

NOMINATION OF ANTHONY LAKE TO BE DIRECTOR OF CENTRAL INTELLIGENCE

HEARING BEFORE THE SELECT COMMITTEE ON INTELLIGENCE OF THE UNITED STATES SENATE ONE HUNDRED FIFTH CONGRESS FIRST SESSION

ON

NOMINATION OF ANTHONY LAKE
TO BE DIRECTOR OF CENTRAL INTELLIGENCE

MARCH 11TH, 12TH, 13TH, 1997

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NOMINATION OF ANTHONY LAKE TO BE DIRECTOR OF CENTRAL INTELLIGENCE

TUESDAY, MARCH 11, 1997

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

The Select Committee met, pursuant to notice, at 3:15 p.m., in room SH-216, Hart Senate Office Building, the Honorable Richard C. Shelby (Chairman of the Committee) presiding.

Present: Senators Shelby, Chafee, Lugar, DeWine, Kyl, Inhofe, Hatch, Roberts, Allard, Coats, Kerrey of Nebraska, Bryan, Graham of Florida, Kerry of Massachusetts, Baucus, Robb and Lautenberg.

Also present: Taylor Lawrence, Staff Director; Chris Straub, Minority Staff Director; Suzanne Spaulding, Chief Counsel; and Kathleen McGhee, Chief Clerk.

STATEMENT OF THE HONORABLE RICHARD C. SHELBY, A U.S. SENATOR FROM THE STATE OF ALABAMA

Chairman SHELBY. The Committee will come to order.

We're here today to begin receiving testimony that relates to our consideration of President Clinton's nominee to become the next Director of Central Intelligence, Mr. Anthony Lake. His nomination was submitted to the Senate and forwarded to this Committee on January 9 of this year, and we've spent considerable amount of time since that date investigating many issues surrounding this nomination. The Committee's investigations are not complete, however, and the testimony we will receive over the coming days, I believe, is a key part of our examination of the nominee.

We're also awaiting additional information from the White House that relates to Mr. Lake's nomination, and I hope and we expect that we will receive this information as the hearing process proceeds.

The Director of Central Intelligence or DCI is a statutory position that was established on the 26th day of July 1947 by section 102 of the National Security Act of 1947. This Act gave the DCI three primary responsibilities—to act as head of the Intelligence Community of the whole; to act as the principal adviser on intelligence matters related to national security; and to serve as head of the Central Intelligence Agency. It is this Committee's duty to report to the Senate as to the nominee's ability to carry out these important responsibilities.

The DCI must be able to lead the entire Intelligence Community. This is a community composed of over 80,000 intelligence professionals in a wide variety of agencies that serve many consumers of

intelligence. Among others, the community includes the Central Intelligence Agency, the Defense Intelligence Agency, the National Security Agency, the National Imagery and Mapping Agency, the National Reconnaissance Office, the Defense Airborne Reconnaissance Office, and the intelligence organizations of the services, the State Department, the FBI and the departments of the Treasury and Energy.

In this role, the DCI must develop and present to the President and to the Congress the annual budget for the National Foreign Intelligence Program of the U.S. and participate and consult with the Secretary of Defense in the preparation of the budgets for the Joint Military Intelligence Program and the Tactical Intelligence and Related Activities program. In so doing, the DCI sets the fiscal priorities for the Intelligence Community that must balance the competing budgetary pressures of collection, exploitation, analysis and dissemination so that all consumers of intelligence are provided the most accurate information at the right time, free from any arbitrary bias.

The fiscal priorities that the DCI sets must reflect the changing geopolitical environment and uncertainty in the post-cold war era. The DCI, too, must manage a comprehensive program that addresses some of the critical challenges of our time—challenges such as countering the proliferation of weapons of mass destruction, fighting and winning the war against the production and use of illicit drugs, anticipating and preventing acts of terrorism against our citizens at home and abroad, and the apprehending those within the ranks of the Intelligence Community that would harm our national security by divulging our most guarded secrets.

The DCI must be able to accurately and straightforwardly advise the President of the United States, the heads of the departments and agencies of the Executive branch, the Chairman of the Joint Chiefs of Staff, and senior military commanders and the Congress on intelligence matters related to our national security.

The DCI must also have unimpeachable integrity and forthrightness in providing this information and must never fall into the trap of biasing or underplaying intelligence to fit an Administration's policy.

Finally, the DCI must be able to lead and manage the Central Intelligence Agency. At a time when the agency seems to be under assault by those who question its very existence, I believe we need a DCI that can stand up for the vital mission that the CIA plays in assuring this Nation's stance as the most powerful force for the preservation of democracy throughout the world today. The CIA provides our eyes and our ears around the world. The fine men and women who serve without any public credit in the most trying and dangerous of circumstances need a leader that can guide them and stand up for the work they do. The DCI must be a leader that can make the tough decisions associated with the business of intelligence operations, and ensure that this country is constantly vigilant in monitoring and challenging its adversaries.

Before proceeding with our other opening statements, I would like to outline, briefly, our tentative schedule for the coming weeks. Although it's impossible to set an exact timetable, we currently plan to hear from Mr. Lake the remainder of today and all day to-

morrow. On Thursday, the Committee will take the opportunity to explore classified issues with Mr. Lake in closed session.

Next week, we plan to call other witnesses that will be able to address key issues associated with Mr. Lake's nomination, including the Iran/Bosnia policy, the state and future of the CIA, NSC involvement with DNC fundraisers, and settlement of Mr. Lake's alleged ethics violations. We plan the hearings to be expeditious. But they will last as long as required for this Committee to do its job properly.

In that regard, let me make a brief comment about the format for Members' questions. After I yield to Senator Kerrey, the Vice Chairman, we will go to some of my colleagues and former colleagues who are here, and let them introduce Mr. Lake, and then we will go back to my colleagues and let them give any opening statements that they might want to give, if any.

We will start with 10 minutes of questioning. Tomorrow, we will expand each Member's questioning time to 15 minutes, again, in order of arrival.

For completeness of the record and, I hope, without objection, I ask that the following documents be placed into the record of these hearings:

First, Mr. Lake's completed Committee questionnaire.

Second, responses Mr. Lake provided to the Committee's written questions.

Third, Mr. Lake's financial disclosure form, along with its letter of transmittal from the Office of Government Ethics.

Is there any objection? [No response.]

Chairman SHELBY. Hearing none, it is so ordered.

[The documents referred to follow:]

**SELECT COMMITTEE ON INTELLIGENCE
UNITED STATES SENATE**

**QUESTIONNAIRE FOR COMPLETION BY
PRESIDENTIAL NOMINEES**

PART A - BIOGRAPHICAL INFORMATION

1. NAME: William Anthony Kirsopp Lake
2. DATE AND PLACE OF BIRTH: April 2, 1939/New York, New York
3. MARITAL STATUS: Married (living separately)
4. SPOUSE'S NAME: Antonia Plehn Lake
5. SPOUSE'S MAIDEN NAME IF APPLICABLE: Antonia Plehn
6. NAMES AND AGES OF CHILDREN:

<u>NAME</u>	<u>AGE</u>
<u>Timothy K. Lake</u>	<u>32</u>
<u>Eleanor P. Lake</u>	<u>30</u>
<u>Eliza B. Lake</u>	<u>26</u>

7. EDUCATION SINCE HIGH SCHOOL:

<u>INSTITUTION</u>	<u>DATES ATTENDED</u>	<u>DEGREE RECEIVED</u>	<u>DATE OF DEGREE</u>
<u>Harvard University</u>	<u>Sep. 57 - Jun. 61</u>	<u>A.B.</u>	<u>Jun. 61</u>
<u>Cambridge University</u>	<u>Sep. 61 - May 62</u>	<u>None</u>	<u>N/A</u>
<u>Princeton University</u>	<u>Sep. 67 - Jun. 69</u>	<u>MPA, PhD</u>	<u>MPA(69), PhD(74)</u>

**CAMERA COPY
SHOOT ALL**

8. EMPLOYMENT RECORD (LIST ALL POSITIONS HELD SINCE COLLEGE, INCLUDING MILITARY SERVICE. INDICATE NAME OF EMPLOYER, POSITION, TITLE OR DESCRIPTION, LOCATION AND DATES OF EMPLOYMENT.

<u>EMPLOYER</u>	<u>POSITION/TITLE</u>	<u>LOCATION</u>	<u>DATES</u>
Executive Office of the President, The White House	Assistant to the President for National Security Affairs	Washington, DC	1993 to Present
Amherst College/Mount Holyoke College	Five College Professor	South Hadley, MA	1981 to 1992
Farm	Co-Owner	Worthington, MA	1981 to Present
U.S. Department of State	Director of Policy Planning	Washington, DC	1977 to 1981
International Voluntary Services	Director	Washington, DC	1974 to 1977
Carnegie Endowment for International Peace	Book Project	Washington, DC	1972 to 1973
Council on Foreign Relations	Book Project	New York, NY	1972 to 1973
Muskie Election Committee		Washington, DC	1970 to Jun.72
U.S. Department of State	Foreign Service Officer	Washington, DC	Jun. 62 to 1970

9. GOVERNMENT EXPERIENCE (INDICATE EXPERIENCE IN OR ASSOCIATION WITH FEDERAL, STATE OR LOCAL GOVERNMENTS, INCLUDING ADVISORY, CONSULTATIVE, HONORARY OR OTHER PART-TIME SERVICE OR POSITION. DO NOT REPEAT INFORMATION ALREADY PROVIDED IN ANSWER TO QUESTION 8):

N/A

10. HONORS AND AWARDS (PROVIDE INFORMATION ON SCHOLARSHIPS, FELLOWSHIPS, HONORARY DEGREES, MILITARY DECORATIONS, CIVILIAN SERVICE CITATIONS, OR ANY OTHER SPECIAL RECOGNITION FOR OUTSTANDING PERFORMANCE OR ACHIEVEMENT):

Two State Department Superior Honor Awards (1960s)
 Fiske Scholar from Harvard College (1961-1962) at Cambridge University
 Churchill Scholar at Woodrow Wilson School (1968-1969)
 Honorary Doctorate from University of Massachusetts (1995)

11. ORGANIZATIONAL AFFILIATIONS (LIST MEMBERSHIPS IN AND OFFICES HELD WITHIN THE LAST TEN YEARS IN ANY PROFESSIONAL CIVIC, FRATERNAL, BUSINESS, SCHOLARLY, CULTURAL, CHARITABLE OR OTHER SIMILAR ORGANIZATIONS):

<u>ORGANIZATION</u>	<u>OFFICE HELD</u>	<u>DATES</u>
Century Association, New York City	Member	1977 - 1994
Council on Foreign Relations, New York City	Member	1971 - Present
Massachusetts Maple Producers Association	Member	1981 - 1990 (?)
Overseas Development Council	Board Member [Trustee]	Jan. 91 to Dec. 92
Carnegie Council on Ethics and International Affairs	Board Member [Trustee]	Jan. 91 to Dec. 92
The National Security Archive	Board Member	1986 - 1992
International Voluntary Services	Advisor	Jan. 91 to Dec. 92
Doctors Without Borders	Board Member [Advisor]	Jan. 91 to Dec. 92
Overseas Development Network	Board Member [Advisor]	Jan. 91 to Dec. 92
Mount Holyoke College	Leave of Absence	Jan. 93 to Present
The Development GAP	Board Member [Advisor]	Jan. 91 to Dec. 92
International Development Exchange	Board Member [Trustee]	Jan. 91 to Dec. 92

12. PUBLISHED WRITINGS AND SPEECHES (LIST THE TITLES, PUBLISHERS, AND PUBLICATION DATES OF ANY BOOKS, ARTICLES, REPORTS OR OTHER PUBLISHED MATERIALS YOU HAVE AUTHORED. ALSO LIST THE TITLES OF ANY PUBLIC SPEECHES YOU HAVE MADE WITHIN THE LAST 10 YEARS FOR WHICH THERE IS A TEXT OR TRANSCRIPT. TO THE EXTENT POSSIBLE, PLEASE PROVIDE A COPY OF EACH SUCH PUBLICATION, TEXT OR TRANSCRIPT.

To the best of my recollection and with the help of the Internet, Westlaw, Lexis/Nexis, and DIALOGUE databases, I have included a complete list of publications at Tab 1.

PART B - QUALIFICATIONS

13. QUALIFICATIONS (DESCRIBE WHY YOU BELIEVE YOU ARE QUALIFIED TO SERVE IN THE POSITION FOR WHICH YOU HAVE BEEN NOMINATED):

I believe that the most important qualification for a DCI is his or her ability to preserve the integrity of the intelligence process. My earlier experiences in government and the past four years have confirmed for me the absolute importance of clear, unvarnished intelligence for the President, other policy makers, and our military commanders. A President who does not get the facts straight will make mistakes, at real cost to our national interests, to our people, and to his leadership. I believe that my understanding of this point, my record of independence in the past, and my close work with the President over the past five years put me in a strong position to accomplish this.

My experiences as a consumer of intelligence while in government, and as an analyst of American foreign policy in private life, have given me an appreciation of what kinds of intelligence can best serve policy makers. This includes the importance of focusing our intelligence efforts on central priorities: support for our military in the field, for our diplomacy, and to counter the growing threats that can have such an impact on our citizens' lives: terrorism, international crime, the flow of drugs across our borders and the proliferation of weapons of mass destruction.

I believe my experiences of the past four years, and earlier, have taught me a great deal about how to coordinate and manage the activities of different agencies, as the DCI must do. I intend to provide hands on, supportive, but very firm management, working closely with the Congress and this Committee, as we pursue personnel reforms, vigorous counter-intelligence efforts, further improvements in fiscal accountability, and clearer data bases for making tough resource allocation decisions.

My experiences in the field, and notably in Vietnam early in my career, have given me a very strong appreciation of the pressures and responsibilities facing our people on the front lines - and the importance of supporting them.

A strong relationship between the Director and Deputy is essential to ensuring sustained management, accountability, and continuity of leadership in the community. This is the sort of relationship I have with Mr. Tenet, having worked very closely with him for some four years, now.

Finally, it is clear that I do not yet have, and should not pretend to have the answers to all the challenges facing the intelligence community in the coming four years. But I asked to be considered for this position because of my strong belief that meaningful intelligence is critical to our national security and my belief that we are at a pivotal point in the community's life. I bring great enthusiasm for the job and a determination to spend the time necessary to provide the continuity in this position that the problems require and the intelligence community deserves.

PART C - POLITICAL AND FOREIGN AFFILIATIONS

14. **POLITICAL ACTIVITIES (LIST ANY MEMBERSHIPS OR OFFICES HELD IN OR FINANCIAL CONTRIBUTIONS OR SERVICES RENDERED TO, ANY POLITICAL PARTY, ELECTION COMMITTEE, POLITICAL ACTION COMMITTEE, OR INDIVIDUAL CANDIDATE DURING THE LAST TEN YEARS):**

Publicly identified as working for the presidential candidacy of Governor Clinton in 1991-92.

I have made small, sporadic contributions to political campaigns and the Democratic party over the years.

15. **CANDIDACY FOR PUBLIC OFFICE (FURNISH DETAILS OF ANY CANDIDACY FOR ELECTIVE PUBLIC OFFICE):**

Served on the Planning Board and Finance Committee for the town of Worthington, Massachusetts from 1982-1992. These were elected positions.

16. **FOREIGN AFFILIATIONS.**

NOTE: QUESTIONS 17 A AND B ARE NOT LIMITED TO RELATIONSHIPS REQUIRING REGISTRATION UNDER THE FOREIGN AGENTS REGISTRATION ACT. QUESTIONS 17 A, B, AND C DO NOT CALL FOR A POSITIVE RESPONSE IF THE REPRESENTATION OR TRANSACTION WAS AUTHORIZED BY THE UNITED STATES GOVERNMENT IN CONNECTION WITH YOUR OR YOUR SPOUSE'S EMPLOYMENT IN GOVERNMENT SERVICE.

- A. **HAVE YOU OR YOUR SPOUSE EVER REPRESENTED IN ANY CAPACITY (E.G., EMPLOYEE, ATTORNEY, BUSINESS, OR POLITICAL ADVISER OR CONSULTANT), WITH OR WITHOUT COMPENSATION, A FOREIGN GOVERNMENT OR AN ENTITY CONTROLLED BY A FOREIGN GOVERNMENT? IF SO, PLEASE FULLY DESCRIBE SUCH RELATIONSHIP.**

No

- B. IF YOU OR YOUR SPOUSE HAS EVER BEEN FORMALLY ASSOCIATED WITH A LAW, ACCOUNTING, PUBLIC RELATIONS FIRM OR OTHER SERVICE ORGANIZATION, HAVE ANY OF YOUR OR YOUR SPOUSE'S ASSOCIATES REPRESENTED, IN ANY CAPACITY, WITH OR WITHOUT COMPENSATION, A FOREIGN GOVERNMENT OR AN ENTITY CONTROLLED BY A FOREIGN GOVERNMENT? IF SO, PLEASE FULLY DESCRIBE SUCH RELATIONSHIP.

No

- C. DURING THE PAST TEN YEARS, HAVE YOU OR YOUR SPOUSE RECEIVED ANY COMPENSATION FROM, OR BEEN INVOLVED IN ANY FINANCIAL OR BUSINESS TRANSACTIONS WITH, A FOREIGN GOVERNMENT OR ANY ENTITY CONTROLLED BY A FOREIGN GOVERNMENT? IF SO, PLEASE FURNISH DETAILS.

No

- D. HAVE YOU OR YOUR SPOUSE EVER REGISTERED UNDER THE FOREIGN AGENTS REGISTRATION ACT? IF SO, PLEASE FURNISH DETAILS.

No

17. DESCRIBE ANY LOBBYING ACTIVITY DURING THE PAST TEN YEARS, OTHER THAN IN AN OFFICIAL U.S. GOVERNMENT CAPACITY, IN WHICH YOU OR YOUR SPOUSE HAVE ENGAGED FOR THE PURPOSE OF DIRECTLY OR INDIRECTLY INFLUENCING THE PASSAGE, DEFEAT OR MODIFICATION OF LEGISLATION AT THE NATIONAL LEVEL OF GOVERNMENT, OR FOR THE PURPOSE OF AFFECTING THE ADMINISTRATION AND EXECUTION OF NATIONAL LAW OR PUBLIC POLICY.

None

PART D - FINANCIAL DISCLOSURE AND CONFLICT OF INTEREST

18. DESCRIBE ANY EMPLOYMENT, BUSINESS RELATIONSHIP, FINANCIAL TRANSACTION, INVESTMENT ASSOCIATION OR ACTIVITY (INCLUDING, BUT NOT LIMITED TO DEALINGS WITH THE FEDERAL GOVERNMENT ON YOUR OWN BEHALF OR ON BEHALF OF A CLIENT), WHICH COULD CREATE, OR APPEAR TO CREATE, A CONFLICT OF INTEREST IN THE POSITION TO WHICH YOU HAVE BEEN NOMINATED.

My spouse owns 1200 shares of Bell Atlantic Stock, which I have been informed has a direct relationship with CIA. I have agreed to disqualify myself in writing from participating in an official capacity in any particular matter that would have a direct and predictable effect on Bell Atlantic. CIA will initiate an appropriate screening arrangement to ensure that particular Agency matters affecting Bell Atlantic are conducted without my participation.

19. DO YOU INTEND TO SEVER ALL BUSINESS CONNECTIONS WITH YOUR PRESENT EMPLOYERS, FIRMS, BUSINESS ASSOCIATES AND/OR PARTNERSHIPS OR OTHER ORGANIZATIONS IN THE EVENT THAT YOU ARE CONFIRMED BY THE SENATE? IF NOT, PLEASE EXPLAIN.

I am on leave of absence as a tenured professor with Mount Holyoke College. I have no other business connections. I plan to continue the leave of absence if confirmed.

I also continue to participate in the Mount Holyoke retirement plan. This is a deferred contribution, diversified employee benefit plan, and I do not participate in the plan's investment decisions or designate specific plan investments.

20. DESCRIBE THE FINANCIAL ARRANGEMENTS YOU HAVE MADE OR PLAN TO MAKE IF YOU ARE CONFIRMED, IN CONNECTION WITH SEVERANCE FROM YOUR CURRENT POSITION PLEASE INCLUDE SEVERANCE PAY, PENSION RIGHTS, STOCK OPTIONS, DEFERRED INCOME ARRANGEMENTS AND ANY AND ALL COMPENSATION THAT WILL OR MIGHT BE RECEIVED IN THE FUTURE AS A RESULT OF YOUR CURRENT BUSINESS OR PROFESSIONAL RELATIONSHIPS.

None

21. DO YOU HAVE ANY PLANS, COMMITMENTS OR AGREEMENTS TO PURSUE OUTSIDE EMPLOYMENT, WITH OR WITHOUT COMPENSATION, DURING YOUR SERVICE WITH THE GOVERNMENT? IF SO, PLEASE FURNISH DETAILS.

No

22. AS FAR AS CAN BE FORESEEN, STATE YOUR PLANS AFTER COMPLETING GOVERNMENT SERVICE. PLEASE SPECIFICALLY DESCRIBE ANY AGREEMENTS OR UNDERSTANDINGS, WRITTEN OR UNWRITTEN, CONCERNING EMPLOYMENT AFTER LEAVING GOVERNMENT SERVICE. IN PARTICULAR, DESCRIBE ANY AGREEMENTS, UNDERSTANDINGS OR OPTIONS TO RETURN TO YOUR CURRENT POSITION.

I am on leave of absence as a tenured professor from Mount Holyoke College.

23. IF YOU ARE PRESENTLY IN GOVERNMENT SERVICE, DURING THE PAST FIVE YEARS OF SUCH SERVICE, HAVE YOU RECEIVED FROM A PERSON OUTSIDE OF GOVERNMENT AN OFFER OR EXPRESSION OF INTEREST TO EMPLOY YOUR SERVICES AFTER YOU LEAVE GOVERNMENT SERVICE?

Yes, in 1996 I received an indirect solicitation from a private book agent to write a book. I declined

24. IS YOUR SPOUSE EMPLOYED? IF THE NATURE OF THIS EMPLOYMENT IS RELATED IN ANY WAY TO THE POSITION FOR WHICH YOU ARE SEEKING CONFIRMATION, PLEASE INDICATE YOUR SPOUSE'S EMPLOYER, THE POSITION AND THE LENGTH OF TIME THE POSITION HAS BEEN HELD. IF YOUR SPOUSE'S EMPLOYMENT IS NOT RELATED TO THE POSITION TO WHICH YOU HAVE BEEN NOMINATED, PLEASE SO STATE.

Yes, my spouse is employed. She currently works as a consultant for Drug Strategies, Inc. DSI is an organization that provides information to the general public on various strategies for achieving a drug-free society. My spouse's employment is not related to the position to which I have been nominated.

25. LIST BELOW ALL CORPORATIONS, PARTNERSHIPS, FOUNDATIONS, TRUSTS, OR OTHER ENTITIES TOWARD WHICH YOU OR YOUR SPOUSE HAVE FIDUCIARY OBLIGATIONS OR IN WHICH YOU OR YOUR SPOUSE HAVE HELD DIRECTORSHIPS OR OTHER POSITIONS OF TRUST DURING THE PAST FIVE YEARS.

<u>NAME OF ENTITY</u>	<u>POSITION</u>	<u>DATES HELD</u>	<u>SELF OR SPOUSE</u>
Overseas Development Council	Board Member [Trustee]	Jan. 91 to Dec. 92	Self
Carnegie Council on Ethics and International Affairs	Board Member [Trustee]	Jan. 91 to Dec. 92	Self
The Development GAP	Board Member [Advisor]	Jan. 91 to Dec. 92	Self
International Development Exchange	Board Member [Trustee]	Jan. 91 to Dec. 92	Self
Overseas Development Network	Board Member [Advisor]	Jan. 91 to Dec. 92	Self
Doctors Without Borders	Board Member [Advisor]	Jan. 91 to Dec. 92	Self
The National Security Archive	Board Member	1986 to 1992	Self

26. LIST ALL GIFTS EXCEEDING \$500 IN VALUE RECEIVED DURING THE PAST FIVE YEARS BY YOU, YOUR SPOUSE, OR YOUR DEPENDENTS. GIFTS RECEIVED FROM RELATIVES AND GIFTS GIVEN TO A SPOUSE OR DEPENDENT TOTALLY INDEPENDENT OF THEIR RELATIONSHIP TO YOU NEED NOT BE INCLUDED.

None

27. LIST ALL SECURITIES, REAL PROPERTY, PARTNERSHIP INTERESTS, OR OTHER INVESTMENTS OR RECEIVABLES WITH A CURRENT MARKET VALUE (OR, IF MARKET VALUE IS NOT ASCERTAINABLE, ESTIMATED CURRENT FAIR VALUE) IN EXCESS OF \$1,000. (NOTE: THE INFORMATION PROVIDED IN RESPONSE TO SCHEDULE A OF THE DISCLOSURE FORMS OF THE OFFICE OF GOVERNMENT ETHICS MAY BE INCORPORATED BY REFERENCE, PROVIDED THAT CURRENT VALUATIONS ARE USED.)

<u>DESCRIPTION OF PROPERTY</u>	<u>VALUE</u>	<u>METHOD OF VALUATION</u>
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See Schedule A of SF 278 (Public Financial Disclosure Report) attached at Tab 2.

28. LIST ALL LOANS, MORTGAGES, OR OTHER INDEBTEDNESS (INCLUDING ANY CONTINGENT LIABILITIES) IN EXCESS OF \$10,000. (NOTE: THE INFORMATION PROVIDED IN RESPONSE TO SCHEDULE C OF THE DISCLOSURE FORM OF THE OFFICE OF GOVERNMENT ETHICS MAY BE INCORPORATED BY REFERENCE, PROVIDED THAT CONTINGENT LIABILITIES ARE ALSO INCLUDED.)

<u>NATURE OF OBLIGATION</u>	<u>NAME OF OBLIGEE</u>	<u>AMOUNT</u>
Mortgage (4701 45th St. N.W., D.C.)	Maryland Federal	\$193,000.00

See also, Schedule C of SF 278 (Public Financial Disclosure Report) attached at Tab 3.

29. ARE YOU OR YOUR SPOUSE NOW IN DEFAULT ON ANY LOAN, DEBT OR OTHER FINANCIAL OBLIGATION? HAVE YOUR OR YOUR SPOUSE BEEN IN DEFAULT ON ANY LOAN, DEBT OR OTHER FINANCIAL OBLIGATION IN THE PAST TEN YEARS? IF THE ANSWER TO EITHER QUESTION IS YES, PLEASE PROVIDE DETAILS.

No

30. LIST SOURCES AND AMOUNTS OF ALL INCOME RECEIVED DURING THE LAST FIVE YEARS, INCLUDING ALL SALARIES, FEES, DIVIDENDS, INTEREST, GIFTS, RENTS, ROYALTIES, PATENTS, HONORARIA, AND OTHER ITEMS EXCEEDING \$500. (IF YOU PREFER TO DO SO, COPIES OF U.S. INCOME TAX RETURNS FOR THESE YEARS MAY BE SUBSTITUTED HERE, BUT THEIR SUBMISSION IS NOT REQUIRED.)

See Federal Tax Returns attached at Tabs 5-9.

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
SALARY					
FEE ROYALTIES					
DIVIDENDS					
INTEREST					
GIFTS					
RENTS					
OTHER-EXCEEDING \$500					
TOTAL					

31. IF ASKED, WOULD YOU PROVIDE THE COMMITTEE WITH COPIES OF YOUR AND YOUR SPOUSES FEDERAL INCOME TAX RETURNS FOR THE PAST THREE YEARS?

Yes. (Attached at Tabs 5-7)

32. HAVE YOUR FEDERAL OR STATE TAX RETURNS BEEN THE SUBJECT OF ANY AUDIT, INVESTIGATION OR INQUIRY AT ANY TIME? IF SO, PLEASE PROVIDE DETAILS, INCLUDING THE RESULT OF ANY SUCH PROCEEDING.

No

33. ATTACH A SCHEDULE ITEMIZING EACH INDIVIDUAL SOURCE OF INCOME WHICH EXCEEDS \$500. IF YOU ARE AN ATTORNEY, ACCOUNTANT, OR OTHER PROFESSIONAL, ALSO ATTACH A SCHEDULE LISTING ALL CLIENTS AND CUSTOMERS WHOM YOU BILLED MORE THAN \$500 WORTH OF SERVICES DURING THE PAST FIVE YEARS.

See Schedule A of SF 278 (Public Financial Disclosure Report) attached at Tab 2, and Schedule D of SF 278 attached at Tab 4.

34. DO YOU INTEND TO PLACE YOUR FINANCIAL HOLDINGS AND THOSE OF YOUR SPOUSE AND DEPENDENT MEMBERS OF YOUR IMMEDIATE HOUSEHOLD IN A BLIND TRUST? IF YES, PLEASE FURNISH DETAILS.

No

35. EXPLAIN HOW YOU WILL RESOLVE ANY ACTUAL OR POTENTIAL CONFLICTS OF INTEREST THAT MAY BE INDICATED BY YOUR RESPONSE TO THE QUESTIONS IN THIS PART OR IN PART C (QUESTIONS 15 THROUGH 35).

I will recuse myself from participating in any official capacity on any particular matter that will have a direct and predictable effect on any financial interest that is owned by me or my spouse. As noted above, I have agreed to disqualify myself in writing from participating in any particular matter that would have a direct and predictable effect on Bell Atlantic. Further, even though the CIA has no relationship with Mount Holyoke College and it is unlikely that I will be called upon to participate in an official capacity on a particular matter that will have a direct and predictable effect on Mount Holyoke College, I will nevertheless disqualify myself in writing from participating in any such particular matter.

Additionally, I will establish a screening arrangement to ensure that I do not take official action on matters which I have executed a written disqualification statement. The arrangement will consist of a memorandum to all senior officials at CIA notifying them that I have disqualified myself from taking action on particular matters that will have a direct and predictable effect on Bell Atlantic or Mount Holyoke College, and that matters involving either of those entities will be decided without my participation. The same arrangement will be used with respect to any other financial interest for which written disqualification is required. Additionally, I will direct my Executive Assistants to screen any such matters so that they are not brought to my attention for action.

PART E - ETHICAL MATTERS

36. HAVE YOU EVER BEEN DISCIPLINED OR CITED FOR A BREACH OF ETHICS FOR UNPROFESSIONAL CONDUCT BY, OR BEEN THE SUBJECT OF A COMPLAINT TO, ANY COURT, ADMINISTRATIVE AGENCY, PROFESSIONAL ASSOCIATION, DISCIPLINARY COMMITTEE OR OTHER PROFESSIONAL GROUP? IF SO, PROVIDE DETAILS.

