconceptions as to what the outcome may be. Whether fundamental reorganization and change are actually required or not, remains to be seen. We can't run intelligence like a corporation. Nor should this effort be viewed in adversarial terms. The attempt to determine the optimal organization for the Intelligence Community is neither partisan in a political sense nor is it a contest for power between the Executive and Legislative branches of government. Conducted properly, it is an effort to insure that the taxpayer simply gets the greatest possible payoff for his or her dollar that is funneled into the intelligence area.

The measure of that payoff is efficiency and accountability. Efficiency is vital as we enter into an era of increasingly—perhaps painfully—tight federal budgets. We are at that point now. If we ever had the luxury of throwing money at intelligence problems, well, we don't have that luxury any longer.

But the need for intelligence will, if anything, grow. Recent events in the Persian Gulf serve to remind us that we continue to live in a very changing, in a very dangerous world, and we need to know all we can about it for our nation's national security. Intelligence agencies are the eyes and ears of national security. Put simply, they are going to have to do more with less. Through advanced technology, many of us are convinced that a better job can be done. But technology alone, as the Chairman stated, will not accomplish our total needs.

The other issue I feel very strongly about is accountability. Accountability is very difficult to find in government bureaucracies. It is very difficult to find in government bureaucracies. It is very difficult to find in the intelligence gathering agencies as well. Accountability within an organization means that responsibility for what is done or not done can be clearly fixed, that both sides know where that responsibility lays. I think the recent Goldwater-Nichols reform, which you mentioned, Mr. Chairman, greatly helped clarify lines of authority and responsibility within the Defense De-

partment. I hope we can make a comparable contribution to intelligence. I think we can. For years, as an example, we have been trying to repair the damage caused by gross mismanagement of the project to construct a new embassy in Moscow. Repeated efforts by this Committee to determine where that responsibility lay has led us nowhere.

On the other hand, some credit for the spectacular success of U.S. forces in the Persian Gulf must surely go to, and should rightfully go to, intelligence personnel. Those responsible should be recognized and rewarded. We should go back, of course, and look at the mistakes made, the lessons learned, but it is not our intention to dwell on what might have been.

Inevitably, much of our effort will focus on the experience of Desert Storm and Desert Shield since it is the most recent experience we have had, and it is appropriate that we do so. But our purpose is not to revisit the national debate that preceded U.S. military action. The issue is process—how did intelligence perform when put to the test? What did we do well? What can be better? What lessons can we learn and apply in the future?

On the basis of my own discussions with Judge Webster, I am confident that the DCI and the other senior managers of the U.S. Intelligence Community share our commitments to improved efficiency and accountability. Working together, legislative oversight and executive management can insure the strongest possible intelligence capabilities for our nation.

While everyone recognizes this will be a long and difficult undertaking, I for one, will remain alert for opportunities to take constructive action in the short term, and to propose these changes that are necessary. Certainly good ideas need not wait.

It is a great pleasure, and I am sure the Chairman joins me, to welcome to this Committee three extraordinarily distinguished Americans. Admiral Inman, General Odom and Mr. Latham all bring a wealth of expertise and experience and views—and I hope differing views—to the task before us. They are all uniquely qualified to set the direction for this Committee's efforts during the 102nd Congress.

Thank you, Mr. Chairman.

Chairman BOREN. Thank you very much, Senator Murkowski. And I certainly agree with the comments that we learn not only from our failures, we also learn from those areas of success. Areas like, for example, the operation of the Counterterrorism Center during this recent conflict, with really extraordinary efficiency and capability in terms of deterring terrorist attacks against American interests around the world. So there's much to learn also from the successes as well as from the shortcomings in our past experience.

Senator Metzenbaum, any opening comments?

Senator METZENBAUM. Yes, Mr. Chairman.

First, I would like to commend you and Senator Murkowski for your attention to the question of intelligence organization and the question of budgetary aspects of our intelligence operations. I think that is a major step in the right direction. And I appreciate your having raised a point that I know some of us feel very deeply about, which is whether or not there is any reason to continue the secrecy which surrounds the intelligence budget, particularly with

respect to the total figure. I would not advocate breaking it down in detail, but it seems to me that the American people are entitled to know how much we are spending on our intelligence operations and that there isn't any reason under the sun why that total amount should be kept from the American people.

As you well know, there have been tremendous increases—I won't go into the specifics, but far greater than probably for any other area of spending by the government. And I think it is time to move with dispatch with respect to bringing to the American people the cost of what we are spending on our intelligence. I think this, in and of itself, may provide some pressure on us to take more of the steps that you, the Chairman and Vice Chairman, are talking about taking regarding the intelligence budget. And I commend you and assure you that I look forward to working with you.

Chairman BOREN. Thank you, very much, Senator Metzenbaum.

Senator Warner.

Senator WARNER. Thank you, Mr. Chairman.

First, I would like to include in the record my detailed opening statement.

[The statement of Senator Warner follows:]

OPENING STATEMENT BY SENATOR JOHN W. WARNER

Today, the Senate Select Committee on Intelligence begins a series of hearings on the current organization of U.S. Intelligence to assess what structural changes could be made to improve on a national system which many regard as the finest in the world.

Such a major review is appropriate, particularly since the basic legal framework establishing the intelligence community has not changed since the enactment of the National Security Act of 1947—over forty years ago. The world has endured major transitions over the years—both geopolitical and technological. New threats to our national security have emerged, new collection and communication systems have been developed, and, new countermeasures to our collection efforts have evolved. To meet these new challenges, new intelligence organizations, not envisioned in the 1947 law, have emerged. Thus, it is particularly appropriate and timely that this committee conduct an organizational review, and I commend the Chairman and Vice Chairman for their leadership in seeing that the committee study this issue comprehensively and rigorously.

At the same time, a word of caution is in order. There is an old maxim: "If it ain't broke, don't fix it." Thus, while I commend and endorse the committee's effort and shall participate in its deliberations fully and with an open mind, I urge the committee to use as its model the thoughtful, deliberative process that led to the Goldwater-Nichols Defense Reorganization Act of 1987, rather than the questionable process which occurred during the Church Committee hearings on U.S. intelligence in the mid-1970s.

As many of you are aware, part of the genesis of this effort goes back to last year's intelligence and defense authorization bills. Members who served on both committees—Senators Nunn, Glenn, Cohen, and myself—recognized that the Department of Defense is the largest collector, producer, and consumer of intelligence. Defense intelligence accounts for roughly 85 percent of the manpower and resources involved in our Nation's intelligence effort, and we believed it was time to assess its current organizational structure. Since last year's bills were passed, the Chairman and Vice Chairman of the Intelligence Committee have chosen to expand the committee's effort to encompass the organization of the entire intelligence community.

But, as this committee undertakes its review, we must not lose sight of the fact that the Senate has already taken a position on how defense intelligence should be organized. It is a forceful and considered position, which is now the Law of the Land. In those areas where it is prudent to do so, we seek to have the Department of Defense bring defense intelligence into line with the organizational structure established by Goldwater-Nichols. The legislation, which we enacted last year, mandates the Secretary of Defense, along with the Director of Central Intelligence to do the following:

Eliminate redundancy to improve efficiency;
Revise intelligence collection and analysis priorities to reflect changes in the world;
Strengthen joint intelligence functions, operations, and organizations;
Improve the quality and independence of intelligence support to the weapons acquisition process;
Improve the responsiveness of national intelligence systems and organizations to the needs of the combatant commander.

Mr. Chairman, as we consider proposals to reorganize U.S. intelligence, we must pay careful attention to the validity of the recommendations of the Secretary of Defense pursuant to last year's legislation.

We must also carefully study the lessons of the recent Persian Gulf war. It is my understanding that the Secretary of Defense and the Chairman, Joint Chiefs of Staff, applied with energy and determination the management guidelines set out in last year's authorization bills, as they organized a very successful intelligence effort to support Desert Shield and Desert Storm. To cite just a few examples, the Department of Defense created joint intelligence cells in Washington and Riyadh, recognizing that the combined arms nature of the conflict required joint analysis, incorporating the unique expertise and perspectives of all the services; it eliminated excessively duplicative analysis by the multiple defense intelligence agencies, focusing the energies of each agency on what that agency does best; and it acquired direct tasking control over many of the Nation's intelligence collection assets, making them responsive to the needs of the theater commander.

In conclusion, Mr. Chairman, if we learn the lessons of Desert Shield and Desert Storm well and we apply the principles to Goldwater-Nichols, I am certain that we will structure a defense intelligence apparatus to support our troops and insure our security which is second to none throughout the world. Thank you.

Senator WARNER. I would, however, just like to articulate a few thoughts. I join in thanking the Chair and the Vice Chair for the initiatives. The initiatives of the Intelligence Committee really were taken in parallel with those of the Armed Services Committee, where Senator Nunn and Senator Glenn and Senator Cohen—I am delighted you mentioned him—and I set forth the language in our Committee leading to this series of hearings.

Mr. Chairman, this is an oversight Committee, and we have responsibility, and I would like to dwell on the word responsibility for a moment. And that is, we should be very careful as we proceed. I start from the premise that the United States of America today has the best intelligence system to be found anywhere in the world. And we go back to that old maxim, if it ain't broke, don't try and fix it. We should be very cautious as we move along in this series of hearings.

Now, to the exent that reference has been made to the Gulf, I would like to add my perspective. If that is a newshook, I hope it is a positive newshook, because the record will show that we employed our intelligence assets very skillfully throughout that operation. Just a week ago today—or tomorrow to be exact—I was in General Schwarzkopf's office when that question was put directly to him about the intelligence, and he said unequivocally that that intelligence played a great role, it was one well—professionally—and certainly we have some lessons learned. But I think that in any situation, you have some lessons learned. That military operation, in every respect, was an historical landmark.

The second maxim that I use the longer that I have been around this institution is George Santayana's admonition, "Those who cannot remember the past are condemned to repeat it." Prior to my joining the Senate a dozen years ago, there were hearings here by the Church Committee which had at that time some oversight responsibility in the Intelligence Committee. And I have heard

many times in the 12 years that I have been here, that that general proceeding led to perhaps more damage than good. Now I don't wish to cast any denigration on those who preceded me in this institution, but I believe that is generally the consensus after many years of careful consideration by those far wiser than I. I don't suggest that this Committee, under the current leadership and the membership would repeat those mistakes, but again, let's remember them.

Furthermore, the Secretary of Defense is now undertaking a study mandated by the Senate Armed Services Committee last year which in certain respects is parallel to what we are doing, and in due course we will receive the Secretary's findings and we'll take them into consideration.

And lastly, I see that we are joined by my distinguished Chairman, Senator Nunn. Under his guidance the Armed Services Committee did a management study of our Department of Defense and it evolved in the Goldwater-Nichols Act. That Act played a major role in the Gulf. We have heard that from all commanders. Indeed the President himself has commented in conversations about how that act laid a foundation for the President as Commander in Chief, the Secretary of Defense and the Chairman, together with their subordinates, to manage that crisis in a far better way than crisis heretofore.

I hope that this Committee would follow that review process that the Armed Services Committee performed as a role model, because we did it very carefully. I think we have proceeded unequivocally with open minds, caution, and carefully took into consideration the views of a wide range of knowledgeable individuals before we reached our conclusions.

So I thank the Chair and I thank the Vice Chairman and I look forward to working with you in a very conscientious and thorough way. Thank you.

Senator MURKOWSKI. Thank you, Senator Warner.

Senator Nunn, we have a vote on. The Chairman ran over to vote and will be back shortly. I am going to probably go at the second bell. Would you like to make an opening statement at this time?

Senator NUNN. Thank you, Mr. Chairman. I don't have a formal opening statement. I would like to express my delight that Admiral Inman is here. We relied on him for years and have always gotten sound advice, and we've usually taken his advice.

I agree with Senator Warner's statement that our consideration of intelligence reorganization should not be done on a crash basis. This is a an enormously important undertaking. I think it is going to take time. We are going to have to understand it thoroughly so that we avoid rushing out to cure a problem we may not fully understand. I think it is important that we get into this in great detail and determine if we can improve the work of the Intelligence Community.

I also think our two Committees are going to need to work very closely together, and as a member of this Committee and Chairman of the Armed Services Committee, I look forward to working with you and with Senator Boren.

Senator MURKOWSKI. I might also add, Senator Nunn, that we have not only the overlap of the Armed Services represented here, but the Foreign Relations Committee as well. So I think we have good balance.

In view of the reality that we are on the second bell, I am going to withhold the testimonay from the Admiral. He looks like he is ready to go, but we'll give him a little more time to be even more ready. I know that Senator Boren will be back and we'll be continuing on because there are some short opening statements left to be presented. But I think we can expect to get in to the witnesses very soon.

Senator NUNN. Mr. Chairman, Senator Warner and I have to manage a bill on the floor now. We'll come back as soon as we can, but we've got our Defense supplemental up that we have got to handle.

Senator MURKOWSKI. We'll take a little recess, probably not more than five minutes.

Thank you, Gentlemen.

[A brief recess was taken from 2:10 o'clock p.m. until 2:15 o'clock p.m.]

Chairman BOREN. We're still awaiting the return of the rest of those who have gone over to vote, but I think in the interim we'll resume. Hopefully our other colleagues will join us shortly. I don't want to begin the testimony of our first witness until other members of the Committee return.

But I would like to call at this time on the Senator from Ohio, Senator Glenn, to make any opening comments which he might like to make.

Senator GLENN. Mr. Chairman, I thank you and I would like to make a few remarks. I would ask unanimous consent that my more lengthy statement be included in the record.

Chairman BOREN. Without objection, it will be.

[The statement of Senator Glenn follows:]

STATEMENT OF U.S. SENATOR JOHN GLENN ON SSCI HEARING ON INTELLIGENCE REORGANIZATION

Mr. Chairman, I join you in welcoming our distinguished guests to today's hearing. I support this effort to identify and consolidate redundant intelligence functions and programs and strengthen join intelligence organizations and operations.

For many years I have believed that accurate and timely intelligence is the foundation of America's national security. In an increasingly constrained budgetary environment, it is essential that we insure that America gets the most out of its investment in intelligence.

Many policy-makers and pundits assert that we are in the midst of "a new world order"—but seem to be at a loss either to define the new world order or to articulate what America's role in this world order should be. We can agree, however, that the international system is undergoing a period of considerable change and uncertainty.

Clearly, the need for reliable intelligence is at its greatest during such periods of enormous change and uncertainty. With the end of the cold war, the U.S. faces new national security challenges—the proliferation of weapons of mass destruction, increased economic competitiveness, the continued decline of the Soviet empire, drug smuggling, terrorism, environmental change, low-intensity conflict in the Third World, and the illicit export of high technology items. Intelligence can and must pay a role in identifying and assessing these challenges.

Operation Desert Storm demonstrated that intelligence plays its most vital role when the decision is made to commit U.S. Forces into combat. Our most sophisticated weaponry and our most trained military personnel are useless unless we know

where, when, and how to deploy these resources are optimal effect in conflict. Indeed, accurate and timely intelligence is our greatest force-multiplier.

However, even with the success of the Persian Gulf War, there is still room for improvement in our intelligence capabilities and organizations. Last weekend when I was visiting the Persian Gulf, I made inquiries into the adequacy of our intelligence support to operation Desert Storm. While most of the U.S. military personnel I talked to felt that intelligence support was adequate overall. I did hear complaints about the adequacy of our aerial reconnaissance capability, as well as the need for greater intelligence analysis.

We must do everything we can in our review of the intelligence community to strengthen and improve U.S. intelligence and provide optimal support of the military.

As a member of both the Senate Select Committee on Intelligence and the Senate Armed Services Committee, I look forward to our witnesses testimony today and the continued exploration of these issues that are so important to our Nation's security.

Senator GLENN. I will just summarize my statement. I am going to have to go back to the Senator Floor because we have this military personnel benefits package for the Persian Gulf coming up. I chaired that task force on behalf of the Senate, and so I am going to have to go back to the Floor for passage of that legislation as soon as this vote is over.

But let me just say this. I think it is always good to consider reorganization. That should be a continuing process, examining how can we do things better. There are lots of pluses and minuses. Intelligence is our greatest force-multipler. At a time of military draw-down, it seems to me we are well advised, if anything, to expand intelligence capabilities, not contract them. That may not be a very popular view around here with the budget situation the way it is, but that is what I would like to see happen.

Policymakers are talking about a new order and its implications—we're not quite sure of those implications yet. But that means change, we do know that. And times of greatest change are when we have the greatest need for good intelligence. And so to me that is very simple. The greatest need for intelligence is during this time period of change in security challenges; the proliferation of weapons of mass destruction, increased economic competitiveness, the continued decline of the Soviet empire, drug smuggling, terrorism, environmental change, low intensity conflict in the Third World, and the illlicit export of high technology items. We must identify and assess these new challenges.

And I would add a word of caution. Intelligence support was vital to the success of Desert Storm. But let's not set all of our intelligence priorities for the future based on what happened in Desert Storm. That was hardly a typical situation. We cannot draw all of our intelligence assumptions from that.

One thing I did learn from Desert Storm, having gone over there last weekend and visiting the different Air Force and Marine squadrons, was that our tactical battlefield intelligence for air was lousy. It wasn't any good at all. We had one photoreconnaissance outfit, a National Guard outfit, I believe from New York providing the only pictures. They cycled in about three days back to the squadron—three days. And so that part of intelligence support was very, very poor. They had so many pilots going up over the battle area, as a matter of fact, they were getting information from pilots coming back and setting up a debriefing pool to brief the others going up. That's the way they did it. They even had an F-18 acting

as a spotter plane that would direct the other planes in at one time, if you can imagine that. So all was not well in that aspect of intelligence support to Operation Desert Storm.

I do have to go to the floor, but I would like to put in a question, Mr. Chairman. I, too, share in all the euphoria for the good things that have been done by satellites and other information gathering technology. But all that equipment is basically only as good as the people we have to make it work and to analyze what we get back. And how good are these people? They are not all clandestine sources positioned along some road someplace trying to gather HUMINT. They represent the leadership that we need to run the Intelligence Community. And I am particularly concerned about these leaders at a time of draw down, particularly the military service leaders. If we have third rate leaders, we are going to have a third rate intelligence service.

And so I don't think of anybody that can better answer that than the people we have there today, General Odom and you, Admiral Inman; I hope when it gets around to question time they might take that issue on and try and answer it. How do we keep the good leaders coming into intelligence from our military services? And I think that is very important. You came up through that military chain. You can give us good advice on keeping the good people in the intelligence service.

Thank you.

Chairman BOREN. Thank you very much, Senator Glenn. You raise a question that we certainly should address and one that I am sure our witnesses will discuss as they testify.

Senator D'Amato, any opening comments?

Senator D'AMATO. Well, Mr. Chairman, I am going to ask that my full statement be placed in the record as if read in its entirety. And I am simply going to commend you for holding these hearings. While there may be room in the Intelligence Community to make changes and improvements, both in the interest of effectiveness and efficiency, certainly we should avoid the temptation to fix those things that are not broken. It is that balance which I believe is very necessary for us to seek. We don't want to make changes simply for the purpose of change.