No

37. HAVE YOU EVER BEEN INVESTIGATED, HELD, ARRESTED, OR CHARGED BY ANY FEDERAL, STATE, OR OTHER LAW ENFORCEMENT AUTHORITY FOR VIOLATION OF ANY FEDERAL, STATE, COUNTY, OR MUNICIPAL LAW, REGULATION, OR ORDINANCE, OTHER THAN A MINOR TRAFFIC OFFENSE, OR NAMED EITHER AS A DEFENDANT OR OTHERWISE IN ANY INDICTMENT OR INFORMATION RELATING TO SUCH VIOLATION? IF SO, PROVIDE DETAILS.

I am the subject of a current Justice Department investigation regarding the possible violation of 18 U.S.C. § 208. In 1993 I was advised to sell certain energy stock to avoid any possible conflicts of interest with my duties as the Assistant to the President for National Security Affairs. I thought this had been accomplished at that time. When later made aware that the stock had, in fact, not been sold, I immediately sold the stock.

Since the law requires referral to the Department of Justice of any information raising a question of compliance with the conflict of interest statute, former White House Counsel Abner Mikva referred the matter to DOJ. In doing so, he made clear that he had no reason to believe my failure to divest had been intentional or motivated by personal gain.

38. HAVE YOU EVER BEEN CONVICTED OF OR ENTERED A PLEA OF GUILTY OR NOLO CONTENDERE TO ANY CRIMINAL VIOLATION OTHER THAN A MINOR TRAFFIC OFFENSE? IF SO, PROVIDE DETAILS.

No

39. ARE YOU PRESENTLY OR HAVE YOU EVER BEEN A PARTY IN INTEREST IN ANY ADMINISTRATIVE AGENCY PROCEEDING OR CIVIL LITIGATION? IF SO, PROVIDE DETAILS.

I was the plaintiff in a civil suit over a wiretap placed on my home telephone in 1970-71. This suit was brought in 1973 and was settled in 1991. See, Lake, et al. v. Ehrlichman, et al., 723 F.Supp. (833 D.D.C. 1989).

As the Assistant to the President for National Security Affairs, I was/am a defendant in the following suits:

Helen Frost, et al. v. William Perry, Secretary of the United States Department of Defense, et al. (CV-S-94-714-PMP). Citizen suit against named U.S. Government defendants (including the National Security Adviser on the erroneous basis that the National Security Adviser and NSC has authority over the site) and unnamed defendants under the Resource Conservation and Recovery Act. Plaintiffs alleged violations of RCRA in the storage, treatment, and disposal of hazardous waste at a classified Air Force operating location near Groom Lake, Nevada. U.S. Government motion for summary judgment granted, March 6, 1996. See, Frost, et al. v. Perry, et al., 919 F.Supp. 1459 (D.Nev. 1996). Plaintiffs have appealed several times to the 9th Circuit, where appeals are now pending.

Leasure v. Lake (C.A. #LR-C-95-245; Eastern District of Arkansas). *Pro se* complaint naming approximately 100 defendants filed April 24, 1995. Complaint dismissed by U.S. District Court August 1, 1995.

Henderson v. Christopher, et al. 95-1291-A (D.D.C.), *pro se* prisoner suit against a number of high ranking US government officials including the National Security Adviser. Defendants' motion for summary judgment granted on March 1, 1996. Plaintiff has appealed.

Harbury v. Deutch, et al. (C.A. No. 96-0436 (D.D.C.)). Suit against 25 named as well as unnamed government officials in their official and individual capacities seeking declaratory and injunctive relief and damages in connection with the death of Efraim Bamaca-Velasquez, a guerrilla leader in Guatemala. The U.S. Government's motion to dismiss, for failure to state a claim for which relief can be granted, is pending.

40. HAVE YOU BEEN INTERVIEWED OR ASKED TO SUPPLY ANY INFORMATION AS A WITNESS OR OTHERWISE IN CONNECTION WITH ANY CONGRESSIONAL INVESTIGATION, FEDERAL OR STATE AGENCY PROCEEDING, GRAND JURY INVESTIGATION, OR CRIMINAL OR CIVIL LITIGATION IN THE PAST TEN YEARS? IF SO, PROVIDE DETAILS.

In 1996 I provided briefings to the Chairman and Vice Chairman of this Committee as well as to the Chairman and Ranking Member of the Select House Subcommittee regarding Iranian arms shipments to Bosnia.

As the Assistant to the President for National Security Affairs, I have also provided declarations in the context of civil litigation over whether the National Security Council is an "agency" for the purposes of the Freedom of Information Act and Federal Records Act (addressing the nature and work of the National Security Council and NSC staff) and litigation regarding the status of Chinese aliens smuggled to U.S. shores aboard the Golden Venture (addressing the importance of preserving the President's deliberative process for making foreign policy decisions and asserting certain privileges over documents identified during discovery).

As noted previously, I am the subject of a current Justice Department investigation regarding 18 U.S.C. § 208.

41. HAS ANY BUSINESS OF WHICH YOU ARE OR WERE AN OFFICER, DIRECTOR OR PARTNER BEEN A PARTY TO ANY ADMINISTRATIVE AGENCY PROCEEDING OR CRIMINAL OR CIVIL LITIGATION RELEVANT TO THE POSITION TO WHICH YOU HAVE BEEN NOMINATED? IF SO, PROVIDE DETAILS. (WITH RESPECT TO A BUSINESS OF WHICH YOU ARE OR WERE AN OFFICER, YOU NEED ONLY CONSIDER PROCEEDINGS AND LITIGATION THAT OCCURRED WHILE YOU WERE AN OFFICER OF THAT BUSINESS.)

No

PART F - ADDITIONAL INFORMATION

42. DESCRIBE IN YOUR OWN WORDS THE CONCEPT OF CONGRESSIONAL OVERSIGHT OF U.S. INTELLIGENCE ACTIVITIES. IN PARTICULAR, CHARACTERIZE WHAT YOU BELIEVE TO BE THE OBLIGATIONS OF THE DIRECTOR OF CENTRAL INTELLIGENCE, THE DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE, AND THE INTELLIGENCE COMMITTEES OF THE CONGRESS RESPECTIVELY IN THIS PROCESS.

Oversight is the business of ensuring U.S. intelligence activities are consistent with American values and norms while at the same time satisfying our national security requirements. The past twenty years have seen the development of multiple mechanisms in the executive and legislative branches tailored to address the specific risks and security needs of intelligence activities undertaken by a democratic society. It was the right thing to do and Congress deserves much of the credit for doing so.

I am familiar with and committed to the statutory framework for congressional oversight of intelligence activities that has evolved. Congressional oversight, however should not ultimately be defined only by what is legally required (or by debates over just where that line rests). It should be more.

There is no magic formula (or statutory formula), which can, in itself, ensure successful Congressional consultation and oversight. It requires hard work by the DCI, the DDCI and by the intelligence committees to make sure we understand what each party expects of the other. With this in mind, the first questions I will ask myself in my role as DCI are not only "is it legally required?" but "is this something the Committees would want to know or should know?" In turn, the Committees should continue to ensure that the Congress respects the nature of the information shared.

I would hope to work with the Committees to establish a system of regular meetings with the DCI and DDCI to help prevent surprises.

With the DCI, the Committees share a responsibility for articulating to the Congress and the American public the mission of the intelligence community. To do so successfully, however, the DCI and the Committees will need to continue to work in a spirit of dispassionate, bipartisan cooperation. If confirmed, I will work to continue that tradition.

AFFIDAVIT

I, W. Anthony K. Lake, DO SWEAR THAT THE ANSWERS I HAVE PROVIDED TO THIS QUESTIONNAIRE ARE, TO THE BEST OF MY KNOWLEDGE, ACCURATE AND COMPLETE.

January 17, 1997
(Date)

W. Anthony K. Lake
(Name)

Victoria L. Owens
(Notary) My Commission Expires October 31, 2000

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RESPONSES OF ANTHONY LAKE TO QUESTIONS FROM THE SENATE SELECT COMMITTEE ON INTELLIGENCE

NSC CONTACTS WITH FOREIGN CONTRIBUTORS

Question 1. We understand that outgoing White House Counsel Jack Quinn has told the President's executive staff to provide all records that they have concerning the individuals and companies listed below. What records do you or the NSC have regarding NSC contacts with foreign contributors? What involvement did you or the NSC have with any of the individuals or companies listed below?

Response. I am not aware of having met with any of the individuals listed, or with representatives of any of the listed entities. We have found no NSC records which indicate otherwise. (U)

During the past four years, I have sought to keep the NSC staff and its work out of domestic and partisan politics—as I would in the Intelligence Community. Indeed, on more than one occasion, I made it clear to the staff that I did not want to know their individual political views. (U)

During my time as the National Security Advisor, the White House had no formal process for vetting foreign nationals invited to the White House. The Chief of Staff has recently directed that such a formal process for reviewing names be implemented. I welcome the new procedures which will require screening of foreign nationals coming to the White House to meet with the President, Vice President, First Lady or Mrs. Gore. (U)

During my time at the NSC, the staff would from time to time be asked whether we were aware of any information that might bear on whether the President should meet with a particular foreign person or not. In almost all cases, the question would be raised in the context of a non-NSC related meeting or event the President might attend that included foreign persons. In response, the NSC would review the name in question with the appropriate directorates and, in many cases, on an informal basis, with the State Department and CIA. The NSC would pass along information and give our views on whether there were foreign policy implications to a meeting, providing whatever appropriate information was available to us or noting that the individuals were not known to us. The final decision on non-NSC related events was made elsewhere. (U)

In addition, the NSC might be asked to review a letter prepared by another component of the White House for the President's signature. We would review such letters for accuracy and foreign policy implications. (U)

A review of our records shows that there was NSC involvement with the named individuals or entities on a very limited number of occasions—and from a foreign policy rather than domestic political point of view. (U)

A search of our files has produced four documents to or from me that relate to the listed individuals:

(1) An April 13, 1993 memo from me to then Chief of Staff McLarty regarding a request for a photo opportunity with a visiting delegation from the PRC. The event was promoted by Charlie Trie. I recommended against the meeting because the officials were not sufficiently senior. There is no indication that the President or NSC staff met with this delegation. (U)

(2) An October 4, 1994 memo from me and Robert Rubin to the President regarding his October 6, 1994 meeting with Thai Prime Minister Chuan Leekpai. In the attachments are talking points for a separate photo-op with the President, the Prime Minister and 22 members of the U.S.-Thai Business Council which included Pauline Kanchanalak (listed as Parichattkul). I did not attend the meeting with the Prime Minister and the President, nor the photo-op. Two members of the NSC staff attended the meeting with the Prime Minister. We have no records indicating either attended the photo-op. (U)

(3) An April 24, 1996 memo from me to the President responding to a letter to him from Charlie Trie regarding the direction of U.S. policy during the height of the Taiwan Strait crisis in March, 1996. My memo and the President's letter outlined our policy on the issue. (U)

(4) July 31, 1995 documents regarding Johnny Chung's travel to China and intention to become involved in the Harry Wu case. My staff outlined for me the problems with his doing so. He was seeking a Presidential letter but we did not provide such a letter and he left for China before the NSC made any recommendation on the issue. A note indicated there was discussion of whether to call Chung, but that no call was made. (U)

Regarding other NSC involvement, our file search shows that out of the 38 individuals and entities listed on your request, the NSC met with only one, Pauline Kanchanalak (or Parichattkul). This information was released by the White House in December 1996. One member of the NSC staff, Sandra Kristoff, scheduled three meetings with Ms. Kanchanalak (8/20/96, 6/27/96, 4/7/93) and another NSC staff member participated in an official meeting with the Vice President and his Thai counterpart at which Ms. Kanchanalak was part of the Thai delegation (10/23/95). (U)

Also disclosed in November were White House WAVES records indicating Ms. Kristoff's office cleared John Huang into the White House three times (9/26/94; 10/14/94; 10/28/94), although records indicated he entered the White House complex only on 9/26/94. It is our understanding that this clearance was most likely for APEC-related meetings in his capacity as a Commerce Department employee. We

have no records indicating Ms. Kristoff or any member of the NSC staff met with Mr. Huang. (U)

Other relevant NSC documents are listed below:

Meetings

(A) As noted above, August 20, 1996—Calendar entry on NSC staff calendar noting meeting which included Karl Jackson (President, U.S.-Thai Business Council), Pauline Kanchanalak and Clark Wallace (a staff member of the U.S.-Thai Business Council). The note indicates the meeting concerned the President's trip. The President went to the APEC meeting in November 1996 in the Philippines and also visited Thailand. It is our understanding that the discussion involved the U.S.-Thai Business Council's offer to host a luncheon speech for the President in Thailand. The President spoke instead at the Chulalongkorn University. (U)

(B) As noted above, June 27, 1996—Calendar entry on NSC staff calendar noting meeting with Karl Jackson, Clark Wallace and Pauline Kanchanalak. It is our understanding that this discussion involved the possibility of the President's trip to Thailand. (U)

(C) As noted above, October 23, 1995 draft memo for the Vice President's meeting with Thai Deputy Prime Minister Annuay Viravan. Pauline Kanchanalak participated in the meeting as part of the Thai delegation. NSC staff participated in the meeting. (U)

(D) As noted above, October 23, 1995 calendar entry in NSC staff calendar reflects this meeting with the Vice President. (U)

(E) October 6, 1994 NSC staff calendar entry for meeting with Thai Prime Minister, President Clinton (noted above in #2). (U)

NSC Views Sought

(F) August 28, 1996 document conveying NSC views that there was no foreign policy reason for the President to accept an invitation to an Asian Pacific American tribute to U.S. Senator Paul Simon. Those requesting attendance included Charlie Trie. The President did not attend the event (he sent a letter). (U)

(G) June 4, 1996 document conveying NSC views that the President's meeting with Thai business leader and former government official Dhanin Chearavanont, requested by John Huang, was "okay". Chearavanont, among others, met with the President on June 18, 1996 at a coffee. (U)

(H) April 15, 1996 document conveying NSC views that an invitation to the Vice President to visit the Hsi Lai Temple and a fundraising lunch hosted by Hsing Yun should be approached with caution from the standpoint of China/Taiwan relations. (U)

(I) An April 7, 1995 document conveying NSC views on whether to provide to Johnny Chung and a group of Chinese nationals a copy of a photo of them with the President. We have no information as to whether the photo with the group was ever provided. (U)

(J) May 24, 1994 document conveying NSC views that no NSC action was needed regarding a John Huang letter indicating there would be a forthcoming invitation to the President with the "Committee of 100" prominent Chinese Americans. Event was declined. (U)

(K) March 6, 1996 document transmitting to White House Counsel staff a request from Martin Royeen on Clinton/Gore '96 stationery regarding the President receiving the Mahatma Gandhi World Peace Award for 1996. Event was declined. (U)

(L) April 30 note indicating NSC had cleared May 3, 1993 letter from POTUS to James Riady. Letter has been previously released. (U)

Press Inquiry

(M) November 2, 1994 note regarding a press inquiry on an APEC-related story which includes a note that the reporter is also looking into Mochtar and James Riady. (U)

Phone Calls

(N) September 30, 1994 phone call log indicated Pauline Kanchanalak placed a call to Sandra Kristoff. While we have located no record of any phone calls taking place, Ms. Kristoff recalls speaking to Ms. Kanchanalak on several occasions in 1993 regarding general Asian affairs. (U)

(O) November 26, 1996 note regarding a press inquiry to Ms. Kristoff regarding the WAVES clearance for John Huang mentioned above. (U)

[NOTE: While we have no record of the calls, an NSC staff member recalls receiving several calls from Johnny Chung in 1994 seeking appointments with NSC officials. The NSC staff member declined to set up a meeting.] (U)

Attached are copies of these documents. We have, as is our practice, redacted material in the documents that is not directly related to the inquiry; they also implicate confidentiality interests. We are prepared to brief members and staff as appropriate on the redacted material. (U)

We also have attached a number of documents collected for the request that do not involve contacts referred to in your question. While they are not responsive to your inquiry regarding NSC contacts, we nevertheless are providing them because they are being provided to other committees. (U)

ENERGY STOCK DIVESTITURE

Questions 2-9.

Response. Attached please find the following documents, which respond to these questions: (1) Stipulation of Dismissal of Complaint, with Factual Stipulation and Settlement Agreement, between the Department of Justice and Anthony Lake, February 7, 1997; (2) Complaint, February 7, 1997; (3) Answer to Complaint, February 7, 1997. (U)

DIVESTITURE REQUIREMENTS

Question 10. What are the requirements concerning the elimination of potential conflicts of interest for the National Security Advisor? Please provide a copy of those requirements.

Response. There are no conflict of interest requirements that are unique to the National Security Adviser. As with all federal employees, the National Security Adviser is subject to the restrictions in the conflict of interest statutes, 18 U.S.C. §§ 201-209, and the government-wide standards of ethical conduct, 5 C.F.R. Part 2635. Consistent with the statute and the regulations, federal employees may resolve potential conflicts employing one or a combination of options, including divestiture, recusal, conflict of interest waivers, or blind or diversified trusts. Since my stock divestiture matter arose, procedures for tracking and advising White House employees regarding divestiture requirements have been reviewed and improved. (U)

Question 11. How are those requirements to be communicated to the National Security Adviser and members of his staff? Were those procedures followed in your case?

Response. All employees of the Executive Office of the President receive ethics training upon entry into service and on an annual basis. I received such training from the Counsel's Office early in 1993 and annually thereafter. Additionally, where warranted, those employees who file financial disclosure forms, as well as employees who request additional guidance, receive individual counseling regarding potential conflicts of interest. The National Security Adviser, is part of the White House Office staff and his Designated Agency Ethics Officer is the White House Counsel. However, he also has his own counsel on the NSC staff—the NSC Legal Adviser. The Legal Adviser is in close contact with the White House Counsel's Office and together they provide advice regarding ethics matters. The NSC Legal Adviser is the Designated Ethics Officer for the NSC staff. (U)

The NSC Legal Adviser and White House Counsel's Office consulted one another on ethics advice during my tenure as National Security Adviser. (U)

POTENTIAL CONFLICTS OF INTEREST

Question 12(a). We understand that you have pledged to disqualify yourself in writing from participating in an official capacity in any particular matter that would have a direct and predictable effect on Bell Atlantic, an organization with which the CIA has a direct relationship, or Mount Holyoke College, an organization from which you have taken an indefinite leave of absence and participate in an employee benefit plan. What is the nature of the CIA's relationship with Bell Atlantic Corporation? Please provide the Committee with a copy of the written statements implementing your personal disqualification from participation in matters concerning those organizations.

What is the nature of the CIA's relationship with Bell Atlantic Corporation?

Response. Bell Atlantic provides the CIA routine telephone service. In addition, the Agency has 15 current contracts with Bell Atlantic. These contracts are for general telecommunications equipment and services, such as leased lines, call forwarding, mobile telephones, and the like. (U)

Question 12(b) Please provide the Committee with a copy of the written statements implementing your personal disqualification from participation in matters concerning those organizations.

Response.

Question 13(a). In his letter assessing your potential conflict of interest in organizations for which you own some share, Mr. John Rizzo, CIA Senior Deputy General Counsel and Designated Ethics Official, states:

I am aware that some of the companies listed on schedule A of the Public Financial Disclosure Report) conduct business overseas. I have determined that it is extremely unlikely that Mr. Lake as DCI would be asked to take official action in a particular matter that would have a direct and predictable effect on the financial interest of these companies. I therefore have determined it is not necessary that Mr. Lake or his spouse divest their interest in these companies.

In the event that the CIA does engage in a contractual relationship with an organization with which you own a financial interest during your tenure as DCI:

Who is responsible for identifying and assessing the potential conflict of interest?

Response. John Rizzo, Senior Deputy General Counsel and Designated Agency Ethics Officer, is responsible for determining whether a potential conflict of interest exists. (U)

Question 13(b). How will you ensure that this determination will be made prior to a conflict of interest arising?

Response. My Executive Assistant will be provided a copy of my financial disclosure statement and will be given instructions to bring to Mr. Rizzo's immediate attention any particular matter that I am asked to take official action on that would have a direct and predictable effect on any entity in which I or my spouse have a financial interest. If Mr. Rizzo determines that a conflict of interest exists, I will either divest myself of the financial interest giving rise to the conflict of interest or disqualify myself in writing from taking any official action on the particular matter. (U)

Question 13(c). If it is determined that a potential conflict of interest exists between you, as DCI, and an organization with which the CIA has a relationship, what steps will be taken to alleviate the conflict?

Response. As stated, I will either divest myself of the financial interest or disqualify myself in writing from taking any official action on the particular matter. (U)

Question 13(d). How and when will this Committee be notified if such a situation arises?

Response. I will notify the Committee of any potential conflicts of interest and how they were resolved whenever Mr. Rizzo, or his successor, makes a determination that a conflict of interest would exist in my taking official action on a particular matter. (U)

Question 14. Do intelligence organizations other than the CIA engage in direct relationships with any of the companies for which you own stock? If so, what steps have or will be taken to ensure that there is no perceived conflict of interest when you, in your role as head of the Intelligence Community, are involved in decisions which may impact these organizations?

Response. Even in the unlikely event that I would be asked to take action on a particular matter involving a contractual relationship between another element of the Intelligence Community and a company in which I or my spouse have a financial interest, the screening arrangement I described above would act as a safeguard to prevent such action from being taken. Nonetheless, based on discussions between the Agency and the Committee staff, I understand the Committee remains concerned about this possibility. To address the concerns of the Committee, Mr. Rizzo has agreed to ask appropriate officials at the National Imagery and Mapping Agency, the Defense Intelligence Agency and the National Security Agency to search their data bases to determine whether they have any contractual relationships with any of the companies listed on Schedule A of my financial disclosure statement. Mr. Rizzo has concluded that these are the remaining elements of the Intelligence Community where there may be a possibility, however remote, that a contract with such a company would come to the DCI for a decision. Along with the NRO and CIA, these three agencies account for the bulk of Intelligence Community contracts. Officials at these three agencies have been asked to respond in writing to Mr. Rizzo by 14 February and he will be informing the Committee Staff Directors of the results of that search. If it is determined that there is a contractual relationship between a company listed on Schedule A of my financial disclosure statement and DIA, NSA or NIMA, I will disqualify myself in writing from participating in an official capacity in any particular matter that would have a direct and predictable effect on the financial interests of those companies. (U)

IRAN/BOSNIA

Question 15(a). Why was Congress not informed of the April 1994 U.S. decision, in response to a question from Croatian President Franjo Tudjman, not to object to his intended transshipment of Iranian and other arms to the Bosnian Muslims?

Response. As I have indicated on a number of occasions, I do not recall a specific decision not to inform the Congress. In retrospect, it would have been better had key Members of Congress been informed on a discreet basis. (U)

Question 15(b). How was this decision made and what was your role?

Response. As I recall, and as I have told this Committee, I was either on my way to or from President Nixon's funeral in April 1994, I believe the latter, when I was contacted aboard Air Force One regarding our response to a question from President Tudjman of Croatia: Would the United States object if Croatia were to allow arms shipments to the Bosnian Government from other countries, including Iran, to transit Croatia. The matter had already been discussed at a level below Principals, and there were a number of cables from our Ambassador in Croatia on this subject as well. However, I do not recall being aware of the question until contacted on Air Force One. (U)

Deputy Secretary Talbott and I discussed on the plane how we should respond, covering the pros and cons of the options presented. We were on the horns of a dilemma. At a time when the Muslims were in a perilous military situation on the ground, if we objected, and the Croats had declined to allow the transshipments, the nascent Bosnian-Croatian Federation would almost certainly have collapsed. If we had approved, the Allies would surely have learned of it. This in turn would have led to a significant rift with our allies, prompted their likely withdrawal from UNPROFOR and Bosnia, and undermined NATO, leading to further bloodshed and calls for U.S. intervention. (U)

There was pressure to get back to our Ambassador as soon as possible, since this was a question from a head of state involving the future of the Federation and the war in Bosnia. There was no time for a Principals Meeting. In any event, this was a diplomatic activity, which is appropriately handled by the State Department. As I recall, I had not had a chance that day, with the Nixon funeral, to have my daily meeting with the President to go through various matters so I went up to his cabin and ran through these items with him, including this issue. (U)

I ran through the pros and cons, and Mr. Talbott's and my recommendation; I indicated that we would stay out of it and that this would mean the arms would likely flow. The President agreed that we should tell our Ambassador that he had "no instructions," period. This instruction was subsequently conveyed to the Ambassador by the State Department. You are, I trust, after your own investigation, familiar with many of the events and conversations that followed, including my own with my staff, which was subsequently in touch with Amb. Galbraith. I made it clear that "no instructions" meant just that. (U)

Question 15(c). Was there any consideration to the effects this decision would have on the debates in Congress?

Response. Not that I recall. (U)

Question 15(d). At the time this decision was made, did you or anyone else consider the Administration's legal obligations under covert action or general notification provisions of Title V of the National Security Act of 1947 statutes to notify Congress?

Response. Since "no instructions" fell well short of any activity that could be construed as covert action, I do not recall this question coming up. Later that year, when informed that U.S. officials might have gone beyond "no instructions," I and others referred the matter to the Intelligence Oversight Board. Based on the findings of the Board, the White House Counsel, in consultation with the Chairman of the IOB, concluded that there was no illegal activity. (U)

Question 15(e). Should Congress have been informed?

Response. It would have been better to have informed key members of the Congress on a discreet basis regarding the "no instructions" instruction. The President has said the same. (U)

The close-hold manner in which this was handled within the Administration at the time reflected our grave concern about the need to keep our allies together and the damage any leak would have on our allies, on their willingness to stay in Bosnia and on NATO more generally. (U)

At the same time, I do not believe the Executive Branch was under a legal obligation to inform the Congress. This was not a covert action and it was not an intelligence activity. An instruction to an Ambassador that he is uninstructed, as was

done in this context, is a diplomatic activity. (This is not, in any way, to suggest that the information provided to Congress or this Committee should be limited to that which is legally required.) (U)

Question 16. Did you at any time, either directly or by indirection, give U.S. Ambassador Peter Galbraith or other U.S. personnel permission to go beyond the "no instructions" policy in their support for the flow of arms to the Bosnian Muslims? Response. No. (U)

Question 17. In its report of November 1996, this Committee recommended as follows:

1. The Executive Branch, especially the White House and the Department of State, should make a written record of every significant foreign policy decision, and especially of those decisions that reflect a change in policy; and it should ensure that adequate mechanisms are in place to generate and protect communications that are particularly sensitive;

2. The Executive Branch should keep the Committee "fully and currently informed" of the substantive content of intelligence that is collected or analyzed by U.S. intelligence agencies; and

3. The Executive Branch should inform Congress of significant secret changes in U.S. foreign policy.

What are your views on those recommendations, and what action will you take on them if you are confirmed as Director of Central Intelligence?

Response. In my view, the first and third recommendations reflect what is already general practice. The case of "no instructions" was an exception. At the same time, it should be noted that it is up to the policy making departments to keep the Congress informed of key policy decisions. CIA is not and should not be looked to for reporting on policy initiatives and changes other than those pertaining to covert action. (U)

On the second point, the CIA and intelligence community already provide a great deal of substantive intelligence to the committees, both on its own initiative and in response to specific inquiries. This is productive and appropriate and should continue. (U)

POLICY RESPONSES TO INTELLIGENCE ON CHINA'S PROLIFERATION POLICIES

Question 18. To what extent has China abided by its nonproliferation commitments, particularly the October 1994 and May 1996 agreements with the U.S. on missile and nuclear-related transfers, as well as China's commitment to abide by the terms of the Missile Technology Control Regime (MTCR)?

Question 19. What is the intelligence assessment regarding whether China has transferred technology covered by Category I of the MTCR, such as complete M-11 missiles, to Pakistan, and how has that assessment changed over time? What has been the policy response to this assessment?

Response. The U.S. government has long been concerned about reports that China may have exported M-11 missiles and technology to Pakistan. We have raised these concerns directly with the Chinese at the highest levels. We are also holding a series of expert-level meetings with the Chinese to seek agreement on measures to strengthen missile-related export controls. (U)

[Sensitive material removed.]

We continue to closely review and monitor all reports related to these concerns, but we have not made a determination under U.S. law that China and Pakistan have engaged in sanctionable activity beyond the August 1993 determination that China provided category II MTCR items to Pakistan. (U)

[Sensitive material removed.]

On May 10, 1996, the Secretary of State concluded that there was insufficient evidence to determine that China had "willfully" acted to provide ring magnets to Pakistan's unsafeguarded nuclear program. Our information on the particular transaction and the general export control procedures that were in effect at that time indicated that the transaction could have taken place without the knowledge or approval of central government authorities, especially given the low monetary value of the transaction and the fact that the commodity was not specifically listed on the international control lists. (U)

COUNTERTERRORISM: SUDAN

Question 22. The Washington Post reported on Thursday, January 27, 1997, that the Clinton Administration waived provisions of the 1996 Anti-terrorism Act to

allow an American corporation; Occidental Petroleum, Inc., to invest in Sudan. The Administration had previously detailed the Sudanese government's widespread support of terrorist organizations, its allowance of terrorist groups to operate and train within its territory, and its suspected involvement with assassination attempts.

Was the NSC involved in this decision? Did the NSC review this decision? Were you personally involved in the decision to grant Sudan this exemption? If not, when did you learn of this decision? What is your view of this policy?

Response. The Administration has strongly opposed terrorism in all its forms. It was the Clinton Administration that placed Sudan on the terrorist list and subsequently imposed unilateral sanctions. The Administration has sought to pressure and isolate Sudan, including by strongly supporting sanctions against Sudan in the U.N. Security Council and by providing defensive military assistance to the Front-line States bordering Sudan. (U)

- On August 22, 1996, the Office of Foreign Assets Control (OFAC) of the Treasury Department, on the basis of foreign policy guidance from the Department of State and in consultation with NSC staff, issued regulations implementing Section 321 of the Anti-Terrorism and Effective Death Penalty Act of 1996, which prohibits financial transactions with governments of countries that support international terrorism "except as provided in regulations issued by the Secretary of the Treasury in consultation with the Secretary of State."

- The State Department had advised the Treasury Department that the legislative history of Section 321 indicated it was focused on "incoming" money—U.S. persons bringing into the U.S. money received from a terrorist government because the money might be used to support terrorist activities in the United States.

- With respect to the five countries already subject to comprehensive embargoes (Iran, Iraq, Libya, Cuba and North Korea), State advised that no additional restrictions were needed.

- With respect to Syria and Sudan—non-embargoed terrorism list countries—the State Department recommended a regulatory program that would prohibit donations from those governments to U.S. persons, unless specifically licensed by OFAC, and would prohibit financial transfers from those governments to U.S. persons which posed a risk of furthering terrorist acts in the United States.

- OFAC accepted the State Department recommendation and issued implementing regulations consistent with it. The regulations did not require any further licensing action for companies doing business in Syria and Sudan. Therefore, neither Occidental nor any other U.S. company required any licensing action or an exemption or a waiver from the U.S. Government for its commercial activities in Sudan.

- While Occidental did not seek a license or exemption, it did inform the U.S. Government of its plans and interests. The State Department and the NSC staff informed Occidental of our policy toward Sudan, our opposition to Sudan's state sponsorship of terrorism, and the policy and security risks involved in their proceeding. However, we left the decision with Occidental whether to proceed or not.

- Although I personally was not involved, the NSC was consulted by OFAC and State concerning the implementing regulations last August. And at various times the NSC and the State Department consulted concerning Occidental's interests in Sudan and the message the Administration would send to Occidental.

- These regulations in no way foreclose further unilateral sanctions or other actions against the Government of Sudan. (U)

SOMALIA

Question 23. On October 3, 1993, U.S. Army Rangers deployed to Somalia were sent on a raid against a compound belonging to Somalia warlord Mohammed Farah Aideed. During the course of this raid, the Rangers were pinned down for a reported 16 hours. Eighteen American servicemen were killed and nearly 80 wounded. It was later learned that then-Secretary of Defense Les Aspin had denied a request for armored units which may have been able to rescue the Ranger unit.

What involvement did the National Security Council have in decisions regarding forces deployed to Somalia? Were these matters discussed at NSC meetings? Did you have any involvement in the decision not to send armored reinforcements to Somalia? If so, what was your view regarding the armored units?

Response. The decisions on the request for armor and on the reinforcements were made within the Defense Department. I would refer you to the report by Senators Warner and Levin and the January 1994 Department of Defense answers to the questions submitted by the Senate Armed Services Committee on U.S. Military Operations in Somalia for analysis on how this decision was made. (U)

Question 24. Prior to this incident, what was your assessment of Mohammed Farah Aideed and the strength of his forces? On what was this assessment based? How did this assessment influence your decisions regarding the Somalia mission?

Response. The assessment of the Intelligence Community throughout 1993 was that Aideed was the strongest of the faction leaders militarily, that his strength was growing, and that he posed an increasingly credible threat to U.N. forces. That assessment played a part in our efforts during the fall of 1993 to urge the U.N. to seek more actively a negotiated solution to the conflict among the factions. (U)

Question 25. During the Somalia deployment, American intelligence products were provided to the United Nations mission to Somalia. Some classified American intelligence products provided to the United Nations Somali mission were later found abandoned and unsecured in one of their former offices. Was the National Security Council involved in the decision to provide classified intelligence to the United Nations mission to Somalia? If so, did the NSC insist upon proper safeguards for this material? What were those safeguards? What changes, if any, were made in U.S. policy regarding intelligence sharing with the United Nations after this incident in Somalia?

Response. In this instance, the leadership of both the U.S. military and the U.S. Intelligence Community believed that the lives of Americans would be better protected by sharing some intelligence with the leadership of the U.N. mission in Somalia. The civilian head of that mission was a retired four-star U.S. Navy Admiral. The military head of that mission was an active duty NATO General. His deputy was an active duty U.S. Army General. To deny them relevant intelligence would not have been in the U.S. interest. (U)

Decisions on precisely what intelligence was to be shared were made by the U.S. Intelligence Community. (U)

We all were shocked and angered when it became clear that, on at least one occasion, the UN forces did not adequately protect our intelligence. This incident led to our adopting more explicit guidelines for safeguarding intelligence given to the U.N. (U)

If confirmed, I will insist that these guidelines are strictly enforced. We will only share U.S. intelligence with the U.N. when it makes sense to do so, when we have fully taken into account the risks, and when we have a mechanism to ensure continuously that there are robust systems of controls and safeguard in effect. (U)

U.S. OFFICE OF GOVERNMENT ETHICS,
Washington, DC, January 15, 1997.

Hon. RICHARD C. SHELBY, *Chairman,*
Select Committee on Intelligence,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by W. Anthony K. Lake, who has been nominated by President Clinton for the position of Director of Central Intelligence.

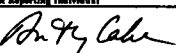


We have reviewed the report and have also obtained advice from the Central Intelligence Agency (CIA) concerning any possible conflict in light of its functions and the nominees proposed duties. Also enclosed is a letter dated January 13, 1997, from the CIA's ethics official which discusses Mr. Lake's ethics agreements with respect to disqualifications and certain other matters.

Based thereon, we believe that Mr. Lake is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

STEPHEN D. POTTS,
Director.

Executive Branch Personnel PUBLIC FINANCIAL DISCLOSURE REPORT

Date of Appointment, Candidacy, Election, or Nomination (Month, Day, Year)		Reporting Status (Check Appropriate Box) <input type="checkbox"/> Incumbent	Calendar Year Covered by Report	<input checked="" type="checkbox"/> New Entrant, Nominee, or Candidate	<input type="checkbox"/> Termination Filer	Termination Date (If Applicable) (Month, Day, Year)	Agency Use Only
Last Name		First Name and Middle Initial				OGE Use Only	
Reporting Individual's Name		Lake		W. Anthony K.		JAN 13 1997	
Position for Which Filing		Title of Position		Department or Agency (If Applicable)		Fee for Late Filing Any individual who is required to file this report and does so more than 30 days after the date the report is required to be filed, or, if an extension is granted, more than 30 days after the last day of the filing extension period shall be subject to a \$200 fee.	
Location of Present Office (or forwarding address)		Address (Number, Street, City, State, and ZIP Code)		Telephone No. (Include Area Code)			
		The White House, Washington, DC		202/456-9491			
Position(s) Held with the Federal Government During the Preceding 18 Months (If Not Same as Above)		Title of Position(s) and Date(s) Held				Reporting Periods Incumbents: The reporting period is the preceding calendar year except Part II of Schedule C and Part I of Schedule D where you must also include the filing year up to the date you file. Part II of Schedule D is not applicable.	
		Assistant to the President for National Security Affairs					
Presidential Nominee Subject to Senate Confirmation		Name of Congressional Committee Considering Nomination		Do You Intend to Create a Qualified Diversified Trust?			
		Select Cmte on Intelligence		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Certification		Signature of Reporting Individual		Date (Month, Day, Year)		Termination Filers: The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination. Part II of Schedule D is not applicable.	
I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge.				January 9, 1997			
Other Review (If desired by agency)		Signature of Other Reviewer		Date (Month, Day, Year)		Nominees, New Entrants and Candidates for President and Vice President: Schedule A--The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets as of any date you choose that is within 31 days of the date of filing.	
Agency Ethics Official's Opinion		Signature of Designated Agency Ethics Official/Reviewing Official		Date (Month, Day, Year)		Schedule B--Not applicable.	
On the basis of information contained in this report, I conclude that the filer is in compliance with applicable laws and regulations (subject to any comments in the last column).				13 Jan 97		Schedule C, Part I (Liabilities)--The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.	
Office of Government Ethics Use Only		Signature		Date (Month, Day, Year)		Schedule C, Part II (Agreements or Arrangements)--Show any agreements or arrangements as of the date of filing.	
				1/15/97		Schedule D--The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.	
Comments of Reviewing Officials (If additional space is required, use the reverse side of this sheet)							

(Check box if comments are continued on the reverse side) ☐

Reporting Individual's Name		SCHEDULE A												Page Number					
W. Anthony K. Lake														1					
Assets and Income		Valuation of Assets at close of reporting period						Income: type and amount. If "None (or less than \$201)" is checked, no other entry is needed in Block C for that item.											
BLOCK A		BLOCK B						BLOCK C											
<p>Identify each asset held by you, your spouse, or dependent children for the production of income which had a fair market value exceeding \$1,000 at the close of the reporting period.</p> <p>Identify each asset or source of income held by you, your spouse, or dependent children which generated over \$200 in income during the reporting period.</p> <p>None <input type="checkbox"/></p>		<p>None (or less than \$201)</p> <p>\$1,001 - \$15,000</p> <p>\$15,001 - \$50,000</p> <p>\$50,001 - \$100,000</p> <p>\$100,001 - \$250,000</p> <p>\$250,001 - \$500,000</p> <p>\$500,001 - \$1,000,000</p> <p>Over \$1,000,000</p>						Type						Amount				Actual Amount Only if "Other" specified	Date (Mo., Day, Yr.) Only if Honoraria
								Dividends	Rent and Royalties	Interest	Capital Gains	Excepted Investment Fund	Excepted Trust	Qualified Trust	Other (Specify Type)	None (or less than \$201)	\$201 - \$1,000		
Examples																			
Central Airlines Common																			
Doe Jones & Smith, Hometown, State																		\$130,000	
Kempstone Equity Fund																			
IRA: Heartland 500 Index Fund																			
1	Air Products and Chemicals				X				X						X				
2	Bank of New York				X				X						X				
3	CPC International				X				X						X				
4	CoreStates Financial				X				X								X		
5	General Mills				X				X						X				
6	Gillette Co.				X				X							X			

1991 Edition Can Be Used; Editions Prior to 1991 Cannot Be Used.

Reporting Individual's Name W. Anthony K. Lake		SCHEDULE A continued														Page Number 3						
Block A		Block B					Block C															
Assets and Income		Valuation of Assets					Income: Type														Amount	
Identify each asset held for the production of income which had a fair market value exceeding \$1,000 at the close of the reporting period. Identify each asset or source of income which generated over \$200 in income during the reporting period.		\$1,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$250,000	\$250,001 - \$500,000	Over \$500,000	Dividends	Rents and Royalties	Interest	Capital Gains	Exempted Trust	Other (Specify Type)	\$1,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$250,000	\$250,001 - \$500,000	Over \$500,000	Actual Amount Only if "Other" specified	Date (Mo., Day, Yr.) Only if Honoraria	
1	S Conrail, Inc.				X																	
2	S Emerson Electric			X																		
3	S Heinz, H.J. Co.				X											X						
4	S Eli Lilly & Co.				X					X								X				
5	S Merck & Co.				X											X						
6	S J.P. Morgan & Co.			X												X						
7	S Pepsico, Inc.			X						X								X				
8	S Proctor and Gamble				X											X						
9	S Sysco Corp.			X												X						

Reporting Individual's Name W. Anthony K. Lake		SCHEDULE A continued														Page Number 4						
Block A		Block B					Block C															
Assets and Income		Valuation of Assets					Income: Type														Amount	
Identify each asset held for the production of income which had a fair market value exceeding \$1,000 at the close of the reporting period. Identify each asset or source of income which generated over \$200 in income during the reporting period.		\$1,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$250,000	Over \$250,000	Rent and Royalties	Interest	Capital Gains	Exceptional Trust	Other (Specify Type)	Over \$1,000 (Specify Type)	\$201 - \$1,000	\$1,001 - \$2,500	\$2,501 - \$5,000	\$5,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$1,000,000	Over \$1,000,000	Actual Amount	Date (Mo., Day, Yr.)
																					Only if "Other" specified	Only if Honoraria
1	S Unilever plc ADR			X			X								X							
2	S U.S. Treasury Note 7.375% due 11/15/97			X				X							X							
3	S U.S. Treasury Note 5.125% due 03/31/98			X				X							X							
4	S KP/Miller Realty Growth Fund*	X									Real Estate Partnership	X										
5	Dun and Bradstreet							X							X							
6	Storage U.S.A.							X							X							
7	Glaxo-Wellcome plc ADR							X										X				
8	TIAA/CREF Mount Holyoke College Retirement Plan				X				X								X					
9	J Kinne Brook Farm				X						Working Farm Income									Lost Money		

5/91 Edition Can Be Used; Editions Prior to 1/91 Cannot Be Used. *KP/Miller Realty Growth Fund is a REIT (Real Estate Investment Trust). Currently, the General Partners of the Partnership are proceeding with a plan of termination and dissolution. MRS. LAKE is a Limited Partner.

Reporting Individual's Name W. Anthony K. Lake		SCHEDULE A continued															Page Number 5												
Block A		Block B					Block C																						
Assets and Income		Valuation of Assets					Income: Type										Amount												
Identify each asset held for the production of income which had a fair market value exceeding \$1,000 at the close of the reporting period. Identify each asset or source of income which generated over \$200 in income during the reporting period.		None (or less than \$1,001)	\$1,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$250,000	\$250,001 - \$500,000	\$500,001 - \$1,000,000	Over \$1,000,000	Dividends	Rent and Royalties	Interest	Capital Gains	Excluded Investment Fund	Exception Trust	Qualified Trust	Other (Specify Type)	None (or less than \$201)	\$201 - \$1,000	\$1,001 - \$2,500	\$2,501 - \$5,000	\$5,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$1,000,000	Over \$1,000,000	Actual Amount Only if "Other" specified	Date (Mo., Day, Yr.) Only if Honoraria	
1	J Schwab Money Market Fund			X									X						X										
2	S Schwab Money Market Fund			X									X							X									
3	S International Flavors and Fragrance	X								X										X									
4	S Drug Strategies, Inc.																Salary												
5																													
6	S Thun Partnership				X												Real Estate Partnership		X										
7	S Litchfield Preservation L.P.		X														Real Estate Partnership		X										
8	S Equitable Life Assurance (Whole Life)		X							X																			
9	S Goldman Sachs Federal Portfolio (money market)		X										X																

(b) Edition Case Be Used; Editions Prior to 1/91 Cannot Be Used. (continued) This partnership currently owns three properties: Cypress Station Shopping Center in Houston, Texas; McLeod Road Warehouse in Orlando, Florida; and Lemon Bay Shopping Center in Englewood, Florida. Negotiations for sale of all the properties are in progress.

Reporting Individual's Name W. Anthony K. Lake		SCHEDULE A continued												Page Number 6							
Block A		Block B					Block C														
Assets and Income		Valuation of Assets					Income: Type					Amount									
<p>Identify each asset held for the production of income which had a fair market value exceeding \$1,000 at the close of the reporting period.</p> <p>Identify each asset or source of income which generated over \$200 in income during the reporting period.</p>		\$1,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$250,000	\$250,001 - \$500,000	Over \$500,000	Rent and Royalties	Dividends	Capital Gains	Excepted Trust	Qualified Plan	Other (Specify Type)	\$1,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$250,000	\$250,001 - \$500,000	Over \$500,000	Actual Amount Only if "Other" specified	Date (Mo., Day, Yr.) Only if Honorary
1	Berkshire Capital One, L.P.			X								Venture Capital Partnership	X								
	-Adra Systems, Inc.		X										X								
	-Cohesive Technologies		X										X								
	-Hyperion Catalysis, Intl.	X											X								
2																					
3																					
4																					
5																					
6																					
7																					
8																					
9																					

Reporting Individual's Name W. Anthony K. Lake	SCHEDULE C	Page Number 7
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Part I: Liabilities

Report liabilities over \$10,000 owed to any one creditor at any time during the reporting period by you, your spouse, or dependent children. Check the highest amount owed during the reporting period. Exclude a mortgage on your

personal residence unless it is rented out; loans secured by automobiles, household furniture or appliances; and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.

Creditors (Name and Address)		Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value (\$)										
						None <input checked="" type="checkbox"/>	\$10,001 - \$19,999	\$20,000 - \$29,999	\$30,000 - \$39,999	\$40,000 - \$49,999	\$50,000 - \$59,999	\$60,000 - \$69,999	\$70,000 - \$79,999	\$80,000 - \$89,999	\$90,000 - \$99,999	Over \$1,000,000
Examples:	First District Bank, Washington, DC John Jones, 130 S St., Washington, DC	Mortgage on rental property, Delaware Promissory note	1981 1989	12% 10%	30 yrs. on demand				x					x		
1																
2																
3																
4																
5																

Part II: Agreements or Arrangements

Report your agreements or arrangements for:
 (1) continuing participation in an employee benefit plan (e.g. pension, 401K, deferred compensation); (2) continuation of payment by a former employer (including severance payments);

(3) leaves of absence; and (4) future employment. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

Status and Terms of any Agreement or Arrangement		Parties	Date
Examples:	Partner in partnership agreement, will receive lump sum payment of capital account & partnership share calculated on service performed through 11/91.	Doe Jones & Smith, Hometown, State	7/85
1	Non-Reimbursed Leave of Absence - Mount Holyoke	Mount Holyoke College South Hadley, MA	1/93
2	TIAA/CREF Mount Holyoke College Retirement Plan		
3			
4			
5			
6			

Reporting Individual's Name W. Anthony K. Lake	SCHEDULE D	Page Number 8
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Part I: Positions Held Outside U.S. Government

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or

consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None ☐

Organization (Name and Address)		Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples: Nat'l Assn. of Book Collectors, NY, NY		Non-profit education	President	6/82	Present
Doe Jones & Smith, Hometown, State		Law firm	Partner	2/85	11/81
1	Kinne Brook Farm (Worthington, MA)	Farm	Owner	6/80	Present
2	Non-Reimbursed Leave of Absence--Mt. Holyoke	College	Professor	1/93	Present
3					
4					
5					
6					

Part II: Compensation In Excess Of \$5,000 Paid by One Source

Report sources of more than \$5,000 compensation received by you or your business affiliation for services provided directly by you during any one year of the reporting period. This includes the names of clients and customers of any

corporation, firm, partnership, or other business enterprise, or any other non-profit organization when you directly provided the services generating a fee or payment of more than \$5,000. You need not report the U.S. Government as a source.

Do not complete this part if you are an Incumbent, Termination Filer, or Vice Presidential or Presidential Candidate

None ☒

Source (Name and Address)	Brief Description of Duties
Examples: Doe Jones & Smith, Hometown, State	Legal services
Matro University (client of Doe Jones & Smith), Hometown, State	Legal services in connection with university construction
1	
2	
3	
4	
5	
6	

Chairman SHELBY. It's now my privilege to turn over to, for anything he might want to say, the distinguished Vice Chairman, Senator Kerrey.

Vice Chairman KERREY. Thank you very much, Mr. Chairman.

I join you in welcoming Mr. Lake, finally, to these hearings. A public hearing on the nomination for Director of Central Intelligence is an opportunity to review the qualifications of the individual and to reexamine the fundamental rationale for national intelligence, while measuring whether the Intelligence Community is making the changes needed to protect our country against the threats of tomorrow. Unfortunately in this decade, it has been an opportunity that has come around all too frequently.

America's need for intelligence is proportional to our role in the world. In his testimony before this Committee and the Armed Services Committee, General Pat Hughes made that important point at the beginning of his assessment of threats facing the United States. Reduce our role in the world, and our need for intelligence is also reduced. As long as we choose to lead in the world, as I believe we must, then the need for accurate and useful intelligence will be vital to military and civilian men and women with the responsibility of carrying out our orders.

But when the world changes dramatically, as it did with the end of the cold war, or as it has with the movement toward a global economy or the introduction of the personal computer in our economic, political, and social lives, then the work of gathering intelligence must change, too. Failure to adjust can cause tragic mistakes. The vacuum created by the disappearance of a single global threat has been filled by regional tyrants and transnational threats, including some that are lethal but not military. It falls to us to be on alert to identify, monitor, and defend against these threats.

Through the spiral of change, we can make out some constants in America's global role. America is and will be the Nation that leads. Others look to us for leadership. As in Bosnia, others hesitate to act unless we lead. To fulfill our leadership obligations, we deploy military forces overseas and our deployed presence creates stability and peace. Sometimes we intervene with those forces to restore stability and to restore peace.

We are also a moral leader. On the basis of right and wrong, we do not shrink from taking sides in international disputes. Countries that take sides attract enemies. We are also the most successful free market economy in the world. Our wealth is the envy of many, and jealousy being a human frailty, our economic success has created additional enemies for us.

We are also an open society. Our free speech creates resentments in some foreign quarters. Our openness is also central to the quality of American life, and we will go to great lengths to protect it.

Each of these increases the risk faced by our country. The core of the Government's duty of defending our independence, our territory and our people is to know these threats and risks, analyze them and allocate efforts to counter them. The task of knowing and analyzing is a task of intelligence. It is the purpose of the job for which Mr. Lake has been nominated.

The cold war is over. But the job of intelligence collection is not, because threats and risk remain and they can grow or diminish based upon the decisions of U.S. policymakers. Their decisions, especially a decision for the U.S. to lead in some activity, need to be informed by intelligence. The taxpayer should expect their policymakers to make decisions which reduce risk. But without intelligence, the opposite is more likely.

The contribution of intelligence to the Administration's decision several months ago not to deploy forces to Zaire proves the point to me. As long as we want informed policymakers, we must have the best intelligence. Similarly, the battlefield success of our military and the lives of our deployed forces are dependent upon U.S. intelligence superiority.

In support of both the policymakers and the military, the Intelligence Community must know most about the topic in question. To do so, the Intelligence Community must operate the finest collection technology in the world and strive to stay ahead of the continual changes in the world of technology. The same striving must mark our efforts to develop our human resources, to recruit and educate and retain the professionals who operate the technology and who also take the personal risk to get the information our Nation must have.

Of all the changing technologies to be mastered, the key, in my view, is the information systems. They are the means of organizing work, and they are increasingly the environment in which the world lives and works. Because of the vulnerabilities of our society in a networked world, we need to create new kinds of defenses. The defensive task is for other agencies, but the Intelligence Community will have to size and describe the threat.

Our country faces other threats, ranging from proliferation to drug trafficking, each of them serious, each of them demanding first claim on our attention. Today's changing threat environment poses great challenges to a director of Central Intelligence, the person who must be more attentive to change than anyone else in government.

Another constant challenge is the requirement for intelligence to state the truth without fear or favor. In other words, intelligence must be coldly independent of the assumptions or preferences of its customers. When the truth is contrary to the views of a senior policymaker, or general, or admiral who's receiving the briefing, the intelligence officer's task is not pleasant. Some courage is called for.

The Nation needs a leader in intelligence who has such courage and who can transmit it throughout the Intelligence Community and who will stand by the employees who demonstrate such courage. I have to determine in these hearings whether Tony Lake is that leader.

I thank you, Mr. Chairman, for the opportunity to provide this opening statement.

Chairman SHELBY. I will go by seniority. Senator Kennedy, do you have an opening statement?

**STATEMENT OF THE HONORABLE EDWARD M. KENNEDY, A
U.S. SENATOR FROM THE COMMONWEALTH OF MASSACHU-
SETTS**

Senator KENNEDY. Thank you very much, Mr. Chairman, Members of the Committee. I join in congratulating President Clinton for this outstanding nomination. I congratulate Mr. Lake for being willing to undertake, once again, public service to the Nation, part of a longstanding life commitment to the public interest of this land.

Mr. Lake, like many of us from Massachusetts, is a longstanding Red Sox supporter. Over many, many years, our friendship has been deepened by these shared frustrations. But in 1992, he assumed new responsibilities on a winning team, and I think he has demonstrated what a powerful player he is in terms of the interests of the United States and foreign policy and national security.

Mr. Lake, I think, is probably the only person in this city who has a Ph.D. and doesn't use the word doctor, but uses the word mister. It's an indication of his own fine sense of humility. He understands the adage of George Marshall that, "It's amazing what can be accomplished in this town if someone is willing to give the credit to someone else." That has marked Mr. Lake's very distinguished career.

Tony was an outstanding teacher in Western Massachusetts at Mount Holyoke. He served as professor of International Relations for five colleges in the area. Tony's shown a commitment to public service; a real profile in courage when he left an administration because of the incursions in Cambodia, a very rare demonstration of courage; a leader as the chairman of the policy planning under President Carter, and the excellent job that he did during that period of time; and now recently in the National Security Council.

He has brought to the areas of foreign policy since the time of the Berlin Wall collapse, a real balance, avoiding the movement toward isolationism and also avoiding massive intrusions around the world, making the United States the policeman of the world. It's been a balance. I think a great deal of the credit for the success of the United States' foreign policy in the recent times must go to Mr. Lake.

We're proud of his public service. A fact that may be lost to some members of this Committee is that he is a farmer in western Massachusetts. He used to be a farmer in western Massachusetts. I'm mindful of those celebrated lines of Ralph Waldo Emerson when he was describing the farmers that were in Lexington and Concord that, "by the rude bridge that arched the flood, the flags to April breeze unfurled, there the embattled farmers stood that fired the shot heard round the world." Mr. Lake shares those embattled farmers' commitment to public service and to the vital interests of this Nation. I'm convinced he'll be an outstanding director of the Central Intelligence Agency.

Chairman SHELBY. Senator Kerry.

**STATEMENT OF THE HONORABLE JOHN F. KERRY, A U.S.
SENATOR FROM THE COMMONWEALTH OF MASSACHUSETTS**

Senator KERRY of Massachusetts. Thank you very much, Mr. Chairman, Mr. Vice Chairman, and fellow members of the Committee.

I join my colleague, Senator Kennedy, in expressing my delight and honor in joining in the introduction of Tony Lake to the Committee, and strongly commend him to the Committee for this job, which is one of the most difficult ones that anyone could be asked to fill in our Government. In my judgment, his experience as National Security Adviser really permits him to bring both a vital and personal set of skills—practical skills—to this job, which some might even think are unique because of the proximity that he has had to the President and to the use of intelligence. He knows how to get it. He knows how to use it. He knows the questions to ask. He knows the difficulties in trying to draw conclusions from some of that intelligence, and I think over the 4 years of that effort, as much as anybody in our Government, would have the ability to help improve our ability to be able to gather that intelligence, sift it, and provide it to policymakers.

I am convinced, and I believe that each and every one of you will become convinced over the course of these hearings, that he deeply understands the importance of drawing a line between intelligence gathering and policymaking. I have no doubt that he's going to fulfill his promise to the President to serve up the unvarnished facts without succumbing to the temptation to try to cross the line into policymaker. That has happened previously in history on both sides of the aisle, and I think Tony Lake comes with some experience on the down sides of having seen how that has affected our country.

I also believe, Mr. Chairman and my fellow members, that Tony Lake's experience will give him an enormous personal advantage in the effort to try to revitalize this institution which we on this Committee are charged with oversight of.

During his time at the NSC, Tony Lake has developed a record of dealing with the most difficult foreign policy issues and I think has proven that he can make some plenty tough choices. It may well be that when you measure those choices, and we will in the next days, whether it's Somalia or Haiti or Bosnia, that despite those difficult choices, his has been one of the most remarkably free crisis periods in recent memory in terms of White House interactions with NSC and the consequences of the decisions that they choose to make. I think that ability to take on the challenging assignments and stand up for what he believes shouldn't be a surprise to any of us.

Senator Kennedy mentioned a moment ago his early experience with the Vietnam War. There was an experience, actually, earlier than that. Many of you may not be aware that as a young foreign service officer in the 1960's, he did something that many other young foreign service officers were not doing. He volunteered for service in Vietnam. There as a diplomat in Saigon and Hue, he encountered first hand the dangers the unpredictability of war. In November 1963 he was living next door to the presidential guard barracks in Saigon when the Diem regime was overthrown. Those barracks in his area of the city came under attack that night with

intense mortar fire, machine gun fire. After notifying the embassy of the attack, he took shelter in a closet in the center of his house, along with his wife, another couple, a housekeeper, and a poodle.

Unfortunately, the phone kept ringing, and Tony's sense of duty was, the phone had to be answered and he had to report on what was happening. So he crawled out into the middle of the area of confusion and chaos and kept answering the phone out of a sense of responsibility that he had to answer to the embassy and to a worried colleague that might be calling.

I would respectfully suggest to this Committee that we will conclude, by a larger margin than some may predict, hopefully even unanimously, that this is a person who continues to demonstrate the same sense of duty and commitment to public service.

When he came back from Vietnam, he served on Henry Kissinger's staff, on the Nixon National Security Council and at that time, he opposed the decision to enter Cambodia. He resigned because he thought the invasion was an ill-conceived policy. I emphasize, ill-conceived policy, the ramifications of which had not been carefully considered. It was precisely his insistence and commitment to thoroughly examining every facet or aspect of an issue and thinking through the long-term impacts that made him a good national security adviser. I respectfully suggest these are the same characteristics that will serve him as director of the Intelligence Agency.

Finally, if I could just say that on Haiti, where some of us, Senator Lugar, Senator Kerrey, others, Senator Graham, worked very closely with Tony Lake and the Administration, he took one of the toughest issues—constant flow of refugees, no sense of how to deal with it, a lack of democracy in a country, a people who didn't want to become involved in it—and he made the strongest recommendations he could, based on the intelligence he was given. I think it's important for the country to note and this Committee to note that he was correct. Despite the protests, despite the early opposition, that mission was carried off with extraordinary ability and with absolute minimal casualties that you could anticipate under any kinds of circumstances of military deployment. So I think, for the first time in history last year, Haiti had a peaceful transfer of power of one government to another, and enormous credit is due to his judgment in effecting that.

The Intelligence Community obviously needs that kind of leadership, and we need stability. I think it's important that he has said from the beginning that he will stay in this job, if confirmed, for the next 4 years, and provide the kind of inspired direction that our intelligence agencies need. I can only think that the—perhaps the only opportunity that might lure him away would be if they offered the opportunity to manage the Red Sox, but I doubt that that will happen because they'll have a championship year without his help this year.

Many of you will learn of his passion for the Red Sox. Some might say that that's reason enough to question his judgment. But one of his favorite stories is telling about a Red Sox fan who awoke 6 months into a coma and uttered one phrase before lapsing back into unconsciousness. The man's only words were, "Bill Buckner ruined my life."

[General laughter.]

Senator KERRY of Massachusetts. The guy had obviously been re-playing game six of the 1986 series and Tony has shared with all of us the sense that that is his greatest nightmare, that he never have to do that himself.

I would, finally, say—and Senator McCain would share this with me—Senator McCain and I went to Tony Lake many times arguing that it was time to move with respect to Vietnam. There was a consensus among many people that it was, but not Tony Lake. Despite entreaties from people in his own party, despite all the political pressures, he wanted to be certain that the job had been completed. Again and again, he exhibited I think his commitment, devotion to duty, sense of responsibility, and sense of propriety, and I am convinced, Mr. Chairman, and Mr. Vice Chairman, that all the members of the Committee will come to that conclusion by the end of these hearings.

Thank you.

Chairman SHELBY. Senator McCain.

**STATEMENT OF THE HONORABLE JOHN MCCAIN, A U.S.
SENATOR FROM THE STATE OF ARIZONA**

Senator MCCAIN. Thank you, Mr. Chairman, Mr. Vice Chairman.

I'm pleased to join with Senators Kennedy, Kerry and our former colleague, Senator Rudman, in introducing the President's nominee to be Director of Central Intelligence Agency, Tony Lake, as you begin what promises to be your merely pro forma uncontentious consideration of his nomination.