I think there is a good deal to be thankful for, a good deal of our information was absolutely correct. I think there were also reports that came from the State Department and others, relying on some of our so-called friends, including the Soviets, that were not accurate. This is information that we received from various world leaders relating to the intentions of Saddam Hussein. When you attempt to decide what you should be placing great credence in, reasonable people might disagree.

Therefore, when the question is raised, was our intelligence correct, did our intelligence agencies give us the right information, I think careful analysis of what took place will indicate that certainly our national technical means produced information as it related to movement of troops, etc. Now, other information came from King Fahd himself. Information came to us from the Jordanians, whom at that point in time we had some confidence in. More came to us from the Soviets and from other sources. These reports gave a distinctly different impression. No invasion was going to take

place. You marry the two, what do you look at? Where do you come down?

Having said that, I commend you for holding these hearings, and I ask that the balance of my statement be placed in the record.

Chairman BOREN. Without objection, your full statement will be placed in the record.

[The statement of Senator D'Amato follows:]

OPENING STATEMENT OF SENATOR ALFONSE D'AMATO

Mr. Chairman: I want to commend you and our distinguished Vice Chairman for scheduling an open hearing on this vitally important topic. As you pointed out in your opening statement, the world has changed greatly—and so has the Intelligence Community—since the National Security Act of 1947 became law. The review process we announced in the Fiscal Year 1991 Intelligence Authorization Act report has made good progress on the staff level. This hearing gives us the opportunity to hear the view of respected intelligence professionals whose wide experience adds great credibility to their observations.

Clearly, there is considerable room in the Intelligence Community to make changes that will both increase its effectiveness and decrease its cost to the taxpayer. Now is the time to undertake this effort, with the end of the Cold War at hand and the lessons of Desert Shield and Desert Storm freshly before us.

At this point, I want to extend my personal commendation to all the members of the various components of our Intelligence Community who put forward such extraordinary efforts in support of Desert Shield and Desert Storm. Our victory in Desert Shield was as much an intelligence victory as it was a military victory. And the many men and women who braved danger in the field, or worked long hours, sacrificing their family lives for their country, to produce the intelligence that made this victory possible deserve our most heart-felt gratitude and most sincere praise.

These intelligence personnel will largely not receive the parades and the public celebrations our combat units are enjoying upon their return home. For some, such public recognition will never be possible. However, I want them to know that we know what they did, the sacrifices they made, and the results they obtained. We are very, very proud of them, we commend them, and we thank them, on behalf of a grateful nation, for their efforts.

We must avoid fixing things that are not broken, but that must not become an excuse for avoiding useful change. While the conclusion of our review is not clear, it may result in legislation, or in changes to budget items, or simply in advice to the President about what he could do to make the system work better.

I approach this process without any preconceived notions of what the results should be. I look forward to learning what the Committee's staff has discovered, and to hearing from both distinguished former intelligence officials, such as today's witnesses, and current leaders of our Intelligence Community.

Let me make one observation, however. The intelligence process is a supporting process—it supports policy and operations in the national security area. Any problems that may exist in policy or operations can only be solved by reforms in those areas—which are beyond the jurisdiction of this Committee. Moreover, by reforming the Intelligence Community, if that is what we choose to do, we cannot force similar reforms on the policy or operations community.

The Chairman took note of the Goldwater-Nichols Act which reorganized the Department of Defense and, in my view, substantially improved its operation. If we choose to move in some similar direction with intelligence reform, I think we can make the intelligence function work more efficiently at lower cost. However, we must understand that such a reform won't affect the way the customers of the intelligence process do business. In addition, it won't solve any problems that may exist in managing and implementing U.S. foreign policy.

I look forward to hearing the views of our distinguished panel of witnesses.

Thank you, Mr. Chairman.

Chairman BOREN. I think you have made an important point. As I stressed in the beginning we don't begin these hearings with any preconceived ideas. We are not seeking change for the purpose of simply changing. We really are trying to search out those areas where change might be appropriate and, also, build upon the strengths we already have. Let me stress that these series of hearings were planned long before the Desert Storm operation. This is a process that has begun over the course of the last year in terms of our internal study in the Committee. Many interviews had already taken place with former government officials before the current operations in the Persian Gulf began.

And going back at least three years, the Committee has had a major initiative, mainly through the budget process, to try to put greater emphasis on the building of our human intelligence capabilities. This is something that requires a long lead time, to develop people with the right language skills, and the right cultural knowledge. And that is why we feel it is so important not to wait until a crisis occurs or begins to heat up, but to have these resources in place.

Senator Rudman, any opening comments you would like to make?

Senator RUDMAN. No, I have no preconceived notions and no opening statement.

Chairman BOREN. Thank you very much.

Before we begin, without objection I will place in the record statements of Senators Danforth and Hollings. They each wanted to be here today, but schedules have prevented them from coming and they did want to make sure that their statements were included.

[The statements of Senator Hollings and Senator Danforth follow:]

OPENING STATEMENT OF SENATOR ERNEST F. HOLLINGS

Mr. Chairman, I join you in welcoming our witnesses and I applaud your leadership in taking up the issue of how the Intelligency Community should be organized. This is a complex issue, not a particularly fashionable issue, but what we do with this issue can pay great benefits to our country now and in years to come.

The designers of the post-World War II Intelligence Community set up a structure which has performed priceless service to this Nation over the past forty years. But as you have noted, Mr. Chairman, the threats America faces have changed since 1947. The Intelligence Community has adapted to some of this change, but further improvement is required.

Those of us who have been participants in and customers of the Intelligence Community for the past thirty years are qualified to offer constructive suggestions, quite

apart from our constitutional requirement to authorize and oversee the Community's activities. I first undertook to reorganize the Intelligence Community under the leadership of Mr. Hoover—I speak of the former President, not the FBI Director—in 1953. So I hope to bring a historical perspective to our present review.

I was immensely impressed with the Intelligence Community that I looked at in 1953, and I must say candidly that I have concerns about the Community as it exists today. Let me briefly state some of them.

First, I am concerned about the Community's ability to keep policy-makers abreast of the great variety of threats the Nation faces, such as the Soviet threat, proliferation of high-technology weapons, regional threats, terrorism, drug trafficking, economic and business developments among our trade rivals, and environmental change. In its coverage of these threats, I have greater confidence in the Community's ability to quantify aspects of the threat than I do in its insights on the intentions of our adversaries. An urgent priority for me in this review will be to build up the forms of intelligence collection that provide understanding of the motivations and intentions of the human beings who oppose us, be they Third World dictators, drug lords, or foreign industrialists.

Second, I am concerned about duplication and waste and I am confident that this review will turn up fair shares of both. I oppose putting all our intelligence eggs in one basket, but there is a plethora of independent intelligence organizations and activities, and we should ask why.

Finally, my most serious concern is with what I sense is a trend toward politicizing intelligence. This can take the form of justifying for the policy-makers the decisions they have already made, as well as public statements or leaks to support policy. Politicization may not be even a conscious act on the part of the Intelligence Community, but only a natural tilting toward administration policy by like-minded intelligence officers. It is up to us to help the Intelligence Community find the organizational structure that best helps Intelligence professionals maintain the neutrality on policy and separation from policy which they aspire.

Thank you, Mr. Chairman.

STATEMENT OF SENATOR JOHN C. DANFORTH

Hearings which will begin today on intelligence reorganization are extremely important. They are inspired by a need for greater efficiency at a time of rapid international change. Although we are committed to reducing our defense expenditures at home and abroad, we also need reliable and timely information about an increasingly complex world. The Soviet Union still retains a powerful strategic nuclear arsenal. We must follow political developments there very carefully. Emerging threats to political stability, including the proliferation of weapons of mass destruction, must be firmly countered.

The challenges of economic and national security objectives make the tasks of the Intelligence Community richer at a time when national recources are more limited. I intend to approach these hearing with a view towards ensuring efficiency. However, efficiency must not be pursued at the expense of timely and accurate knowledge about threats to our economic well-being, to emerging democracies, or to international arms control regimes. I will keep an open mind regarding overall expenditures in this area. A declining defense budget does not necessarily imply a tightening of intelligence spending. Indeed it may even suggest the opposite.

Chairman BOREN. I do want to proceed and introduce our first witness. Other members of the Committee are on their way back from the Floor. Our first witness this afternoon is Admiral Bobby Ray Inman, who needs very little introduction to this Committee. He is one of those that I think would be widely described as a senior statesman of the Intelligence Community. Serving as Director of Naval Intelligence in the mid-1970's Admiral Inman went on to become Director of the National Security Agency, and in the early years of the Reagan Administration also served as Deputy Director of the Central Intelligence Agency. He is currently a member of the President's Foreign Intelligence Advisory Board. He has assisted the members of this Committee on many occasions, most recently as a member of the Jacobs Panel. The panel consists of distinguished leaders in our country with experience in the intel-

ligence field who have advised us about an approach to improve our counterespionage capabilities.

It is difficult to think of anyone for whom we have greater admiration and respect or whose advice we would value more highly. Indeed the successful evolution of the Congressional oversight process itself owes a great deal to the efforts of Admiral Inman, who as Director of the National Security Agency and later, as I said, as Deputy Director of Central Intelligence saw the need to make the oversight Committees partners rather than adversaries in this whole process of improving our intelligence operations. And I think the fact that we have this relationship of trust and partnership now between the Community and this Committee owes a lot to the legacy left by Admiral Inman.

Admiral, we are delighted to have you with us once again, and I would ask that you proceed now with your opening statement. We want to express our appreciation to you for taking time to be with us today.

STATEMENT OF ADM. BOBBY RAY INMAN (USNRET)

Admiral INMAN. Thank you Mr. Chairman. In looking at the length of my notes, I am afraid I may be planning to talk too long. So I will look for signals from you to speed it up. Secondly, as you know, I have enjoyed my working relationship with this Committee for a great many years. Most of that has been in what has been for me is a much more relaxed atmosphere of talking about these issues in a closed session. So I am going to make a special plea today to the staff that is sitting around the side that is, sometimes as I get excited and get carried away about a topic I may drift over the line. So I am going to look for waving arms from them if I have begun to get over in the classified arena, rather than trying to sort it out in my own mind. [General Laughter.]

Admiral INMAN. I have always come to the Committee with candor. And I will do so today. I am not sure all of that will fit well with other views that are here. When you are sitting several thousand miles away from Washington, and looking at these problems, you come to look at them somewhat differently than when you are caught in them each day. So I offer that not as an apology, but just fact.

And let me say that I have a real worry, having gone through several periods of budget drawdown, some long ones, and an occasional one of building—I usually somehow manage to leave just as the building phase was coming—and having gone through multiple reorganization efforts, including the major one at the beginning of the Carter Administration. As I look at this incredibly changing world—and I had a great many remarks on that world that I am not going to repeat today, because many of you have already, in your remarks, touched on the incredible changes in the Soviet Union and the whole range of new worries; the unresolved transition in China, and where that is going to go; the growing pace of economic competition in the international market place, which reshapes how we think about East Asia; the danger of seeing the proliferation of nuclear weapons come into use in South Asia in a conflict; the Middle East problems have been laid out before us daily,

but we are a very long way, in my judgment, from solving our problems in the middle East; we have a Europe that is moving rapidly toward an integrated market, and at least for a brief period, the world's largest market. We have many changes in the Western Hemisphere that could offer hope of continued movement toward democracy, if we also get economic progress. So again, in a great many of these areas, the kinds of problems that the country will have to worry about will be very significantly different from the problems that have primarily occupied us for the last 4 years.

So my first plea is that as we go into this process of looking where should the Intelligence Community go, how should it be organized, how it should be managed—the only certain foundation for that is a very careful examination country by country, what do we need to know and how can that knowledge be derived?

I have substantial concerns that I do not see a long range planning effort in the Executive Branch that would look out. We did one in '81 called Intelligence Capabilities 85 to 90, which we shared with the Committees, which helped guide the build up. My concern is a comparable, hopefully better effort, including priorities, before we start building down.

We need to reach broad agreement between these Committees and Executive Branch—and I carefully say the Executive Branch here, because I have a view that what we need to know isn't derived just by the Intelligence Community, it's in very large measure the articulation by State and Commerce and Treasury and Energy, if we can get them to do it, and the National Security Council staff—of what they believe their needs are going to be out at the end of the 90's. Not next year or the year after.

When we have that clearly agreed, then we ought to proceed, having already studied the issue, with how we most effectively and efficiently organize the community to carry out that challenge.

There are so many shifting needs, and as I have tried to think about ways to recommend for you to approach this problem, I had not divided the effort in strategic and tactical. I'll have to spend some more time thinking about that, and I will respond back. But I have got a hunch that what looking at Desert Shield/Desert Storm is going to tell us is that that isn't a major problem. Having gone through a lot of crises before, you begin looking to CIA for the lead role in developing political intelligence which is often the heart of your strategic judgment as events build. The other agencies comment on it, they provide inputs, but you look to CIA for leadership in that role.

As you move to make a decision to commit forces that you may use in combat, there begins to be a shift, increasingly in the Defense intelligence activities, as they begin to build up steadily, in how they look at—can they support military operations if they come? When you actually move to fight, the primary role in that process is in the Defense intelligence support structure. CIA watches, offers assistance, but they cease to be the principal point. And as soon as the fight stops, it shifts all the way back. Because, again, it is largely political judgments that determine whether you are going to win the peace or lose it. And I think—I therefore have laid out a series of problems of thinking about how would you organize your activities and provide support for policymaking and diploma-

cy. Where you are looking both to avoid conflict on one side and increasingly how do you manage the economic competition on the other?

A second area that's going to be with us, is how you support the process of weapons systems acquisition? Even as we draw down our forces, the nature of the various threats against which weapons may have to perform are going to be different. And so support for weapons system acquisition—trying to get the potential threats fight—will continue to be important, though it will be different.

The third area is support to military operations. And I think there you have probably the greatest lessons to learn and to observe from studying Desert Storm/Desert Shield—what worked? Why did it work? Where were we already ready? Where should we simply be grateful that we had 5 months to get ready for the conflict that ultimately came.

There are a series of other areas that aren't new, but they're in fact probably still growing, not diminishing. Proliferation. And the impact as one thinks about a whole series of arms control agreements. On proliferation, both of delivery systems and the weapons of mass destruction.

Terrorism. Counternarcotics. Counterintelligence. And indeed, in this changing world, how we think about and what we do with regard to covert action.

In trying to look forward, one of the things we need to focus on are time lines for our intelligence needs. How quickly do we need information? What is the time line for the information that is needed? For weapons systems acquisition, it may be months that you have to work on the problem. If we are right about the changing situation in the Soviet Union, it may be at least weeks to months, as opposed to hours or days. On the other hand we have seen dramatically that it may be in the Middle East, the location of SCUDS and whether or not they are about to be fired. It may be minutes, not even hours, that you are concerned about for indications and warning. In very different areas, we had an indications and warning process focused on the Soviet Union that I think had really become superb. But the time lines and the systems to work at these problems in other parts of the world are very different.

And we really do have to seriously look at how the Intelligence Community goes about the process of indications and warning in a very different world. And they are—you are right—that there is the strategic warning and the tactical warning and in those areas, I think you are exactly on the right track already for zeroing in on how you look at those. But it is going to be warning of very different problems. Not warning of what the Soviet Union does outside its border, but what happens with an Iraq, or others that we could all list that might turn out to be aggressors outside their own borders.

One thing that we learned out of this recent experience if we think about the new world order is how do we provide intelligence support to international operations, to coalition forces. As we look at the systems and the sensors and the things we have developed, which we often wrap in deep classification, how did we provide support, not just the British and the French—those are easier because of the NATO ties and other long relationships—but for the Egyp-

tians, and the Syrians, and the Saudis, who were in it. Is this instructive to us as we think forward to any kind of new world order, how will we provide support for international military operations in which we may be engaged.

My major plea, as you look going forward, is for geographic breadth. I am not sure that is the right word, Senator Chafee, to describe what I am after. But as I look back at the drawdowns that began in '67, when we set out to reduce official American presence abroad because of gold flow and balance of payments issues, we did the greatest damage to our human intelligence capabilities because we took out the political, economic, cultural affairs, commercial attachés, as well as the military attachés, and the cover billets for the clandestine service, in a process that ran all the way from '67 to '81. And we gave up geographic coverage—any depth on the Western Hemisphere or Western Europe, of East Asia, much of South Asia, Africa south of the Sahara, even countries in the Middle East, including the one with which we have most recently had a problem.

And I am persuaded in looking back that we would repeat that with great peril. And that is really what motivates my opening remarks about focusing country by country, instead of letting it go. If you've got to make some tradeoffs and do reductions, if Senator Glenn's plea for more spending rather than cutting isn't going to ultimately carry the day, then I am going to suggest to you some different ways to look at the problem. Don't do the geographic cut again that we did before. Keep some capability. We don't know where the next problems are that are going to trouble us. And they may be military, or they may be economic, or they may be mixed. They may even be human rights.

In rethinking management, let me remind you of how we have as a community in the past or at least back in the years when I served, 22 years, thought about managing the primary functions of the Intelligence Community.

We had as a basic guideline, reconfirmed in the '77 Carter reorganization effort, single manager approach or managing collection. Now, in actual execution, we had the Director of the National Security Agency to manage our signal intelligence collection operations. We had the Deputy Director of Operations at CIA managing clandestine human collection. We never addressed how we got all the overt human collection. And we left the imagery area to be done by a committee process.

Processing we usually always have shorted in funding. If something becomes expensive, we cut back on processing. And for analysis, the primary guideline was competitive analysis, reconfirmed in the Carter era study. And that was because of the looking back, the worries about budget intelligence out of the Pentagon to support weapon systems. So CIA was viewed as the one to keep the Pentagon honest about the judgments by competitive analysis on military issues.

We never really focused on how do we get competitive analysis to make sure the assumptions weren't weak in the economic side.

INR did a very good job with a very small organization to at least bring some cross check in judgment to CIA's political analysis.

Thinking forward. When you put a system in space, you can't go up very readily and change it. So my plea is that as you think about collection systems that you are going to place remotely, you go for the widest aperture you can. A design that will give you the potential to use in as many ways, and against as many targets as you may need to cover, even though that may make what you put in space more expensive. And that if you are under very constrained circumstances, you limit what you decide to process—the investment in processing. You can always add to a processing capability on the ground, albeit at time and at cost. But you can't go back and add access to what you have put in space.

I spoke to this Committee in a closed arena last year, and I have to the Select Committee in the House. I would simply reiterate in this open forum, that I believe there is a need for a very detailed examination going forward, for our reconnaissance needs, looking very carefully at what we have in space and what we have that is air breathing, whether manned or unmanned. And that looks across the range from imagery through signals intelligence. Certainly, the most recent experience in the Middle East has told us that our needs are not diminishing and there have been some second thoughts about some of the earlier actions. I think this is a critical area. It is probably the single most expensive area of investment in the aggregate. But in looking at that very carefully, and deciding what is in the National Foreign Intelligence Budget, and you mandatorily must also look at what is in the Tactical Budget. And Senator Glenn has already put his finger on a specific issue that has worried me in this process, the ability to do the tactical reconnaissance that is necessary. The capability can be in the Reserve force or the National Guard. I don't consider their organizational assignment a problem. The problem is the competence and the capability of the people and equipment to respond if you need them.