[General laughter.]

Senator MCCAIN. Mr. Chairman, although I regret it very much, Bob Dole was not elected President last November. Had he been, we might be considering some worthy member of this August Committee, perhaps you, Mr. Chairman, as the President's nominee to be Director of Central Intelligence. But as we all know, President Clinton was reelected and this Committee and the Senate is now charged with considering the nomination of the President's close adviser and former National Security Adviser to this very important post.

I've always felt strongly that the President, irrespective of his party affiliation, should have fairly wide latitude in assembling his Cabinet, and is entitled to a large measure of the Senate's deference in our consideration of his nominations. This is not to say, however, that we should relinquish our constitutional role in the confirmation process, and I have no concern that this Committee is improperly exercising its responsibilities in that process.

I have on rare occasions objected to a President's nomination, but I've done so only when I had the most serious reservations about that nominee's judgment, competence and character. I have no such doubts about Tony Lake, and thus I welcome the opportunity today to say a few words on his behalf and recommend his nomination to the Members of the Intelligence Committee.

As I'm sure Tony would be the first to concede, I am not regarded as a staunch supporter of the Administration's foreign policy. I have supported some of the President's policies when I judged them to be sound, but from time to time, I have expressed in a retiring

and understated way my disagreements with the direction of administration foreign policy. It's not my purpose to elaborate on those disagreements, but only to say that they are just that—disagreements—and that while I am obliged to express my opposition to them, and take whatever action is appropriate for a legislator to change them, I am not obliged to oppose the people the President has chosen to implement them unless, as I've said, I have good reason to doubt their character, judgment and competence.

Mr. Chairman, over the last 4 years, I've had many occasions to work with Tony Lake, and I've come to respect him greatly as a man of integrity, as a patriot who has given many years of service to the country, and as someone who possesses considerable experience in national security questions, and enjoys the President's confidence in administration deliberations on these questions. I believe he approaches these deliberations in a serious, fair minded and inclusive manner. I also know that he has frequently urged that our senior military commanders be involved in all stages of decision-making when determining administration national security policies, and I appreciate his inclusiveness very much.

During the last Presidential campaign, Tony went to considerable lengths to keep Senator Dole informed of important foreign policy developments. On numerous occasions, he took the time and care to personally brief me, and on some occasions, a member of Senator Dole's staff, on a variety of matters affecting the Nation's security. I believe he did so out of genuine conviction that, as the Republican nominee for President, Senator Dole should be informed of all critical overseas developments, knowledge of which would be essential to the Senator if he were elected President and required to respond to them. I greatly appreciated his professionalism and the thoroughness of his briefings. I feel that the lengths he went to to keep the Republican nominee well informed and prepared to be President were, if not unprecedented in a Presidential campaign, certainly as considerate and fair as patriotism and courtesy require.

I felt then and feel now that Tony's service in this capacity reflected very well on his approach to public service generally, and together with his overall record of service, should entitle him to the Senate's fair, courteous and favorable consideration.

Mr. Chairman, I know there's one matter that will be addressed in these hearings which concerns me, as it rightly concerns the Members of the Committee, and that is the issue of the Iranian arms shipments to Bosnia. Like many Senators, I strongly opposed those shipments and have publicly said so on a number of occasions. Like many of my colleagues, I was not pleased when the appropriate Members of Congress were not informed by the Administration of its decisions to tolerate those shipments.

I suspect Tony and I still disagree with one another about the appropriateness of the Administration's positions on the shipments, and about its Bosnia policy in general. However, I believe Tony has conceded the Administration's mistake in not informing this Committee about the shipments, and has assured the Committee that he will take great pains to prevent any such failing to occur again.

Let me end by affirming to the committee that I believe Tony Lake to be a man of his word. I will take him at his word on this

matter, and recommend that my colleagues do so as well. My regard for Tony does not oblige me to state falsely that I am sure we will from this moment on concur in every foreign policy decision made by the Administration he serves. I suspect that we will continue to disagree as much as we agree. But my regard for Tony does oblige me to share with my colleagues my firm belief that the President, in exercising his right to nominate his cabinet, has chosen a decent, fair and well qualified person to be his Director of the Central Intelligence. I commend him to the Committee and urge the Committee's favorable consideration of him.

Thank you, Mr. Chairman.

Chairman SHELBY. Senator McCain, if Senator Dole had won, like he told us all that he was, and we all hoped he would, that, then you would be in a Cabinet meeting probably right now instead of here.

[General laughter.]

Chairman SHELBY. Senator Rudman.

STATEMENT OF THE HONORABLE WARREN RUDMAN, FORMER U.S. SENATOR FROM THE STATE OF NEW HAMPSHIRE

Senator RUDMAN. Mr. Chairman, Mr. Vice Chairman, Members of the Committee, let me give you some background as to the circumstances under which I am here today. In the spring of 1993, or the late winter, the President asked if I would be willing to serve as vice chairman of the President's Foreign Intelligence Advisory Board. Admiral William Crowe, now Ambassador Crowe, was chairman. I consulted with some of my former colleagues here, and friends in the Intelligence Community. They thought it was a salutary idea, and I accepted. I have served on that Board since then.

In addition to that, when you all here passed legislation mandating the study of roles and missions of the CIA, Les Aspin at that point was chairing PFIAB. Les and I were asked to chair and vice chair that commission, and we did. During the last 4 years, however, I have been chairman of PFIAB more than I have been vice chairman, due to the tragic death of Les Aspin, the early appointment of Admiral Crowe and the delay in appointing Harold Brown to be chairman of the commission, and the delay in naming Tom Foley to be head of PFIAB. So, for all intents and purposes, I ran that commission and ran PFIAB for the better part of the last 4 years. That's the circumstances under which I am here.

I had not known Tony Lake until the day that I met him at the White House. During the past 4 years, PFIAB and the IOB, which is now under Executive order, I think wrongfully, but still under an Executive order, part of PFIAB, have had extensive dealings with the National Security Council. This Committee is well aware of two or three subjects which PFIAB or IOB has delved into, and as a matter of fact, I have personally appeared before this Committee over the last 4 years in executive session to discuss certain issues that we had come across.

During this whole period, it has been essential to have a working relationship with the National Security Council, in particular with the National Security Adviser, that was a good relationship. I just want to tell you unequivocally—and this is all I know—is that my dealings with Tony Lake have been first rate. He has been honest

with us. His integrity, I think, is absolutely beyond question. His knowledge of the world and his grasp of political strategy around the world is truly remarkable. He is a very decent human being.

So I'm pleased to come up and tell you that, from my perspective working with him, I would highly recommend him for this post.

The other thing about him that I think is very salutary based on my experience with intelligence—and I sat where you all sit for a while—he is very deliberate, somewhat cautious but not overly so, and one who is very thoughtful.

Finally, sitting in this hearing room brings back a flood of memories of a lot of subjects, from the Keating Five to the impeachment of Federal judges to highly contested hearings—

[General laughter.]

Senator RUDMAN. Sorry Tony. But most important, the Gates hearing.

Let me tell you about that briefly because the only person sitting here that was there, I believe, is Senator Kerrey, if I'm not mistaken. Gates was nominated to a Democratic-controlled Senate in 1991. The run up to the hearing was tumultuous, full of all sorts of accusations, and all sorts of insinuations, and by the time we got to the hearing, I thought the die was cast. But it was a very good Committee, and although people had said they were probably against him, they listened. Senator Boren chaired that Committee. By the time it was over, the charges were found to be either grossly exaggerated or totally false, and he came through for what he was—a first rate, honest human being who deserved to be confirmed for some of the reasons that my former colleague, Senator McCain, has referred to.

I don't know if that will be the result here or not, but I surely hope that everybody listens.

Thank you, Mr. Chairman.

Chairman SHELBY. Thank all of you all for appearing with Mr. Lake.

At this time, I want to turn to other Members of the Committee for their opening statements, if they wish to make any, for 5 minutes each.

In order of arrival, Senator Baucus.

Senator BAUCUS. Thank you very much, Mr. Chairman.

Mr. Chairman, to me, today is one of the most important hearings this Committee is likely to hold for some time, and that's because, hopefully, the full Senate's final decision on naming the next DCI will end the musical chairs this position has been subjected to for the past 6 years, and we'll have confirmed a good man for the job, who will do what has to be done.

As everyone is by now aware, the next Director of Central Intelligence will be the fifth such person in the last 6 years—five in the last 6 years. I do not know of any organization which can stand such turmoil at the top.

But it is of particular significance for this job because, on the one hand, the DCI is one of the Nation's most powerful people, and on the other hand, the DCI is the head of one of the most complex and secretive organizations in the Federal Government. Instability in the Intelligence Community is very troubling, and I look to the

next DCI to end that trouble and move the community into the next decade.

In my opinion, some of the fundamental flaws uncovered during the Aldrich Ames spy case still exist. This Committee conducted an extensive investigation into Ames' espionage activities, and we published a detailed report. One thing that leapt out at me was that in his case, lousy job performance often was rewarded with better assignments and promotions. The system simply didn't care how one performed. It only cared if one was part of the club.

For example, even though Ames was considered to be only a marginal performer, he was a member of the board to select the CIA's best and brightest for promotion. It was inconceivable to me this would be possible. The CIA thought so little of promotions as a means to reward excellent performance that it used a known poor performer to judge others on the quality of their performance. Nonetheless, this was the case.

Former DCI Jim Woolsey spoke about the old boy network, but he was not DCI long enough to make the long term corrections to a system that has accepted repeated poor performance and fails to weed out the mediocre or the inadequate.

I hasten to add that the clandestine service is extremely important to the Nation's well being. Men and women around the world are risking their lives to collect the human intelligence that we need, despite the end of the cold war. The CIA continues to attract patriotic young Americans who want to serve their country in a way that will never be publicly recognized.

I'm convinced these people are looking for exciting work on the cutting edge of the national security business. They are doing a good job as they grow in the organization. But I am not here now concerned about their efforts. I am concerned about the core ethical basis of this vital service which obligates me to confront the issue of reform at the heart of the organization—that is, establishing the highest standards of performance and ethical behavior, and demanding that everyone meet them, regardless of their seniority. If this didn't matter, I wouldn't worry. But it does matter, and I am concerned.

Mr. Lake, I am disturbed by news reports that you met with members of the Directorate of Operations in order to get their support for your nomination. If true, it sounds a bit like the lion tamer trying to strike a deal with the lions.

I believe one of the things the American people will look for from you is strong leadership to keep the CIA and the Intelligence Community on the right course. They expect a dynamic and firm hand at the controls. They want to know that the most secretive and powerful position in the Government is in the hands of someone who can make tough choices, usually out of their sight.

I look forward to these hearings to explore with you your sense of the need for reform; how you will determine the need for reform; what are the tools available to the DCI to help him understand the true state of play in the organization; and what your vision for the future of the CIA might be.

While you're assessing the performance of others, I'm sure at some point you'll wonder how you're doing. I suggest that a good way to measure your own performance is to be a good enough DCI

so that the next President, Republican or Democrat, will say "Tony, you've done such a good job, why don't you stay on DCI?" If that happens, it will tell us that you will have stayed about the political fray; reported the unvarnished truth to the Congress and the President; demonstrated outstanding managerial abilities; and kept the Intelligence Community on the right course. By the way, will have ended the DCI's game of musical chairs.

Thank you, Mr. Chairman.

Chairman SHELBY. Senator DeWine.

Senator DEWINE. Thank you, Mr. Chairman.

Today we begin the constitutional process of determining whether the U.S. Senate should approve the nomination of Tony Lake as Director of the Central Intelligence Agency. This is always an important process with every Cabinet nominee in every period of our Nation's history. But in my view, the process we begin today with this nominee and with this position is particularly important.

The cold war has been over for half a decade. Since the collapse of the Soviet regime in 1991, the world has become, in many respects, more unstable. The role the CIA is expected to play in this new geopolitical landscape has not yet really become clear. A strong new Director is essential to define the CIA's mission and to provide leadership for a demoralized workforce.

It is very difficult to provide this kind of strong leadership when you have had four CIA directors in the last 5 years. What we now need at the head of the CIA is somebody who is committed, somebody who really wants to be there. Someone who is dedicated to staying in that position for a considerable period of time.

We hear that morale at the CIA is terrible, the recruitment standards are shifting, and that there is no clear mission. Some have even called for the abolition of the agency.

Well, Mr. Chairman, in my view, the CIA, under strong leadership, can play a more important role now than it ever has before in its history. We have rogue states to deal with, drug traffickers, multi-national terrorist organizations, and proliferation of nuclear and other weapons of mass destruction. What we are trying to accomplish in these hearings is quite simple. That is to determine whether Mr. Lake is the right person to undertake this monumental task.

Mr. Lake has been a distinguished student of foreign policy for over a quarter of a century. He has written more, perhaps, than any other nominee for CIA Director in the history of the agency. All of what he has written is interesting. But I hope we will be able to concentrate on those parts of his writings that are relevant to the task before him.

However, even more important than his writings, are his actions. For the past 4 years, Mr. Lake, as the President's National Security Adviser, has been one of America's two or three most important consumers of intelligence. His conduct and role as a consumer of this intelligence is certainly relevant to our deliberations that we begin today. We need to look, case after case, at what did Mr. Lake do with the intelligence he received? What use did he make of the Intelligence Community? Did he encourage them to be frank, so that policy could be made based on the best possible information? Or, was information slanted to help accomplish short term goals,

but in a way that might have sabotaged the cause of intelligent, long-term policymaking?

What has Mr. Lake learned as a consumer of intelligence? Perhaps most important of all, in the light of the CIA's need for a strong director, we have to very candidly look at what is the likelihood that further revelations about the White House and the NSC will make it difficult, if not impossible, for Mr. Lake to focus on his new job at the CIA, and maybe even force him to give it up entirely. We have to look at that.

Mr. Chairman, let me conclude by saying we need somebody in charge who can devote his full, undivided attention to leading the CIA through a time of major upheaval. All of the successful Directors of the CIA have had two key strengths—access and leadership. We know that Mr. Lake is a man who enjoys the President's trust. He is someone who has worked intimately with the President for the last 4 years. In these hearings, Mr. Chairman, we must try to determine if he would be able to use that trust, that access, to rebuild the CIA and provide our Nation with the best possible intelligence.

Chairman SHELBY. Senator Robb.

Senator ROBB. Thank you, Mr. Chairman. I'll be very brief.

I was originally scheduled to be meeting with President Mubarak at this time and in the interim before getting started, I've had a chance to review Mr. Lake's testimony in its entirety, and I look forward to his having the opportunity to deliver it.

Let me say that I have had dealings with Mr. Lake over a period of time—not as extensive as some of the Members of this Committee, or other members of the Intelligence Community—but I have been uniformly impressed on each occasion that I've had any dealings with Mr. Lake, to find him a man of unquestioned integrity and ability and competence—some of the things that those who were kind enough to present him today mentioned.

I think it is very important that this Committee examine him and his credentials and his philosophy and his performance as thoroughly as possible. Tomorrow, I will be asking some questions that will certainly give him an opportunity to respond to some of the things that I think are important, particularly for this particular office.

But I think it is important that we separate wheat from chaff if we do—if we can—in this particular instance. I think if this Committee were viewed—rightly or wrongly—as engaging in a confirmation process that could somehow be characterized as malicious wounding, that we would not serve Mr. Lake or the agency that he is scheduled to head, nor would we serve this Senate, this Committee or this country.

I hope that our questioning can be objective and fair and even handed, and I hope that we can elicit from Mr. Lake the same qualities that he has provided in other periods during the time that he has given himself to public service. I have not always agreed with his philosophy or his decisions, but I, on the basis of all of my personal contact and my contact with others whose opinions and judgments I respect, I find him to be a man of unimpeachable integrity and I look forward to working with him and to continuing this particular hearing.

With that, Mr. Chairman, I thank you.

Chairman SHELBY. Senator Lugar.

Senator LUGAR. Mr. Chairman, I've been impressed with the testimony that we have heard already from Senator McCain, Senator Baucus, and Senator DeWine. Their analysis of the difficulties and challenges facing the CIA, I think, were impressive.

Now I come to this hearing with the thought that there are great opportunities for the United States in foreign and security policy. I have criticized frequently the Clinton administration for inadequacies I felt in seizing this opportunity in American history. At the same time, as you have, Mr. Chairman, I've worked with members of the Clinton administration on behalf of the country in a bipartisan way as I found that appropriate.

I felt strongly enough about foreign and security policy to run for President myself. I was not successful. Senator Dole was our nominee and President Clinton is our President. I accept that fact and congratulate both in turn. I simply take the position, as Senator McCain does, that the President of the United States ought to have wide latitude in naming his national security team in particular. These are extremely important roles and he takes responsibility for them.

Barring unforeseen circumstances, extraordinary testimony that I have not heard before, I intend to support this nominee. I intend to work with him as I hope all Committee members will, because I believe the missions, in many cases, of CIA are confused, and the problem of spies among us is profoundly a tragedy for our country, has been tragic for the Agency and for the Intelligence Community.

For these reasons, I'm hopeful the hearings will highlight how Mr. Lake will have the strength, the vision, the intelligence to make a difference in this situation. It may be a job beyond the capacity of most individuals and Mr. Lake will have to measure up to an extraordinary standard. But I hope our questions will center upon the future of the agency and his successful administration.

I thank you, Mr. Chairman.

Chairman SHELBY. Senator Hatch.

Senator HATCH. Well thank you, Mr. Chairman.

As you know I come at this from a position of wanting to support the President's nominee. I do consider this one of the most important positions in government. It is a position of great secrecy and therefore becomes even more important as we consider the wide array of powers that the Director of the Central Intelligence Agency has.

So I would be very interested in these hearings and the testimony that you, Mr. Lake, give at these hearings.

The President of the United States has to be able to rely on the materials and the information that you give to him, as do we up here on Capitol Hill in many respects. I am concerned about—and I want to listen to you as to how you are going to fulfill that responsibility.

So I'm going to keep an open mind and do the very best I can to be in a position to support you if I can. On the other hand I do want—I do have some tough issues here and some tough questions I think you're going to have to answer, and I look forward to your answers to these things.

I won't take anymore time, Mr. Chairman.

Chairman SHELBY. Senator Chafee.

Senator CHAFEE. Thank you, Mr. Chairman.

The role of DCI continues to be, as has been mentioned here previously this afternoon, one of the most important in our Government. He oversees a vast and often arcane system in interconnecting agencies that make up what we know as our Intelligence Community in the country. As manager of the community, he's responsible not only for the collection and the analysis and the distribution of intelligence, but also the conduct of covert action, which hasn't been mentioned here today.

As adviser to the President on intelligence matters, the DCI must present, as has been mentioned—he must present to the President the most reliable and credible information in a straightforward manner.

Now I'm sure that today we're going—in the ensuing hearings today and in the future we will be looking at Mr. Lake's qualifications for the position that he had, what's taken place in his some 35 year career—much of it associated with government.

But what is most interesting to me, Mr. Chairman, is the future; the future of our Nation's intelligence capabilities. I hope we can examine that and get Mr. Lake's vision in this regard. What are the current and future threats to our national security? What's the role of the United States in the post-cold war era? How should the United States—how should the Intelligence Community support that? Should we be spending more resources on human intelligence or should it be on satellite collection? Is the Pacific Rim the most important area to look at or is it still Europe?

As a former national foreign service officer in Vietnam, National Security Council staff member, as tributes have been paid to him previously; director of policy planning in the State Department; national security adviser, Mr. Lake has a distinguished record in public service. It's very important that he does have the complete trust and confidence of the President.

So I look forward to full examination of Mr. Lake on these issues, particularly what he sees for the future.

Thank you, Mr. Chairman.

Chairman SHELBY. Senator Kyl.

Senator KYL. Thank you, Mr. Chairman, Mr. Lake.

The purpose of these hearings is for the Senate, in executing its Constitutional duty to give advise and consent on key Presidential nominees, to judge whether Mr. Lake should serve in the role of DCI, the most sensitive, non-elected position in the U.S. Government—at least in my view. To that end, the Committee must be given the facts and the opportunity to determine whether Mr. Lake can successfully make the transition from a forceful advocate for the President's policies to someone who provides completely unbiased intelligence to the Executive and the Legislative branches, even if that intelligence is unpleasant to the consumer.

In making this determination, it is my hope that the Committee will hold Mr. Lake to the same rigorous standards that he himself set forth for the DCI in his 1989 book, "Somoza Falling." Mr. Lake will be familiar with the quotation, when he said, "It is essential that the Director of the Central Intelligence be an official who is

prepared to present a President with unpleasant information. When the Director is a loyalist more than an analyst, an enforcer of the President's ideology rather than a skeptical and independent figure, the result can be disastrous."

Mr. Chairman, I think we owe the President a thorough, fair, and expeditious examination of his nominee. The President and the nominee, in turn, owe us cooperation in providing information essential to do our job. Thus far, there has been no agreement by the Administration to provide us certain vital information. With no disrespect to Mr. Lake, I cannot pass judgment on his qualifications without having access to the same kind of information that he has when passing on even the lowest level of intelligence staff member or NSC staff member. He's the highest officer, and the Constitution entrusts to us the responsibility to understand and evaluate his background, and I look forward to the opportunity to do our job.

Chairman SHELBY. Mr. Lake, there's a vote going on right now. I thought Senator Kerrey would be back momentarily. We were going to try to keep the proceedings going.

The Committee is going to stand in recess until we get out. Thank you.

[The Committee stood in recess from 4:11 p.m. until 4:26 p.m.]

Chairman SHELBY. The Committee will come back to order.

Senator ROBERTS.

Senator ROBERTS. Thank you, Mr. Chairman. I wish to associate myself with all the pertinent and salutary comments of my colleagues in regard to the importance of Mr. Lake—Dr. Lake's nomination in reference to our national security and disassociate myself with all the rest.

Having said that, I am intrigued by your statement, by the nominee's statement as to qualifications when Mr. Lake—I think he ought to be called Dr. Lake. As I even look at your qualifications, I think it's a *fait accompli*. Let's just—it bothers me I—it's just Mr. Lake, more especially with your close association with the Massachusetts Maple Syrup producers. I think as a former House Agriculture Committee Chairman, I can truly appreciate that, so I think we ought to say it's Dr. Lake.

But you have stated, I intend to provide hands on, supportive but very firm management, working closely with the Congress and this Committee. It's the working closely with the Congress that I think is exceedingly important. I want to thank you for your courtesy call to my office and our conversation in that regard, and that's the area—that's the topic of concern that is paramount in my mind, whether it be Somalia or Haiti or Bosnia or the campaign contributions and all the allegations in terms of foreign policy considerations and our national security.

So I will intend to focus on that and I would say also, Mr. Chairman, that I want to commend you in working—and also our distinguished Vice Chairman—in working with the White House to gain full access to the summaries of FBI material that will be pertinent to the concerns that you have raised, and I yield back.

Thank you.

Chairman SHELBY. Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman. Mr. Lake should be gratified that my 12 minute statement's been cut down to 5 minutes now with our time limitation.

I was going to talk a little bit about the expectations of this job and perhaps the expectations, ideally, would be a person who's had no party affiliation, a person who's never talked to the President, and that would be ideal, but it's not realistic. But I do think that our expectations are and should be very high, because we are talking about the leader of our Intelligence Community and about the security of our Nation and the security of my five grandchildren.

So in light of these expectations, let me review some aspects of Mr. Lake's record that causes me concern. First, his refusal to advise the President to submit for advice and consent amendments of the Anti Ballistic Missile Treaty and the Treaty on Conventional Armed Forces in Europe leads me to question his commitment to uphold the spirit and intent of the Constitution. His judgment was particularly questionable when, with regard to the ABM, the Defense Authorization Act of 1995 requires, by law, that any substantive change in a treaty be submitted to the Senate for advice and consent. I find it difficult to imagine that changing this treaty from an agreement between two superpowers to an agreement between the United States and as many as 12 other nations would not constitute a substantive change. Yet, Mr. Lake has failed to advise the President to submit this treaty for advice and consent.

Mr. Lake's contempt for the Senate in both word and deed seems to run deep. For example, in his book in 1984, called "Our Own Worst Enemy," he states, "We have"—and I'm quoting now—"We have an irresponsible Congress, which often, in the last two decades, has posed obstacles to coherent Presidential policies without offering real alternatives. Members of Congress have grabbed headlines and some-times power, but while making it harder for Presidents to exercise their responsibilities, Congress has not accepted its own attendant responsibility to share in tough decisions or propose serious alternatives." Mr. Chairman, I suggest that we do make the tough decisions. But these are decisions with which Mr. Lake does not concur.

Mr. Lake's lack of regard for the Senate is characterized by a February 25, 1997 letter from Senator Helms, Chairman of the Senate Foreign Relations Committee, which I will later on ask to be a part of my statement.

The question of whether Mr. Lake can provide unbiased, partisan free intelligence reports is perhaps an even bigger issue. I believe it would take an extraordinary individual, in light of the quote that Senator Kyl had made about a previous book that I would agree with Mr. Lake on this, in this regard. But I think it would take an extraordinary individual to move first from a position on President Clinton's election campaign staff and then into the President's inner circle of advisers and then become an apolitical provider of intelligence information, as is required of the DCI. Mr. Lake's active involvement in developing virtually all of the Administration's foreign policies leads me to question whether he will be able to serve as an unbiased producer of intelligence information, especially in cases where this information might bring into question the success or his own policies. As Director of Central Intelligence, Mr.

Lake could have to refute the very policies he was instrumental in formulating.

The nominee's assertions regarding the success of Administration policies in Haiti and Bosnia, policies he had a strong hand in developing, as well as his apparent lack of concern regarding the need for a national missile defense, also raise questions about his judgment. Clearly, the success of our deployments to Haiti and Bosnia are, at best, questionable.

In Haiti, despite over \$50 million in U.S. support for a new police force and judicial reform, at least two dozen political murders have been committed by government assassins, and none of the killers has been charged.

In Bosnia, we have made little progress with respect to the civil aspects of the Dayton accords. The most difficult task, municipal elections, the arbitration in Brcko, the repatriation, still lie ahead unsolved. Our total investment in Bosnia is estimated, Mr. Chairman, at \$6.5 billion, when we were told it would be approximately \$2 billion. When we exit in June 1998, most observers believe that nothing of lasting value will have been accomplished.

Another area of concern is Mr. Lake's active involvement in formulating the Administration's national missile defense policy. Mr. Lake has frequently stated his firm belief that "Russian missiles no longer target American cities." Not only is this a highly questionable and politically charged statement, but it is an assertion which, in fact, our own Intelligence Community has been unable to confirm. The prospect of a DCI with a clear bias toward underestimating the missile defense threat is the strongest of all my reservations.

In summary, I believe Mr. Lake is undoubtedly a man of considerable ability, and I do not question his sincerity in pursuing what he has considered to be in the national interest of this country. I do, however, have to question whether the inherent conflict of interest Mr. Lake will face, the fact he will have to now provide unbiased intelligence analyses regarding the policies he so actively championed is surmountable. Or, borrowing the words of one notable columnist the other day, "I doubt King Solomon could have the detachment and perspective needed to disentangle such past advocacy from the demands of unbiased analysis."

Mr. Chairman, I ask unanimous consent that my entire statement be placed in the record at this point, followed by the letter that I referred to from Chairman Helms.

Chairman SHELBY. Without objection, it's so ordered.

[The prepared statement of Senator Inhofe and the letter of Senator Helms follow:]

PREPARED STATEMENT OF THE HONORABLE JAMES M. INHOFE, A UNITED STATES
SENATOR FROM THE STATE OF OKLAHOMA

Mr. Chairman, I believe it is important for each of us to focus on the qualifications we expect our next Director of Central Intelligence to possess. Clearly, we want a DCI who is firmly committed to upholding the spirit and letter of the U.S. Constitution, and one who has clearly demonstrated a commitment to consult with Congress on matters of national importance. Our DCI must also be capable of providing unbiased intelligence reports—ideally, the nominee should have no known party affiliation, and he or she should not be closely tied politically and personally to the President. In order to gain the respect, trust, and confidence of the President, the Congress, and the intelligence community, any prospective DCI must have a

record which reflects sound judgment and wise decisions. Finally, in order to lead a group as large and diverse as our intelligence community, I would expect a nominee to have demonstrated the ability to lead a large organization. Mr. Chairman, I know I may have high expectations, but we are talking about the leader of our intelligence community.

In light of these expectations, let me review some aspects of Mr. Lake's record that cause me concern. First, his refusal to advise the President to submit for advice and consent amendments to the Anti-Ballistic Missile Treaty and the Treaty on Conventional Armed Forces in Europe leads me to question his commitment to upholding the spirit and intent of the Constitution. His judgment was particularly questionable with regard to the ABM. The Defense Authorization Act of 1995 requires by law that any substantive change to the treaty be submitted to the Senate for advice and consent. I find it difficult to imagine that changing this treaty from an agreement between two superpowers to an agreement between the U.S. and as many as 12 other nations would not constitute a substantive change, yet Mr. Lake has failed to advise the President to submit this treaty for advice and consent.

Mr. Lake's contempt for the Senate, in both word and deed, seems to run deep. For example, in his 1984 book, *Our Own Worst Enemy*, he states:

We have an irresponsible Congress, which often in the last two decades has posed obstacles to coherent Presidential policies without offering real alternatives. Members of Congress have grabbed headlines and sometimes power. But while making it harder for Presidents to exercise their responsibilities, Congress has not accepted its own attendant responsibility to share in tough decisions or propose serious alternatives.

Mr. Chairman, I suggest that we do make the tough decisions, but these are decisions with which Mr. Lake does not concur.

Mr. Lake's deeds cause me far more concern. His failure to advise the Congress of the NSC's policy to give the "green light" for shipments of Iranian arms to the Bosnian Muslims is inexcusable. In fact, he not only failed to inform the Congress, but he also failed to inform the CIA when the Agency was at that same time actively working to embargo such shipments. Furthermore, his continued failure to provide the Senate Intelligence Committee documents relating to the NSC's use of intelligence in formulating the policy in Haiti is equally troubling. His lack of regard for the Senate is characterized in the February 25, 1997, letter from Senator Helms, Chairman of the Senate Foreign Relations Committee.

[A copy of Chairman Helms' letter is submitted for the record].

The question of whether Mr. Lake can provide unbiased, partisan-free intelligence reports is perhaps an even bigger issue. In his own words, from his 1989 book *Somoza Falling*, Mr. Lake states:

It is essential that the DCI be an official who is prepared to present a president with unpleasant information. When the director is a loyalist more than an analyst, an enforcer of the president's ideology rather than a skeptical and independent figure, the result can be disastrous . . .

I have to agree with him on this point. I believe it would take an extraordinary individual to move, first, from a position on President Clinton's election campaign staff, and then into the President's inner circle of advisers, to then become an apolitical provider of intelligence information, as is required of the DCI. Mr. Lake's active involvement in developing virtually all the Administration's foreign policies leads me to question whether he will be able to serve as an unbiased producer of intelligence information, especially in cases where this information might bring into question the success of his own policies. As Director of Central Intelligence Mr. Lake could have to refute the very policies he was instrumental in formulating.

A Director of Central Intelligence can only be effective if he or she has the confidence of the Congress, the President, and the intelligence community. A demonstrated record of sound judgment and decisionmaking is absolutely necessary to gain the required level of trust and confidence. I believe I speak for many of my colleagues when I say that, for the reasons I have described here, Mr. Lake has not earned the confidence of the Congress. I also doubt whether Mr. Lake will have the confidence of the intelligence community he is being nominated to lead. Questions regarding his involvement with the release of the Pentagon Papers, his somewhat mysterious exit from the NSC staff of Henry Kissinger and his apparent anti-intelligence mind set, as reflected by the soft-line he took against Soviet expansionism during the cold war, all have raised doubts about Mr. Lake within the intelligence community.

The nominee's assertions regarding the success of administration policies in Haiti and Bosnia, policies he had a strong hand in developing, as well as his apparent lack of concern regarding the need for a national missile defense, also raise ques-

tions about his judgment. Clearly, the success of our deployments to Haiti and Bosnia is at best questionable. In Haiti, despite over \$50 million in U.S. support for a new police force and judicial reform, at least two dozen political murders have been committed by government assassins and none of the killers has been charged. In Bosnia, we have made little progress with respect to the civil aspects of the Dayton Accords. The most difficult tasks, municipal elections, the arbitration of Brcko, and repatriation, still lie ahead. Our total investment in Bosnia is estimated at \$6.5B, and when we exit in June 1998, most observers believe that nothing of lasting value will have been accomplished.

Another area of concern is Mr. Lake's active involvement in formulating the Administration's national missile defense policy. Mr. Lake has frequently stated his firm belief that "Russian missiles no longer target American cities." Not only is this a highly questionable and politically charged statement, but it is an assertion which, in fact, our own intelligence community has been unable to confirm. The prospect of a DCI with a clear bias toward underestimating the missile defense threat is the strongest of all of my reservations.

In addition to having the credibility required to do the job, the DCI must also possess the experience and strength of character required to take full charge of the intelligence community. The DCI is the intelligence community's "Chairman of the Board." As such, he or she must manage an annual budget of \$30B and lead a diverse organization comprised of 13 separate intelligence agencies, including the CIA, NRO, DIA, and NSA. As "stockholders" in the intelligence business, we must be concerned about the nomination of a new chairman who possesses virtually no experience managing a large organization. This fact would be troubling even if the CIA were in top form, with no problems with moles, morale, or recruiting and retention. Given today's conditions and this nominee's lack of management experience, the President's poor judgment of what the intelligence community needs is noteworthy.

In summary, I believe Mr. Lake is undoubtedly a man of considerable ability, and I do not question his sincerity in pursuing what he has considered to be in the national interest of this country. I do, however, have to question whether the inherent conflict of interest Mr. Lake will face—the fact he will have to now provide unbiased intelligence analyses regarding the policies he so actively championed—is surmountable . . . or borrowing the words of one notable columnist:

I doubt King Solomon could have the detachment and perspective needed to disentangle such past advocacy from the demands of unbiased analysis.

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC, February 25, 1997.

Hon. RICHARD SHELBY, *Chairman,*
Select Committee on Intelligence,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: I confess serious reservations about confirming Anthony Lake as Director of Central Intelligence. I am particularly concerned about the contemptuous treatment accorded Congress by the National Security Council (on Mr. Lake's watch). Such does not bode well for our *essential* working relationship between the Congress and the intelligence community.

I believe, for example, that it will be useful to review the Foreign Relations Committee's assessment of the Clinton Administration's policy allowing Iran to arm the Bosnian Muslims when, in April 1994, the Clinton Administration secretly agreed to permit Iran to ship weapons through Croatia to the Bosnian Muslims in violation of the United Nations arms embargo in effect at the time.

When details of this policy came to light through media reports last April, I wrote to the President respectfully requesting answers to ten specific questions about this policy. A response, prepared under the direction of Anthony Lake, arrived in my office on June 18, 9 weeks after my original request.

Congress deserves better than that. In my capacity as Chairman of the Foreign Relations Committee, I had made a good faith effort to examine the circumstances and implications of this policy without engaging in a costly investigation, but the conclusion is inescapable that the NSC deliberately delayed responding to the Committee hoping to defuse a thorough examination of this policy.

Interestingly enough, the Special Subcommittee established by the House of Representatives to investigate the Iranian arms transfers found that the Administration deliberately chose to conceal this decision from Congress. Numerous opportunities were afforded to Administration officials to provide information that Congress was entitled to have—and which the Administration could not responsibly conceal. But,

Mr. Chairman, Congress learned of the Administration's actions (or "non-actions," as the case may be) from press accounts *2 years after the fact*. No question about it, the Clinton administration *intended* to mislead Congress by delay in providing relevant information.

The Select Subcommittee conclusion that this decision was made *personally* by Mr. Lake is of utmost concern. Disclosure of this policy to Congress was not only appropriate but *essential* to ongoing oversight of U.S. policies in the former Yugoslavia. The Administration's failure to notify Congress had a decidedly adverse effect on the consideration of then-pending legislation to lift the U.N. arms embargo against Bosnia.

Mr. Lake, in what appears to be a confirmation-eve conversion, recently stated that in retrospect he believes that withholding information from Congress about the Administration's Iranian arms policy was a mistake. Notwithstanding that recantation, he has come to a rather self-serving conclusion that the *result* of the policy was a success. How anyone could conclude that the cooptation of U.S. policy by Iran's terrorist regime served as a legitimate strategy to facilitate peace in Bosnia is beyond me. In fact, Iran's foothold in Europe (encouraged by the Clinton Administration) continues to pose a threat to U.S. soldiers participating in the NATO peace-keeping force and could ultimately delay the withdrawal of our forces from the region.

Several questions are raised by Mr. Lake's actions. On their face, and at a minimum, such a mentality is particularly dangerous when held by the chief of the U.S. Central Intelligence Agency. That approach, when applied indiscriminately to covert action, has landed the United States in hot water time and again in the past.

Further, in his capacity as Director of Central Intelligence (DCI), Mr. Lake would be responsible for reporting to Congress on the implications of his Iran-Bosnia policy. I have no doubt that much of that reporting will prove highly critical. As the Senate Foreign Relations Committee continues to conduct oversight on the Iranian presence in Bosnia, it is essential that we receive complete, accurate and timely information from the intelligence community. In the past, under Mr. Lake's leadership, the NSC not only failed in this regard but proved an obstacle to the Congress' fulfillment of its Constitutional responsibilities. I am less than optimistic that the Congress can expect full cooperation from Mr. Lake if he is confirmed.

Mr. Lake's track record on other issues is scarcely better. On February 8, 1996, I wrote to President Clinton urging that he no longer tolerate Chinese-Iranian missile cooperation and transfers. At that time I noted that U.S. nonproliferation laws provided "a clear legal requirement that sanctions be levied against China for its missile sales to Iran," and I appealed to the President to act decisively. In a response prepared by the NSC, the President assured me that he would implement the missile sanctions law "faithfully and fully" when the U.S. had determined that sanctionable activities have occurred.

Well, other Senators and I have been waiting more than a year for Mr. Lake and the NSC to advise the President to *make* that determination. Meanwhile, repeated media reports (e.g., a November 21, 1996 report in *The Washington Times*) confirm beyond peradventure that Chinese-Iranian missile cooperation continues apace, that the U.S. is well aware of these activities, and that the Administration has deliberately elected to ignore U.S. nonproliferation laws.

It is not a question of whether the evidence is insufficient to reach a determination that laws have been violated, or that the transfers in question do not meet the relevant thresholds, but rather that the Administration—in the face of incontrovertible evidence—has simply ducked the issue. I am concerned that this example is indicative of Mr. Lake's willingness to ignore intelligence information when it does not suit the Administration's policy goals. Yet the willingness to analyze such information and to "make the tough calls" is essential in any DCI.

No less troubling is Mr. Lake's refusal to advise the President to submit for advice and consent amendments to the 1972 Anti-Ballistic Missile Treaty and the Treaty on Conventional Armed Forces in Europe. The NSC—per Mr. Lake's directions—insisted in a November 25, 1996 report to the Congress that "Senate approval of the ABM Treaty succession MOU is not required," and that the demarcation of theater missile defenses can be authorized by a simple vote of both Houses. This judgment was reached despite the fact that section 232 of the Fiscal Year 1994 Defense Authorization Bill requires, *by law*, that any agreement to multilateralize the ABM Treaty or define theater missile defenses *must* be submitted to the Senate for its advice and consent.

Indeed, the contempt of Mr. Lake's NSC for the advice and consent functions of the Senate runs so deep that Chairmen Livingston, Gilman, and Spence pointed out on December 11, 1996, that the NSC had failed to satisfy even the basic provisions of the section 406 of the Department of State and Related Agencies Appropriations

Act, 1997 (which required the November report in the first place). With regard to CFE Treaty modifications, an October 8, 1996, letter from President Clinton (again, prepared by the NSC) demonstrated the same disregard for the Senate by claiming that the redrawing of the CFE Treaty's flanks do not constitute a change in obligation for which the Senate's advice and consent would be required.

However the epitome of Mr. Lake's views toward the Senate are best demonstrated by the Administration's untimely, incomplete, and inconsistent responses to questions posed by the distinguished Majority Leader and me regarding the Chemical Weapons Convention. On June 21, 1996, I wrote to the President asking eight questions and requesting declassification of several documents and a cable relating to critical issues of Russian compliance with existing chemical weapons arms control agreements and with the CWC. More than a month passed without my having received any response whatsoever. On July 26, I *again* wrote to the President, reiterating my requests and asking additional questions essential to ensuring that the Senate had complete and usable information prior to consideration of the CWC.

The Administration delayed its response to my June 21 letter until after the Senate had recessed for the month of August. I am convinced that this was done knowing that, with the floor debate on the CWC scheduled for September 14, 1996, the Senate would be unable to analyze adequately the Administration's responses prior to a vote on the treaty. When Mr. Lake finally did respond on behalf of the President, he refused to provide the Senate with any of the documents requested. Moreover, several of his responses were misleading, to say the least.

On September 6, 1996, the Majority Leader notified the President that he believed the Administration had "not been fully cooperative in Senate efforts to obtain critical information." Senator Lott requested that the Administration reconsider its refusal and declassify two documents and ten paragraphs of intelligence community judgments. In response, Mr. Lake agreed on September 10, 1996, to declassify roughly 25 percent of the information requested by the Majority Leader.

The bottom line, Mr. Chairman, is that the Senate should not confirm as Director of Central Intelligence an individual who has repeatedly engaged in political gamesmanship with the national security of this country. The concerns I have identified here are more than isolated incidents. These actions constitute a clear pattern of contempt and disregard for the United States Congress and the Senate in particular. I find this attitude evident in Mr. Lake's decision to withhold from the Senate information on Iran and Bosnia, his refusal to advise the President to take the actions required by law with respect to Chinese proliferation, his views on the role of the Senate in considering amendments to various arms control treaties, and his cavalier dismissal of our questions and requests on the Chemical Weapons Convention.

I hope that this lengthy letter will be helpful in your review of Mr. Lake's qualifications as Director of Central Intelligence. Above all, I hope that members of Senate Select Committee on Intelligence will not permit this contemptuous treatment to stand unchallenged.

Sincerely,

JESSE HELMS.

Chairman SHELBY. Senator Allard.

Senator ALLARD. Thank you, Mr. Chairman. Welcome to this Committee, Mr. Lake.

I just want to thank you for coming by my office and visiting with me. I think that your academic credentials are very impressive. What I'm searching for, as a Member of this Committee, is a comfort zone where I have somebody that's working with this Committee that is comfortable with congressional oversight, which I think is a very important function of this Committee. It's not always done in a public. I think it even makes both your position and my position that much more critical that we get the right people in those positions.

I'm going to be searching for that comfort zone. If you would work to keep this Committee informed, whether it's going to reflect negatively or positive as far as the current Administration is concerned.

I also am one that has asked for a review of the FBI files, because I think that's important, that I feel comfortable with your

background. I have an individual that works in my office that, over a year—ago, FBI files were reviewed by a staff in the White House, and yet I don't have an opportunity to review your FBI files. So I feel that that is the one big hurdle that we need to get over, as far as this Committee is concerned.

I do not have any prepared comments. I'm just sharing with you a couple of thoughts that I have here today. I'll have some questions a little bit later for you that will probably be a little bit more probing, as far as searching out that comfort zone between yourself and myself and this Committee.

Thank you very much, Mr. Chairman.

Chairman SHELBY. Senator Graham.

Senator GRAHAM of Florida. Mr. Chairman, the nomination of Anthony Lake to be Director of Central Intelligence raises a number of important issues. I would like to focus on two, neither of which has anything to do with the candidate's qualification.

The first issue is the credibility of this Committee to conduct a fair, nonpartisan examination of this nominee. Frankly, the Committee's hard won reputation for bipartisanship is being tested in this regard.

The second issue is whether this Committee has the judgment to strike an appropriate balance between an understandable sense of oversight responsibility for past practices of the Intelligence Community with the need to look to the future intelligence requirements as we enter the changed world of the 21st century. Are we going to keep our collective gaze firmly glued to history's rear view mirror, or are we going to begin a serious, long overdue assessment of this country's future intelligence needs? I believe the jury is still out on both of these issues.

The most compelling evidence will be the priorities, the structure and the expedition of these hearings which we begin today. Having waited 2 months, and through two hearing postponements for the opportunity, I look forward to finally hearing from the nominee.

Tony Lake has shown himself to be a man of ability, integrity, and I am confident that his testimony will reflect those qualities.

Chairman SHELBY. Any other opening statements? If not, Mr. Lake, I'd like to swear you in. If you would stand.

Do you, Anthony Lake, solemnly swear that the testimony you're about to give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LAKE. I do.

Chairman SHELBY. Thank you. You may be seated.

Dr. Lake, Mr. Lake—you earned both—you may proceed with your opening statement.

STATEMENT OF ANTHONY LAKE, NOMINEE TO BE DIRECTOR OF CENTRAL INTELLIGENCE

Mr. LAKE. Thank you very much, Mr. Chairman. Thank you, Members of the Committee. I would also like to thank the four Senators who introduced me. I was very honored by their introductions. I have long admired their public service, their commitment to bipartisanship. If I may, I would also like to thank all those who have written and called me over the past difficult months. I appre-

ciate their support and friendship. If I also may, I would like to say that I believe that Bill Buckner is a fine American.

[General laughter.]

Mr. LAKE. When President Clinton asked me to serve as Director of Central Intelligence, I immediately said yes. I can think of few positions that are more challenging, few present a more extraordinary opportunity to serve. I was raised to believe in public service. My father spoke often of his service in the Navy. I keep his sword in my office. He and my mother told me that the men and women who serve, whether in elected or appointed positions, whether nationally or locally, are working on something greater than themselves.

So in 1962, I joined the Foreign Service. Inspired by President Kennedy's call to defend democratic values, I volunteered to go to Vietnam, where I served for 2 years. I then worked in Washington at the State Department and the White House, primarily on Vietnam, until 1970, when I resigned from the National Security Council staff and from the Foreign Service.

I believed then, as I do now, in the enlargement of democracy and individual freedom. For I strongly believe that whatever the differences in political systems or cultures, individuals everywhere know the difference between freedom and repression and share the thirst for freedom. But I had reached the truly bitter conclusion that the war in Vietnam was a terrible mistake. As President Theodore Roosevelt once said, "In popular government, results worth having can be achieved only by men who combine worthy ideals with practical good sense." The practical human costs of our policies were running far beyond any possibility of success, or what I considered to be a reasonable definition of American interests.

In the years that followed I served first as foreign policy coordinator in the campaign of Senator Edmund Muskie for the Presidency, I wrote two books that were little noted nor long remembered, and I directed the International Voluntary Services, a kind of a private Peace Corps.

From 1977 to 1981 I was the Director of Policy Planning at the State Department. From 1981 to 1982 my wife and I ran a farm in western Massachusetts while I taught at Mount Holyoke College.

In 1992 I became a senior foreign policy adviser in the campaign of Governor Bill Clinton for the Presidency.

I stand by my record. I have tried consistently to follow four principles throughout my career.

First, whether serving in a Democratic or Republican Administration, I have always believed that foreign policy should be made on the basis of the national interest rather than partisan politics.

Second, as someone who has worked with diplomats, soldiers, and intelligence operatives, I believe that all those who stand on the front line of freedom deserve respect, support, and leadership.

Third, I believe that a life of public service should be based on integrity and a willingness to sacrifice.

Fourth, I believe that our national security policy must integrate our national ideals and our national interests.

These beliefs have guided me over three decades of public service and they will guide me, if confirmed, as the Director of Central Intelligence.

Mr. Chairman, as I have had the privilege of serving as President Clinton's National Security Adviser, my admiration for the men and women who serve in America's Intelligence Community has continued to grow. During these last 4 years I've started and finished every day with intelligence reports. I've seen the way that intelligence informs every foreign policy decision that the President makes. I firmly believe that in the post-cold war world, the mission of our Nation's Intelligence Community is more important than ever, not only for those who rely on its products, but for every American citizen.

This mission must be clear to us and it must be clear to all the American people. First and most important, the Intelligence Community must supply the President with the best unvarnished information to make the best decisions for America's security and well being.

Second, the Intelligence Community must serve our troops. To our pilots in the air that can mean knowing the location of enemy defenses before they take off on their missions. To our soldiers on the ground it can mean having the best and most detailed maps in the world. To our Sailors at sea it can mean real time warning of potential missile threats. To our Nation and to our people with their sons and daughters in uniform it can mean fewer risks and fewer casualties. As our military has downsized, intelligence is even more important to maximizing our strengths on the battlefield and minimizing the dangers to our troops.

Third, the Intelligence Community must help our diplomats and policymakers defend America's interests in a more complex world—collecting information on the activities of other governments; keeping careful watch wherever crisis could explode, from North Korea to the Persian Gulf, to Bosnia to Burundi; identifying long term problems before they become tomorrow's hot spots.

Fourth, it must directly protect American citizens—tracking down terrorists; putting drug kingpins out of business; breaking up criminal gangs that prey on open society; and keeping weapons of mass destruction out of the wrong hands, that's very important.

I know our troops are aware of how important intelligence is to them. American citizens should understand that intelligence guards them as well.

The men and women of our Intelligence Community are required to serve in obscurity, working behind the scenes, often at great risk, to protect their fellow citizens. When things go wrong, the whole community gets blamed, even when the problem stems from only one bad seed. When things go right, most Americans never know. A crisis averted or a conflict avoided rarely hits the headlines, but I've seen, first hand, the dedication that these Americans bring to their work, and I've seen some striking successes over the last 4 years alone.

They've broken new ground in aiding military operations—helping our commanders in Bosnia, for example, to protect our forces and give peace a chance to take hold. Their round the clock support last spring when tensions flared in the Taiwan Strait, helped us

diffuse a dangerous crisis. They warned us when Saddam Hussein moved Iraqi troops toward the Kuwaiti border. Working together with law enforcement, they enabled the arrest or surrender of all the Colombian Cali drug lords. They helped us find and capture terrorist like Yousef Ramsi, the mastermind of the World Trade Center bombing. They've uncovered corruption and unfair business practices that would have cost Americans billions of dollars.

That's just a sample of what good intelligence can do. But today's new environment presents to us new challenges. Although we no longer face the overarching threat of a single enemy, we must meet new threats that are more varied but in many ways, no less dangerous. We must do so in ever more difficult circumstances.

For example, we have to contend with the consequences of the high tech explosion. In an age of micro chips and cell phones, when bytes and bits fly around the world in nanoseconds, timely, useful, accurate intelligence is actually harder than ever to produce.

Let me give you some idea of the staggering volume of signals and data that our collectors must sift and sort. The Library of Congress can hold about 1,000 trillion bytes of information. Using yesterday's microwave technology, accessible information took 9 months to fill one Library of Congress. Today's fiberoptic cables can fill one Library every 3 weeks, and tomorrow's technology could be even faster, stocking an entire Library of Congress every few hours. In an age when the haystacks have grown and the needles have shrunk, we need precision guided collection. In addition, as our society depends more on high technology, we also become more vulnerable to those who would exploit it.

We need to come to grips with these new realities—or the information age could age us fast.

All of this complicates another crucial challenge before us, and that is ensuring public support for the Intelligence Community. That community cannot succeed without the faith of the public that it serves. During the cold war while mistakes were publicly criticized, no one challenged the need for a strong Intelligence Community to defend the United States against a very dangerous enemy. Now, when mistakes are made—and some always will be—their negative impact is magnified all the more. We face a climate where the public is focused more on domestic priorities and where the Intelligence Community necessarily remains restricted in its ability to make a strong case for itself with the American public.

On top of that, over the years, the Intelligence Community has suffered from turbulence and scandal. No one knows this better than the dedicated men and women who work in it. It's time, Mr. Chairman, to put the old problems behind us. We must complete our review of past events, correct our mistakes and begin to build now for a new era. I'm very eager to help lead in that renovation, as I know you are.

But it can only be done, Mr. Chairman, with this Committee and with your expert oversight. There must be a working partnership between the Congress and the Administration based on different responsibilities, but on shared information. President Clinton has urged all of us to be the repairers of the breach. Now I pledge to you that I will do all I can to work with both parties and push for

real progress as we take on the challenges of the next century. There is too much at stake not to put partisanship aside.

Mr. Chairman, I know that long-term problems demand sustained commitment. There are no easy answers and no quick fixes. Frankly, I doubt, as a number of the Members of the Committee have said, that any corporation could survive the kind of changes in leadership that the CIA has faced in recent years. If confirmed, I intend to stay on the job for the full 4 years, the President, the Congress, and fate willing.

For I see the years ahead as a time certainly of hard work, but also a time of great opportunity.

If confirmed, my efforts will be guided by two fundamental principles, without which we cannot succeed.

First, we must have an intelligence process of absolute integrity. This will be my most solemn responsibility as Director of Central Intelligence. Some have asked whether I, as a close associate of President Clinton and as a participant in policy discussions, can and will provide him the intelligence straight. The answer is, unequivocally, yes. I know first hand, over the last 4 years, how important it is to maintain the bright line separating policy and intelligence.

If confirmed, my job will be to present the views of the Intelligence Community and my own intelligence judgments, unvarnished and unprejudiced. America's security demands no less, and the President has made it clear that he will stand for no less. If I attempted to hide bad news or soften harsh facts for the President, he would make mistakes that would damage the security of America and all her people. Presenting the facts without fear or favor is the right way and the only way to do the job, and I intend to do it that way.

The second critical principle for success is to make the Intelligence Community as efficient and as effective as possible. I want to thank Director Deutch and all his predecessors for all they have done. I support many of the reforms that they have already launched. Since 1991, there has been a cut of some 20 percent in the Agency's personnel. Clearly further reforms are needed, such as improving financial systems and modernizing our personnel management. But it would be a mistake, I believe, to start making big changes before a limited period of time allows a new Director, working with you, to confirm where the problems lie and the best way to fix them. These past few months, I have already been consulting with current and former officials and with you and your colleagues to help chart the most effective course before us.

I also know that internal morale is the Intelligence Community's life blood. If confirmed, I will spare no effort to reach out, to encourage the most from every member of the community, expecting the best from them in return. I will challenge our analysts and operations people to tackle hard problems and to take on new challenges, even at risk of greater controversy, and I will see that they are rewarded, even if they fail, provided they acted skillfully and properly.

Most important, if confirmed, I will promote from day one a climate of total accountability. I intend to stand up for our officials and I will expect them to stand behind their work. We must give

them every opportunity through hands on management to tell their superiors exactly what they are doing. The Director—and the President and the Congress—must be properly informed. If any official fails to do so, there must be a clear response. He or she will need to find another job.

Beyond those fundamentals I have described, we do face a very tough agenda. While focusing on the hardest targets, we must retain the flexibility to respond to crisis worldwide. We must decide on important investments in our technological and human resources. We must keep up a vigorous defense against sophisticated counterintelligence threats—that's very important. Crucially, we must deepen the public understand of the role of intelligence, the dedication of our intelligence professionals and the real difference that they make to American taxpayers.

The only way to achieve these goals is for the Congress and the Executive to work together. I would expect you to hold me to the highest standards of performance. I expect to work with you in mutual respect for each other's positions and integrity.

Mr. Chairman, as someone who believes strongly in public service, my integrity is something that I care deeply about. That is why I want to take an opportunity here to lay to rest once and for all two challenges to my personal integrity that have come up in the course of the confirmation process.

First, I believe that the settlement of a civil case by the Department of Justice last month resolves questions that have been raised about my ownership of stocks as National Security Adviser. I take full responsibility for not having sold those stocks earlier. But as the resolution of the civil case following a full investigation of 18 months also clearly states, "There is no evidence that Mr. Lake ever took any action to conceal or misrepresent his or his wife's financial holdings." It notes that, "There is no evidence that at the time any issue came before Mr. Lake which may have had a direct and predictable effect on Exxon Corporation or Mobile Corporation, he considered any effect or impact which that matter or issue might have had upon his or his wife's financial interests."

Second, the Department of Justice has also investigated and responded to the charges raised by a House subcommittee that senior administrative officials, including myself, lied to Congress. As the Department of Justice's reply to Chairman Hyde says, "We have found no direct material contradictions between Mr. Lake's statements and the statements or testimony of any other witness, nor any other evidence that Mr. Lake was untruthful to the Subcommittee or was part of a conspiracy to obstruct Congress."

Mr. Chairman, any public official must be dedicated to upholding not just the laws of the land, but the spirit of cooperation between the three branches of government that informs our Constitution. I pledge to you that, if confirmed, I will not only fulfill every legal requirement in keeping Congress informed, but will go beyond. I propose to meet on a monthly basis with the Members of this Committee to discuss the problems on your mind, as well as mine, and to work those problems through at as early a stage as possible.

This raises the issue of the no instruction policy regarding arms shipments to Bosnia through Croatia. I'd like to take just a moment to review that policy because I know it has been a source of

concern to you, other Members of the Committee and others in the Congress.

As you recall, in April 1994, Croatian President Tudjman asked our Ambassador whether the United States would object to arms shipments to Bosnia through Croatia. It was clear that Iran would be among the sources. Our Ambassador was told to say that he had "No instructions." In other words, that we would neither endorse nor object.

Our decision was a tough one, but it was the right one. It worked, helping to pave the way to the Dayton agreement. Today, there is peace in Bosnia and an elected, multiethnic government. All foreign forces have been expelled. Military and intelligence cooperation with Iran has stopped. Iranian and radical Islamic influence has eroded. Most important, while much work remains, hope has been restored in Bosnia. Bosnia's markets are full of life, not death. Its children go to school instead of hiding in the cellars. Homes and businesses are being rebuilt, and the routines of normal life are returning.

I have no apologies for that policy. But I do appreciate that it would have been better to have informed key Members of Congress on a discreet basis regarding the no instructions instruction while you were debating enforcement of the arms embargo. The President has said the same. At the time, grave concern about the need to keep our allies together led us to emphasize the secrecy of the decision.

At the same time, I must make it clear that I do not believe we were under a legal obligation to inform the Congress. I disagree with those who say that no instructions was an intelligence activity. Diplomatic exchanges, including secret diplomatic exchanges, are diplomatic activities. This is a view, I know, that was shared by John Deutch.

I would also like to say that when the CIA raised concerns with me for the first time in October 1994 as to whether some U.S. officials might have gone beyond the no instructions position, I immediately referred the matter to the White House Counsel. In consultation with me, the counsel asked the Intelligence Oversight Board to review the matter, and the IOB found no covert action involved.

But the main point, Mr. Chairman, here, is that this experience and my own role in it reinforces my pledge to you about the need to work together. Again, I pledge that, if confirmed, I will not only supply the committee with all the information legally required, but when in doubt, my rule will be to inform. Confidentiality must and will remain a vital part, of course, of what we do.

But it is also true that if you look back at some of the recent controversies involving the Intelligence Community, while various mistakes were indeed made, too often the core of the problems was overzealous secrecy: Not sharing enough information among ourselves, not sharing information with the Congress. That is simply unacceptable.

Let me state clearly: We have to keep the secrets, and I think I'm known for my ability to do so. We need the most vigorous counterintelligence program to keep our secrets in and to keep the spies out. But secrecy whose purpose is to cover up mistakes, to preserve

mere bureaucratic routine or to avoid responsible oversight is ultimately self destructive.

Mr. Chairman, in closing, let me emphasize that these hearings are about much more than one man's nomination. We'll be discussing the future of the CIA and the Intelligence Community at large, our commitment to protect our people in the world of the 21st century, and our ability to advance our interests in an era of exploding information.

I welcome that endeavor. I look forward to the challenge. I'm ready, if confirmed, to get to work. I'm confident that, working together, we can help promote the security and prosperity of the American people in the next century as we have in the last.

Thank you, Mr. Chairman.

Chairman SHELBY. We've been rejoined by Senators Coats and Bryan.

Senator Coats, do you have an opening statement?

Senator COATS. No.

Just very briefly, Mr. Chairman, to state that I am one who strongly believes that access to timely intelligence information is absolutely essential to our national security and to the formulation of national policy. From that standpoint, I support not only a strong Central Intelligence Agency but a strong Director. I think that we need at the helm of the CIA an individual with impeccable credentials, experience and integrity. As we work through the process of this hearing, Mr. Lake's background and views, I'll be paying very close attention to issues related to his judgment and credibility, and particularly as it concerns key policy decisions which have been made by this Administration over the past several years.

I did not always agree with that policy and had many disagreements with that. That, obviously, is a matter of difference, philosophical difference and other differences that are in no way disqualifications for the President's nominee for the CIA. However, credibility judgment, the ability to work with Congress, ability to provide strong leadership are, I think, criteria which we need to examine.

I've expressed to Mr. Lake, in a private meeting, my concerns about the Iranian-Bosnian question. We've discussed that, we'll discuss that at greater length. I look forward to those questions as well as the conduct of these hearings.

Thank you, Mr. Chairman.

Chairman SHELBY. Senator Bryan.

Senator BRYAN. I thank you very much, Mr. Chairman, and let me just make an observation that I'm pleased that we have the opportunity today to consider the nomination of Mr. Lake. Mr. Lake is broadly recognized by those who have been privileged to work with them as a man of integrity, strength of character and with extensive foreign policy expertise. This confirmation hearing of the Director of Central Intelligence is one of the most important responsibilities of the Senate Intelligence Committee, and I look forward to hearing Mr. Lake's response to a number of questions.