Before you make an investment, there should be a clear decision shared between the Executive and the Congressional branches that you are prepared to use the capability even in a crisis situation short of conflict to gain information even if there may be those who would be queasy about diplomatic protests about the use of a platform.

If you don't believe you are ever going to use a platform if there is any potential of a diplomatic protest, than you ought to look for some other way to obtain the information before proceeding to put your investment in that arena.

Let me dwell further on the issue of analysis. I have been one of the outspoken sponsors of competitive analysis over time. But as I thought about this problem, far away frm Washington, and what I hear the Chairman and Vice Chairman saying is a reality of some budget reductions, I would ultimately take risks that assumptions might lead you astray in analysis as opposed to giving up geographic coverage. So if I had to make an ultimate judgment, which I would rather not, I would end up looking at how you spread the analytical effort that is done in CIA and DIA and the services, and State, to make sure you didn't leave any countries or problems uncovered, as opposed to making sure you had competitive analysis against potential budget intelligence. I think the overall pressures

on the Defense budget are probably going to take care of the worries in 1958 and '59 about a missile gap, which helped put in concrete the way we thought about the need for competitive analysis in the past.

Looking at organization itself, starting at the top of the system, I can envision 3 different models for how you organize to manage the community. One is essentially the model we have now organizationally, a Director of Central Intelligence, and a Deputy Director of Central Intelligence, who both try to manage the functions that are of necessity broader than the agency itself and also give CIA the detailed management attention it deserves and needs.

And let me remind you that if you think back to the years from 1947 to 1975, Director Helms and Director Colby and their fellow DCI's, had some functions that were broader than CIA. Certainly the estimative function that has been there since '47 remains a critical one. The responsibility for looking at common user services. But it really was not until 1976 that we as a country moved to add additional responsibilities to the Director of Central Intelligence, for resource allocation to all the agencies. In the first case, the Ford Executive Order, a committee had to do it. And then in the '77 Executive Order, the responsibility was given specifically to the DCI.

Through Director Colby, Congressional interaction was with a few Chairman and Vice Chairman in informal sessions. And if one simply looks at the requirements that we have put in place collectively, for oversight, and for budgeting, with the number of Committees and the number of hearings, to do those roles properly and make sure they are done properly requires a lot of time and attention. And there continues to be the need to insure the President himself has the best available intelligence support in the most timely way, even as a large agency is being effectively managed.

So looking at the first model, a DCI, a Deputy-DCI, both trying to discharge those functions and do manage CIA, there is a requirement first for a breadth of experience across all of the community functions for those two individuals. And a requirement for an Intelligence Community staff that is very vital, very visible, extraordinarily well-staffed and independent in its manning. And I believe personally there is also a need for an Executive Director within CIA who can provide the detailed supervision of that agency's operations. Because if the DCI and DDCI are going to be spreading their energies across all the functions, there needs to be an individual who can be held accountable who is supervising all of CIA's activities on a daily basis. That model has been tried from time to time in the past, but in candor, even as I run through the other models, you can't separate any of these options from personalities. And the personalities and the experience of the individuals, including Executive Director if you use that model, and the manning of the Intelligence Community Staff, are important in how well these work, and how vigorous.

The second model is essentially the model we tried for a year in '76 and '77, a Director of Central Intelligence who has 2 deputies in the law, one who runs CIA, and the other who runs the Intelligence Community efforts. You can draw on witnesses who went through that—Admiral Murphy, Mr. Knoche and General Walters,

who had some experience with it. There are pluses and minuses to the process. It does say that there is no alternate to the DCI who has the full broad picture. You have given up some of that breadth that you have in the first model if the DCI is traveling or away. On the other hand, you do have much more detailed attention to the community problems, as opposed to being in an ad hoc model.

The third role is one we looked at briefly in the late 70's. That is to create a separate Director of National Intelligence or Director of Central Intelligence—whatever title you want to give—but an individual whose primary responsibilities—intelligence support to the President, the President's intelligence officer—resource allocation to the Community, primary spokesman to the Congress for all of the functions, and the manager of those activities where you must draw together all of the agencies, i.e. the intelligence estimative process primarily, but some other common user functions as well.

In that case, you would have a Director, a Deputy Director, and you would at least put what is now the National Intelligence Council and the Intelligence Community Staff as supporting structure.

There are weaknesses to all of these structures, as well as advantages. I suspect if you query the former Directors of Central Intelligence, none will support the third model, because they all remember the support they got primarily from CIA for carrying out their missions. And they worry that without that they would not be effective in this city. I have even heard the phrase used, that they would be like the Drug Czar. Well, you have heard from my definition, that you don't consider that option unless you are going to give them very substantial supporting staff and structure to do these functions. So that comparison is not a valid one in my view.

Having leapt through that, let me simply reinforce that I think you ought to hold with a single manager approach to collection. But let me make a change. Let's move on away from a committee to manage the imagery collection. I believe what you will learn in looking at Desert Storm/Desert Shield, is that DIA did a very credible job in managing for the Community the imagery collection. So I am prepared to move forward that just as we assigned the Director of NSA the job to manage all the SIGINT collection activities and the DDO certainly responding to the DCI to do all clandestine HUMINT, it is time to assign DIA the responsibility, not a committee, to do the management of the imagery collection, with the clear understanding that in peace time if there is a dispute, the DCI decides. And in war time, if there is a dispute, the Secretary of Defense decides. So you don't change the structure or how you do it, you just change the referee as you move from peace to war.

On analysis, ultimately I think you have to look at the shifting needs, and make sure that as you look at the analytical efforts, someone has the responsibility clearly to deal with all of these problems that we have outlined going forward, so that you can have accountability.

I have been, if not the most visible, at least one of the most visible spokesmen for taking the intelligence budget out of the Defense budget and doing it separately. Let me make sure everyone understands clearly what I have in mind and my motivation. Because the attractiveness of my proposal may recede signficantly as you contemplate as members of Congress, how could you actually make

that work? What brought me to that proposal, was having lived through the drawdowns in the '70's, Vietnamization, et al., and having seen the intelligence agencies not only go through the planned reductions, but then take another 5% cut as the Appropriations Committee made their last minute efforts. In my proposal to pull the budget out, absolutely implicit is that these two Select Committees in their wisdom would reach agreement on authorization and the Congress would fence that budget. And if in fact a budget taken out of DOD is going to be subject to the vagaries of getting cut like every other departmental or agency budget in the Congress, I frankly would rather take my chances inside Defense of being able to make the case with the Secretary of Defense on why you needed to be spared than to be given to the tender mercies of those who may know almost nothing about ongoing intelligence activities. He will at least have to know something about the process.

If you can fence it, then I do think taking it out and doing it separately would be preferable and I am certainly prepared to make unclassified the total amount, and defend to the public why 10% of our total defense efforts spent for both national and tactical intelligence is not a bad goal at all. Just as I don't think that 11 or 12% of the budget for research and development is a bad goal at all for the country. But if you can't fence it, then I think the idea that I have been pushing of taking it out, may not be a sound one. And it may be better to leave it in defense.

That doesn't say that you can't address the issue of revealing what is the total expenditure. That is a different issue. And I think we can build public support for why a very significant expenditure in trying to understand the outside world saves money and saves lives over the long term.

Finally, three quick actions—three quick areas.

Covert action. This Committee knows I have not been one of its greatest fans, though I accept that every Administration comes to it at some time, usually on recommendations from Assistant Secretaries of State because diplomacy isn't working and they want some help. I think we have to face the reality that that is going to be there, but I am prepared to build in an institutional barrier to say I believe CIA can do more competently than any part of the government political action and propaganda, if we decide we need to do it. I am not persuaded they can do paramilitary operations better. And I would build the institutional barriers and organizational change that if one is going to undertake support for paramilitary operations, clandestinely, it would be done by the Special Forces of the Department of Defense and you have a hand-off. And I would suggest to you that will at least cause the decision to be made very carefully, both on those handing off and those receiving. And it won't be something that you slide into casually in the process.

On charters, we considered them in '79, '80, for the other intelligence agencies, legislative charters. I still think it's a good idea. But what we did wrong before was to try to make them too detailed. So as we turn to the issue, do them sparely, do them leanly, do the things that are critically important, the things that make it easy moving between Administrations, even when they're still from the same party, as what's driving.

Senator Glenn really pre-empted almost what is my last item in the process. Human resources.

This to me is the second most critical area after what do we need to know. How do we attract and retain and promote the competent talent that we're going to need for the challenge out ahead of us. And that won't happen accidentally. And why I bring this to this specific Committee and to your counterpart in the House, is that when you start budget drawdowns, there will be intense pressure particularly within Defense, to reduce the number of general and flag officers, and to reduce the senior civilians. And unless these Committees look carefully to protect the flow of talent and the promotion, you will not have the leadership that you need.

And as you set out through this process, you're going to look at a lot of people who are there now, whom you will find did extraordinarily well in providing the leadership what was needed through Desert Storm/Desert Shield. That's not an accident. It is the result of a focus on career development and a promotion system guaranteed into law for some but not for others. And I have great worries that as I look across the miltiary services, there are not viable career patterns on to general rank for all the intelligence officers we need. There aren't the guarantees of promotion to the general and flag officer ranks even for those we get through the 0–6 level.

Both from the military and the civilian, a focus on career development and training to give them the breadth and the depth for the problems ahead is going to be absolutely critical. Language training and career development are frequently the first things given up in a budget drawdown. So as you look at the process, may I make a special plea for a focus in protecting those areas. Because that is going to determine the competency of the leadership when we have the next round of crisis early in the 21st Century.

Thank you Mr. Chairman.

Chairman BOREN. Thank you very much, Admiral Inman.

So that we can go around the table and have all the members have an opportunity to ask questions, I am going to suggest we have a round of questions in which we limit ourselves to 3 minutes each and then we will have a second round if we need before going on to our next witness, General Odom, who is also now here.

You've listed the three major organizational models for us, and specifically focusing on the role of the Director of Central Intelligence, and whether that person should also have the agency responsibility along with the responsibility for giving direction to the entire community and also direct advice to the President.

In listing those three models, you didn't state an explicit preference for any one of the three models. Is there a preference in your view for the model that we should now follow?

Admiral INMAN. If we had lots of resources and were in a building mode, I think option 3 would probably be my preference.

Equitability among the agencies, the depth of cross check against what is being produced, the avoiding mistakes, additional buffers to make sure you are doing things in the most effective and efficient way.

In a time of while you are drawing down, option 2 is one where you can bring the focus and the detailed attention to the interaction on the resource allocation process. If you are very lean and

very thin, I think the structure we are in may be the better one provided you have been very careful at how you staff the functions that have to reach across the agencies and communities.

I deliberately have not talked to anyone who is now the head of an intelligence agency. And I have avoided some efforts to come and brief me on current accomplishments by various organizations. I should have said at the outset, the views you are getting today are absolutely my views and not those of anyone else, including I have not discussed these ideas with any of my colleagues on the Foreign Intelligence Advisory Board.

I worry when I see too many ad hoc groups put together to deal with problems. That says we don't have the clean lines or if we don't—you know, if the Intelligence Community staff is not now doing what we want, then relook at how that staff functions and the people who are there. I don't have any problem with an occasional ad hoc committee. I did it myself on occasion. But the bulk of the functions by committee I drove through the Intelligence Community Staff function. And as I listen, I hear about an awful lot of ad hoc groups looking at problems and it simply causes me worry that either we don't have the right people, or we don't have the right structure. One or the other.

Chairman BOREN. What about the whole question of getting the policymakers to look far ahead in terms of what their needs are, in terms of the kinds of questions that they are going to need answers to and therefore the kinds of resources we are going to have to put into place. I think as we look back, for example, at the situation in the Persian Gulf, there was not early enough on a tasking of the Community to provide the resources that were necessary for that area of the world. I don't think the policymakers themselves were anticipating that this was an area where we really needed resources.

Then there was the second phase within the community itself to not really provide early enough warning, a year or two years out, with enough lead time to give the President options. Whether it's the diplomatic community, whether it is the policy community in other areas, whether economic or energy policy, as well as what we think of as normal diplomatic activity—are there any organizational structures we could put in place that would really require our policy makers to focus on their needs earlier and therefore to give the kind of guidance to the community that it needs to develop the resources that need to be called on?

Admiral INMAN. Mr. Chairman, we have tried a variety of approaches. Sometimes they have been called key intelligence requirements, they have been called various intelligence requirements, shifting with different DCI's in different Administrations. Those in fact tend to be primarily reflection of what the Intelligence Community believes the requirements are, because they are the only ones who will spend any time on it.

The only time that I am aware of at least in the last 20 years, when we managed to break out of that, was when we did go to a separate effort in putting together intelligence capabilities '85 to '90. The first part of that, the most critical part, tasking from the Assistant to the President for National Security Affairs, tasking that a capabilities plan be developed that looked out. Not just—it

wasn't a budget device—it leaped beyond that to look out to the last half of the decade, 5 to 10 years away.

We also got a memorandum from the Joint Chiefs to the Secretary of Defense that this needs to be looked at. So we got together first significant groups of users and made them work for about 3½ months, with staff support, but made them define from their departmental views, what did they think they would need to have intelligence flow in the 1985–1990 timeframe. They all complained, and they all ultimately did a pretty good job in coming up with a much more in-depth look at problems.

We kept the intelligence agencies away from that entirely. Once we had that statement and got them to agree to it, that they all signed up this was a broad view of what they thought they needed to know, we then turned to the intelligence agencies and said what can you do now, what else could you do? And that part was done well.

What we didn't do worth a hoot was priorities. We got what everybody could do but we didn't manage to put together what's the priority with which you go down that list and try to do it as you can. Lest I give too grand a status to Intelligence Capabilities 1985 to 1990, you don't do that every year. Maybe you do it on a 4 year or 5 year cycle. But you have got to reach out in some different way to pull dedicated people from the user community in to really work at that issue. It won't happen on just looking at a list of requirements and making changes.

Chairman BOREN. Senator Murkowski.

Senator MURKOWSKI. Thank you, Mr. Chairman.

Admiral, two brief questions. The first relates to accountability. Maybe I am hung up on it, but I find it extraordinarily lacking as a quality of our intelligence establishment. when something does go wrong, it is pretty hard to find out who had the responsibility for the security breach, or who didn't do an evaluation of the appropriate backgrounds. We look for somebody in a position of responsibility who must make key value judgments.

We have gone through the Moscow Embassy fiasco. You have experienced the frustration as well. Trying to fix responsibility is an exposure that you have when working with other people, but clearly we look to a little better quality when we deal with people who are involved in the Intelligence Community. Yet we do not seem to be able to maintain the kind of accountability that I think is absolutely mandatory. You could perhaps sit down with an organizational chart and see who technically bears the responsibility, but with some of these horror stories, the finger of responsibility points a dozen ways.

I'd appreciate a few comments you might make on this.

Admiral INMAN. I will try to be brief Senator Murkowski. It is a topic on which I could go on a long time.

First, you'll always have a problem when you have multiple departments or agencies involved. Unless you get it spelled out right from the beginning exactly who has responsibility for which function, you can be almost certain that it will be very hard down the way to find accountability.

I never had any doubt at all about accountability and responsibility when I was Director of the National Security Agency. Mine was

very clear. Everybody knew who to blame, occasionally to praise, in the process.

It was less clear at the Defense Intelligence Agency—where I did spend a year as the Vice Director—where you worked for both the Secretary of Defense and the Chairman of Joint Chiefs. It was a little easier to assign directly to a Director of Central Intelligence, but again when you suddenly begin to share between the roles the Secretary of Defense has and particularly in the resource allocation and what's in the tactical budget, what's in the national, and all of those, if you don't define very clearly at the outset, you are going to have a problem.

Let me put one other twist on it. Some people seek responsibility, others try to avoid it. They can both get promoted in the process, and that sort of factors in my focus on the human resources, and insuring you end up producing the leaders who seek the responsibility and who are willing to accept the accountability. You just listen to the briefings that come before you and you can tell pretty quickly who has got a bureaucratic approach and who's prepared to tackle a problem and take responsibility for it.

So in some degree we are dealing with a human nature problem, but we can work on it in working on those resources. But it is—the toughest part is to nail it down when you get several agencies or departments in. Unless you define right at the outset, who's responsible, you are not ever going to be able to get the accountability later.

Senator MURKOWSKI. Well, we would appreciate it, since the record will be open, if you would give that matter some thought. As you say when you get dual involvement and overlap, then the accountability goes away. I just wonder if you could make some very specific suggestions to this Committee on how you would—not necessary at this time, but how you would suggest that we address this. We are not requesting an organizational responsibility oath, but something short of that might be necessary.

Admiral INMAN. Just one other quick thought on it. And that is, I have an aversion from all of the years in government to committees. You need some. And there are some things you need to coordinate. But committees tend to be a way to, again, spread the blame as opposed to get on with doing things.

Senator MURKOWSKI. Last question, because I am out of time and I respect my colleagues here.

During the Gulf war, we had the phenomenon of observing activities in real time. People would say, "I've got to get home to watch the war." The significance of real time and open source intelligence needs some examination. The Intelligence Community now had some information at the same time that the rest of the public does. That doesn't imply that we don't need other, more sensitive information, and I wonder if you could just generalize very briefly on what this kind of real time means to the Intelligence Community.

Admiral INMAN. I may appear more relaxed on this topic than I really am, Senator Murkowski. But again, it is the experiences.

My first night working in the Intelligence Community, was the night of the Iraqi coup in 1958. And our first knowledge of that coup was FBIS. And as I went through my first assignment as a

briefer for the Chief of Naval Operations, Admiral Arleigh Burke, I would venture that more than half of the crisis we ran across, our first trip in intelligence was from the AP, or UPI, or Reuters, or the FBIS. So the fact that television has now leaped dramatically beyond—and in those days if you didn't have one of those printers, you didn't know it, but if you had a printer, you knew it.

Now if you got a television set, you know it. I think sometimes my colleagues in the Intelligence Community get nervous somehow they are being scooped. It is another wonderful overt source in the process.

What you do—what it does force you to do, is to instead of rushing around to make sure you put out your 3 hour summary so they know they are hearing from you, if it's already been covered, you know don't worry about it, don't drown consumers in more paper they don't need. Give them information that they can't get from turning on their television.

Senator MURKOWSKI. Thank you.

Chairman BOREN. Senator Metzenbaum.

Senator METZENBAUM. Admiral Inman, I think you indicated that you would support the idea of making public the total amount that we spend on intelligence activities. Am I correct in that?

Admiral INMAN. You are correct, Senator Metzenbaum.

Senator METZENBAUM. How much beyond that can we go in sharing with the American people information concerning our intelligence expenditures, without jeopardizing the national security?

Admiral INMAN. I had started down the road of saying I thought we could do it by organization without a problem within a public session here. And we have the reality that we have some intelligence organizations whose existence is classified. So I suddenly ran into a great big problem when one of the larger elements in the budget is an organization we can't talk about in an unclassified setting—now maybe we need to go back and re-visit whether that really needs to be classified. That is a different issue, and I have my own views on that one.