Among those, first, incidents in recent years, such as the arrest of Aldrich Ames, have highlighted some deep management problems within the agency. The CIA is in urgent need of strong leadership and we need to be sure that Mr. Lake is willing to provide

that strong leadership and to continue the reforms initiated by his predecessor, Director Deutch.

In addition, it is absolutely critical that the DCI be able to provide independent judgment on significant foreign policy decisions. In a recent Wall Street Journal editorial, former Director of Central Intelligence Robert Gates spoke to this issue. He stated that Mr. Lake "is broadly recognized as a man of integrity and principle. This offers reassurance that he will be independent of the White House in which he served, and will be directed by moral grounding most Americans would find admirable." We need to ask Mr. Lake whether he will be able to disassociate himself from that foreign policy that he helped to create and to report intelligence information objectively.

Finally, I've been greatly concerned by the financial management practices of some of our intelligence agencies, particularly the National Reconnaissance Office. I'm very interested in hearing Mr. Lake's views regarding the level of priority of financial management reform across the Intelligence Community.

Mr. Chairman, unfortunately, some of the debate surrounding the nomination has not, in my judgment, focused on the key issues, but seeks to, in effect, criticize the nominee because of administration policies or to use this as an arena to refight some of the cold war battles. In my judgment, this is not an appropriate area for our inquiry as we examine this nominee, and I'm hopeful that we can focus our attention on the issues that this very troubled agency faces and the ability of the nominee to provide that leadership.

If I might say by a concluding statement or observation, Mr. Chairman, I appeal to your sense of fairness as our Chairman. Traditionally, the actions of this Committee have been bipartisan. I think that was highlighted by some of the presentations made on Mr. Lake's behalf as he was presented by our former colleague, Senator Rudman, by Senator McCain and by statements of support offered by the former DCI Bob Gates. I have been troubled by the approach taken by some. Each of us has a constitutional responsibility to carefully review the evidence and to make a judgment based upon our assessment of that evidence as to whether or not this nominee is qualified.

I would hope, Mr. Chairman, that this does not become a forum in which we simply bludgeon a nominee. Both sides of the political aisle are capable of doing that. If they do so they do more than just damage to the nominee before us, they damage the institution and our credibility. It is a difficult time in American public service at the Federal level for either Democratic or Republican Administrations to call the public service people of immense integrity, people of great talents, people of great service. It would become even more difficult to do so if we continue this process. So I would hope that we do not make this a trial by ordeal, but focus our questions on the appropriate areas of inquiry that have been raised by a number of our colleagues.

I look forward to joining with you, Mr. Chairman, and our colleagues in getting an answer to those questions.

Chairman SHELBY. Thank you.

If there are no more opening statements, we can move on to the first round of questions.

Dr. Lake, I raised several important matters that will help us determine, I believe, your qualifications for the DCI position in my opening statement. The first of these issues revolves around your ability, if you were confirmed, to manage the U.S. Intelligence Community, which is very important, would you agree?

Mr. LAKE. I do indeed.

Chairman SHELBY. It includes many diverse agencies and tens of thousands of military and civilian personnel.

Now, what is the largest organization that you ever actively managed?

Mr. LAKE. I'm tempted to respond my farm. But clearly the National Security Council staff, Mr. Chairman.

Chairman SHELBY. How many people would that be approximately?

Mr. LAKE. One hundred and fifty one people, I believe.

Chairman SHELBY. One hundred and fifty one people.

Were you involved as the principal adviser to the President for National Security, were you involved in a day to day management operations of the National Security Council?

Mr. LAKE. Yes I was.

Chairman SHELBY. This was your watch was it not, as they say in the Navy?

Mr. LAKE. Yes.

Chairman SHELBY. As National Security Adviser to the President, were you actively involved in the day to day decisionmaking?

Mr. LAKE. Yes, I was.

Chairman SHELBY. Did you strongly, as the principal adviser to the President, encourage your staff at the National Security Council to bring important matters to your attention or did you delegate most of your authority? If you did, how did you do it?

Mr. LAKE. Clearly, Mr. Chairman in any organization which is handling the volume of information and decisions that the National Security Council staff has to do, it is necessary for the sake of efficiency that they both, of course, bring to my attention all matters of the greatest importance. We have been working over the last 4 years on matters of immense importance to the American people. But also to separate, as in any efficiently run organization, those matters that require the attention of the chief of that organization and those that don't. That is a judgment that good staff members make, and we have had very good staff members.

Chairman SHELBY. As the National Security Adviser to the President, did you select most, if not all, of the senior staffers at the National Security Council with the advice of the President and so forth?

Mr. LAKE. Yes, sir. For the most part, career officials.

Chairman SHELBY. Did you have people working in certain areas, assigned to certain areas of responsibility?

Mr. LAKE. Yes, sir.

Chairman SHELBY. You mentioned in your opening statement that you started and finished with intelligence reports. Did this practice include reports on counterintelligence as well?

Mr. LAKE. When necessary. For the most part, Mr. Chairman, in dealing with counterintelligence issues I would deal with them dur-

ing the weekly meeting that I have with the Director of Central Intelligence, very occasionally with others.

Chairman SHELBY. Did you ever—

Mr. LAKE. For the most part, the intelligence reports that get distribution within the Government do not include counterintelligence matters, which are treated with extraordinary sensitivity, as they should be.

Chairman SHELBY. Do you have a certain group of people, senior advisers on the National Security staff, that deal with counterintelligence issues?

Mr. LAKE. With all intelligence issues.

Chairman SHELBY. With all intelligence issues?

Mr. LAKE. Yes, sir.

Chairman SHELBY. Mr. Lake, documents that you provided to the Committee show that the National Security Council staff, people that work with you, were involved with individuals whose campaign contributions have been returned by the Democratic National Committee and, according to press reports, may be under investigation by the FBI and the Justice Department. In addition, the FBI has recently acknowledged, according to a lot of information—press reports—that they briefed two senior National Security Council staff members last summer on “possible covert activities of a foreign government in the United States.”

The press has speculated on the extent of these activities, and several Members of Congress have confirmed that the briefing was related to the Chinese government’s efforts to buy influence with U.S. policymakers. Although we will get into this matter Thursday in a classified—in a closed hearing, I’d like to discuss your involvement today from a management perspective. Did the National Security Council staff apprise you of this briefing and its substance?

Mr. LAKE. No, sir, they did not.

Chairman SHELBY. So you say they didn’t. Well, why were you not informed of such a dynamite piece of news?

Mr. LAKE. Mr. Chairman, let me say first that the two officers involved are very, very fine career officials. Anybody on the NSC staff or on any staff, every day, has to make judgments as to which pieces of information, which decisions to kick up, and which decisions and pieces of information to keep there. They do so, first, on the basis of the nature of the information itself. Is this good information? Are the sources solid? Are these preliminary reports? Are these final reports? How firm are we in our belief about this information?

Chairman SHELBY. Can—go ahead and finish.

Mr. LAKE. I’m sorry, Mr. Chairman.

Chairman SHELBY. I was just going to say, if the FBI, supposedly, briefed some members of your senior staff regarding, according to the news report, that a foreign country was trying to influence our election process, one way or the other, Presidential and perhaps congressional, wouldn’t that have been something that the President—you should have known first and the President should have known? The President said he should have known this. Where was the failure?

Mr. LAKE. Mr. Chairman, as I was saying, first they had to make—

Chairman SHELBY. OK.

Mr. LAKE [continuing]. A decision on the information. Second, they have to—

Chairman SHELBY. They are the staff that you're referring to?

Mr. LAKE. The staff members. As I said, unequivocally, they did not inform me.

Second, they have to look at any strictures they received as to whether or not to pass along the information further. I certainly agree that on a matter of extraordinary importance, such as that, I should have been informed, and the President should have been informed.

Chairman SHELBY. Was your deputy informed?

Mr. LAKE. Not to my knowledge.

Chairman SHELBY. Mr. Berger.

Mr. LAKE. No, sir.

Chairman SHELBY. Have you talked to him about this?

Mr. LAKE. Yes, I have, and he has said, no, he was not informed, either.

Now I, however, Mr. Chairman, cannot sit in judgment now on the performance of those two very fine career staff officers, because I have not seen that information. So I do not know the information on which they were basing the judgment that they made. I think it would be very unfair for me to second guess them now when I do not have that basis to do so.

Chairman SHELBY. Are they still working at the National Security Council?

Mr. LAKE. Yes, they are. Very well, I believe.

Chairman SHELBY. You call that very well, that day?

Mr. LAKE. As I said, in this case, knowing what I know about the importance of the matter now, I wish that I had been informed, as the President has said. But I do not know the character of the information that they were given, and so I am not in a position now to second guess their specific decision.

Chairman SHELBY. Do you have any doubt that the FBI actually briefed your senior staffers regarding this?

Mr. LAKE. Senator, I have not discussed this matter with the two staff members, because I thought it would be inappropriate to do so when it is being looked into in other ways.

Chairman SHELBY. It would be inappropriate for you to look into something that might be investigated or might not, but something they should have told you and the President? You don't think that would be proper for you to go back and say, why didn't you inform me? Or why didn't you inform Mr. Berger, I believe, was your deputy, or so forth? You have not done any internal investigation as to what happened and how it happened and so forth?

Mr. LAKE. No, I have not, Mr. Chairman. I think that is the appropriate way to proceed. The White House counsel is looking into this. I know others are looking into it. I have in this matter done what I think is appropriate, and that is not to talk to them so there could be no impression of my trying to influence them as they speak to the White House counsel and others.

Chairman SHELBY. Mr. Lake, I'll wind up my time now, but you talked in your opening statement of total accountability. You know,

if you're the adviser to the President, and this is your shop, so to speak, you're responsible for that shop, is that right?

Does that standard apply to you? Accountability?

Mr. LAKE. Of course, it does.

Chairman SHELBY. OK.

Senator Kerrey.

Vice Chairman KERREY. Thank you, Mr. Chairman.

Mr. Lake, you listed four principles that you say guide you in your service: national interest over partisan politics; all those on the front line deserve leadership; public service based on sacrifice and integrity; national security must integrate national ideals, national interest. I find those all worthy.

One of the concerns that I have with both the intelligence effort and also this foreign policy effort is sometimes we forget the value of, you know, what I call intransigent willingness to persevere until the objective is achieved, as opposed to today, everybody's concerned about do—is Louis Freeh and the President going to—are they going to strip to the waist and have a—and duke it out here, they have a disagreement. So we'll follow that for four or 5 days. Maybe next week something else hits the wire, and we'll follow that for a few days. We will forget some of the things we've started.

Can you comment on the value of, you know, what I would call sustaining an effort, whether the situation is Iraq, or the situation is Bosnia, or the situation is Afghanistan, or the situation is Mexico, or the situation, by the way, is Russia, where, you know, any sort of objective analysis of what the real threats are to this country, the only one that could still wipe us completely off the face of the earth is the—are the ballistic missiles that the Russians still hold.

I mean can you comment on the value of sustaining the effort and how you view the importance of being intransigent in pursuit of an objective?

Mr. LAKE. Yes, Senator, I think that's a very important principle. As a general proposition, I would say that, in almost any aspect of public life or in anything, you need to set a clear goal. It ought to be based on your principles. Then you should pursue it with pragmatism and with persistence. That is what we need to do, very clearly, in our national security policies. It is something absolutely that we need to do at the CIA and within the Intelligence Community. We have very complex, very large management and other problems to address there. They, as I said in my statement, cannot be addressed overnight.

That is why, if confirmed, I am committing the next 4 years of my life to trying to wear those problems down.

Vice Chairman KERREY. Well, I mean, do you see examples of situations where the United States has failed to sustain an effort, and as a consequence, the foreign policy itself failed to accomplish the objective?

Mr. LAKE. No, Senator. I think for the most part the United States has done a good job as a superpower, the world's only superpower, with the responsibilities that entails, in sticking with it and in making sure that we complete our jobs. There were certainly times over the past 4 years when I was tempted to say—on Bosnia, for example—this is too hard. We'll never get it done. Perhaps we

should just diminish the issue and try to walk away. But I didn't do it. My colleagues didn't do it. Most importantly, the President didn't do it. In the end, we succeeded in bringing peace to Bosnia.

Vice Chairman KERREY. Do you think we've sustained the effort to satisfactory—I'm now talking entirely open policies now—in Iraq, Afghanistan? Those two countries?

Mr. LAKE. In Iraq, yes. This is a very difficult issue. I recall 4 years ago people saying to us that we could not sustain the sanctions on Saddam Hussein over a 4-year period. But thanks to the very good work of then-Ambassador Albright in New York and to the persistence of our government, the British and some others, we've maintained the sanctions in place. We have to maintain those sanctions in place so long as Saddam Hussein continues to present a threat to others in the Persian Gulf and to his neighbors.

We have persisted militarily. Every time that he has threatened the borders of Kuwait, we have responded. The military has done a tremendous job in moving there quickly and in sufficient force to deter him. So long as Saddam Hussein remains in power—and I believe there are some signs, as we can see in the attack on his son and designated heir, Uday, recently—perhaps that hold on power is a little more shaky than it was before. But so long as he holds power, we have to persist and maintain an absolute, firm policy in containing the Iraqis within their borders and to do what we can through sanctions to keep Saddam Hussein from building new weapons of mass destruction and repressing his people.

Vice Chairman KERREY. You've been—one of the things that impresses me about you as a potential Director of Central Intelligence is the fact that you've been a customer. Indeed, in your testimony, on one of the pages, I think you talk about military operations and how intelligence has been integrated into military operations in strikingly new fashions, as in the IFOR mission in Bosnia.

Let me ask you some questions about you as a customer. Do you regard CIA intelligence as credible? Are there times when you receive it you say, I don't think it's credible? Was your confidence shaken, for example, after the Aldrich Ames disclosure, the Nicholson disclosures? I mean, do you find yourself saying sometimes that they do too much, they're not focusing on the important missions? Can you give me your own evaluation, personal evaluation, as a former and very important customer, of the CIA's credibility in terms of delivering intelligence?

Mr. LAKE. Certainly, Senator.

I stand by what I wrote once. That was that the foreign policy analysts in the CIA are the best that our Nation has. I continue to believe that is the case. They are asked to do something very difficult, and that is not only to take current intelligence and information and make sense of it, but then to present their own view of what that means for the future. Making predictions about the future is extremely difficult.

So I always take intelligence—have taken intelligence analyses—with a grain of salt. I ask myself always are there other questions that should be asked. I have, indeed, put hard questions to them. But for the most part, they have done an extraordinary job.

Vice Chairman KERREY. Has there ever been a situation where you've made—recommended a decision, the President's made a de-

cision based upon CIA intelligence, and the action turned out to be undesirable as a consequence of faulty intelligence?

Mr. LAKE. The—truly, the only one I can think of—and here it was a very close call—was over Somalia, when some of the intelligence may have suggested that the prospects for capturing Aideed were better than turned out to be the case. But again, that was—they only—they very carefully hedged their estimates, as was appropriate. That was a very hard call for them to make. But for the most part, their analyses have been very good.

Vice Chairman KERREY. So Somalia is the only situation where—to be clear on this, I mean it's possible—a person doesn't have to be a bad individual. You're making a guess as to what might happen based upon your assessment of a situation, and sometimes you assess a situation wrong. I mean, I say I'd be surprised if in any 4 year period of time, a group of people who were providing intelligence, there wouldn't be a couple of instances where the intel turned out not to be reliable.

Can you tell me your view of the recommendations that this Committee made, in fact, in the intel reauthorization act last year to—to—by statute create three new deputies: one for administration, one for collection and one for analysis? Do you intend to fill those?

Mr. LAKE. If I may, on your last point, which is a very important one, I do believe it is also important than when the analysts get it a little wrong that we discuss it with them in very strong and clear terms. Do it as much as possible privately when mistakes are made, because the one thing we don't we don't want to do is to make them hesitate the next time around to give us their very best predictions and analyses.

With regard to the three new positions, Senator, as you know, both Director Deutch and the President were not happy with those recommendations. You and I have—I still retain some of the diplomat—you and I have discussed that. I would like an opportunity for about 3 months or so to, if confirmed, get into the job and see whether that or some similar system makes practical sense. I think it would be wrong for me to leap to a judgment now.

Vice Chairman KERREY. I don't, but—

Chairman SHELBY. Senator Baucus.

Senator BAUCUS. I thank the Chairman.

Mr. Lake, what's your assessment of the morale in the Directorate of Operations?

Mr. LAKE. It's not what it could be. It's better than I had expected.

Senator BAUCUS. Would you amplify?

Mr. LAKE. Excuse me?

Senator BAUCUS. Could you amplify both those responses, please?

Mr. LAKE. It's better than I expected in the sense that the people I have met within the Directorate of Operations, as I have gone around to various offices to meet with the people who were actually working problems, to get a better sense of what they're doing to prepare myself for this job, if confirmed, they—I found among them very little hesitation or risk aversion or unwillingness to get up every morning, go to work and do things. One of the things I really

liked about the agency personnel that I have met is that these are people who want to do things.

At the same time——

Senator BAUCUS. How come? Sorry.

Mr. LAKE. At the same, there is a real problem with morale, because first of all, mistakes have been made. People have paid a price for it. That always damages morale, of course, although it is necessary.

Second, this is an agency that has been, almost daily, beaten up for probably decades now. As I said in my opening statement, I believe it is time that the Agency, while the mistakes are recognized, also that the Agency's successes be recognized, that we correct the mistakes, and that we put the past behind us and move on so that the morale improves the way it ought to.

Senator BAUCUS. I was wondering, how confident are you of your own understanding of the morale problem at the DO? I mean, do you know it well enough to know? Or would you like to have more information? Or do you think you really got your finger on the problem there?

Mr. LAKE. I have, I believe, made a good start at it, both in formal meetings and briefings and in informal discussions with them, where, again, I have told them I want to know what you're doing; I want to support what you're doing; but if you do it wrong, you will be held accountable. I've made that clear in every meeting.

Senator BAUCUS. What are the top three things you can do to improve morale to the point where there is great professional pride and the country can rest assured that the operation there is up to standards?

Mr. LAKE. I think the three things, Senator, would be, first of all, a hands on management with the Directorate of Operations, so that they know that the Director is interested in what they're doing; will support them when they're doing it right, especially against hard targets; but will hold them accountable when they do it wrong. I think they want that.

Second, there are some very important challenges before us on how to adapt tradecraft to the demands of a very new post-cold war world out there, a new information age, how to do better collection, and how to integrate human collection with technical collection. I think as they advance professionally on that front, morale will improve.

Third, and something that I really want to spend some time on, to help the agency gain the understanding of the American people for what it does and why what the agency does is making a difference in the everyday lives of American citizens.

Senator BAUCUS. Do you think station chiefs are too autonomous?

Mr. LAKE. This is an issue that I look forward to discussing with Secretary of State Albright. I believe that there is never any excuse for a station chief to have a chief of mission and Ambassador surprised by something that's going on.

But equally, I believe that an ambassador should not ask a station chief about sources and methods in ways that could be dangerous to the operation of the station.

Senator BAUCUS. On February 3, The Washington Post, as you well know, reported that in January, you paid an unexpected visit at a McLean restaurant to—in the words of The Washington Post—deliver a 30-minute sales pitch to several dozen active and retired officers from the CIA's Africa Division. Is that report true?

Mr. LAKE. It is true that I had lunch with them. What was inaccurate about that report was, first of all, I was invited to that lunch. I did not crash it. Second, I believe I spoke for about 3 minutes; mostly asked those at the table for their own experiences, so I could learn from the occasion; and then had to leave, unhappily, before lunch was served.

Senator BAUCUS. Did you seek their support?

Mr. LAKE. No, sir, I did not.

Senator BAUCUS. You didn't leave the impression that you were asking for their support?

Mr. LAKE. No. In fact, I and others received, afterwards, a few letters from participants saying exactly that the report was wrong in the newspaper and that, in fact, I had simply expressed my own views of how the DCI job ought to be done and that I looked forward to staying in touch with them if confirmed, partly as a way of building more of a constituency for the Agency in what it does.

Senator BAUCUS. Let me read you two passages, one from a recent book by Dewey Clarridge, "A Spy for All Seasons," and then I'll read another portion. This is what Mr. Clarridge says. "Some despised him because they thought he was an egotistical lightweight, a social climber and a phony—an Amherst graduate, but still something of a hayseed. He seemed to have decided that he belonged in the Eastern establishment and was going to gain entrance to it one way or another. We could probably have overcome his ego and his lack of experience with foreign affairs and a small town America world perspective and even his yuppie-er-than-thou arrogance. What we couldn't overcome was that he was a lawyer." Reflecting on the performance of another DCI, he writes, "The DCI, instead of sorting out the clandestine services and then supporting it, simply drove a knife into its back. The clandestine services was an easy mark for him and his cronies on Capitol Hill."

So my question to you, Mr. Lake, is having met with the DO officers, how do you—and having not met with some—how do you think they see you?

Mr. LAKE. Senator, I think what matters—

Senator BAUCUS. What's their honest perception of you, in your best estimate?

Mr. LAKE. Senator, I cannot speak for them.

Senator BAUCUS. No, but your honest best guess.

Mr. LAKE. The meetings that I have had with them have been very professional and very straightforward, and I think we have appreciated each other's candor in talking about the very large issues before us. I think what matters most is not what they think of me now: It's what they think of me and what you all think of my relationship with the DO, if confirmed, 4 years from now. I expect a good professional relationship in which I am both supportive and hold them accountable for their actions.

Senator BAUCUS. But don't you also think, though, that that's probably the attitude that a lot of them have now, at least of Con-

gress? That we're a bunch of—I don't know—silly, uninformed airheads?

Mr. LAKE. My understanding—

Senator BAUCUS. From their perspective?

Mr. LAKE. No, Senator. I don't.

[General laughter.]

Mr. LAKE. I am informed by those who have been around, obviously, a lot longer than I have, that the views within the DO are shifting as younger generations of officers come in who are dealing with modern problems. I have found in my meetings with them no , disrespect for the Senate or for the leadership of the CIA.

Let me say, as you read those—

Senator BAUCUS. Say that again, please.

Mr. LAKE. No disrespect for the Senate or the leadership of the CIA.

Senator BAUCUS. Among whom?

Mr. LAKE. Those DO officers with whom I have met. Of course, the current leadership of the Agency is the acting DCI George Tenet who has done, I believe, a tremendous job as a Deputy and Acting Director.

Senator BAUCUS. I guess a good question then is, what power do you have, assuming you find there's much too much arrogance and autonomy, disrespect, et cetera? I'm sure that's the exception rather than the rule, but nevertheless there to some degree. What power do you have to root that out and correct that?

Mr. LAKE. The DCI, I believe, fundamentally has two powers here.

First, the DCI is perhaps the only senior official other than the president who, with a couple of exceptions, has the power to fire officials, period. If necessary, I'm prepared to exercise that power.

But the second power, and I believe the more important one, is the power of leadership. I believe the way to create change in the DO and elsewhere in the Intelligence Community is through a supportive but very firm leadership.

Again, if confirmed, I look forward to exercising it.

Senator BAUCUS. I see my time is up. Mr. Chairman, if I might, just one question.

Chairman SHELBY. Go ahead.

Senator BAUCUS. Could you give us some indication, some evidence that shows us you've got the guts, the intestinal fortitude to either fire or do what's necessary to do what's right? Can you give us some examples?

Mr. LAKE. Senator, I would simply ask you to look at my record.

Senator BAUCUS. Well, I'm asking you to name something in your record.

Mr. LAKE. I have never been terribly anxious to speak about myself, But I went to Vietnam at a very young age. I served both in Saigon and in Hue and then traveled around in the countryside in a Jeep station wagon driving at very high rates of speed sometimes, and learned there the importance of sticking to it even when you don't want to. I am not pretending that I nearly shared the experiences of many of our troops there. But I did learn something there about the importance of courage and persistence.

I believe that, on a number of occasions in my career I have taken positions that were not popular and lived with the consequences. I would say that over the last 4 years, there have been moments in which I have urged the President to take decisions that we knew would be unpopular, at least initially, whether sending troops into Bosnia or into Haiti. The President, to his great credit, took those decisions. But that also takes a kind, a different kind of courage than I think is shown in the record.

Senator BAUCUS. Well, my time's up.

Thank you.

Mr. LAKE. Thank you, Senator.

Chairman SHELBY. Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman.

Mr. Lake, during my opening statement, I made some comments that I felt that a lot of the things that you said reflect your own policy positions or what you wished was the case as opposed to what is the case. Let me be less charitable and suggest that I believe some of the things you've said have lulled the American people into a false sense of security, and I'll be specific on a couple of areas.

First of all, you have said on a number of occasions, and then the President came in and I assume on your advice or relying on your judgment, has said over 130 times that no Russian nuclear missiles are targeted on American cities or citizens. Your statements vary but they go all the way from America's families are no longer targeted by Russian missiles; America's children are no longer targeted by Russian missiles; no Russian missiles are targeted at American cities and citizens.

Now I have seven of these statements that you made ranging over a period of time from December 1994 to October 1996. Do you think these statements are deceptive?

Mr. LAKE. No, sir.

Senator INHOFE. Can you tell me how long it would take to retarget a missile?

Mr. LAKE. It would not, Senator, as we know, take very long to detarget a missile. But it makes a difference whether they are targeted or not targeted with regard to accidental launches. I believe that it is clear that the possibilities of an accidental launch by Russia against the United States has been very significantly reduced as a result of the detargeting.

The detargeting also has helped us to achieve further progress with the Russians on a number of arms control issues that I believe benefit the American people.

Finally, I can assure you because we looked into this, that there has been no degradation in our deterrence posture with the Russians.

Senator INHOFE. Mr. Lake, that's not the question. The question is you've made the statement that no Russian—no Russian missiles are targeting America's children or America's families. Yet, you can retarget these in a matter of minutes.

You're familiar with Igor Sergeyev, the commander-in-chief of the Russian Strategic Rocket Forces. You're probably also, I'm sure, familiar with Viktor Patrushev, who was the chief of operations directorate, the navy general staff. Igor Sergeyev said, "Retargeting

and launching from this war room, mostly in a matter of minutes." Patrushev said, "I know that the missiles can be retargeted in 1 hour, even without returning our submarines to their bases." You're probably familiar with Bruce Blair with the Brookings Institute, who came out and said after that that it could be done in a matter of seconds.

Now do you agree that in this timeframe, that our—that the missiles over there could be retargeted in a matter of minutes?

Mr. LAKE. Yes, they could be retargeted, and we have never pretended otherwise.

Senator INHOFE. Don't you think it's deceptive to tell the American people that there aren't any Russian missiles targeting America at this time when in fact there might be, if it takes a matter of minutes to do it?

Mr. LAKE. There could be, certainly. As I said, we have never pretended otherwise nor—

Senator INHOFE. Well, you're very specific in your proclamation that there are no missiles targeted at America at this time, over and over again, and the President, relying on your judgment, said it about—130 times. You don't think that's deceptive?

Mr. LAKE. No, Senator, it is a fact that they are not targeted. They could be retargeted. We have never pretended otherwise.

Senator INHOFE. Well, if it's a matter of seconds, you don't know sitting there that they're not retargeted already? It could happen?

Mr. LAKE. If it did happen, Senator, and I have discussed this with intelligence officials and our military experts, ours could be retargeted in sufficient time to provide the kind of deterrence we had happily throughout the course of the cold war.

Senator INHOFE. OK.

I think it's important to define accidental launch. Is it fair to say that this would be a launch by someone without authority, let's say, in the case of Russia?

Mr. LAKE. Yes, sir.

Senator INHOFE. So we could have an intentional launch or an accidental launch? Either one is a possibility.

Mr. LAKE. I'm sorry, I don't understand the question.

Senator INHOFE. There could be two kinds of launches. It could be an accidental launch—that's without authority—or it could be intentional.

Mr. LAKE. Yes.

Senator INHOFE. All right.

When you made this statement that—in a speech just a matter of weeks ago, on October 7, you said that Russia's detargeting "has eliminated the risk of an accidental launch." Do you stand by that statement?

Mr. LAKE. Yes, I do.

Senator INHOFE. Has eliminated it? It can happen in a matter of minutes, and yet—

Mr. LAKE. If it happens in a matter of minutes, somebody would have had to retarget the missile.

Senator INHOFE. That's correct. That's correct.

Mr. LAKE. That I would not consider an accidental launch.

Senator INHOFE. OK.

Let's assume that all the experts are wrong and you're right and that this isn't going on, and there's no threat of this. Let's talk about verification. Do you think that verification can be inserted into this system to your satisfaction?

Mr. LAKE. No, sir, I would not say that.

President Yeltsin assured the President that they were detargeting. We cannot independently verify that, and therefore, the question arises, could we, if they were cheating, could we deter them from using those missiles? The answer is yes.

If I may, Senator, I am not suggesting that I am right and all of the experts are wrong. In fact, the statements that I made, including the October speech, were cleared throughout the Government by experts.

Senator INHOFE. Well, I understand that you believe that. General Shalikashvili said not too long ago, just less than a month ago, "there is no verification process." Then he followed it by something I think is more alarming, when he said, "but I can tell you, we don't have missiles pointed at Russia." To me, that's not very comforting.

Do you believe that—

Mr. LAKE. So, Senator, as—I'm sorry.

Senator INHOFE. Go ahead.

Mr. LAKE. If I may—

Senator INHOFE. If it will be kind of short, because we're on a time limit too, now.

Mr. LAKE. I will be very short.

Senator INHOFE. Yes, sir.

Mr. LAKE. The point is, as I said, that we could retarget very quickly also. It is important that you understand this. It is important that the Russians understand this, so that we maintain deterrence if something should go wrong here so that the Russians—

Senator INHOFE. So that we know we're not retargeting, but they might not be retargeting?

Mr. LAKE. No, sir. We need to know that we could retarget quickly to maintain deterrence.

Senator INHOFE. I understand. I don't disagree with that.

Do you believe that Russian nuclear missiles pose a serious threat to the safety of the American people?

Mr. LAKE. Of course they do. They pose a long term threat. If the situation in Russia were to decline in a way that we were to go back, and we all hope not, to the days of the cold war, they pose a potential threat, if the Russians retargeted.

Senator INHOFE. What about Chinese missiles?

Mr. LAKE. Certainly.

Senator INHOFE. You feel they're a threat?

Mr. LAKE. Of course.

Senator INHOFE. What did you think of the statement that was made by a high Chinese official during the time that they were experimenting on the Taiwan Straits, when he said that we're not concerned about the American people coming to the aid, because they would rather defend Los Angeles than Taipei? Did you interpret that as, at least, an indirect threat?