But there are several different intelligence activities that show up as budget entities for which appropriations are made, authorizations, that we do not acknowledge their existence.

So that's now made me a little gun shy about—I don't have any problem with the total DIA budget being public or the total CIA budget, or the total National Security Agency budget.

I frankly think that the public—at least as I spend a lot of my time now away from the Washington beltway—the general perception I find in most of the country is that we ought to be spending whatever we need to know what is happening elsewhere in the world, we ought not to be constantly surprised. And so the total amount spent isn't, I'm persuaded, for the bulk of the public, a major factor.

Our worry has been a different one, that somehow if we release those figures, it was going to help foreign intelligence services figure out where to go burrow in and conduct effective counterespionage.

And I have increasingly had difficulty in seeing where just the total figures were going to let them do that.

Senator METZENBAUM. Regarding your comment that the American people want to spend whatever we think we need, that may be because they don't have any idea what we do spend. If they knew, they might take a totally different approach. It just seems to me that in a democratic society, it is totally inappropriate to withhold from the American people what is being spent or lots of other information, as reflected in the overclassification of information in the government—unless there are some actual security reasons. But instead of that, we take a broad brush—we say no information at all with respect to expenditures, and every document gets a classified stamp—regardless of how necessary or unnecessary that may be.

I have no further questions.

Chairman BOREN. Thank you very much. Senator Rudman?

Senator RUDMAN. Thank you Mr. Chairman.

Admiral Inman, you have probably looked at more classified security documents, evaluations and analyses than everybody in this room put together—with the possible exception of some of your colleagues who are going to testify. I was struck by the Vice Chairman's talking about accountability, and one of your answers when you described committees as places to spread the blame. I suppose that there is a reverse side of that where you diffuse responsibility as much as you can.

Admiral INMAN. Yes.

Senator RUDMAN. Having said that, when you look at the organizational chart which the staff kindly prepared for us, one of the things that has struck, both me since I have been in the Senate and even more in the short time I have been on this Committee, is the number of people that for the sake of competition are involved in analysis. And there are a fewer number of those but still a relatively large number involved in collection.

Looking more at strategic intelligence than tactical intelligence, I get the impression that over the last 10 years, I don't see too much evidence that competition produces much except maybe at the margins. Certainly in this recent experience and the briefings that we have had—and they were many—the community differential on analysis was at the margins.

My question is, are we structurally set-up in such a way that in the name of competition—and I wonder whether that isn't really a Trojan horse for something else—these competing agencies do precisely what the Vice Chairman is asking now about? That is, not only do they spread the blame and avoid hard analysis which might be wrong, they come up with a bureaucratic diffusion of answers which essentially answers nothing.

Admiral INMAN. Let me refer you to a classified document, that is probably now 20 years old, in the publication CIA used to call—Walter, help me—it is the Studies—it is the in-house sort of professional—"Studies in Intelligence" of a young analyst named Robert Gates, who wrote a scathing article on the general approach to avoiding having to make hard judgments. Just reporting history and not going out on a limb with your own projections. And I think it answers more eloquently the question you have raised than I could, but I remember it from many years. That is what first drew him to my attention.

So it doesn't have to necessarily even be different agencies in doing it. First there is the mindset. How risky is it to make judgments as opposed to just sort of reporting history in the process. How demanding are each layers above in saying, you are the expert, you know, make a judgment on what you think is going to happen. And you have to stand by that.

Let me give you the risk on the other side. The very persuasive, loquacious analyst or intellegence officer who comes and gives you a very clear and disturbing picture which is based largely on emotion and very little fact. And that most often happens when you got highly charged issues, and not much hard data.

And I have heard over the years, a lot of people make great cases for what's happening and they seem to know so much about it, and they sweep people along. And then you go back later and you find out there wasn't much hard facts, but they were awfully good at articulating judgments on that process. So I am not sure this is an organizational issue as much as a quality control issue and what you lay out that you expect.

I was not a fan of competitive analysis as a Lieutenant Commander when I was the Soviet Navy Analyst for the Navy and didn't understand why we needed to have somebody from CIA doing the same thing. Honesty compels me to tell you that there were occasions when they challenged some of my assumptions and I re-thought them and decided I was wrong. And I came out differently in putting together the fragmentary pieces of information I had. And the heart of the problem here is in this intelligence business, you rarely have the whole picture. You are dealing with bits and pieces of information. And your own assumptions can often drive how you put those pieces together. And you look at it and you just simply see it differently. So there is a risk if you move away from the competitive analysis, that nobody will challenge the assumptions and you could be mislead. I think that's a risk I would rather take than giving up coverage at all of parts of the world in the drawdown out in front of us.

Senator RUDMAN. I want to thank you for your answer. I just get the feeling that if we are going to have problems with money, then we ought to concentrate on quality. This is the kind of thing that General Powell talks to us about when he tells us we are going to have a smaller armed force. Maybe it's going to be smaller, but let's make sure it's better, with better people, better training, better equipment. I have a sense that it has become so bureaucratic and so big in so many places that maybe we are spending too much money on too many things that maybe aren't good. We might spend less money on better things and better people, and get better intelligence maybe with less competition.

I expect, when you talk about reorganization, Mr Chairman, whether we ever get to that or not, you are essentially talking about whether or not you keep the structure as it is. I dare say that if you were to start a super power some place up in the Arctic next week—a new nation—our existing structure is not the one that you would probably adopt for intelligence. But the question is that although you can't go back to square one, it's too late, how do you get back to square 99? I think that may be all that we can accomplish.

Admiral INMAN. And how do you make sure that positions aren't taken to protect institutions? As opposed to how do you try to solve a problem or get on in giving the best answer?

Senator RUDMAN. We know something about decisions taken to protect institutions around here, Mr. Chairman.

Thank you. [General laughter.]

Chairman BOREN. Senator Chafee.

Senator CHAFEE. Thank you Mr. Chairman.

Mr. Chairman, I have a statement that I did not put in earlier. I would like to put it in.

[The statement of Senator Chafee follows:]

STATEMENT OF SENATOR JOHN H. CHAFEE

Mr. Chairman, I would like to join you in welcoming our witnesses and in underscoring the importance of the issue before us.

I have just returned from Kuwait and the vivid images of that war are still fresh in my mind. We saw the oil wells burning furiously, the shattered remains of enemy tank and supply columns, the oil slick in the Persian Gulf, and the destruction visited upon the city of Kuwait by the Iraqi Army. These grim scenes serve as an important reminder of the fact that the world we live in is still a very turbulent and dangerous place.

Today, the fighting continues in Iraq not far from the front lines where US forces are stationed. Elsewhere, we see political upheavals in the Soviet Union and Yugoslavia as well as the spread of chemical and biological weapons, and ballistic missiles, among many developing nations. Unfortunately, as much as we might like to, we cannot ignore these developments or withdraw behind the Atlantic and Pacific oceans. There is simply no alternative to remaining engaged overseas to protect our interests and the values we believe in.

In my view, we are likely to become increasingly dependent on accurate and timely intelligence to protect our national security interests in the years ahead. As our witnesses are no doubt aware, current plans call for the elimination by 1995 of 10 of the Army's 28 divisions; 10 of the Air Force's 36 tactical fighter wings; and over 100 of the Navy's 545 combat ships. With these smaller forces it is going to be all the more important to detect potential arms control violations and regional conflicts in their incipient stages in order to avert international crises where possible. At the same time, as we seek substantial reductions in the defense budget, we must also look for savings in the Intelligence Community.

As our witnesses today know, the basic structure of the Intelligence Community was established in the 1940s and 1950s. Because of the immense changes that have occurred since that time, both at home and abroad, I believe that this review of the Intelligence Community's structure and organization is fully warranted. I also think that this is an auspicious time to undertake such a review because the Intelligence Community was recently put to a stern test during the war with Iraq. I am sure that there will be important lessons for the entire defense establishment from that conflict. But I believe that the task before us will be extremely complex and time consuming. The Senate Armed Services Committee held its first hearing on the organization of the Defense Department in 1982, and yet it was not until 1986, 3½ years later, after 25 hearings, 8 task force meetings, and 10 mark-up sessions, that the Senate passed the legislation on this issue now referred to as the Goldwater-Nichols Act. I believe that the intricacies of the Intelligence Community may make this task even more formidable than the challenge of reorganizing the defense department. So I believe that great improvements can probably be made, as they were with the Goldwater-Nichols Act, but I further believe that we should be prepared to invest a considerable amount of time and effort to reach a prudent result.

In that light, I strongly support the Committee's efforts to determine whether there are steps that Congress can take to improve the effectiveness and efficiency of the U.S. Intelligence Community. I look forward to hearing the testimony of our witnesses this afternoon and to participating in the Committee's review of this important issue.

Senator CHAFEE. Just a couple of points that I would like to make that pertain to what we are discussing here. First, I believe we are going to become increasingly dependent upon intelligence as

we look to the future. If you look at the plans for our armed services, in the next 5 years, it calls for a cut of 10 of the army's 28 divisions. That is a 36 percent cut. Ten of the Air Force's 36 tactical fighter wings, that's a 28 percent cut. Over 100 of the Navy's 535 combat ships, which is nearly a 20 percent cut. So we have got some big cuts coming in the force structure. I think that intelligence has got to take its share, some portion of these cuts, but I think intelligence is going to be increasingly important. The next point I would like to make concerns the Goldwater-Nichols Act, which several people have referred to in their opening statements. I'd just like to put that in context if I might.

The Senate Armed Services Committee held its first hearing on the organization of the Defense Department in 1982, and yet it wasn't until 1986—3½ years later—after 25 hearings, 8 task force meetings and 10 mark-up sessions, that the Senate passed the legislation that we now applaud and give some credit for being of major assistance out in the Gulf. Now the point I am making, Mr. Chairman, is that I am for looking at the Intelligence Community, I think it is worthwhile, but I think we ought to pursue it with deliberate speed if we want to arrive at a prudent result. We shouldn't say that if we don't complete the review in this calendar year, or next calendar year, that we have failed.

The next thing I would like to point out is something that Admiral Inman stressed. And it is something that Admiral Moore used to tell us often, when things go wrong it isn't always the structure that is wrong. Sometimes, you ought to change the people. And it seemed to me that you are pointing out that we can't just look at the structural set-up, we need to look at the people in it. As I understood your testimony, Admiral, you said your number one plea was that there be geographic breadth. Now I understood what you meant by that is don't have vertical cuts. Don't say you are not going to cover, have anybody in country A——

Admiral INMAN. You got it exactly right.

Senator CHAFEE. Now it seems to me that there are some countries—maybe in Europe—that you don't need such coverage for, and I hate to use names here, because then it will go out that we are not spying on such a nation, or we should spy more, but it seems to me if you are in the geographic area, you are doing pretty well. Is that right?

Admiral INMAN. Yes. You really trigger me for a point I didn't make clearly enough earlier and then I will zero in on that.

Senator CHAFEE. Do we have time?

Admiral INMAN. Thank you, sir.

Senator CHAFEE. Chalk it up to Senator Warner. [General laughter.]

Admiral INMAN. Thank you.

The issue, Senator Chafee, that I was trying to get at, when we talk about human intelligence is that a vast amount of the human intelligence that is available to us is not clandestine. It is overt—overtly available. The issue is do you have the competent observers, be they political officers, economic officers, cultural officers, commercial attaches, science attaches, legal attaches, military attaches, assigned to the State Department, as well as the variety of official and non-official cover clandestine that says you really track

broadly the information that is available. But in this context, that you also think about in this evolving world, your interest in a lot of countries is going to be in their economic decisionmaking process and where are they headed to trade barriers or constraints as opposed to the military issues, and the political ones have driven us in the past.

I think as we move to Common Market, as we move to understand what are the pressures that tear on the alliance structure, what are the things that are different between a western European union and a EC and a NATO, that we need to understand substantially better what's happening in those countries, and have ongoing analytical efforts. That does not mean it has to be a clandestine agent in the terms that we think about spies. But it does say that you got to have overt observers who understand the language, who read it, who are competent. Not just count on it being done in English. And that in fact that you regularly look at those problems to say are there things happening here that we ought to flag to the policymakers that they ought to get on.

That's what I really have in mind when I talk about the geographic coverage.

Senator CHAFEE. Do you think that those people should be on the payroll of one of the intelligence agencies?

Admiral INMAN. No, I don't at all. This is a problem—and I went too fast through it earlier. We have never gotten it right. How do we ensure, how do we stand up here and insist that the Foreign Service get manned and staffed at a level of more than consular officials and administrative officers in the process. I watched the same thing slip in under budget pressures to recommend that the President sign the letter that says he wants lean embassies. If you go back and read every letter from '67 to '81 signed by Presidents to Ambassadors, there is almost a full page on how you reduce the official American presence. Not once was there anything in there, what do you know about the country where you are? Where are the places we might be surprised? Even if it is a friend, today, where are they going to go?

So it is a tough challenge I am giving you, because a lot of that doesn't end up in—shouldn't in my view be in the intelligence budget. But yet, I go back to my days as a briefer and getting ready for that morning brief, frequently the diplomatic reporting and the FBIS reporting took up a very substantial part of what I decided Admiral Burke ought to know in that 10 minutes. Not things which came from the classified intelligence collection activities. And I am afraid that is where we are losing a lot of the coverage that we need.

So when we think about human intelligence collection, we need to think about it very broadly. I have lobbied my colleagues at the DDO that they ought to set up an advocacy office that in fact advocates everywhere that information can be collected overtly and when they struck out getting, spending other people's money to get the information, then they set out to do it clandestinely.

Senator CHAFEE. Okay, fine, thank you very much.

Chairman BOREN. Thank you very much, Senator Chafee and Admiral Inman, thank you very much for being with us. We appreciate——

Admiral INMAN. My apologies to General Odom and Mr. Latham for taking up so much of their time.

Chairman BOREN. Well, we appreciate the thoughts that you shared with us very much, and there may well be some of these subjects we will want to pursue with you later on in the process of our hearings and private conversations as well. We appreciate your being with us.

Our next witness, also no stranger to this Committee, is Lieutenant General (Retired) William E. Odom. General Odom has testified before us on a number of occasions, though usually in closed session in a different setting than we have today. As all of you know, General Odom served as Director of the National Security Agency in the Mid-1980's and prior to that he was Assistant Chief of Staff for Intelligence in the Department of the Army. He also saw duty during his career at the National Security Council and previously served as Defense Attaché in Moscow.

So he has had a very broad ranging career providing various vantage points from which to view the intelligence process.

He brings a wealth of experience to bear on the subject of today's hearing. He is always a stimulating person. One who causes us to think, one who speaks very directly and that's valued by the members of this Committee. It is helpful to us. He has a keen and a very creative mind.

So, General Odom we are very appreciative of your taking time to be with us. I know you are continuing to stimulate minds as I hear from students and colleagues at my old alma mater, where you are now doing some teaching. I am getting wonderful reports on your teaching there and what you are sharing with the students and we appreciate your bringing your perspectives to bear with us today.

Senator MURKOWSKI. Mr. Chairman, we have a statement by Senator Specter, formerly of this Committee, which he asked be entered into the record.

Chairman BOREN. We will be happy to enter it in the record.

[The statement of Senator Specter follows:]

STATEMENT OF SENATOR ARLEN SPECTER FOR THE OPEN HEARING OF THE SENATE SELECT COMMITTEE ON INTELLIGENCE ON INTELLIGENCE REORGANIZATION

I want to thank Senators Boren and Murkowski for permitting me the opportunity to join today's hearing. I have had a continuing interest in the structure, management and interrelationship of the Intelligence Community as reflected in S. 421, the National Intelligence Reorganization Act.

Second, I believe that Senator Boren has defined accurately and succinctly in his opening statement that the real issue we are facing is whether the current statutory framework for intelligence is adequate to today's and tomorrow's needs. I would emphasize the word "statutory." As we are aware, that statutory framework was enacted in 1947. Since that time, the intelligence apparatus of the United States government has grown dramatically.

In 1947, the intent of lawmakers was to centralize intelligence in one agency—the CIA. Since that time new intelligence agencies and new technologies have evolved. With them, the requirements for resources have mushroomed well beyond the imagination of the framers of that legislation. As Senator Boren has also noted in his statement, the world has also changed in terms of threats to our national security. The Soviet Union's strategic weapons remain a priority concern to us, but we are also very concerned about the proliferation of nuclear, chemical and biological weapons and the missiles which may deliver them. Our experience with Iraq should serve as a reminder that the threat is real and it is dangerous. It is dangerous to

regional security and, as we have learned from our experience with Iraq, regional warfare has global military, political and economic ramifications.

In addition, international drug trafficking, terrorism, economic competitiveness and ecology are major national security concerns for which the country will depend upon intelligence. But, in a period of declining and stressed national budgets it is imperative that intelligence compete with other national priorities. This will require leadership and management of our intelligence apparatus on a full-time basis. This new leadership must integrate more effectively the demands of customers in the Executive and Legislative branches, the acquisition of resources, the direction of collection requirements and the coordination of analysis. In my view, this cannot be accomplished unless there is a structural change which starts at the top with a new Director of National Intelligence who has both the clear responsibility and the commensurate authority to bring United States' intelligence into the 21st century.

In reading General Odom's opening statement, I note that he outlines the need for a restructuring. But, he also suggests that the change cannot be legislated. I wish I were as confident. For years our military establishment recognized that it had to be streamlined if the system were to be more effectively responsive to the President's demands. But, it became clear that needed change could not and would not occur without legislation.

Many former senior officials from the Ingelligence Community including today's esteemed witnesses have been suggesting for years that the very term "Intelligence Community" is an accurate description of a loose federation of agencies and offices moving in the same general direction, but at different speeds and with different charters, methods and goals. Changing and remolding that federation is a very difficult undertaking. In my view, only the Congress has the means to bring about the necessary change just as it was the Congress which could bring about the changes enacted by Goldwater-Nichols.

Today, I am issuing a challenge to this Committee and to the Congress to undertake a review of the intelligence structure of the United States with the same vigor and seriousness of purpose as it did Goldwater-Nichols.

Senator METZENBAUM. Mr. Chairman, does the Chairman think, that since the hour is growing a little late and more and more members are failing to be at the Committee hearing, that in order to hear all three of our major witnesses, we might have some——

Chairman BOREN. Yes. General Odom, I understand, has already agreed that he would summarize his statement for us.

General ODOM. I can if you want. Or what was the other proposal? You want to just cancel it?

Chairman BOREN. No, no, no.

Senator METZENBAUM. I don't mean to be rude.

Chairman BOREN. No. He was saying to hold opening statements to as short a time as possible. We appreciate very much your willingness to do that.

But we want you to feel free to make all the points you came to make because we want to hear your thoughts. We will, without objection, include your entire prepared statement in the record at this point.

[The prepared statement of General Odom follows:]

STATEMENT OF WILLIAM E. ODOM

Good afternoon, Mr. Chairman and members of the Senate Intelligence Committee. It is an honor to appear before this Committee once again. I always enjoyed the high standards of exchange on program and policy issues during my frequent appearances here as the Director of the National Security Agency and occasionally as the Assistant Chief of Staff for Intelligence in the Department of the Army during the early 1980s.