Mr. LAKE. Senator, I read that statement. I took it with the utmost seriousness. I can tell you that when I met with my more or

less counterpart from China, just about a year ago, I made a point of saying to him that such statements were unacceptable to the American people and to me personally, and he said that was not a statement of Chinese government policy.

Senator INHOFE. Well, OK.

I've read all of the accounts of that. Let me—I'm trying to get a lot covered in a short period of time.

First of all, do you agree that both Russia and China have, at one time or another, sold their either systems or technologies to other countries, and I'll use as an example, Iran?

Mr. LAKE. Yes. We were very concerned about proliferation activities, both with Iran and with other nations, yes.

Senator INHOFE. Well, my concern has been this, and we've had a number of hearings before the Senate Armed Services Committee, and we've pursued this, that if Russia has sold systems and technology to Iran, and China has done the same thing, and both Russia and China have an ICBM that could reach the United States, why do you feel that they would stop if they really were in the financial straits that we suspect they are, and stop just short of selling that particular system?

Mr. LAKE. This is—

Senator INHOFE. I'm looking for some comfort level here.

Mr. LAKE. I don't think that we should become too comfortable on this issue. It is a very high priority for the Intelligence Community and for policymakers, and we have to be very concerned about this general issue. I have discussed with intelligence analysts their view of whether the just flat out sale of ICBMs to, in Iran or others, is, how much of a concern that ought to be. Of course, all of this should be of concern. But their judgment is that the chances of that are very, very slim. When I have pressed them on why, their response is that it would not be in the interest of either China or Russia to sell such missiles to neighboring states which could threaten us, but also would be of a potential threat to China or Russia themselves.

Senator INHOFE. Mr. Lake, I think if we can establish, no one's going to disagree with the fact that these Russian missiles can be retargeted, that an accidental launch is something that could take place, that there's no verification, which we all understand, there's no verification that is reliable that we can say to the American people, we know for a fact that there are no Russian missiles aimed at the United States, and that two countries who have an ICBM that could reach the United States, have already demonstrated a behavior pattern of selling systems and technology to countries like Iran, who are not our friends, I would ask you this question: Considering all of that, what is your comfort level, on a scale of 1 to 10; 1 being passive, 10 being hysterical—I'm a 9, what are you?

Mr. LAKE. Senator, on the subject as a whole, I, too, am a nine, or even higher, because we are talking about, literally, existential threats to the United States. This issue has to be at the top of our priorities. In terms of the probabilities that you're talking about, it is not my judgment, but as you know, only, but the judgment of the Intelligence Community in its briefings here, that the probabilities of all of that are considerably lower than a nine. But because it is so important, I can guarantee you that this is an issue

that will be among those at the very top of the concerns that the Intelligence Community must be keeping in mind and would be among the very top of my priorities, if confirmed as DCI.

Senator INHOFE. Mr. Lake, if the, if your comfort level is one point below hysterical, and all these things are at, don't you think—and be honest with us—don't you think it is irresponsible to make a statement that the general public interprets as there is no threat out there, that that's a responsible thing to do? I'm 3 minutes over, so yes or no would be fine.

Mr. LAKE. Frankly, I can't remember from the notes in your question which way I'm supposed to answer. I certainly don't want to get it wrong.

Senator INHOFE. Do you think your statement that has been interpreted by the American people that there is not a threat from ICBMs to the United States is a responsible statement?

Mr. LAKE. Senator, it was not meant to lull the American people into any false sense of complacency. I think if you look at the degree of attention to this issue that the Administration and that I and others have given to it, there is no complacency within the Administration, either.

Senator INHOFE. Thank you, Mr. Chairman.

Chairman SHELBY. Senator DeWine. Thanks for your indulgence.

Senator DEWINE. Thank you, Mr. Chairman.

Mr. Lake, you talked a minute ago about the morale at the CIA. You have been out there now for some time, talked to a number of people, I'm sure. What is your assessment of the workforce at CIA and in the Intelligence Community in general? How would you compare the quality of the people you find there versus the quality of people you would find at a comparable place in civilian society or in the military?

Mr. LAKE. I'd rather not make comparisons, Senator, with any specific group. I mean, for example, the military, who I've worked with extremely closely, visited often with over the past 4 years, I think are superb. In any large organization like the military or the Intelligence Community there are always problems. But they are superb.

I have found, and I say this unhesitatingly, the individuals that I have met in the Intelligence Community to be extraordinary people. The reason is that they want to do things. They want leadership in doing them. They have been doing them, unlike any other institution I can think of in our society over the past 10 or 20 years, they have been doing it in the face of extraordinary criticism. That takes a kind of everyday courage that I greatly admire.

Again, this is not to say things have not gone wrong. This is not to say that there aren't problems that need to be fixed. If confirmed, I look forward to working with you on fixing them. But I have been very impressed.

Senator DEWINE. John Deutch was quoted in The New York Times in December 1995 as saying that the CIA officers were less competent than uniformed officers, and that they could not formulate solutions to their problems. That's just part of the quote. I have it, the whole quote, here. But what was your reaction to that? What effect do you think a comment from the CIA Director that's printed in The New York Times, such as that, has on morale?

What, if anything, did you do in your position to in any way disabuse the Intelligence Community that that was not the Administration's position?

Mr. LAKE. Senator, I think it is, as I said, important that a DCI offer support and then offer discipline as well. Whatever the one statement, Director Deutch did, in my judgment, an extraordinary job in launching a series of reforms that are extremely important to the future of the Agency and that I look forward to carrying through.

I would not care to make a comparison between, as I said, military officers and intelligence officers, because I have found them, as I said in my opening statement, worthy of tremendous respect.

Senator DEWINE. You did not—and I don't belabor the point—but you and the Administration did not react internally to that in any way?

Mr. LAKE. Senator, it was one statement reported in one article—

Senator DEWINE. I understand. No, I understand.

Mr. LAKE [continuing]. In an offhand way. I have no idea of the accuracy of the statement.

Senator DEWINE. Let me turn to—I'm sorry, go ahead.

Mr. LAKE. What I will say is that I have met every week for the last 4 years, until the past couple of months, with the Director of Central Intelligence and just about every morning with a briefer from the Central Intelligence Agency. I've gone out to the Agency and on a number of occasions—occasionally, sadly, on memorial services for officers who gave their life for their country. On all of those occasions, I have tried to be probing, but at the same time supportive.

Senator DEWINE. Let me turn to a related issue. I'm sure you recall the report in the press in October 1993 concerning a briefing that Mr. Latell, former National Intelligence Officer for Latin America, gave Congress. This was reported in the press. This briefing and his assessment of former President Aristide, according to these press reports, was apparently very, very negative.

This prompted a range of senior Administration officials to criticize Latell mostly on a non-attribution basis. Again, that's what we saw in the press. The President himself was quoted in The New York Times as saying that Latell's information was mere allegations. What was your reaction to Latell's report? Were you one of the officials who were concerned about the report? Did you think it showed an anti-Aristide basis?

Both you and I know, this is obviously, I think, important for a number of reasons. It presents an interesting issue, depending on what you thought of the assessment. Obviously, it depends on what you thought of it and how you would react to it. So I guess, I'm interested in what your reaction was to the assessment first, and then we can go from there.

Mr. LAKE. As I recall, my reaction at the time, Senator, it was primarily a very negative reaction to the leak of the report at that time.

Senator DEWINE. That's understandable.

Mr. LAKE. I don't believe that we serve anybody well when—and I don't think the leak came from Members, certainly, of this Com-

mittee—that we serve anybody well when intelligence reports become a part of a debate like that. The report certainly gained my attention in some of its allegations.

I, frankly, did not know whether they were true or not. They were not substantiated. I absolutely and flatly did not say the report must be changed or—if that's the import of your question, because that is an extremely important matter.

Senator DEWINE. No, and I didn't mean to imply that.

Mr. LAKE. No, no. But I would like to say that I have—even at moments when I reacted negatively to an intelligence report, because it was ruining my day, because things were harder than I thought they might be, I have never, ever gone back and said change the report or amend it or suppress it or anything else, because that would be wrong.

Senator DEWINE. Go ahead. I'm sorry.

Mr. LAKE. In point of fact, I believe—and perhaps we can go into closed session if you want to go more into it—but I believe that the—that report has been amended in the light of subsequent information.

Senator DEWINE. I take it from your statement that—you stated it gained my attention—that that report had not come to your attention prior to that?

Mr. LAKE. Senator, I can't remember whether it had or not.

Senator DEWINE. Did you have the feeling at the time that the intelligence that you were receiving did have an anti-Aristide bias?

Mr. LAKE. I got the feeling it was anti-Aristide. I didn't know whether it was a bias or not, because I hadn't seen the fuller information.

Senator DEWINE. So you didn't have an opinion at that point about its credibility, I mean, whether it was accurate or not? Obviously, when you saw it, it was anti-Aristide.

Mr. LAKE. I couldn't judge its credibility with any sense of certainty—no, because I didn't have further information.

Senator DEWINE. I'll take you from this to a hypothetical, but it's obviously based on this incident. What if, in this particular case, the information is correct? You believe it's correct, as a policymaker. But you have made a decision that you're going to—for any number of reasons, that when you weigh all the other alternatives, that it is best to go ahead with the policy and that it is not particularly helpful to have that information being read in The New York Times or The Washington Post. How do you deal with that dilemma as a policymaker, and how do you—and if you were the director of CIA, what would you expect from the policymaker, himself or herself? What does the Intelligence Community have the right to expect, and what does the policymaker have the right to expect from the Intelligence Community?

Obviously, you know, you start with the idea that it's not going to be out in the public. But we all have been around this town long enough that we know that the perfect world often doesn't exist.

Mr. LAKE. I think it's a very good question. What the policymaker has not only the right to expect but has the necessity of receiving is straightforward, unvarnished intelligence. Absolutely. Any policymaker who's been in the business any length of time knows that it's his own reputation, and more importantly, the wel-

fare of the American people that's on the line, when acting on the intelligence and that it better be right.

Equally, the intelligence analyst and the Intelligence Community has the right to expect that the policymaker will take intelligence seriously and to do everything in his or her power, any intelligence official, to make sure that the facts are getting to the policymaker.

If an intelligence person senses that the policymaker isn't listening, then he or she ought to be going into there and grabbing them by the jacket and saying, listen, here are the facts; pay attention, without going over the line into policy.

I believe this is one of the reasons why I believe that my access in the White House and, I hope, the confidence that the President has placed in me would allow me to do that.

Senator DEWINE. With the Chair's indulgence, one followup question. I know my time is up. But with the hypothetical that I have raised, is it just something that the Intelligence Community has to accept that they're going to have policymakers who don't want that information out, who then see it out, who know that it very well may be true or is true, but who feel because of a matter of policy, they have to beat it back? Is that just part of what an intelligence officer has to accept as part of his or her job, that he then is going to get a counterattack in the media again, I'm using as a hypothetical, because you've answered, I think, this particular case, or what you know about it.

Mr. LAKE. I take your point, Senator, and I think that the—both the leaks of the analyses and the beating back—and as far I know, I was not somebody who spoke to reporters about that. I've been criticized for not talking to reporters enough in the past, especially in the first year of the Administration. I think both were unfortunate, because it can have a chilling effect on analysis.

Senator DEWINE. I appreciate that. Even though you were not involved in leaking that yourself, at the level—the high level where you were, did you think you had some obligation to deal with that internally in the Administration? What one might describe as a counteroffensive?

Mr. LAKE. I don't—I think a counteroffensive is too strong a word.

Senator DEWINE. All right, OK.

Mr. LAKE. I'm sorry I used it.

Senator DEWINE. Characterize how you wish.

Mr. LAKE. I have—I mean, on—and I know this is not directly responsive, because I can't remember exactly what happened here. But I cannot tell you how many times over the last 4 years there have been leaks, statements that were exacerbating situations in which we have tried to find out who was doing it, put a stop to it. It's a very hard thing in this town to do. But I take your point, absolutely, that that is never useful. Perhaps—and I know that time is up, Mr. Chairman. Could I make—because these are interesting questions—could I make just two comments on it?

I've—I think my mother once said, "Never answer hypotheticals." Certainly, that's always been the case since.

Senator DEWINE. Probably good advice.

Mr. LAKE. But this is—yes—but you pose such an interesting question, I can't resist. I think the problem here would have been

that if that analysis had been absolutely right, any policymaker would have had a responsibility to take it seriously and to act on it and not to proceed with a policy that would contradict it.

The problem here would have been that on the one hand, we, as I know you do, had and have a commitment to democracy in Haiti. And Aristide was the elected president of Haiti, who had been deposed. On the other hand, if that had been true, it would have raised very difficult questions about his specific return. That is something that we would have had to wrestle with. I hope we would have found practical ways to resolve that dilemma. But absolutely, we should have and would have, I hope, resolved that dilemma based on the intelligence.

Second, again, intelligence is an imperfect art. It always will be. It has to be based on the facts, but we are asking analysts to make predictions about the future.

I have, as a policymaker, always found it very useful if there were some differences within the Intelligence Community, because it would allow me to kind of calibrate when both of them agreed, if there were two that I know always disagreed, when they both agreed on something, you really know that this is probably true. If not, it's useful to see what the differences are. I think one of our challenges is, as we move forward in reforming the Intelligence Community, is to remove redundancies through mission-based budgeting or whatever, but not at the price of eliminating useful differences among the analysts.

Senator DEWINE. Thank you.

Thank you, Mr. Chairman.

Chairman SHELBY. Thank you.

Senator Lautenberg, I understand you want to make an opening statement.

Senator LAUTENBERG. Was that—is that what I'm being rewarded with, Mr. Chairman, at this moment?

Chairman SHELBY. I recognize you for what you want to say.

Senator LAUTENBERG. Well, I thought I might include a couple of things together, and I'll try to be brief.

Chairman SHELBY. Absolutely. You proceed.

Senator LAUTENBERG. Maybe by then we can get the mechanic to fix that clock and, you know, everything.

I did want to say, Mr. Lake, thank you for your willingness to serve. I think you bring extraordinary credentials to the job, and I tried as much as possible to develop a profile about you. We don't know each other that well, but we have worked together. This was the information that I was given about you. I couldn't put it down, honestly. It was a rather—it won't make the best seller list, but I can tell you, it's interesting reading. It tells a lot.

Mr. LAKE. I'm relieved to hear it.

Senator LAUTENBERG. It tells a lot about you and your statement today. I think we make judgments, Mr. Chairman, about people by the company they keep. When I see distinguished defenders of our freedom and our democracy—like the Vice Chairman of the committee, Bob Kerrey; John Kerry; John McCain; Warren Rudman—it tells me something more than the book tells me about your credentials. They served in the military while you served in the diplomatic corps in the same theater. That—and I think that there is

a special insight that's developed. So I'm pleased to have—with the notion that you might serve here. I do want to find out a few things more.

What do you see as the three or four main challenges facing CIA as we approach the changing world that we know is ahead of us?

Mr. LAKE. There are so many of them. It's hard to narrow them down to three or four.

Senator LAUTENBERG. Well, I'm limited by time.

Mr. LAKE. But I will, and I'm limited by trying to be succinct, so I will do so.

I think we have to get collection management right. I think we have to get fiscal responsibility throughout the system and through mission-based budgeting, try to remove redundancies. I think we have to try to bring greater order to the personnel systems and that the systems, not just the management but the systems, reward people for doing hard things if they do them well, even if they fail.

Very important, we need to concentrate on counterintelligence. I am very concerned about the relationship between the information explosion and the need to wire in the Intelligence Community together through computers and in other ways, and the counterintelligence aspect of that. This is a big challenge before us, and we need to pay attention, as Ames showed us.

Something I want to give a lot of attention to, we need to bring greater public support and understanding to the Intelligence Community as it does its work.

Senator LAUTENBERG. How do we convey the message to the public at large, that what we're doing in the Intelligence Community and CIA is not some mysterious, unrelated program to their almost daily well being? They know that we have the Army, Air Force, Navy, et cetera, out there protecting them. But protecting the well being of our country relies on other things as well, besides this very skilled defense force that we have. How can we communicate this message out there to the public at large?

Mr. LAKE. Senator, a very important challenge, and I think there are a few things we can do. One, we can tell them—not just me, if confirmed, but all of us here—we can tell them that what the Intelligence Community does makes a difference in their daily lives. Drugs are ravaging this society. When the CIA helps us bust drug lords abroad, that makes a difference to Americans' lives, and I don't think most Americans know it. When we arrest terrorists abroad because of good intelligence and—good tradecraft, that makes a difference to Americans' lives because we're deterring, I would hope, to some degree, future World Trade Centers. I could go on and on. We need to show them how it makes a difference to them.

Second, I think, frankly, we need to open up the Agency a little more to the public. I would like to see our analysts and others who can do it, consistent with what should properly be maintained as secret, to get out there and to talk to American citizens about what they're doing and to demystify it, to show that a lot of the stuff that I read about the Agency simply isn't the Agency that I see every day when I go in there.

Senator LAUTENBERG. I would agree with that. Mr. Chairman, am I allowed one overtime?

Chairman SHELBY. You go right ahead.

Senator LAUTENBERG. Thank you.

For the last 4 years, you've been making policy, and as DCI, you'll be charged with intelligence analysis. It gives you a single perspective on the politicalization of intelligence. These are, I think, in a way, two separate, distinct functions, but they merge in many ways, as we've seen. How do you propose to ensure the separation of the two—the political aspects which do get involved in the direction that we go and the things that we look for? One of the sensitive issues brought up by some of our colleagues, has been the politicization of the things you've done in the past, and if you could clear it up, I'd appreciate it.

Mr. LAKE. Senator, there has—there is a bright line, and I think it's clear, between policymaking and intelligence. Over the last 4 years, at meetings of the Principals Committee and elsewhere, I have reminded both policymakers, on more than one occasion, and intelligence people about the importance of maintaining that distinction. It is an entirely appropriate question that a number of you have raised, and it is one that I would certainly be raising about myself. Would I do that? Could I provide the unvarnished facts about policies that I'd worked on if they showed that the policies weren't working? As I said, the answer is yes. Both in principle, because it's right, and it is an act of loyalty to the President, not disloyalty, to tell him something's broken so that he can fix it, because if he doesn't, he and the American people will pay the price.

From a personal level, I, frankly, will have no problem doing that at all. I can tell you that the day after the President announced my nomination, I had a staff meeting with my senior directors. The first thing I said to them was, I cannot wait to send over intelligence reports to you saying you've got a hell of a problem, good luck. I've done my duty for the last 4 years. I'm perfectly prepared not to try to answer all of those hard questions over the next four.

Senator LAUTENBERG. Thank you very much.

Thanks, Mr. Lake.

Thanks, Mr. Chairman.

Chairman SHELBY. Senator Graham.

Senator GRAHAM of Florida. Thank you, Mr. Chairman.

Chairman SHELBY. Senator Graham, excuse me. If you'll withhold a second.

Vice Chairman KERREY. I had three letters that I did not introduce in the record. I just ask unanimous consent; one from former Senators David Boren, Nunn, and Rudman.

Chairman SHELBY. Without objection, it is so ordered.

Vice Chairman KERREY. Another letter by one of the—a woman by the name of Jane Schultz is one of the leaders of Pan Am 103 victims group.

Chairman SHELBY. Without objection, so ordered.

Vice Chairman KERREY. Third a letter from John Deutch, all three in support of the nominee.

Chairman SHELBY. Absolutely.

[The documents referred to follow:]

MASSACHUSETTS INSTITUTE OF TECHNOLOGY,
DEPARTMENT OF CHEMISTRY,
Cambridge, MA, February 7, 1997.

Senator BOB KERREY,
Select Committee on Intelligence,
U.S. Senate, Washington, DC.

DEAR SENATOR KERREY: I write to urge the speedy confirmation of Tony Lake as my successor as Director of Central Intelligence. In my judgment Tony Lake will be an excellent Director and deserves the same strong bipartisan support from your Committee that I enjoyed.

Tony Lake deserves your support for the following reasons: Most importantly, I know from working with him closely for 4 years that he is a person of impeccable integrity who will scrupulously carry out his responsibilities as Director of Central Intelligence. When I was Director and he was National Security Advisor, he understood the importance of not permitting policy considerations to influence intelligence judgments and consistently supported the independence of the Intelligence Community's analytic process. I know he will maintain this independence when he is Director.

I also am sure that Tony Lake understands that the Director has a responsibility to keep Congress fully and currently informed of all intelligence activities. I believe it is a mistake to take the absence of congressional consultation on the secret diplomatic decision not to interfere with the transfer of Iranian arms to Bosnia through Croatia—an omission that all members of the Administration acknowledge was a mistake—as an indication that Tony Lake as Director will withhold information on intelligence activities from Congress.

Tony Lake has spent his entire career on national security and foreign policy. His enormous breadth of knowledge is sure to improve the quality and timeliness of the intelligence judgments that are so vital to our national and military leadership in reaching a wide range of policy decisions. Intelligence reports and National Intelligence Estimates will improve if he is confirmed as Director. The fact that President Clinton trusts Tony Lake and relies on his judgment assures that the Intelligence Community will have the access needed to assure that information and unvarnished judgments are maintained in the policy process.

As the Committee knows, the role of clandestine human intelligence collection is increasingly important in the post cold war world to combat terrorism, the spread of weapons of mass destruction, and international drug trafficking. It has been my experience that Tony Lake is a strong advocate of human intelligence and constructive reforms to strengthen the effectiveness of CIA's Directorate of Operations; he understands both the uses and the limits of covert action. I believe that Tony Lake will considerably strengthen the human intelligence capability of the US.

Tony is a tireless worker and highly motivated to lead both the CIA and the Intelligence Community. He will lift the morale of the dedicated individuals who serve our country in the Intelligence Community. I am convinced that he will leave the Community stronger than he finds it. This is why I was gratified that President Clinton selected him to be my successor. But, I am equally convinced that prolonged debate about his qualifications will weaken his hand as Director both at home and abroad, just at the time when our country needs better intelligence.

For all these reasons I urge Committee members to vote without unnecessary delay, to recommend his confirmation to the Senate.

I am sending an identical letter to Chairman Richard Shelby. You should know that I miss my interaction with you and the other members. If I can be of assistance on any subject, at any time, I trust that you will not hesitate to call on me.

With best regards,

JOHN DEUTCH.

JANE C. SCHULTZ,
HORSESHOE FARM,
Ridgefield, CT, March 7, 1997.

Hon. RICHARD C. SHELBY,
Select Committee on Intelligence,
U.S. Senate, Washington, DC.

RE: THE CONFIRMATION HEARING OF ANTHONY LAKE

DEAR MR. CHAIRMAN: I am Jane Schultz, the mother of Thomas Schultz, a 20-year-old student who died in the terrorist explosion of Pan Am Flight 103 over

Lockerbie, Scotland on December 21, 1988. Two hundred and seventy innocents died, 189 were Americans, the largest number of civilians to ever die in a terrorist attack. My son had been on a 3-month study program in London. Thomas was coming home for Christmas, instead, his body was returned on his 21st birthday.

Within the first 3 months of the Clinton administration, Tony Lake met with representatives of the victims' families. The result of the meeting was that President Clinton was committed to seeking the truth and justice about Lockerbie. The prior 4 years of the Bush administration were silent ones. Pan Am Flight 103 never existed on their public agenda—the families were angry and frustrated.

As the Executive Vice President of the Victims of Pan Am Flight 103 organization, I quickly became involved in the intricacies of Washington politics. A very high priority for me was to find a suitable site for a memorial Cairn, a gift from the people of Scotland to the United States. The Cairn consists of 270 stones—one for each life lost in the disaster. This memorial would stand as a symbol of our Nation's need to be ever vigilant in the war against terrorism. For many months, we lobbied the Congress and various Veteran's groups, and in October 1993 the 103d Congress unanimously passed Joint Resolution 129 designating Arlington National Cemetery as the site for the Cairn. Before construction could begin, there were many challenges to be met and resolved. Tony Lake made himself and his staff at the National Security Council readily available to me and my project manager, a woman whose husband was also aboard Pan Am Flight 103. Tony Lake became my teacher, offering continual guidance and wise counsel, but *most importantly*, he always encouraged me to never give up pursuing the goals of our organization. He helped me to understand that as quickly as one door closes, another opens. I was naive to the ways of Washington. I felt that as a father of three and a former college professor, he could readily relate to the Nation's devastating loss of so many young and gifted students.

I trust and respect Tony Lake. He will bring character, integrity, leadership, and a strong stand against terrorism to the position of Director of the Central Intelligence Agency.

Sincerely,

JANE C. SCHULTZ.

March 7, 1997.

DEAR SENATOR: We offer our bipartisan support for the confirmation of Anthony Lake as the next Director of Central Intelligence. Mr. Lake has distinguished himself in over thirty years as a respected public servant. He is a man of integrity and high competence.

After four years as the President's National Security Advisor, Mr. Lake understands deeply the vital importance of unvarnished intelligence to the development of sound policy. He has earned the trust and confidence of the President. This established relationship will help ensure his freedom as Director of Central Intelligence to be frank with the President and with Congress.

Mr. Lake's career has been marked by a determination to put American power at the service of American interests and principles. We believe this is the mark of a man well suited to lead the Intelligence Community.

DAVID L. BOREN.

SAM NUNN.

WARREN B. RUDMAN.

Chairman SHELBY. Senator Graham.

Senator GRAHAM of Florida. Thank you, Mr. Chairman.

I'm sorry I was not here during the previous questioning, but I understand some issues were raised relative to Haiti. I would like to use that as somewhat of a microcosm of the transitions which the Intelligence Community is making in this post-cold war era. I'd like to start with some questions on intelligence in Haiti in the period that preceded your position with the NSC, but set the environment for it.

During that period after the departure of Duvalier and the onset of an unstable political period in Haiti with intermittent civilian and military regimes, could you comment on what your assessment was of the U.S. intelligence efforts and the degree of illumination

that it provided to us as to what was happening in Haiti and could inform good policy judgments?

Mr. LAKE. Senator, which period?

Senator GRAHAM of Florida. I've been talking about the period that began with the departure of the second Duvalier and concluded with the first election of President Aristide.

Mr. LAKE. Senator, I'm not in a position, really, to comment on the intelligence. I wasn't in the Government.

Senator GRAHAM of Florida. I know you weren't, but from your general background or the information that became available to you when you were in your previous position in order to make decisions that were proximate, did you have any occasion to assess how well our intelligence operation had been functioning in Haiti during the preceding years?

Mr. LAKE. I'm afraid I didn't, Senator.

Senator GRAHAM of Florida. What would you say would be the time in which you had a sufficient familiarity with our intelligence operation in Haiti to make a judgment as to its adequacy?

Mr. LAKE. I suppose when I—I would say just before, in fact, a new Administration took power in 1993, in January, 1993, as during the transition we began to address what was an alarming crisis in Haiti with the prospect of many thousands of boat people heading toward America.

Senator GRAHAM of Florida. Beginning then, with that period in late 1992, what was your assessment of how well we understood what was happening in some key institutions like the military, what was happening in some of the paramilitary organizations, the degree to which concerns about the use of Haiti as a transport site for illicit drugs, and what that information said about U.S. policy toward Haiti.

Mr. LAKE. In retrospect, Senator, the intelligence we were getting about the possibility of large refugees outflows, including technical collection as well as human, was excellent. The predictions they were making about the refugee crisis—which of course, greatly concerned us—were, as far as I can recall, very reliable.

The intelligence on the political side of what was going on within Haiti and within those various institutions, I would say, was mixed.

Senator GRAHAM of Florida. Was the distinction between the information on the refugees and the information on what was happening politically significantly a function of the fact that our information on refugees was largely a machine driven information, *e.g.* surveillance photographs of boat construction and activities that would indicate a buildup of capacity for refugee flight, in contrast to political information, which relied predominantly on human intelligence?

Mr. LAKE. I believe with regard to refugees it was a mixture, but primarily technical. I'm not sure whether in an open session we should get deeply then into the sources and methods that were being used then.

Senator GRAHAM of Florida. Well, with that caution, I'd like to return to this, because the point of the questions is that I think that there is a significant policy issue to be explored through the prism of Haiti, and that is how well have our intelligence institu-

tions made the transition from dealing with one large well known enemy to the fragmented world in which we live today, where you have these extremes in cultural differences, and political and historical backgrounds that require very refined understandings and then ability analyze contemporary information to make good judgments.

Mr. LAKE. Senator, I think you make a very important point. Intelligence analysts are human beings. I don't believe there has ever been a human being in history who was purely objective. That means two things. First, that the analyst, whether the DCI or an intern, should constantly be saying, am I being as objective as I can? Am I examining my prejudices? Am I so caught up in history that I can't lay the facts out straight and do their best? My experience with the analysts has been that they do make that effort. My job as DCI would be to make damn sure that they're making that effort. When I sense that any of them, from either direction and from any political perspective or from being wedded to any particular history, whether it's a shift in an era or a shift in a particular government that they've been analyzing, that if they are not being as objective as they can or if there are serious questions about their analysis, they better try harder or we find another analyst.

Senator GRAHAM of Florida. This is another set of questions that you might prefer to wait until Thursday to discuss.

But what is the—what do you see as the necessary changes in personnel policy, in relative allocation of resources, particularly between human intelligence and nonhuman, that is a function of this change from one big enemy to multiple, diverse areas of concern?

Mr. LAKE. I'm trying to think about how much it should be here and how much later. I think as a general principle, it is—we have before us—and I say we understanding if I am confirmed, I'm allowed to say we—the Intelligence Community and this Committee, the Congress, the President, have before them some very major decisions to make—to be made with regard to technical collection, to satellite architecture, et cetera.

One of the reasons why it is desperately important that we get those decisions right is not only that that kind of imagery is extraordinarily important, especially to our military forces in the field, but so that we can save the money that will allow us to give what is, in my judgment, an important priority, and that is to the HUMINT side, because I have always believed, going back 20 years and more, that HUMINT is—human intelligence is tremendously important in understanding foreign governments, in anticipating crises, and in trying to resolve crises before they might require the use of our troops. But perhaps, we can go into more detail on Thursday.

Chairman SHELBY. Senator Roberts.

Senator ROBERTS. Thank you, Mr. Chairman.

I'd like to get back to the Chairman's questions in reference to the NSC employees and the foreign contributions. I'm reading from an Associated Press news story as of yesterday. The Justice Department told two National Security Council aides in June 1996 that China might try to influence congressional elections. But the aides were instructed not to pass the information to their White House bosses. Mike McCurry, the press secretary at the White

House, said the Justice Department conducted the briefings on the condition that the information not be circulated within the White House. They were given a briefing on very specific ground rules, and they respected those ground rules. As for the briefing, he said the ground rules requiring secrecy were unusual. As a result, he said, senior White House aides and Clinton first learned about the alleged efforts by China to influence the Congress when The Washington Post reported them in February. The matter could become an issue in the confirmation hearings of former NSC chief Dr. Tony Lake.