As I understand the theme of this series of hearings, it concerns major organizational and policy issues of the Intelligence Community. I commend you for it, because, as you know, I have long believed several of those issues deserve serious attention.

In a short statement, of course, one can only paint the picture in broad strokes. To do that, let me offer the following approach. First, we shall only talk nonsense about organization and structure unless we have a commonly accepted paradigm of what intelligence is supposed to do, for whom, and how it is to do it. Second, we need a similar paradigm for managing the resources given to the Intelligence Community. That is, we need a scheme for relating resource inputs to intelligence with output performance. Third, if we have such paradigms, we can use them to judge how close the present intelligence structure reality approximates the theory. That procedure, judging the reality against the theory, should reveal the truly important issues that deserve attention, perhaps structural repair.

My experience in the Intelligence Community has been that a doctrinal paradigm for intelligence organization and function does not exist. Rather some parts of the Intelligence Community have their own separate doctrines, some have none, and others make one up from day to day, depending on current bureaucratic political interests.

Let me offer the broad outlines of an intelligence doctrine for structure that could help introduce order into our discussion. Perhaps there are other or better ones, but I am inclined to doubt that. This one is not my original creation. It is the theory of intelligence I was taught as a young armored officer in the Army. It derives from Elihu Root's reorganization of the Department of War in 1902 in which the Army General Staff was created. It did not take root in the Army staff until World War I, but it slowly found its way into Army doctrine and, after World War II, into Joint Staff principles.

Intelligence is, in this paradigm, broken into two functions. The first is the staff function, or analysis and production. The second is the collection and collation function. Let me elaborate on each.

The production function involves close interaction with the operations or policy process so that the staff intelligence officer—the S-2, G-2, or J-2—can know what the operations and policy side needs to know. If the intelligence staff officer is not intimately involved with the commander, or policy maker, and his planning staff, the intelligence function will fail. This is a critical point. The very head of the intelligence production process cannot be separate from the institution and policy maker it supports.

Elihu Root accepted the findings of several army studies of European military intelligence organizational schemes that the intelligence staff officer must be on a coequal footing with the operations staff officer, the logistics officer, and the personnel officer. Where the intelligence function was subordinate to the operations staff, as it was in the German system, too often the operations staff overrode intelligence and logistics considerations. In other words, the root solution was to give it an equal status with policy and operations, that is, direct access to the commander or policy maker so that the intelligence case was insured an independent hearing.

The intelligence production function requires that the G-2 or J-2 do three things. First, it must determine collection requirements and direct the collection effort. Second, it must analyze the results of all collection sources, i.e., all source analysis. Third, it must present the analysis to the operations and policy process in a usable form.

The key point to remember here is that the intelligence staff officer is the driver, the brain, that makes the entire collection system work purposefully for the commander or policy maker. Just as the operations officer writes the operations order for the commander to issue to his subordinate commands, telling them how to attack, defend, or take other action, the intelligence officer issues the collections orders to the intelligence collectors, telling them what is needed. Intelligence collectors not responsive to these orders are of little use. This is a critical point that bears remembering.

The last point of importance about the production function is that it must exist at virtually every command or policy level. In the military, that is at battalion, squadron, and ship levels, and every higher command level. Parallels in the Department of State, Treasury, Energy, etc., can be found. The users of intelligence are manifold, and a user must have an intelligence staff function to ensure that the intelligence collectors respond properly.

Now, let us review the second function, collection of intelligence. It can be broken down into the intelligence disciplines, HUMINT, SIGINT, and IMINT. All military and civilian policy-making institutions have some organic intelligence collection capability. Infantry battalions have scout platoons and reconnaissance patrols. The State Department has embassy political officers reporting. The staff intelligence officer must be able to task them if these organic collectors are to be efficiently used.

But that cannot be his only collection assets responsive to his needs. He must be able to task the entire collection structure.

The much larger collection capability, of course, is found in the national and departmental level collection structures. They must be coherent, managed from top to bottom in a coordinated fashion. And they must have communications with the myriad of staff intelligence offices in every department. Through these communications, they can be tasked by the staff intelligence officers, be they located at the lower tactical or diplomatic levels or the right hand of a cabinet officer.

Thus, there should be collection discipline structures, linked from the national to the tactical level along single collection discipline lines. This is essential for two reasons. First, the linking allows the efficient allocation of collection assets between tactical and national levels. Second, it makes it possible for the intelligence taskings at any level, anywhere in the military or civil structure for operations and policy, to be answered by any intelligence collector, anywhere else in the system, if that collector has access to information not obtainable elsewhere.

The nature of each discipline, SIGINT, HUMINT, and IMINT, is so different, and skills in each are so specialized, that single discipline organizational structure is virtually imperative. The national level need not organically own every one of the lower level collection facilities in its discipline, but it needs what the military joint commands call "op con" or operational control. It needs to be able to direct the collections operations although the facility or collector organically belongs to another command or department.

In a word, there must be an overall manager of each of the collection disciplines. He must, however, be wholly responsibe to the military command structure and the policy-making authority channel. He should not be an independent institution who can choose whether or not to do what the intelligence staff officers direct him to do in the name of commanders and policy makers. When collection taskings conflict, he must seek a prioritization by the highest command level. He must not prioritize on his own but rather in line with the commander's priorities.

Let me emphasize this point. Suppose the air component commander in the CENTCOM during Desert Storm decided that he would bomb what he chooses, not what General Schwarzkopf tells him to bomb. That would be unacceptable. At the same time, General Schwarzkopf's staff hardly could tell the air component commander which aircraft to use, what size bombs, schedules of attack, etc. Only the air component staff has the technical understanding of bombing means to work out the details of the air operations. It must, however, work them out in the context of General Schwarzkopf's operational plan.

The intelligence operation is no different. Its specialists must devise the intelligence operations, but it must have as its imperative rationale the larger operational scheme. This is not a trivial point in the everyday life of intelligence operations. It is the source of bureaucratic strife and wasted means.

Let me turn to the second issue, relating source inputs to intelligence outputs. SIGINT, HUMINT, and IMINT collection resources are found at many levels in the military structure. The program responsibility for these means, if it is to be efficiently carried out, must be placed so that duplications at various levels do not occur, so that dysfunctional mixes are avoided, and so that obsolete means can be identified and modernized for overall improved output. In other words, the responsibility for output must be tied to responsibility of resource input. If the IMINT national manager has to answer to every command level for failures to provide adequate imagery, he is likely to have a good idea about what new or different inputs of collection resources are needed. If cuts in the imagery program are to be made, he clearly is the only person who can find out where best to make them. This is equally true for SIGINT and HUMINT. It is also true for the production function, the capabilities of the staff intelligence sections at all levels.

Above the discipline resource managers and the production managers, someone must make cross-disciplinary resource trade-offs. This is very difficult, and confused ideas about what can be traded against what are numerous. For example, it makes no sense to try to trade production resources for the collection resources. They are not interchangeable in outputs. To some degree, collection disciplines are interchangeable, but even there the options are few. The intelligence staff officers are at the end of the output line. They know where output is short, where it is providing more than needed. They must play a strong role, but they are poorly placed to decide issues concerning alternative technical collection means. Technical requirements are not intelligence requirements. The J-2 can determine intelligence requirements. The SIGINT manager cannot. The J-2 cannot determine technical SIGINT collection resource requirements. The SIGINT manager can.

If we agree on these two paradigms for intelligence doctrine, then we can have a coherrent discussion about our present intelligence structure. If we do not agree, we will have a tower of Babel—many languages, no comprehension.

Let me end my remarks with a few observations about how the present intelligence structure lines up with these paradigms.

First, concerning the production function, most all commands and policy departments have staff intelligence sections. Very few, however, have a clear understanding of how they should operate, how they should determine requirements and task the collection systems. They are often staffed by personnel who do not know how to task all of the collection means.

We have large analytical production elements largely detached from the staff intelligence sections. DIA, for example, has also suffered schizophrenia. Is it a collection organization, like NSA? Or is it the staff intelligence function for the Secretary of Defense and the JCS? What authority does it have over the unified command J-2s? CIA's DDI sits wholly apart from the mililtary and policy community. For whom does it do intelligence production? What military commander can direct it to produce answers? Can the Secretary of State or other cabinet officers direct it and make it respond? Does it respond to the NSC Staff? Does the NSC really need such a large intelligence production effort?

As one moves down into the unified commands and looks at the service component intelligence production relations to the J-2s, similar disconnections appear. Moreover, there is no authoritative J-2 doctrine for all commands. No two J-2s operate on the same doctrine principles.

When we look at the collection disciplines, we see only one with something close to a national manager—SIGINT—and on closer scrutiny, we see that SIGINT is less unified than most outsiders realize. Clandestine HUMINT has a national manger in principle, the CIA/DDO. He controls operations entirely. No HUMINT operations can be executed without his approval. At the same time, no military command has authoritative tasking control over him. Most military commanders do not bother to try to task him. And their G-2s and J-2s do not really know how to try to task him. They have no notion of his capabilities, so they do not think to ask for help.

Over HUMINT is fragmented and largely without national direction. I never managed to work out a good management approach to it when I was head of Army intelligence.

IMINT is wholly lacking a national management structure. Tasking is by committee. Ad hoc links have been developed for tactical commanders to get some tasking capability, but their efficiency is woefully low.

There are sufficient as examples to make the larger point: against the doctrinal paradigm I set forth, we have some serious structural inadequacies.

What about the management of input resources and relating them to intelligence output? Here the Intelligence Community has serious structural inadequacies as well. When I was Director of NSA and attended program management meetings of the NFIC, I was the only person present who had intelligence output responsibility at the national level for all of the SIGINT production. Yet I had control of only about half of the resource inputs. The manager of the largest program in the National Foreign Intelligence Program had no direct responsibility for intelligence output.

When the DCI at those meetings asked questions about how program cuts would affect intelligence output, he could not get good answers. That is hardly surprising. Most members of the NFIC had no way to know them.

Let me end with three general points.

First, I have omitted attention to counterintelligence and covert action because of time. I will gladly answer questions on these activities, but the problems and solutions in these areas are parallel to those in the other areas with a few exceptions.

Second, we have serious structural problems. They did not arise because Intelligence Community leaders are ill-intended or incompetent. They arose over thirty years of rapid growth and technological change. Institutions that were highly functional thirty years ago have slowly become dysfunctional with change. There was no large long-range structural plan for growth. There could not be because no one could anticipate most of the technological changes. Thus the problems I have identified are naturally to be expected as the consequence of the dynamism in the Intelligence Community.

The performance of our intelligence has been remarkably good. Our intelligence regime overwhelms any competitor in the world, and it is a remarkable component of our global power. At the same time, it has developed serious structural dysfunctions, and it could be enormously improved.

Third, I am very dubious that change can be legislated. No new laws are needed to improve the structure. All the needed changes can be accomplished by executive order. Effective change, in my view, will come only when the President and the Secretary of Defense decide they want it. When they do, they will make the DCI carry it out. He cannot do it alone, and while he might make some solid progress on his own, the big problems require unstinting support by the Secretary of Defense and enthusiastic approval by the President.

TESTIMONY OF LIEUTENANT GENERAL WILLIAM ODOM (USARET)

General ODOM. Mr. Chairman, I do find it an honor to appear before the Committee again today, and I realize that time is short and I will try to be brief, but I think in order to set a basis for discussion, and some of the points I have in the discussion bear directly on the questions we had earlier, I do need to elaborate a couple of things.

I commend your attention to organizational and process issues. I think that's long overdue. I can only paint in very broad strokes some of the solutions. I think first, we have to have an approach, and the first step in that approach is to understand that we will talk only nonsense about organization and structure unless we have a commonly accepted paradigm for what our intelligence is supposed to do, for whom, and how it is to do it.

Second, we need a similar paradigm for managing resources within the Intelligence Community. That is, we need a scheme for relating the resource inputs to intelligence outputs.

Now, third, if we have those paradigms, we can judge where we are today against the present structure.

That's very simple to say, but my experience with the Intelligence Community has been that there is no doctrinal paradigm—that there are several here and there—in other places there are none whatsoever—and some are made up day to day depending on contemporary bureaucratic interests.

Let me offer the broad outlines of one since there's an absence. It's one for which I don't claim any originality. You can trace it back to Elihu Root's reforms in 1902 in the Department of War when he created the Army staff organization.

Intelligence in that approach is broken into two functions. The first is a staff function for analysis and production and the second is the collection and collation function. Collation is a buzzword now called "processing."

Production. Let's talk about that one and then talk about the collection function. This function has to be done in close interaction with the operational process or the policy process. The staff intelligence officer must head it. At the lowest tactical levels that's the S–2 in a battalion, a G–2 in a division, the J–2 at the Joint Staff, it's INR at State, it's the intelligence section at the Treasury Department or whatever. It has to have intimate involvement with the Cabinet officer or the Commander or whoever runs the operations all the way down, or it will fail. That point is critical. The very head in the intelligence production process can't be separate from the institution and the policymakers it supports. In other words, a separate intelligence institution doesn't make any sense.

Elihu Root accepted the finding of several studies in Europe which showed if you didn't put intelligence on a coequal level with the operators, that the operational staff—which in the German

case subordinated the intelligence—tended to override it. It did the same thing to logistics and the result was not very good.

The key point I think to remember is that the intelligence officer at the staff drives this whole process just as the plans officer for General Schwarzkopf wrote the plans which he signed out as orders to tell the Air Force to do one thing, the 7th Corps to do another, and the 18th Airborne Corps to do another. There should be an equivalent order directing process for intelligence.

Now, let's review the second function—collection of intelligence. By the way, let me make the point that almost every institution in the government—if you look—has such an intelligence officer. There is an absence of that staff function in some places. For example, there was none in the FAA when a Presidential Commission a couple of years ago began to look into intelligence support for that organization. It is not true, however, that all those intelligence staffs understand the Intelligence Community or know how to task and draw on the intelligence collection organizations. So I think there's a paucity of understanding about how intelligence staff officers are to perform and how they could best draw on the collection systems.

Now, there are essentially three intelligence disciplines—signals intelligence, imagery intelligence and human intelligence. We could talk about counterintelligence and others, but let me put that aside. All institutions have an organic capability of one kind or another to collect their own intelligence. At the battalion level and the company level in the Army, it's a rifle squad that goes out on reconnaissance. It's a political officer in an embassy that tries to answer a question one day or another through overt sources. And it is similar for any other agency. The staff intelligence officer has to be able to direct them in the name of the commander or chief policymaker or they're wasted resources. But that's not enough. He has to be able to go outside the organization and task the imagery column, the signals intelligence collection column and the imagery column to gather information.

The much larger collection capabilities—particularly the technical services—are found at the national and departmental level. These are not going to function very coherently unless they're managed from top to bottom in a coordinated fashion, and they have to have a myriad of communications from their functional disciplines—signals, imagery or human intelligence—out to literally thousands of potential demanders and users. So you have to have an enormous distribution system. There should be an operational control link within the collection structures from tactical to national, and if there is not, there will be a breakdown in the utility of the use of collection assets and many questions will go unanswered, not because we couldn't answer them, but because the right mix of collection at lower and higher levels is not brought together.

Now, the nature of each of these disciplines is so different and the skills required in each are so specialized, that I think a single-discipline organizational structure is imperative for each, and I was pleasantly surprised, to hear Admiral Inman come fairly close to that conclusion a bit earlier.

Chairman BOREN. You're saying, in other words, one boss, if you want to put it that——

General ODOM. One per discipline.

Chairman BOREN [continuing]. For imagery collection, one boss for signals collection, and one boss for human intelligence collection. And then clearly each one could be staffed by the whomever is above that.

Senator MURKOWSKI. Then you'd have accountability.

General ODOM. Absolutely. And you get back to accountability, your question. Your question is a very key one. I think there are straightforward answers. We just don't want to give them to you.

Senator MURKOWSKI. Thank you.

General ODOM. The national level boss doesn't have to own everything at lower levels in his collection discipline. In other words, he doesn't have to be the "commander" of it. He must have, however, what's known in the Joint Command structure over in the Pentagon as "operational control." In other words, every level takes its operational directions from this collection manager. The Naval forces in the Gulf and the Army forces and the Air Forces had their own component commander. They were commanded by that component commander, but their operations orders came out of the J-3 in CENTCOM. And that's precisely the arrangement an intelligence collection discipline boss can set up. It's one that is already fairly extant in the signals intelligence community, but not so much in the other disciplines.

Now, each one of those collection chiefs must get his directions from the intelligence staff officers performing the production function. A collector can't be out there seeking information to answer questions nobody's asked him. Thus he has to be responsive to someone. He has to be driven by policy and operations, or, again, the accountability issue comes up. A collection chief can't sit there and prioritize collection efforts on his own. But once he has been given a priority for collection, then he needs to have the latitude to mix his collection assets anyway he wants to collect most effectively. Now, if you are organized this way and you allow every element which has a G-2 or an S-2 staff intelligence officer—or rather a production and analysis section—to link into and task these vertical collection disciplines, then you can, I think, solve most of the management problems of operations and supply of intelligence to people who need it, and you won't end up answering a lot of questions that nobody asked you and failing to answer the questions that were desperately in need of an answer.

Now, let me turn to the second issue, relating resources inputs to intelligence output. Many of these resources and all the disciplines—SIGINT, HUMINT and IMINT—are found at every organizational level. The program responsibilities for these means, if it is to be carried out responsibly, must be placed so that duplications at various levels don't occur, so that dysfunctional mixes are avoided, and so that the obsolete means can be identified and modernized.

Now, if the imagery national manager has to answer to every command level for failures in delivering imagery, he is likely to have a good idea about what new or different kinds of collection resources are needed. If cuts in imagery are to be made, he is clearly the only person who can find out where to make those cuts best.

This is equally true for SIGINT and HUMINT, and it is also true for the production function.

Now, let me make a point about that.

Senator CHAFEE. Mr. Chairman, unfortunately I have to leave, but I did sneak ahead in the testimony here, and I just want to ask this one thing. You say we have serious structural problems. Do you provide an answer for that in here? I have to go, unfortunately, but I am looking——

General ODOM. No, because I was asked to paint in broad strokes and because this is an unclassified hearing—no. But I'm quite prepared to provide fairly explicit answers. I'll give you one right now which was brought up earlier.

Senator CHAFEE. I don't want to interrupt the flow here because I am about to go.

Chairman BOREN. I'll follow through with your interests here because we will——

General ODOM. I will end fairly shortly.

Senator CHAFEE. We have a very distinguished witness and he can help us on the solution to these matters, too. Thank you very much. I apologize for having to leave.

General ODOM. Let me just end right here by saying if we can agree on these two paradigms—the one for operations and the one for resources—the fellow responsible for intelligence output is responsible for coming over here to Congress and getting the money, then I think you'll know whom to hold responsible. And until that happens nothing is going to work efficiently—you're not going to have responsibility clearly assigned.

Let me just make one point in my written statement which might be of interest to you if you did look at it. I would encourage you to read the part where I address the management of resources and relating them to output. Here the Intelligence Community has serious inadequacies. When I was the director of NSA and I went to the National Foreign Intelligence Council meetings, I was the only person there who could talk sensibly about where cuts in resource inputs would affect resource intelligence outputs. The person at that meeting who had the largest program budget hadn't the slightest idea about that because he had no responsibility for intelligence outputs. The DCI was very frustrated because he couldn't get good answers. It shouldn't have been strange. There wasn't anybody there who had the information to give him the answers. We were organized to be sure that you couldn't relate inputs to outputs. Back to Senator Murkowski's point.

Now, if you take these to paradigms, I don't think you'll get much of anywhere in discussions about what to do until you get people in the Intelligence Community and among yourselves to agree on these basic doctrinal principles. Once they've agreed on them, then I think you can set them against particular activities and you'll begin to get some answers about the true nature of problems and what is needed to solve them.

Now, let me just end with an example. You discussed here earlier competitive analysis. You discussed here earlier in answer to Senator Chafee, why do we have duplication at CIA, DIA and various other places in the name of competition. Well, I don't think we need that duplication, and let me tell you why. The DDI at CIA is

not owned by anybody who's an operator. The Secretary of Defense does not own him. The Secretary of Treasury does not own him. Therefore policymakers are not going to pay much attention to what the DCI puts out. A Cabinet officer will depend on the intelligence analysis done by his staff officer who is in charge of intelligence whom he knows and trusts and whom he knows knows the questions he wants answered. And I have seen precious little money ever moved in the government anywhere as a result of DDI/CIA analysis. Most of the so-called competitive analysis in the Community merely achieves bureaucratic paralysis and keeps a very sporting game of intramural warfare going on within the Intelligence Community. If you want critical analysis, or something that's the functional equivalent for it, you need something that is the equivalent for what I have to do at Yale. I have to grade papers, and I have to point up inadequate assumptions or wrongheaded assumptions and poor analysis. And when things come out the wrong way, the real competition in the intelligence analysis should be with events and adversaries, not vis-a-vis the institutions within the Intelligence Community. Just let me end with that.

Chairman BOREN. You have really given us a lot to think about and I think you have set forth the problem in a very clear way. If you separate the collection side of it, we have HUMINT, we have SIGINT and imagery as the three major areas. SIGINT is clearly——

General ODOM. The best shape compared to mangement of any others.

Chairman BOREN. You have one central manager, in essence, through NSA. Where would you place the management responsibility for imagery and where would you place the management responsibility for HUMINT?

General ODOM. I would place the imagery responsibility in a national imagery agency. I would create an analog organization to NSA and I would give it national responsibility for imagery. You can debate about whether it ought to be in the Defense Department or outside the Defense Department. I would come down on the side of it being in the Defense Department because otherwise it will go out and develop its own bureaucratic turf. But I would take the elements which are largely right now in CIA DDS&T and the NPIC and in the military services and put them all together and say you now have to work out a structure that supports national, all departmental requirements as well as General Schwarzkopf's tactical requirements.

Chairman BOREN. When you loook back at the tasking of imagery at least in this latest conflict, DIA really began to have the large role. Would it be possible in essence, reconstituting DIA to make DIA in essence that single manager?

General ODOM. I am very puzzled by Admiral Inman's comment on that. I don't see why that would make any sense at all. If you stick to my paradigm here, DIA, if it is anything, it is the J-2 for the Secretary of Defense and the Joint Chiefs.

Chairman BOREN. Principal HUMINT?

General ODOM. Well, it's——

Chairman BOREN. Well, it's also a HUMINT collector.

General ODOM. Yes, it does, I say. But as I say in my testimony, it's an agency which understandably has schizophrenia. It doesn't know whether it has a staff function or a collection function. It does have a piece of collection. I would split its HUMINT collection away entirely and make it perform only analysis and production, like a J-2——

Chairman BOREN. Make them the analytical agent for the Department?

General ODOM. Right. And then I would have an independent separate agency for imagery.

Let me add one more reason why. It's a very technical activity. And you will never have the skills with the density of competence in DIA to manage the modern, highly technical, imagery world.

Chairman BOREN. All right. Well now, would HUMINT probably be largely at the CIA side of operations?

General ODOM. Right now, if you wanted to—if the DDO wanted to be, he could be the national imagery manager—I mean the national HUMINT manager. Technically, he has the same kind of operational control over non-CIA assets that I, as the Director of NSA, had over non-NSA owned signals assets. But it would require a kind of cooperation between Defense and CIA for which there is absolutely no precedent. [General Laughter].

Chairman BOREN. I understand what you're saying.

To carry this out, let's suppose we have a national HUMINT collection agency, a national imagery agency, and a national SIGINT agency. You have in each major area, whether it's Defense, whether it's State, whether it's Energy or Commerce for economic intelligence, you have in essence your analytical arm, if you want to call it that, in the various policy areas. You've got a State Department analytical. They take the product from these three branches. They analyze it. They inform the Secretary of State. Or the intelligence analytical people at the Department of Energy pull from these three sources and they give their advice to the Secretary of Energy. And in that sense you don't have the kind of competing analysis that we talked about a while ago.

Now, what then happens when you get to the Presidential level? In other words, this is the one place where the President must be informed not only in terms of what perhaps the Energy Department would want to know, the kinds of intelligence they would gather, or what the Defense Department would need in terms of what the Secretary of Defense or the Chairman of the Joint Chiefs would need, but a much broader element of analysis that really gets into various policy areas. Plus sometimes you might get some competing analysis flowing into the President; for example, with the Secretary of State arguing vociferously my analysts feel this way—we've seen this happen before—and Defense saying my analysts feel this way.

Now, who would be the intelligence advisor, so to speak, to the President? Would that be the National Security advisor or would that be an additional national intelligence officer? And would he, in essence, have a staff that would to some degree bring together the various elements of analysis to inform the President. That is one decision.

The other thing is, who makes the budgetary decisions? I think you are quite right, when it comes to SIGINT, no one knows better, in fact, than the SIGINT collector. When it comes to imagery, no one is going to know better than that manager for imagery. When it comes to—

General ODOM. Hold him accountable for the output, it will quicken his sense of——

Chairman BOREN. Exactly, Sure. He will set his priorities. He will know where his money is best spent. But there still comes the problem of how you decide how much should go to HUMINT versus how much should go to SIGINT versus how much should go to imagery. We have two functions, at least, at the Presidential level. Who is the OMB for intelligence, if you want to call it that, up to the President. And two, who becomes the intelligence advisor or analyst for the President at that level.

General ODOM. Let me answer the last one, because it's easy. The real intelligence advisor to the President is the National Security Advisor. And the set of NSC staffers he has. They will drive the demand for intelligence by the White House.

Chairman BOREN. So the NSC staff and the National Security Advisor.

General ODOM. Now, you can't ensure that the President is going to have a first rate NSC staff. Some have, some don't, but there's not much we can do about that. You can just make it available.

I also think that a DCI, the chief of the Community, probably needs some residual piece of what is now DDI, and I think he needs it not to compete with the rest of the Community, but to reach ahead and see—anticipate certain kinds of problems and to task organize to go after them as they come up. It does not need to be big. My rule in the production-analysis world is that that ten dumb analysts will never beat one smart analyst. We do not need more people in the analytic function. We need fewer. And I would even suggest if you cut the number of analysts by 50% and kept the requirements for analysis the same, you'd get better output. But there is no positive relationship between numbers of people and insightful analysis. So we don't need a lot. But I think the DCI should have that DDI task force so he can go after particular problems.

Let me give you an example of one I think ought to be dealt with in an unclassified, open way. We have always been relatively ignorant of the politics of the 15 republics and some other lesser nationalities inside the Soviet Union. The plethora, the deluge of intelligence, of just unclassified information coming out about these republics, is astounding. Why don't we just set up an open institution with 15 chiefs, one for each republic, and direct them to start cataloging the data and organizing it. I would be willing to bet that in no time at all, this new institution would beat all the best intelligence analysts in town on that issue.

So you do need a capability to go after particular kinds of problems that emerge suddenly or have no regular policy sponsor. Energy sometimes has become a big issue. I remember in the Carter White House, when the Soviet oil production level was very important for policy analysis, the CIA analysis on that topic turned out to be critical, and it was very helpful.

Some DDI-like capability is needed for those kinds of issues, but it doesn't have to be big. But the resource issue——

Chairman BOREN. Yeah. The budget. Well, let me stop you right there before you go into the budget issue. On the intelligence issue, just like you would have the equivalent of the head of INR in State Department collect, draw from these three collections and analyze for the Secretary of State, the real intelligence analyst as you see it for the President would be the National Security Advisor ultimately.

General ODOM. Well, he is the person who is going to be next to the President daily and knows what the——

Chairman BOREN. And in the midst of a crisis and so on.

General ODOM. Right.

Chairman BOREN. But he would be assisted by a DCI who would preside over a much stripped down staff because the DDO in essence would become really a separate agency.

General ODOM. Right; right.

Chairman BOREN. The DCI would probably be smaller than the DO because it would be smaller than the HUMINT collection agency. It would be a small, sort of back-up staff that could be reconfigured as it needed to be considered the problem areas. A sort of lean, mean, analytical adjunct resource, and the DCI would in a sense work for the National Security Advisor.

General ODOM. That'll work out on a personal basis. I don't think you can put that in a statute.

Chairman BOREN. Now describe who advises the President, who comes forward with the comprehensive budget resources of how we share our dollars between the three collection agencies and anything else in the Community.

General ODOM. You heard Admiral Inman talk about the evolution from a small role for the DCI to a larger role. I think it has to be the DCI. I think the DCI needs this resource and requirements staff. I think he needs four functions under this resource staff. He needs an intelligence requirements and evaluation staff which goes around and finds out what people need. You heard Admiral Inman talk about doing this, go out and ask the policymakers what they need. Well, that needs to be routinized, and I couldn't have run the National Security Agency if I hadn't gotten the National SIGINT Requirements List every year, prioritized. Somebody has to do that. What is not done is to see if intelligence collectors ever answered the mail. Or if the user ever really needed what was sent him. So I include the evaluation function in the DCI's Community Staff.

Another function you need is a basic programming function which the IC Staff always has. You have to have that. It is highly routinized by law, regulation, precedent, etc. Then I think he needs a counterintelligence and security staff section to handle CI and security policy and resource issues. And he needs a science and technologies staff capability. The DCI must have somebody who keeps him aware of the cutting edge of all scientific and technical developments in the world. It should not be a big organization. It should be extremely small. And if agencies in the Community will not spend R&D monies for things the DCI thinks they ought to in the way of high risk investments for the future, I would be prepared to give that small staff sort of a "Skunkworks" funding with a

"Sunset" rule on it, say three to five years to prove that this technology will or won't work.

Chairman BOREN. Well, in essence, you boil down—and I won't go on any longer and turn to the Vice Chairman—but the role is really very direct and goes to what Senator Murkowski said a while ago about accountability of the people who have the greatest knowledge about the program really setting up the methods of how they do their missions. Of course, there are some other things that have to be fit in, such as covert operations.

General ODOM. Sure. They can be fit in.

Chairman BOREN. But then you have the National Security Advisor playing the principal role of intelligence advisor to the President, and you have a very much stripped down DCI function in terms of size and numbers of employees.

General ODOM. Stripped down in terms of size, but it is not stripped down in terms of clout.

Chairman BOREN. Because he would remain the OMB for intelligence.

General ODOM. He owns the money.

Chairman BOREN. He owns the money. He is going to have the staff that enables him to decide the resource distribution. And also an adjunct analytical staff to take on special problems as they are tasked by the National Security Advisor, the President, or at the direction of the DCI.

Well, it is a very interesting concept. It is a very clear one and it is a very logical one. I appreciate your sharing it with us.

Senator Murkowski?

Senator MURKOWSKI. To keep this, General, on the plane which you have set, which I think is a clear understanding of the concept of accountability, let me ask why can't all this be accomplished by an Executive Order?

General ODOM. It can be.

Senator MURKOWSKI. I know.

General ODOM. It can be. I don't advocate legislation. Anything I have recommended here can be done by Executive Order.

Senator MURKOWSKI. Everything can be done?

General ODOM. Everything that I have recommended can be done by Executive Order. I see no imperative for legislation. I would keep an open mind; maybe there are some needs which I haven't anticipated here.

Senator MURKOWSKI. Well, let me interrupt, because that brings us to the focus of the reason for this Committee to be holding a public hearing on reorganization of the Intelligence Community. If it can be done by Executive Order, why do we need the legislative body involved, other than to bring to the attention of the Executive Branch that clearly there is a need for improvement? They come up with budget requirements that are necessary in the sense of having the capability, if you will, to do the job necessary to protect our national security interests. But is it that they don't have the time, the attention, or is the bureaucracy so entrenched that they are not taking the initiative now under the obvious authority that they have?

General ODOM. Well, obviously you and Senator Boren are probably in a better position to judge the merits of this hearings approach, and I will defer to your——

Senator MURKOWSKI. Yes, but you have got more of a focus on this aspect than we do, sir.

General ODOM. But to your last question about why don't they go do it themselves, I think there are two reasons. First, I don't think there is within the policy community a clear concept or paradigm, as I have used the word here, or doctrine. And without an elementary understanding of such a paradigm in some of the senior leadership positions, they don't see anything wrong. They don't know whether a program or activity fits or doesn't fit. Nonetheless, the Community does remarkably well. You know, all the things I have said here should not lead one to detract from the Intelligence Community's achievements. I have said frequently that I think the overwhelming dominance of the U.S. surveillance regime explains a lot in the world that people fail to grasp, as to how we maintain the peace, choose the right policy course, etc. And you should take my remarks purely in that context. I am talking about a company that is earning money, but you have asked me if we could increase the "factor productivity" and earn more, and I have answered yes. And you ask how would you do it; I reply, this is the way I would do it.

Senator MURKOWSKI. All right, my last question, relates to and paraphrases your stressing that intelligence must work for and respond to policymakers.

General ODOM. Right.

Senator MURKOWSKI. By policymakers I would assume you would of course include the President, the State Department, and the Department of Defense. But therein lies the problem. What policymakers do the CIA analysts basically work for? Now they work with the National Security Advisor and for the President, but they also respond to this other conglomeration of policymakers, and this is where it gets fuzzy and accountability is gone.

General ODOM. We are one of a few countries in the world that has such a creation, and I think if you want to understand it you have to go back to Donovan's time and the 1947 transition and his fetish for national intelligence estimates. A lot of people think that National Intelligence Estimates are important. I must say, I have never seen the government do anything because of one. I have never seen one move a dollar. [General Laughter.]

General ODOM. Let me just make a point. I have never seen an NIE move a dollar anywhere, but I'll tell you, when I was chief of Army intelligence, if I had adjusted the assessment of the thickness of the frontal glacis on a T-80 tank, I could have killed or supported a multi-billion dollar 120 mm tank gun program. That moves dollars. You know, 10, 20 mm, that's where the money is. It's not in these somewhat vapid National Intelligence Estimates. I used to think we should not have them, but now I think we should have them. They perform a very important function within the Intelligence Community. It is an arcane organization with little analytic sections all over the place, and that NIE process forces these otherwise isolated people to talk to one another and to get all their evidence on the table, and I think that function is so important that it

really doesn't make any difference if the NIEs don't have a highly critical role for policy. We still need them and we still need to go through that process.

Senator MURKOWSKI. I commend you, General, on your ability to keep your comments related to the bottom line.

General ODOM. Thank you.

Senator MURKOWSKI. I hope that the professional staff takes note. [General Laughter.]

Chairman BOREN. I am not sure we are able to take on board such direct, clear, logical advice. [General Laughter.]

Let me say, it is very refreshing to hear you express these thoughts in the way you have. You have been very, very helpful to us.

Senator Warner?

Senator WARNER. Thank you, Mr. Chairman.

First, Mr. Chairman, I apologize to you and to the witnesses. I am working with Senator Nunn on a Desert Storm/Desert Shield on the Floor for the personnel. But General, you have been up here a good deal recently testifying, and we are glad to have you. Thank you for taking the time to do this valuable work. But although I have missed some of your testimony here, I would just like to ask a fundamental question.

You have had the unique assignments, career assignments to allow you to look at the intelligence organizations throughout the world. Do you know of any nation that has a better one than the United States?

General ODOM. I said just before you came in, sir, I think the United States' intelligence system is overwhelming vis a vis any other system in the world. I am talking about a company that is making money. The issue today is whether you want to increase the profit level.

Senator WARNER. I understand that; that is a fair analogy.

General ODOM. It has an absolutely dramatic edge.

Senator WARNER. That has always been my view.

Some of the suggestions that you have made here, have you ever written those down before and tried to push them within the Administration when you were on active duty?

General ODOM. Only verbally. You know, I can afford not to worry about the turf now. Some of these ideas would make people terribly nervous because turf boundaries would be moved very dramatically.

Senator WARNER. I am very familiar with that.

General ODOM. And it is not wise for one to do that while still in there dividing the budget.

Let me say though——

Senator WARNER. In other words, for self survival and that of your organization, you have held these close to your chest for some time? [General Laughter.]

General ODOM. Let me say about them, though, as an advertisement for them, if people saw them through, I think they would discover that almost everybody would still have a seat at the table when my reorganization was over, and I think if they were willing to stick through the transition, they would like the new context

much better. They would have a much clearer notion of the relation of what they did personally to product output.

Senator WARNER. Well, it would move the deck chairs around a good deal, your recommendation. But that is the type of testimony that the Chair and the Vice Chair and the members of this Committee have invited and wish to receive.

Admiral Inman had a reorganizational structure which if I understand it was to create a single czar, so to speak, for the Intelligence Community, and then give him the budget authority. And those of you who've served in the Executive Branch in Washington know that the power goes with the budget authority.

Where do you see a fault in that concept versus yours?

General ODOM. I am not sure—I missed part of his presentation when he was clearifying his three models. It may turn out that one of his almost entirely overlaps my view. I see, as I said just before you came in, I see the DCI still very much in charge of the community the way he is now. It seems to me he has power through program management and budgetary control which no DCI has ever used very vigorously.

Chairman BOREN. I think what you are saying and I think Senator Warner was gone through part of that testimony, but the third model that Admiral Inman talked about is very consistent with exactly what you're saying. In other words, one of the reasons why perhaps the DCI now doesn't really effectively use this strong control of resource distribution or this sort of what we call the OMB function within the Intelligence Community is that he is so bogged down with a lot of other managerial responsibilities that are partly operating and partly collecing responsibilities. What you are saying is that by freeing him to really concentrate on the resource allocation role principally and having the collection responsibilities in these other three agencies, you really make him in some ways function in that kind of way. It looks like it would be a very similar proposal.

Senator WARNER. Mr. Chairman, I would hope that General Odom would have a chance to look over the transcript of the Admiral's viewpoints and then supplement the record with such additional views as you may have, because I think both of you have served with great distinction within this community and you have earned the right now to be principal critics of how we can improve it.

Thank you.

General ODOM. Thank you, sir.

Chairman BOREN. Thank you very much, Senator Warner.

Let me say also that what General Odom has said in terms of the ability of the Executive Branch to do a lot of this by Executive Order I think is certainly true. And I for one don't begin with the assumption that we have to legislate at all. I think whatever we do has to end up being in partnership. In other words, it would be absolutely useless for this Committee or our counterparts in the House to pass legislation that the President didn't agree to, did not accept, and that the Administration was not prepared to implement. First of all, it would never be signed into law, and if it were reluctantly signed into law it wouldn't be vigorusly implemented in a way that would make a difference.

I have discussed this with the President personally, and with General Scowcroft and with others. I see our function is to highlight these areas for consideration, and then to really try to work in partnership so that much of this can be done by Executive Order. Others will have to be backed up by our shifting of budgetary priorities in a cooperative way and the rest of it. But I really do see this as a joint effort with the Executive branch really in a partnership way. We can highlight things for them to consider that in the midst of their other responsibilities it is difficult for them to do.

General ODOM. Mr. Chairman, let me respond by saying that I really commend this effort. It doesn't matter in my view whether it leads to legislation. What is most important is that it crystallizes the discussion. This discussion is 10 years overdue, maybe 15 years overdue. And I don't think there can be any harm in raising these issues and trying to sharpen the focus. And it well may be that this forum is a political advantage to the Executive branch in carrying through some reforms.

Senator MURKOWSKI. I would certainly agree with that.

Chairman BOREN. Well, I appreciate your comments very much and I appreciate your testimony, and I can assure you that the other members of the Committee who had to go back and forth to the Floor will read your testimony. It is certainly going to leave us with a lot to ponder, and I would think you are going to find your ideas are surfacing all through the course of our deliberations. We are undoubtedly going to want to impose on your time to come back and be with us to inform us further. We appreciate very much your being here.

Senator MURKOWSKI. And please do not hesitate to continue to address the practicality of what we are attempting to accomplish, because oftentimes around here we get carried away with a euphoria that somehow this thing is much more complicated, because it has got an intelligence ring to it, than it has to be.

General ODOM. Thank you, very much.

Chairman BOREN. Thank you very much, General Odom.

Our final witness today is another person that is well known to us. I apologize to him that we have kept him so late, but that by no means diminishes our interest in what he has to say. I think we are very fortunate today. I don't think we could have selected three individuals who could provide us with more ideas worthy of our consideration than the three lead-off witnesses we have had today. Our final witness is Donald C. Latham, who served as Assistant Secretary of Defense for Command, Control, Communications and Intelligence, ASD(C^3I), during the Reagan Administration. In this capacity he was in fact the senior DOD official with responsibility for intelligence. So as we grapple with this problem of how to relate civilian intelligence to Defense intelligence, how to make sure we are effectively marshaling all of our intelligence resources—and I know you have heard the first two witnesses and the suggestions that they have made—I can't think of anyone who is better prepared to give us a perspective, particularly from the point of view of both production of intelligence and collection of intelligence in the Defense sphere, but also the needs of the Defense community as consumers of intelligence.

Mr. Latham has appeared before us many times. He has been of great assistance to our staff and assisted in giving us advice on a number of issues, and we very much welcome you back. I assure you that while you are mainly going to have me as your audience at this moment at this end of the table, that the entire membership of the Committee will be very seriously considering what you have to say. We appreciate your being here.

[The prepared statement of Mr. Latham follows:]

STATEMENT OF MR. DONALD C. LATHAM

Mr. Chairman, Members of the committee, thank you for the invitation to visit with you today on the subject of the Intelligence Community, its current organization, and ways in which it might be restructured to meet its future national security responsibilities.

Mr. Chairman, as you and the Vice Chairman noted in your letter to me, I have already had some rather extensive discussions with members of your staff on this topic, but I would like to take this opportunity to speak in a more general sense about our expectations in the future and the kind of quality intelligence we need to guide our decisionmakers.

As the Committee wrestles with this serious issue, I think it has to set for itself some parameters; to make some assumptions; and to be sure that any proposed changes will indeed prove to be beneficial in the long run. To paraphrase the Secretary of Defense, the U.S. Intelligence Community must be organized against the threat posed by our potential adversaries in the world, undiminished by perishable estimates of good intentions.

As Dick Cheney noted, some interesting and quite fragile assumptions guide our policies as we think about what the requirements will be for military forces and commitments for the rest of this decade. We assume, for instance, that the present Soviet Government will remain in power; that Soviet domestic policies will be more or less democratic and at least partially successful; that current Soviet foreign policy will continue to be far less hostile to the West than the policy of Gorbachev's predecessors; that the U.S. and the Soviet Union will implement successful arms control agreements affecting both conventional and strategic forces; that all Soviet forces will be withdrawn from Europe and that the Warsaw Pact is a relic of history; and that eastern Europe will be governed by a democratically elected, non-Communist regime.

Now, a year ago these assumptions looked a whole lot better than they do today. More importantly, the rest of the world seems to want to boil away in regional conflicts. War has most recently dominated southwest Asia. The India/Pakistan situation could quickly reach a critical mass and erupt into nontrivial clash with extremely lethal consequences. The Philippines and our long term access to bases there are delicate issues. The North Koreans continue with massive force modernization and redeployments, and are increasing their exports of sophisticated weapons to other countries who have the motive and money to purchase them.

Against this rather depressing backdrop, this country must maintain a vigilant intelligence watch and be prepared to protect our national interests. And in all of these instances, the men and women, and the systems they operate—both in the NFIP and in TIARA—must provide the vital intelligence our policymakers and our forces need. The extraordinary changes taking place in the world pose an almost unprecedented challenge to our intelligence assets and programs; a challenge that demands exceptionally strong management. We must continue to be well informed of events and intentions in the Soviet Union, Eastern Europe, and elsewhere. Our intelligence service must also focus on new issues. For example, economic questions take on new importance. International terrorism and narcotics trafficking also present new and unconventional intelligence challenges. As new international political, economic and military security arrangements evolve, the dimensions of the threat to the U.S. and its allies and, indeed the relationship between the U.S. and its allies of the past four decades will become more clearly discernible; more sharply defined. The stark reality is that, in order to meet the changing requirements of a changing world, we have got to achieve more efficiency and flexibility in Intelligence Community management.

There are some forcing functions, some fundamental judgments, which can be made with respect to the next decade of Intelligence Community operations:

Money will not be as plentiful as it has in the past.

Good people are going to be lost, both as result of force structure reductions and as a result of attrition as people choose other careers.

Technology will continue its rapid expansion, but the community will be constrained in its ability to avail itself of technological opportunities.

Hostile intelligence collection efforts will not decrease; in fact, it is apparent that they are increasing rapidly.

There will be an explosion of open source information with the prospect of overwhelming the community's current capacity to collect, analyze, and report on it.

As you are aware, I have been a proponent of a strengthened intelligence management function, with top level leadership which can assure that requirements for intelligence are consistently and objectively evaluated; that appropriate resources are applied to essential tasks; that a correlated program and budget for intelligence is presented to the Congress; and most importantly that the necessary checks and balances are in place to assure the faithful execution of our intelligence programs.

I know that there is a great deal of interest in the concept of a director for National Intelligence. I, too, believe there is merit in that concept, but I must tell you that if it is to be implemented as was, say, the office of National Drug Control Policy, it will prove to be as ineffectual. To be effective, such a national intelligence manager must have not only the responsibility for the actions that need to be taken, but the authority to be sure that those actions are taken. In this town, authority really only has meaning if it is accompanied by control of the purse.

It is possible, I believe, to establish a National Intelligence Management Office which could accomplish the tasks that all of us would agree are appropriate to the geopolitical changes taking place in the world, but such a new direction would then have to take into account the equities of the defense consumers as well as those of the national policymakers. If not, intelligence support to military operations would soon be smothered. That is why I believe it is imperative that there be a strong DOD role in the joint management of any national intelligence organization. Incidentally, and although it may not be obvious, one reason the present intelligence community organization functions rather well in this regard is that there are shared responsibilities by executive order between the Secretary of Defense and the Director of Central Intelligence. As a part of that sharing, it is the Secretary of Defense who has a strong role in financing requirements validated by the DCI. This may be the ultimate check and balance. There may be other alternatives, but none will work better than this.

As the committee proceeds with the important review of the intelligence community there are several areas which deserve attention. In particular the following thoughts are suggested for your consideration:

The intelligence community [IC] under the Director of Central Intelligence DCI is in reality a loosely federated set of agencies operated with minimal central direction or integration of operations or budgets. Further the IC is organized more along "disciplinary" lines of business than it is target oriented. This historic organization and method of management operation should be carefully examined as to its efficiency, cost of doing business, responsiveness to client needs, lines of authority and reponsibilities.

The DCI also functions as the Director of the Central Intelligence Agency [CIA] and, as such, is so substantively involved with day-to-day CIA matters as to leave precious little time for management and supervision of the remainder of the community he is theoretically responsible for. Current Intelligence Community staff functions and various IC committees are not a substitute for a chief executive officer [CEO] and a chief operating officer [COO] of the IC. It might be a positive step if the DCI put himself firmly in charge of the IC staff, maintaining the three-star billet as his deputy for management operations and relinquishing the role of CIA Director to his deputy DCI.

The two intelligence budgets representing the National Foreign Intelligence Program [NFIP] and the DOD Tactical Intelligence and Related Activities [TIARA] are in fact separate budget programs with weak coupling, integration and execution. Proposed changes in the roles and responsibilities of the ASD[C3I] will provide for improved oversight of the two budgets, but will not combine or integrate them in any meaningful way. This goes deeper than simply budgeting; it reflects issues of Congressional oversight, budget execution, functional capabilities and potential cost savings. For example, efficiencies might be realized with either a single fully integrated program and budget or some hybrid structure, wherein a COO of the IC has actual management responsibility for the two budgets.

As was mentioned earlier, this IC is oriented along traditional disciplines of human intelligence [HUMINT], signals intelligence [SIGINT], imagery intelligence [IMINT] and some other more specialized intelligence areas such as telemetry, laser

and directed energy. These disciplines are typically separated managed to the extent that SIGINT and IMINT collection, processing, analysis and reporting are virtually standalone empires. Yet, as most recently evidenced in Desert Storm, there is a compelling need to more intimately conceive, tailor, manage and operate SIGINT and imagery systems of all kinds of support to military operations. The issue of more intimacy is not technological; it is bureaucratic.

Counterintelligence [CI] has been a step-child to intelligence and, as such, it has not been given the priority attention and integration with intelligence it deserves. The DOD is taking some steps to fix this problem but more needs to be done. We have had too many major security busts in the last few years; mostly discovered by good fortune, not by successful CI operations. We can and should do a better job in CI. Again, it is a management issue more than anything else.

Significant technological progress has been made in the area of information management. In particular, the ability to transmit, receive, intelligently story, process, display and integrate sensor data at prodigious rates has been demonstrated. Applying this technology to the needs of the Intelligence Community could yield impressive new capabilities in providing more near real-time multi-sensor information to a wide spectrum of users. Unfortunately the investment in ground-based information management has not kept pace with our ability to collect information. Additionally, the technology is here to provide for a much more efficient and responsive intelligence tasking system across the totality of collection systems. Finally, the capability exists to develop a series of true, all-source, national and regional intelligence centers capable of collection management, processing, analysis and reporting to improve current intelligence user requirements. Currently, we lack such capabilities at the national level not because of technology constraints or even costs, in my judgment. Interestingly, at the tactical intelligence level, a multisensor ground-based collection management, processing, evaluation and reporting center is nearing completion.

Across the Intelligence Community there is a noticeable lack of standardized policies and procedures in areas such as security, personnel, training, skill qualifications, etc. For example, there is no uniformity in personnel or facility security policies, and thus an individual cleared by one agency is not recognized as being cleared to that level by another agency. The same problem applies to special cleared facilities at contractors. It is not uncommon that individuals wait 9 months to a year for clearance. These multiple policies and nonstandard procedures are costing industry and, hence, the tax payer big dollars with no increase in our security. In fact, the lack of a standard for clearance into sensitive intelligence compartmented information may be adversely impacting national security. This area deserves the attention of the Committee as part of your overall review.

In summary, the United States possesses an overall intelligence capability vastly superior to any other nation but we should strive for even greater efficiency and qualitative improvement in performance. This improvement is probably achievable without an influx of additional investment—rather it could likely be accomplished at less cost over the long term. We need to manage the activities we have; not add yet another bureaucratic layer of confusion.

Mr. Chairman, thank you very much for this opportunity to share these views with you.

TESTIMONY OF DONALD LATHAM, FORMER ASSISTANT SECRETARY OF DEFENSE C³I

Mr. LATHAM. Thank you very much, sir. I certainly appreciate that. And I do have a statement for the record, if I could have that inserted, and I will just try and summarize very quickly a few points. In fact, you just touched on it.

I think that whatever the Committee is going to consider in the way of restructuring the Intelligence Community, if we do do that in any way, it is imperative that there be a strong DOD role in the joint management of any national intelligence organization. It's not very obvious to many people, but one reason the present Intelligence Community organization functions rather well in this regard is that there are shared responsibilities, by Executive Order, between the Secretary of Defense and the DCI. And in fact then

that really means that there is a check and a balance in that the Secretary of Defense in fact supports the funding for and defends the funding for the DCI's requirements. So there is a strong DOD operation in helping the Intelligence Community in that sense. And as you mentioned they are in fact really the largest consumers of the Intelligence Community's products.

In my statement I touch on seven points, some of which have been discussed at some length here, so I'll just mention those very quickly. One point has to do with the overall way the Community is organized. I am not in agreement with some of the things that have been said by General Odom on setting up these independent intelligence functional empires again, and I think that is in part really one of the very fundamental problems that we have with the Intelligence Community today. The Intelligence Community is in fact a loosely knit organization without strong central management. If you want to keep it that way, that's a decision. But that's currently Admiral Inman's model one.

Admiral Inman's model three is not a loosely federated group of agencies. There is a DNI or DCI, whatever you want to call him, that manages the Community. And that is a very fundamental difference.

Chairman BOREN. What you are saying is what we have now is really a loose confederation.

Mr. LATHAM. Absolutely.

Chairman BOREN. That has very little true central management. Although I would assume under both Admiral Inman's third model and at least a portion of what General Odom was saying in terms of really strengthening what I have referred to as the sort of OMB type function in the hands of the DCI or the hands of someone within the Community would go a long way towards at least centralizing that aspect of it, would it not?

Mr. LATHAM. Well, I believe it would, but let me tell you a war story, and General Odom was there. It got so bad during the time when Mr. Casey was the DCI in trying to resolve budget difficulties between the agencies, that we formed a mini-NFIC, a National Foreign Intelligence Council, and met with a very much reduced presence of people and no staff. And at that meeting was Mr. Casey, myself, General Odom, the Director of DIA, the director of another agency, and a representative from the CIA and one staff person from the IC Staff. That was it. We still could not get any decisions. We never took a penny from the——

Chairman BOREN. That group could not come to any decisions?

Mr. LATHAM. No. And I was somewhat astounded, because as you know, Mr. Casey was very close to the President. I believe if he had pointed to the Director of NSA and said I am going to take X dollars out of the CCP in order to put it over here in this place because in my judgment and my staff's analysis, that is a better place to put it, he could have done that. He didn't do it.

Chairman BOREN. Didn't do it.

Mr. LATHAM. Didn't do it.

Now if you are going to make a DNI, you had better make sure that he has got the hutzpah to do that, he has not only got the authority and the clear—whether it's in law or however you do it, that he has the ability to move that money. Now, to the Vice

Chairman's issue about accountablility; what happens is that some of those agencies say, well, I work for the Secretary of Defense. I heard one of the Directors of one of the agencies say, well, you can't do that, I work for SECDEF. And he put that hat on to avoid responding to the DCI. So the issue of how is the money going to be handled and who are they really responsible to.

Chairman BOREN. Well, let me go back to that for just a minute. Certainly it is both a matter of will and a matter of authority.

Mr. LATHAM. Yes, sir.

Chairman BOREN. And let's suppose you have someone really vested with that authority, because you know someone can say, well, I work for the Secretary of Defense, I am an independent agency or I'm an independent HUMINT collection agency, I don't work for you. But on the other hand, if that person is sitting in a chairman's position so to speak, and has the purse strings, ultimately they really are going to be responsive. I mean, if he has the authority to say well, okay, I am going to cut you 10 percent because you're not responsive to me. You can't go to the Secretary of Defense or you can't go to the Secretary of State or anyone else and get it back. You have to come to me or the President. If he has that authority, if the President backs him and he is prepared to exert it, that would work, would it not?

Mr. LATHAM. Absolutely would. Absolutely would.

What you see happening, though, is that the directors of each of these accounts come in every year and they show you where they were for the last five years and where they want to go for the next five years, and it is always up. And when you say well, prioritize that for me, you get a list. What you find is that if you start cutting off, you cut off trivial things and really—it's very hard to get to the meat on some of these trade-offs. So it means that this DNI or however this person is going to be able to manage this company—and it is really, it's a very tough management problem—he's got to have a very good staff with him to help him make those decisions intelligently so that to General Odom's point, that when he does cut something in the DIRNSA budget, whatever output is gone is gone, and we understand that and we take that, but we are going to get another input from someplace else.

Chairman BOREN. Well, let's suppose you had a Director of National Intelligence whose principal function is resource allocation, who has that authority and a staff that helps him make these kinds of assessments, principally performing, if we want to call it, the OMB function for intelligence. Is that something that if you had the right person in that job with the authority and staffed appropriately and so on, is that the kind of functional set up that you think we should——

Mr. LATHAM. Well, I think that is just part of it. There are some other points that haven't been brought up today that I think are terribly important if we are going to do a better job to the clients that the Intelligence Community serves, and that is that the technology is here today to do a better job than we are doing. We know how to handle, store, intelligently manipulate, display, and so on, information at data rates of hundred of millions of bits per second. So that the technology is here to make some changes in how we task collection systems and how we process collection systems and

how we integrate collection systems. And I strongly disagree that we ought to have stovepipe disciplines of SIGINT, imagery and HUMINT. Currently they don't hardly interact, and that is part of the problem that we have got today.

If you get the Chairman of COMIREX over here and have him give you a briefing on what he needs in the way of imagery assets, it's a list as long as you can imagine. For example, he gave a speech a few months ago in a classified session, for 30 some-odd minutes telling how many more things he needed. Never once did he ever mention SIGINT, and say now, if SIGINT can cover that target or HUMINT can cover it or an open source can cover it, I don't need to collect a photo against that object. So you have got to have a manager at the top of this organization that knows how to integrate these disciplines.

Now, maybe for management purposes—that is, acquisition and control, technical control, you want an imagery guy and a SIGINT guy and a HUMINT guy. But you had better have somebody that integrates the requirements across the board for what those systems are supposed to collect. And I will tell you, there are savings to be made if you did that. That is, you can do things with perhaps one source of data that you don't need to go get it with another source.

Chairman BOREN. Let me ask you this question. Going back to the kind of model—and this fine tunes, in a sense, and maybe changes the direction somewhat of what General Odom was saying—if you had, at the operational level, these three different major collection functions, but you also have a National Intelligence Director, or whatever you want to call him, a National Intelligence Advisor, who is controlling the resource distribution, who also has an expert and very strong staff that enables him or her to pull together the needs, to integrate the needs and to look at the trade-offs between various kinds of collection, the overlaps and the ways in which they can be integrated to do it more efficiently and cost effectively. Is that something that really would be an improvement over the current system? You indicated a while ago—this is the second question, maybe it should be the first—that what we have now is really the absence of this kind of centralized control to the degree that we need it. We have all sorts of internecine warfare, decision postponement, the inability of this group you described even with Director Casey at that time to come to decisions and reallocate resources from one agency to the other. Is this something related to the personalities of DCI's? I think most people would have thought Mr. Casey would have been a very decisive kind of personality. Or is it because the DCI is so burdened down with the running of an agency? If something goes wrong on the operations side and human collection or something goes wrong with covert operations or something else, the DCI is up here testifying before our Committee about how did this happen, how did we have this snafu. He has got all of these other problems. Is it because he does have so many other operational responsibilities that his attention is diverted?

Mr. LATHAM. I think that is a strong factor in it. I really believe that he has so many other responsibilities and burdens that he doesn't have the time to spend on some of these issues. And again,

you will find that each DCI uses his IC Staff in different ways. The Staff is actually quite good on some things, and if it is used properly could help him make some of these resource trade-offs.

But let me describe a little more about what this DNI or whatever you might call him might want to be. And again, it comes back to what we don't have today, what technology could perhaps do today, and how you could integrate some of these disciplines. Today you can't walk out of this building and walk into a Community on-line real-time intelligence operations center that is an all-source system that supports the President and everybody else in this establishment. The technology is here to deliver such a system if we wanted one. In other words, a current intelligence operation which integrates all those INTs together, including open source information. That would be the staff of people which provides the daily intelligence briefs to the President and every other consumer which receives a current intelligence report. We have the capability to do that today.

At the tactical level, we are building such a system. It handles every one of the INTs except HUMINT, and it could be put in if you wanted to. In other words, imagery from all sources and signals intelligence from all sources can be integrated and displayed for the first time on a single console. A man can sit down and actually see what is going on in real time as the data comes in from a TR-1, for example.

Now, we don't have that at a national level. The technology is here to do that. So one of the jobs I would give this new DNI is not only the OMB function you talk about, I would give him the current intelligence responsibilities to do a better job in that regard. So he would run a Community on-line intelligence center that is staffed from the various agencies.

Chairman BOREN. Let's go back now again to the model that General Odom gave us a while ago with these three separate disciplines of collection, if you want to call it that. From an operational point of view, you would still maintain the three separately, I suppose?

Mr. LATHAM. No. I would not. And that is where I think we have a problem today. From an acquisition and technical operation of a collection system, you could have a manager to do that. In the case of SIGINT, it's DIRNSA. Now, when it comes though to actually telling him what to do in terms of what knobs to turn, what data we want, and the processing and the reporting of that data, that's a different kind of a manager. It's not the acquisition and running of a site somewhere or some system control. So you could have a situation where you have people who procure and run these collection systems—be it a HUMINT or a SIGINT or an imagery—but then when it comes to actually tasking them to integrate the data and providing a product, we integrate across those disciplines. We don't let them be stand alone.

Chairman BOREN. So you have one collection agency, a comprehensive collection agency.

Mr. LATHAM. Yes.

Chairman BOREN. It may have divisions within it that might more or less follow some of the definitions that the General talked about, but there would be one collection agency.

Mr. LATHAM. There would be one collection agency who would have the ability to task and collect from whatever source—open literature to the most secret kind of a thing—knowing full well how they operated, what kind of data you could get, what time lines they could give him the data on and so on. So there is a top level collection resource manager. And today we have stovepipe guys that do that.

Chairman BOREN. All right. So you would have one collection resource manager.

Mr. LATHAM. And that's run by the DNI or DCI, whatever you call him.

Chairman BOREN. That's what I am wondering. Should it be run by him only in the sense that he ultimately decides the budgets for the rest of it.

Mr. LATHAM. Well then, you are going to fractionate things. Somebody has to be in control of the entire system. If you don't want him—the DNI—to run it and you want him just to be a budget person, then you are going to have to take and create somebody that is in charge in an operational sense. So you could say well, what I have done, I have made the DNI the CEO and I have created a new position called the COO—the Chief Operating Officer—and he is somebhody else, he reports through the CEO. You could do that.

Chairman BOREN. If you don't do that, I go back to this kind of problem we have now which I think is probably partially debilitating any DCI. That is again if someone does something wrong in some operation—if someone foolishly mines that harbor in Managua, then who is hauled up before Congress, who is explaining, who is having to work out all that problem? It is the DCI.

Now if he is doing all these sort of things and being responsible for operational fiascos, which sometimes happen, he really then gets diverted from this capability.

Mr. LATHAM. Well, I understand what you are saying, but I think again it comes back to the Vice Chairman's point about accountability. I don't think you can split the responsibilities very easily. If you are going to have a CEO of the Intelligence Community, he is going to have to be held accountable for its performance financially and operationally. Now, he may not have to run day to day all that collection management and all that. He has got a chief operating officer who is his deputy. So you would have to create, I believe, a deputy for operations working for him, that runs the place.

Now if you look at the organization of many large, very, very large companies, that's not unfamiliar to that kind of an operation.

Chairman BOREN. Well, let me ask this question. Given the way our structure is set up now, a number of these people will say, I don't have to listen to this because I work for the Secretary of Defense or I am really answerable there——

Mr. LATHAM. Right.

Chairman BOREN. And of course a good number of these resources at least partially are under the Secretary of Defense.

Mr. LATHAM. Yes.

Chairman BOREN. Now, if you are to make the kind of change that you are talking about, I gather that, except for the kinds of elements of tactical intelligence that must remain under the vari-

ous services and under the Chairman of the Joint Chiefs and the Secretary, you would really be pulling authority away from the Office of the Secretary of Defense that now exists there. These people are looking over the shoulder of the Secretary of Defense all the time because he is very heavily in their budget process. He has lots of impact, even the appointment process to select the people to head some of the agencies, whether it's the DIA, the NSA or others.

Mr. LATHAM. Right.

Chairman BOREN. Which again is another reason why the clout, if you want to call it that, if the DCI is sometimes somewhat ambiguous. You'd really be shifiting a lot more clout in your model, would you not, under this Director of National Intelligence?

Mr. LATHAM. Yes, I would. And I have described to your staff a way to do that in some amount of detail and yet to have a shared resonsibility for this with the Secretary of Defense by creating what I call an EXCOM that is in fact the DCI, the Secretary of Defense, the National Security Advisor, and then a secretary for the EXCOM. They would function as a policy group at that level who would also help not only reflect White House strategy and policy, but would also reflect the top level budget numbers and so on, and they would work together to manage this empire.

But there would be in fact more clout given to the DNI. For example, he writes the effectiveness report on the Director of NSA and it makes a difference whether he gets promoted or not. They don't do that today. So there would be that kind of change.

Chairman BOREN. Would you agree with the comments that have been made, I believe Admiral Inman principally made this comment, that the quote, "committee structure" for running principally our imagery operation today is inadequate and doesn't fix the responsibility——

Mr. LATHAM. I agree with that.

Chairman BOREN. So there has to be in some way a single manager for imagery, perhaps as a part of a comprehensive operations agency or collection agency as you see it.

Mr. LATHAM. Yes. But you want to address as part of that, as I said earlier, the issue of the conception and the acquisition and the operation of those assets, as opposed to tasking and processing of the information. Today we have groups of people who perform the acquisition of them. They do some technical operation of collection assets. And then other guys tell them what to do, like in this case in imagery, the committee tells them what to collect. You have got to decide what you want this manager of imagery to be. Is he the acquisition and control and tasking and processing and reporting guy, or is he just part of that. And what we have today, as you know, is the capability for some agencies to procure things and operate them, but they don't process anything.

Chairman BOREN. I have interrupted you as we have gone along. We've really entered into a dialogue here——

Mr. LATHAM. Yes, sir, it's been very helpful.

Chairman BOREN. But I want to make sure that we allow you to return back into the summary of your text and make any other points that I have not really allowed you to make as we have gotten into this dialogue.

Mr. LATHAM. Well, there are a couple of other things, sir, that I might mention. One was that when I was in the Department we always were asked, and you used to ask me, well, how have you done in making sure that what is in the NFIP and what's in the Tactical Intelligence and Related Activities—TIARA—account have been correlated, have been cross checked, and so on. That today is still a very weak coupling and even in the restructuring that Defense has been authorized to do by the Secretary, it will be reviewed in more detail now by the ASD(C^{3}I), but still you have two completely separate accounts with a great deal of money in them. I think you need to address as a Committee, is there a better way to manage that. Again, where there is shared responsibility between the Secretary of Defense and the DCI to do that, but that there is oversight of both the accounts and better integration of them. So I would suggest that is an area to look at.

The area that hasn't been mentioned today and I think is terribly important is counterintelligence. There are some moves in Defense to strengthen the oversight of counterintelligence. I would suggest to the Committee as you look to this reorganization, if you do that, that you take a hard look at the counterintelligence area.

I have mentioned the technological process. I think it is rather interesting, as I said, that at the tactical level we know how to integrate and display, control, everything from collection management to the report going out, at the tactical level now we can do it with all the INTs and in fact if you would like we can demonstrate that to you.

Chairman BOREN. You've got the photographs, you've got the signals intelligence, you've got human intelligence reports, you've got recon reports, and you've got it all pulled together in one package.

Mr. LATHAM. Yes, in a master data base, and as the data flows in, and you can in fact—let's see how I can describe it here. You can have an image up there that came from some source—and it could be an image that is only minutes old. Let me give you a specific example which would be a synthetic aperture radar image from an aircraft, that is high resolution, and you can see what this object looks like, identified as a tank or a truck even—that can be done today. Now, at the same time, you could overlay that image with signals intelligence information that might give you the unit's identification, may give you something on location, etc. That can be done today.

Chairman BOREN. Right.

Mr. LATHAM. Now, we don't do that very well at all at the national level. But at the tactical level we have broken down the bureaucratic barriers to do that.

One other point I would make is the issue of standard policies and procedures in the Intelligence Community for things such as clearances, things such as cleared facilities. As one of the most glaring examples of the lack of the DCI's willingness to have a standard Community in any sense is we don't have standard clearance procedures.

Now, he is empowered to fix that.

Chairman BOREN. Doesn't happen.

Mr. LATHAM. Doesn't happen.

So I think, you know, that is costing us money. People get polygraphed and background cleared by one agency, won't be accepted by another. And I can tell you from the contractor community where I work, sir, it is a very, very expensive process.

Chairman BOREN. That was one of the things that the Jacobs Panel reported to us last fall. We are going to be marking up some changes in the counterintelligence, counterespionage area. One of the things they pointed out is that there is no single standard at all, and so you have people meeting various standards of clearance, of background checks and all of the rest of it, really all having access to the same information sometimes.

Mr. LATHAM. And it goes also to the professional level of what the competence should be for an analyst junior grade or an analyst senior grade. You can pick out the titles. But we need some sort of standardization on the quality of our people and what kind of education, what kind of training and the experience level that would be required for a person to become, let's say, a grade 10 Soviet analyst or whatever they are. It is ragged between the agencies, and I think the DCI or whoever you are going to look, has got to set those standards—including in Defense.

So that is sort of a summary. I do agree with the prior witnesses, we do have an A-number one system. I think we can save some money. And I think you could do some things to improve things and it wouldn't cost any more money. I am not advocating that at all, sir.

Chairman BOREN. Thank you very much.

Senator Nunn, any questions or comments that you have?

Senator NUNN. I am sorry I had to be in and out. I will catch up on it all. I have respected our witness for a long time. He has done terrific work, and so I'll catch up on everything wise that you have said, and I am sure that is all you have said.

Mr. LATHAM. Thank you, sir.

Chairman BOREN. Well, thank you very much, Mr. Latham. We appreciate your being with us and we appreciate all the witnesses being with us today. I think we have shown through the testimony today a very good reason for why it is timely for us to examine this whole question. It has been 44 years since we have really had a comprehensive look at how this system has grown up. As all three witnesses have said, it has functioned very, very well. In many respects, we have the best intelligence system in the world. There is no doubt about that which is a very significant advantage over others. The comparison between the intelligence we had during this conflict and the intelligence available to both the military and civilian leadership of Iraq could not have been a greater contrast. There couldn't have been a greater disparity between the two.

But still it is very important, especially with all the changes in the world, especially as we have to shift resources as we have different kinds of assets that are going to be required, especially as technology has changed so much and the ways in which you have said that imagery and signals intelligence and all the rest of it can now be integrated in a more coherent fashion: Changes of technology, along with changes of political and military and economic relationships in the world really compel us, I think, to look at the structure we have that was really designed for a very different

kind of world environment in a very different kind of technical environment.

Mr. LATHAM. One world of caution. There's this great euphoria that the threat has gone away or something. As the Director of Naval Itelligence testified over here just a week or so ago, if you look at where the Soviets really are strategically, and particularly where the Soviet navy is, the fact that he produced ten submarines last year and he's modernizing ICBMs, deploying road mobiles, rail mobiles, et cetera. In point of fact, the strategic threat is worse today than it was a year ago, and getting worse. And I think we have to be very careful in this issue of allocation of our intelligence resources to say we're not going to just absolutely diminish our look at the Soviet problem just because he's not in East Germany with a quick attack capability today.

Chairman BOREN. I understand what you're saying. We also have to have on the political side—and this goes back to the importance of certain kinds of human intelligence and analytical capability—a greater need to understand where all the various currents in the Soviet Union may be taking us. At one time you could more or less determine where the Soviet Union was headed by knowing what the various members of the Politburo and their own very narrow constituency basis might want in terms of direction of policy. Now we have many more currents of opinion that impact policy—the direction of where the Soviet Union might end up, for example, and the kind of cycles we might go through there. So it becomes very important that we broaden our collection capability in those ways, too, to keep on top of intentions and the likely courses of change of events.

Well, thank you very, very much for being with us. As I've indicated this process has been ongoing for some time. We have had our staff interviewing those that have been involved in the making of intelligence policy, the management of intelligence assets, consumption of intelligence as policymakers, for the past several months with initiatives on the human intelligence side going back at least three years. And our hering today is really just a continuing part of that process. We felt it was very important that we bring the American people as much as we can, within the bounds of our responsibilities to maintain classified information, into a better understanding of what we're trying to do. Since there are literally billions of dollars in taxpayers' money involved in these programs, certainly the people have a right to be informed as much as possible about the process and to be assured that we're making the best possible use of their financial resources as well.

So, we'll be conducting from time to time additional public hearings. We'll be, of course, having closed hearings as we get into some of the very sensitive items of information. We continue to have a very close dialogue as I've indicated with the President, the National Security Advisor, the Director of Central Intelligence and others in the Executive branch, coordinating our process with their own internal work at the Intelligence Community. So, we think we're in the midst of a very constructive process and one that we hope will be of benefit to the country.

Mr. LATHAM. I had one last thought. You asked the question earlier to General Odom about an Executive Order versus legislation.

Executive Orders are too easy to change in the next Administration. So you could write a beautiful Executive Order that everybody thought was fine in setting up this new structure, whatever you're going to do, and then the next President comes in or the one after him and just vetoes it out and that's the end of it. I think there is a great deal to be said to putting into law some of these items when you finally decide what you're going to do. And, yes, maybe there is an Executive Order as well. But I think there is the force of law and the imprint of the Congress on it is very, very important on this matter.

Chairman BOREN. All right. I appreciate that comment. You make a very good point. For example, we're struggling and I think have just come to a resolution or about to come to a resolution about what we do with our authorization bill which was vetoed last year. One of the things that both the President and the Members of this Committee have agreed about is that, for example, the procedures governing covert actions really came about as lessons learned as a result of the Iran-Contra affair. President Reagan came to an agreement with this Committee issued by letter, then by Executive directives in the Executive branch the procedures of which are commonly agreed upon. President Bush, when he came into Office, reaffirmed those procedures. But so that we can all be assured that they will outlast this Administration and not be reversed by some future Administration, we're in common agreement that they ought to be put into statutory language those kinds of safeguards for the way the covert actions will be undertaken. So, we're in the process of doing that. I think that's very healthy. It's a partnership process with the Executive branch, but it's one on which the Executive branch also feels there should be statutory enactment.

So you make a very good point. I think it's always better when we can reach these kinds of common agreement to lock those things that need to be more permanent into statutory language, and we're going to try to do that.

Senator MURKOWSKI. Mr. Chairman, I apologize to the witness for having had several interruptions during his testimony, but it is just the reality of the way this place works. But, in regard to the issue of legislation versus Executive Order, I don't have any strong feeling on one side or the other. I think the end product is just as good as it's conceived to be in either legislation or in the Administration's issuance of an Executive Order. However, my question is, assuming this Committee were required to make a five percent across the board cut in intelligence, who would give us the best advice of where to make the cuts? While we may have a legislative responsibility, we may not necessarily be making the best decisions, and we'd be in effect micromanaging. Yet, who in the Intelligence Community has the responsibility to oversee and give advice on these kinds of questions?

Mr. LATHAM. I believe you, the Congress, and if I was the President I would like to have someone I can turn to—even though I have to bring you up here maybe an awful lot—I'd like to have someone I could turn to that is truly the chief executive officer of the Intelligence Community. And he could come up and tell you where the best place to take that five percent cut.

Chairman BOREN. Is that possible in this organizational chart?

Mr. LATHAM. No. I don't believe it is.

Chairman BOREN. I don't believe it is either.

Mr. LATHAM. And because, for example, the DCI can't come up to you today and say we're spending x dollars for the intelligence actions of the United States Government. And he only oversights part of that. So you have to get the Secretary of Defense up here and he has to sit with the DCI and they would then both have to agree that two and a half percent comes out of the National Foreign Intelligence Program and two and a half comes out of Tactical or whatever. You want a guy that can manage them both. I think there has to be more integration and accounting between the two accounts. I think you can save some money if you did that.

Now this is a big empire problem—big turf issue. But I think that with the support of the Administration—and I believe Mr. Cheney will be very cooperative in this—that you could make some changes like that.

Chairman BOREN. Well, we're very fortunate in the Secretary of Defense who has served as Vice Chairman of the House Intelligence Committee and is very knowledgeable in the field as well. And this is another reason why it's a very appropriate time for us to look at this question.

Mr. LATHAM. It is.

Senator MURKOWSKI. I think, Mr. Chairman, one of the interesting things to me that's come out of the hearing today is the realization that the organizational chart can't possibly work.

Chairman BOREN. As we have it now?

Senator MURKOWSKI. Yes. This is what we have now. It proves a point: That there is room for reorganization.

Chairman BOREN. I think it's a good note on which to end as we pursue our deliberations in the future. Again, let me thank you for being with us.

Mr. LATHAM. Yes, sir. Thank you.

Chairman BOREN. We stand in recess.

[Therefore, at 4:50 o'clock p.m., the Committee was recessed.]

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