Forwarding the information to Clinton's top aides and political advisers in June 1996, according to a reliable source, might have prompted the White House and the Democrats to be more circumspect about accepting campaign contributions and then the understatement of the story, perhaps avoided the cash for access affair that is hounding the President. I would—I might add, in a non-partisan sense, certainly adding to a lot of problems or a lot of challenges that we have around here.

Now, given that and given your statement that we have repeated, a president who does not get the facts straight will make mistakes at real cost to our national interest, to our people and to his leadership. That's in your statement as to your qualifications. I think we all certainly agree with that, and I think the President has stated, with some degree of feeling, that he wished that he would have known.

Now, you have stated to the Chairman and in your statement that you have had no knowledge of this particular information.

Mr. LAKE. [Nods in the affirmative.]

Senator ROBERTS. That's correct. Then went ahead and cited four others, I think, instances in somewhat related matters where you received an inquiry and then you reported to the White House. Senator Kerrey and others of our good friends across the aisle have told me personally and our workup session that you have users and providers, or you have providers and users. You have the providers of intelligence and then you, sir, in a policy situation, you're the user. If the user doesn't get the information if you're not provided it, you know, how on earth can you advise the President?

My concern, and I think that of the Chairman and others, is why you didn't know. I guess my question to you is, can you further clarify that? You stated, I think, if I'm correct, that the decision was made by the two employees, which is always the case, as to whether to go up the chain of command in their judgment—and everybody has 20/20 hindsight in instances like this—or that they had some kind of a stricture. What are we talking about a stricture here? Now, maybe I didn't understand that, but some kind of a restriction in regards to them passing that information on? What are we talking about here? Or am I misquoting you?

Mr. LAKE. Senator, I think the problem here is that, as I said, I do not know what information they were given. I don't know what strictures or instructions or whatever were given to them about further dissemination by the Justice Department.

Senator ROBERTS. But is that commonplace? Is that commonplace that if you would have an employee under your jurisdiction at the NSC, that there could be a stricture that they would not for-

ward that to the White House, to the higher-ups or to you, sir? I don't understand what kind of a stricture that would be.

Mr. LAKE. No, there wouldn't—it would not be common-place, and I would certainly not recommend it as a way of doing business that I not be told of such things. My answer, though—and I want to state this again very plainly—in saying that I cannot sit in judgment on them as to whether or not they should have passed this up. I wish I had known, clearly.

Senator ROBERTS. I think everybody does.

Mr. LAKE. Yes. But they had to make a judgment based on the information and what they were told. These are fine career officials—

Senator ROBERTS. I have no doubt that's the case.

Mr. LAKE [continuing]. Who have served their country well. So—

Senator ROBERTS. I don't want to perjure their intent. I'm just wondering—

Mr. LAKE. So you'll understand why I do not want to hang them out to dry here when I don't have that information.

Senator ROBERTS. I'm not asking you to hang them out, you know, wet or dry or by—

Mr. LAKE. No, no, I know, Senator. You're not. I'm just trying to be careful.

Senator ROBERTS [continuing]. Or by the hanging tree. But I'm just saying I don't understand the vetting policy or your policy in regards to what strictures might be put on these employees when it seems to me—I think you said that in terms of policy, that the intelligence adviser to the President, even in some cases, if he wasn't paying that much attention to what you thought was important, would grab him by the lapels of his jacket—or his jogging suit or whatever—and certainly make that apparent to him. I think, again, hindsight being 20/20, I'm puzzled as to what stopped this. Do you have any idea, just in terms of past practices? I'm not trying to put you on the spot here, I just—I find it very puzzling, very curious as to why that would happen.

Mr. LAKE. Senator, I don't do hypotheticals and don't do speculation. I'll now violate the second part of the rule. I don't mean to speculate here. Let me just give you a context, two pieces of it, that might be germane. Again, I don't know.

The first is that in general, counterintelligence matters, especially the most sensitive ones dealing with spies, have been dealt with between the DCI and me at our weekly meeting. Whether in the Ames case or others, that system has worked very well.

The second context is that there are a lot of investigations going on in Washington. It has been very important, and we have all been instructed that we not deal with the Justice Department or the FBI on matters that could be under investigation, because it could look as if we were trying to bring inappropriate influence on them during the course of those investigations. That is why I've not talked to these two members of the staff about this.

Senator ROBERTS. I understand that. I understand that, and I think your decision was accurate.

Mr. LAKE. They have had that in mind somehow as they looked at what to do with this information.

Senator ROBERTS. Knowing what you do now, what would you have told the President? The two employees bring this to your attention. You are granted or have access to the President. What do you tell him?

Mr. LAKE. There's a problem here. There's a possible counter-intelligence problem here, if a foreign government is attempting to influence our democratic processes in improper ways.

Senator ROBERTS. The President has indicated we're already in the business for restructuring the vetting processing.

Mr. LAKE. But again, this is—

Senator ROBERTS. How would you recommend that we do that? I guess what I'm sort of driving at, you had some connections with four separate cases here that were tied up with the same kind of individuals that seemed to be more or less routine, and you gave them some pretty good advice. All of a sudden here comes this situation, and it never got—it was never brought to your attention, or it never went up the chain of command. I'm just puzzled as to why that was the case.

Mr. LAKE. Senator, I cannot answer the question, and I would prefer not to try to answer it, again, because I do not want—

Senator ROBERTS. I understand that.

Mr. LAKE [continuing]. To be unfair to very fine career officials.

Senator ROBERTS. I understand that.

Mr. Chairman, my time—I'm on the amber light here.

Well, actually I could probably go on under the circumstances.

Chairman SHELBY. You go ahead.

Senator ROBERTS. What is your pleasure, sir?

Chairman SHELBY. Go ahead, Senator.

Senator ROBERTS. I'm on the amber light, and I don't want to—

Chairman SHELBY. You go ahead. You finish up your—

Senator ROBERTS. I guess I'm the last of the Mohicans here.

Chairman SHELBY. You finish up because we've got a vote pending.

Senator ROBERTS. Are we in the process of voting now, sir?

Chairman SHELBY. We are. We're on the second bells now. Go ahead and finish your questions.

Senator ROBERTS. If we're on the second bells, I think we better—I think we better certainly end this up. I think we can probably followup on this. It's always nice to get the morning papers, so you can ask something pertinent.

[General laughter.]

Senator ROBERTS. Thank you, Dr. Lake.

Chairman SHELBY. Thank you, Senator Roberts.

We have the second bells going on a vote, the final passage. We're going to adjourn until 10 a.m., Mr. Lake.

Mr. LAKE. Thank you, Mr. Chairman.

[Thereupon, at 6:37 p.m., the Committee was adjourned.]

NOMINATION OF ANTHONY LAKE TO BE DIRECTOR OF CENTRAL INTELLIGENCE

WEDNESDAY, MARCH 12, 1997

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

The Select Committee met, pursuant to notice, at 10:05 a.m., in room SH-216, Hart Senate Office Building, the Honorable Richard Shelby (Chairman of the Committee) presiding.

Present: Senators Shelby, Chafee, DeWine, Kyl, Inhofe, Hatch, Roberts, Allard, Coats, Kerrey of Nebraska, Glenn, Bryan, Graham of Florida, Baucus, Robb and Lautenberg.

Also Present: Taylor Lawrence, Staff Director; Chris Straub, Minority Staff Director; Suzanne Spaulding, Chief Counsel and Kathleen McGhee, Chief Clerk.

Chairman SHELBY. The Committee will come to order.

We will continue on our first round on the Committee. There are a number of Senators that didn't even get to ask their first round of questions of Dr. Lake yesterday.

Senator Robb.

Senator ROBB. Mr. Chairman, if I could pass for one round please.

Chairman SHELBY. Senator Hatch.

Senator HATCH. Thank you, Mr. Chairman.

As you know, Mr. Lake, I stated yesterday that I come at this from a position that I want to support your nomination. I think you know that, I've expressed that to you. But I do want to ask some tough questions.

You resigned from the Nixon administration in 1970 because you thought the Vietnam War was, in your words, "a terrible mistake."

Twenty-four years later returning from Richard Nixon's funeral on Air Force One with President Clinton, you recommended that a "No instructions," policy be transmitted to Croatia's President Tudjman regarding his solicitation of U.S. views toward opening a secret Iranian arms pipeline to Bosnia. This policy deceived Congress, the American public, our allies, and incredibly, although only for a short while, the Intelligence Community you now seek to head.

Furthermore, it provided only enough arms to maintain the Bosnian's viability. It did not prevent the slaughter of Bosnians at the hands of the better armed Serbs.

Now, I think—personally I thought that was a terrible mistake. You've admitted that you wish you had notified the Congress. But I thought the whole process was a terrible mistake. Now, I would

like to review this policy with you, although, I expect that this topic will exceed my time and will be the subject of many other questions and I'll have to come back to it in the next round.

First, let us review a brief chronology of events so everybody understands it. Correct me if I mis-state anything here, and I'll be happy to be interrupted if you feel inclined to do so, because I want this to be accurate. In September 1991, the U.N. passes the U.N. Security Council Resolution 713 placing a general and complete embargo on all deliveries of weapons and military equipment to the former Yugoslavia.

By 1992, the Serbian aggression against Bosnia and Croatia is in full swing. A number of leaders around the world, including former President Nixon and former Prime Minister Thatcher and a number of Senators and Congressmen in Washington, including myself, are arguing that a "lift and strike" policy is the only way to stop the slaughter of the nearly defenseless Bosnians by creating a balance of power on the ground, that might have prevented the slaughter.

It is notable that Democratic candidate Bill Clinton also argued for this policy at or near that time. While arms smuggling continued through this period, the United States intervened at least once with the Croats in halting a shipment of Iranian arms.

You're aware of that?

Mr. LAKE. Yes, sir.

Senator HATCH. OK.

But by 1994, the war has continued unabated, UNPROFOR has been exposed as powerless and the NATO pinprick strikes are seen as ineffective. The slaughter continues. In April, Ambassador Peter Galbraith approaches the Administration seeking your guidance on a Croatian request regarding arms shipments. This is when the "no instructions" policy is approved by Air Force One.

Now, you were aware at the time that we were talking about Iranian arms shipments here in this instance.

Mr. LAKE. [Nods in the affirmative.]

Senator HATCH. I believe you would characterize Iranian foreign policy in regards to the United States as basically inimical to ours at the time. Is that right?

Mr. LAKE. [Nods in the affirmative.]

Senator HATCH. You're going to have to answer. If you'll say—

Mr. LAKE. Yes, sir. Certainly.

Senator HATCH. Yes. Regarding Croatia's President Tudjman, I believe that one of the highest foreign policy priorities for him was to maintain good relations with the United States. That's right isn't it?

Mr. LAKE. Yes, sir.

Senator HATCH. The United States had, in fact, objected to Iranian shipments in the past and the Croats had enforced our objections. Is that correct?

Mr. LAKE. Yes, sir.

Senator HATCH. OK.

I've met President Tudjman on a number of occasions and I'm sure—and I'm not sure I find it plausible that he would rely on a "no instructions" policy or statement from our Ambassador as a definitive green light for what would be a risky, covert operation.

Now, considering Croatia's understandable desire not to alienate the United States, President Tudjman would have been taking a chance at misinterpreting a strictly implemented no instructions policy. Would he not have been taking—

Mr. LAKE. I don't think that's clear, Senator.

Senator HATCH. You don't think that's clear?

Mr. LAKE. No, sir.

Senator HATCH. OK.

Yet you maintained that the no instructions policy was strictly implemented?

Mr. LAKE. Yes, sir.

Senator HATCH. Was there any time after April 1994 when Ambassador Galbraith exceeded the limits of the no instructions instructions?

Mr. LAKE. Should I start there now?

Senator HATCH. Yes. I'd like you to.

Mr. LAKE. That was the—one of the questions that were raised by DCI Woolsey with me in October of that year, allegations that officials, including the Ambassador, had gone beyond no instructions. That is when I immediately, with my staff, went to the White House counsel, asked for an investigation, which the IOB then conducted, because I wanted to make it absolutely certain that no official went over that line or anywhere near covert action, which would have raised the most serious questions.

Senator HATCH. OK.

Finally, what part of a grand strategy was the no instructions policy? Clearly, in my opinion, it would not change the war, because it was a strategy that merely slowed the attrition of Bosnia's forces. In short, it prevented the annihilation of the Bosnians but did not allow them to forcefully defend themselves. What was the endgame you conceived of in 1994? Did I characterize it fairly?

Mr. LAKE. I think you did, with the one exception about what may have been on the mind of President Tudjman.

Senator HATCH. OK.

But I did characterize it about slowing the attrition and preventing the annihilation, but clearly did not allow them to forcefully defend themselves?

Mr. LAKE. I think the facts as you've presented them are accurate. But there are more facts that I would like to present which I think paint a somewhat different picture.

Senator HATCH. Sure.

Mr. LAKE. At the time, Bosnia itself was in deep trouble, especially in the enclaves in Eastern Bosnia and in the Bihac in Western Bosnia. It probably, I say probably, not certainly, but probably was not in danger of imminent collapse, but it was certainly heading that way. And as I said, it was, and there were people at great risk in those enclaves.

Our answer to that—and here I think the facts speak for themselves—was in the first case to form, or to help in the formation of the federation between Croatia and Bosnia. One of our great concerns was that, if we said to Tudjman, no—and I think if we had said no he probably would not have gone ahead—that could have created tremendous pressures on the federation, in our judgment, would have destroyed it.

The federation, in ending the war between Croatia and Bosnia, and in allowing them to conduct joint operations, did alter the balance of power on the ground. Successful negotiations proceed from balance of power realities. It was the fact of the federation that allowed us then to achieve at Dayton the agreement that both produced peace in Bosnia and resulted in the breaking of military and security ties between the government of Bosnia and Iran and led to a vast reduction in Iranian influence.

So, I think the facts here speak for themselves. We not only, through this strategy, got peace in Bosnia, but we also achieved our objectives of reducing Iranian influence. It was the fact of the war that drove the Bosnians to rely on the Iranians. Once we had peace, we forced the Bosnian government to make a choice between us and Iran, and they made the right choice.

Senator HATCH. Well, let me just skip forward a bit. By 1995, the war is continuing, and despite a few tactical gains, the Bosnians are still on the defensive. The push for lifting the arms embargo, led by Senator Dole, Senator Lieberman, myself and others, is growing, and it was strong and heated in the Congress. This body is publicly debating a policy unaware that the Administration has secretly implemented the no-instructions instructions. Sarajevo and the enclaves remain under siege. The allies are beginning to suspect something is up and the President's Intelligence Oversight Board has concluded that a study on arms shipments to Bosnia—on Bosnia—they concluded that study. They concluded, among other things, that the Administration's policy is ambiguous toward covert deliveries of arms to Bosnia. The president then invokes "executive privilege" and does not release the report to Congress. The head of the IOB or the Intelligence Oversight Board comes to this Committee, but then refuses to be sworn in or testify under oath.

Now, as you were watching this debate in the White House, aware of the no instructions instructions, what were you thinking about Executive-congressional relations on foreign policy? What went through your mind at that time? Now that—I think that's a fair question under the circumstances.

Mr. LAKE. It certainly is, Senator. And I think it has a clear answer.

Senator HATCH. OK.

Mr. LAKE. What was happening during that period was that there was, indeed, a very vigorous debate within the Congress and between Members of Congress and the Administration on whether there should be a unilateral lifting of the arms embargo. The President's clear position throughout had been we didn't like the arms embargo. We thought it had been a mistake to put it in place earlier. But that to lift it unilaterally would split NATO, destroy UNPROFOR and face us with a terrible choice of having to replace UNPROFOR with American troops or see the collapse of Bosnia. And we didn't want to do either. So we were engaged with the Congress in a debate over the proper course to pursue.

In fact, in October then, just a few months later, the Congress passed legislation which we agreed with, and which in essence was exactly the policy we had been following, which was that the United States would continue itself to implement the arms embar-

go, but we would no longer enforce it, which is the same, in effect, as no instructions.

The Congress, during that period, was not informed of the no instructions policy, and I have said that that was a mistake. We should have informed the Congress. On the other hand, the Congress knew, as we did, that there were Iranian arms going in, and that the results of that policy would be an increase in Iranian arms. That had been briefed to the Congress in a variety of ways from the Intelligence Community. It was in the press. There was no secret about it.

And in fact, about 70 percent of the Iranian arms that did go into Bosnia came in the second half of 1995, well after both the no instructions policy and the legislation passed by the Congress.

Senator HATCH. Well, I see my time is up.

Chairman SHELBY. Senator Hatch, we're going 10 minutes now in the first round.

Senator HATCH. Yes.

Chairman SHELBY. But the next round after we finish the first, we'll go to 15 minutes, and we'll have a little—

Senator HATCH. Well, I'll continue this then.

Chairman SHELBY. Sure.

Senator HATCH. I appreciate that.

Chairman SHELBY. Senator Robb.

Senator ROBB. Thank you, Mr. Chairman.

Good morning, Mr. Lake.

Mr. LAKE. Morning.

Senator ROBB. I'm going to concentrate for the most part on some housekeeping questions in this round, and I think most of the questions that I have would be more appropriate for the closed session that we'll have tomorrow.

I don't know whether you have yet addressed publicly the role that you expect to play with respect to the Cabinet, whether or not you expect to have Cabinet status and, if so, how you would plan to pursue that particular role. If you do not, I would be interested in your discussion of the arrangements you have for direct access to the President. Of course, you used to be the National Security Adviser, and your then-Deputy, now the National Security Adviser, has an important role to play in your access. I'm just curious as to how you foresee the regular reporting relationships both to the President and to other members of the Administration. If you'd like to address that question, I'd be delighted to hear from you.

Mr. LAKE. Thank you, Senator.

Frankly, I have always been skeptical as to whether or not the Director of Central Intelligence should be a member of the Cabinet. By saying skeptical, I had always in the past thought it was probably not a good idea because it could, unless handled properly, erode the distinction between policy—which happens in Cabinet meetings—and intelligence. Since my predecessor was a member of the Cabinet, and when I was told just before the nomination was announced that I would be nominated including the status of a member of the Cabinet, I decided not to say no because, if I did that, it would appear that the position of DCI was being downgraded, and I don't think that would be a good idea, especially at this particular time in the agency's history.

But I do believe that Cabinet status should not, in any way, imply that the DCI is a participant in policy discussions of domestic events, domestic policy discussions or political discussions or whatever. So I would intend, as a member of the Cabinet, and will follow this scrupulously, that while I certainly will be there for any discussions of foreign policy so that I can add an intelligence perspective, I will then leave and not attend Cabinet meetings that are domestic or political issues.

With regard to access——

Senator ROBB. That addresses the follow-up question——

Mr. LAKE. Yes.

Senator ROBB [continuing]. That I was going to propound to you about the specific role that you would play at Cabinet meetings, and whether you would be involved in an active discussion of the implementation phase of the actual policy. It is your intention to actually depart from the Cabinet meetings during the discussion of any of the actual policy formulation stage. Is that correct? I assume to be available to return lest additional information might be needed about the perspective from the intelligence side of the equation?

Mr. LAKE. Well, in any discussion of national security issues, I would be there throughout the discussion because it is very important that policy decisions be made on the basis of good intelligence.

Senator ROBB. Would you expect, however, to provide specific recommendations, not with respect to what you believe the consequences of those various courses of actions might be, but as to which policy option the executive branch ought to pursue?

Mr. LAKE. Never. Period.

Senator ROBB. Let me ask you another question that relates to the role of the dissemination of information, and that is your role as a spokesman for the Central Intelligence Agency. There are undoubtedly many invitations and opportunities to speak publicly, some about the role of intelligence generally, some more specific that might relate to matters that were being considered or believed to be considered by the group that might be inviting you. Do you have any sense of what your policy will be with respect to making speeches, appearing on various talk shows, or other areas where Administration policy might be discussed.

Mr. LAKE. Senator, over the last 4 years, I thought that the best way to do my job was to do it, as much as possible, behind the scenes, rather than in front of cameras. I think that was the way I was most effective.

As DCI, I would intend to do more public speaking, to be a more active participant in public events, not—I repeat, not—in order to push Administration policies—I would not comment on them any more than I would on Cabinet meetings or in other interagency meetings—but as an opportunity to tell the American people what the CIA does, what the Intelligence Community does. As I said yesterday, what a great difference the Intelligence Community does make in the everyday lives of Americans. Not only do I intend to do that, but I intend to do all I can to get the members of the Agency, as appropriate and as consistent with the requirements of secrecy about certain aspects of the Agency's work, to go out and tell the American people what they do because I think that will engender more support. And I know everybody here agrees that the

Agency and our men and women serving in The Intelligence Community need more, deserve more support from the American people than they've been getting.

Senator ROBB. What would you expect your role to be with respect to background briefings or other informational dissemination sessions for members of the media and others?

Mr. LAKE. I would think exactly the same rules would apply.

Senator ROBB. Let me shift just slightly to the question of personnel generally. There have been some suggestions, and I think you may have made reference to personnel changes or at least that possibility. Would you elaborate on this in terms of any of the specific challenges in that area that you expect to address? I don't mean with respect to specific names, but what kinds of challenges you see as being most important to address immediately if you're confirmed as DCI and what areas those might involved.

Mr. LAKE. Senator, I've made no decisions, save one, with regard to the senior personnel at the Agency, and that is that I do indeed intend to keep Deputy Director Tenet in place. I've worked with him over the years. We are very close. I have the utmost respect for his competence and integrity. Otherwise, I think it would be best if I were to work with people before making those decisions.

There are two issues very much on my mind with regard to personnel systems, and one is that throughout the Intelligence Community, we need to do further work that has begun in bringing greater order to personnel systems, making sure that the diversity of personnel systems don't make it difficult for people to spend parts of their careers in other agencies or other divisions to broaden their experiences, consistent with their developing expertise.

But second, it is, as I was saying yesterday, it is very important that members of the Directorate of Operations and the analysts and others know that they will be rewarded when they try to do hard things, when they attack hard targets, when they make tough analytical calls. Even if they fail at hard things, if they did it right and they did it honestly, they need to be rewarded for it. It doesn't help us or the national interest very much when they do easy things. There's a tendency of personnel systems to reward quantity rather than quality, to reward taking the easy path in careers, and it has to be the case in which not only the senior leadership says do hard things, but the personnel systems have to reward them in their careers, and I want to review the personnel systems to make sure that's the case as well.

Senator ROBB. Certainly your decision to ask George Tenet to stay on as your Deputy is one that will be well received by those who have worked with him over a long period of time. And the guidelines that you outlined, if you're able to follow through on those, I think would be equally well received.

I have one quick question before my time expires. With respect to the Directorate of Operations and covert intelligence generally, I realize that this is a topic that for the most part would have to be discussed in closed session—but can you give us any sense of the criteria that you would establish for the kinds of assets that we might either recruit or control and specific guidelines in terms of the kinds of prohibitions that you might have in mind in terms

of either current assets or the acquisition of future assets in this area?

Mr. LAKE. Mr. Chairman, I can't do that in 10 seconds.

Chairman SHELBY. Go ahead. You answer. Take your time, please.

Mr. LAKE. I'll try to be succinct.

In the wake of the problems in Guatemala, the—Director Deutch and the Directorate of Operations undertook two reforms that I think are extremely important.

First, they conducted a so-called agent scrub, in which they went through all of the agents we have and removed a number—and we could discuss this more in closed session, if you want—removed a number either on the grounds that they were no longer necessary, either because they had lost access or because they were no longer going after targets that were in our national interests to go after, or in some cases, because maintaining those assets was not consistent with our own values or laws. That scrub has been completed.

Perhaps more important, there is now in place a new system in which when our—the Agency's personnel in the field have any question in making the necessary balance that one has to do between, on the one hand, saying yes, the information that can be developed is in the national interest, and is extremely important to us, and on the other hand, but the past history of this particular person may not be perfect from an ethical point of view. In this business, if you're finding out about terrorists or drug dealers or whatever, it's unlikely that they would be, you have to strike a balance. If they're in any doubt about that balance, they refer it to Washington. Washington then makes the judgment at the appropriate level as to whether or not to go forward with that asset.

I think this is the right way to proceed. I do not, by the way, think that it leads to risk aversion by people in the field, because in fact it makes it less likely that some young officer will be hung out to dry for having made the wrong judgment. Washington will make the judgment for them, and the responsibility appropriately lies in Washington.

So I think it's a good system. It allows us to avoid the kinds of problems that we have seen in the past in Guatemala and elsewhere and to be very efficient in our pursuit of the kind of intelligence that we need. I intend to follow that reform, follow up on it and make sure it works, if confirmed.

Senator ROBB. Thank you, Mr. Lake.

Mr. Chairman, my time has expired.

Chairman SHELBY. Senator Allard.

Senator ALLARD. Thank you, Mr. Chairman, and good morning, Mr. Lake.

Mr. LAKE. Good morning.

Senator ALLARD. I have just a couple of questions I'd like to ask in regard to your qualifications. And I, too, would like to move into the Iranian-Bosnian issues.

On your background, how long have you been in public service, or at least in the public realm?

Mr. LAKE. Approximately 35 years.

Senator ALLARD. And what are some of the organizations you've been associated with or had membership within the past?

Mr. LAKE. You mean private organizations?

Senator ALLARD. Yes.

Mr. LAKE. Not a lot. I've been on a number of boards of philanthropic groups, groups promoting development in the Third World, member of the Council on Foreign Relations. I think primarily that. There may be specifics that would like to ask about.

Senator ALLARD. Are there—give us some specifics on the philanthropic organizations that you belong to. A few of those would be helpful.

Mr. LAKE. The Overseas Development Council I was a board member of. The International Development Exchange, which I helped to found, which supports small scale development projects in the Third World. International Voluntary Services, which I once ran. I was on its board. I can't remember—there were seven or eight of them.

Senator ALLARD. Do you see any conflict with your membership in any of these organizations—

Mr. LAKE. None whatsoever.

Senator ALLARD [continuing]. And your duties as Director of Central Intelligence?

Mr. LAKE. No, sir.

Senator ALLARD. OK.

Let's see, now you have a relatively long record, I know, of public service. And this will be your first full-time assignment in intelligence per se. What experience do you have that directly bears on this assignment?

Mr. LAKE. I think a lifetime of working on national security issues. As I said yesterday, intelligence is the life blood of the national security policymaking process. It informs everything that any policymaker does.

I began my career working from time to time with intelligence officers in Vietnam. I knew intelligence analysts in Vietnam, worked with them. Worked with the Intelligence Community when I was the Director of Policy Planning in helping to set the priorities the State Department was then conveying to the Central Intelligence Agency for its collection priorities. And over the last 4 years, have worked extremely closely with the Intelligence Community on a daily basis, including weekly meetings with the Director of Central Intelligence, in which we would go over the hardest issues on his plate, so there were no surprises and so that he could get advice and counsel from me. I oversaw the process a couple of years ago in which the President laid out, for the first time, in any Administration, very clear priorities for collection and analysis for the Intelligence Community, reflecting our national interests.

Senator ALLARD. OK. Now, with your experience and your expertise, what countries do you consider to be major threats to the United States?

Mr. LAKE. Certainly in the immediate future, what are called the rogue nations that support terrorism and directly attack American interests and sometimes American personnel.

Senator ALLARD. Do you see that changing? Do you see a long, some other threat developing further out?

Mr. LAKE. I do. I certainly, given the nature of their regimes, do not see that changing in the near future, so long as those regimes

remain in place. In the longer term, there is always the potential that some other nation with the ability to do us harm could change in its policies, and we always have to be prepared to deal with that.

Senator ALLARD. Do you believe—

Mr. LAKE. And, and—I'm sorry. Please.

Senator ALLARD. Do you believe that it's an appropriate policy for this country to continue to isolate these countries economically, militarily, and politically?

Mr. LAKE. Absolutely. And I am proud of our record over the last 4 years in trying to do that.

Senator ALLARD. OK.

Moving on to the Iranian-Bosnian situation, I'd like to just more directly get a feel as to what your role was in the decisionmaking process for the adoption of no instructions. Would you comment on that, please? What specific role did you assume in that policy?

Mr. LAKE. Specifically, Senator, of course, throughout the history of Bosnia over the past 4 years, our policymaking on Bosnia, I was absolutely at the center of the policymaking. It was an issue of extraordinary concern to me, a concern, I think, that all the Members of this Committee shared.

With regard to no instructions, when we were flying to the Nixon funeral, as Senator Hatch pointed out, I think it was on the way back—frankly, I can't remember; I know we were in Air Force One—we received word that President Tudjman needed very quickly a response to his inquiry. I frankly cannot remember how much discussion there had been about that possibility or whether he—exactly when it was that he asked. I believe I was aware of the issue. In any case, Deputy Secretary Talbott, who was then the Acting Secretary—Secretary of State Christopher was I believe in Egypt at the time—and I discussed it at some length on the plane, weighing the pros and cons. Certainly one of the cons was that we knew that it would include Iranian arms.

I can't remember exactly how we came to it, but we agreed that no instructions allowed us to avoid the dilemma of either saying no and destroying the federation or saying yes and getting crosswise with our allies. So—

Senator ALLARD. So you consider yourself part of that original—

Mr. LAKE. Oh, indeed.

Senator ALLARD [continuing]. Decision. You would take responsibility for that decision.

Mr. LAKE. Yes, sir.

I then went to the President up in the cabin in the front of the plane. I had not that day had my usual daily meeting with him, so as I recall, I went through a couple of issues with him, including this one, laid out the pros and cons, said we had to get back to them very quickly—which meant, by the way, there would have been no time for a Principals' Meeting—all the things we usually would have done, and that this is what Talbott and I recommended.

Senator ALLARD. At that time—

Mr. LAKE. He—

Senator ALLARD. Go ahead.

Mr. LAKE. He agreed with the recommendation and I then went back and told Secretary Talbott. He in turn informed the State Department, and the State Department then informed Ambassador Galbraith.

Senator ALLARD. Did you discuss at that particular point in time whether you ought to notify the appropriate Oversight Committees in the Congress?

Mr. LAKE. No, sir, not to my recollection, and I wish we had.

Senator ALLARD. So that was an oversight at that time?

Mr. LAKE. As I recall, yes, sir.

Our main concern, however—our concern was very much for the secrecy of the decision, because if it got out, then we had no longer avoided the dilemma. But our main concern about secrecy was within the Administration and frankly, we just did not, and should have, considered enough the congressional aspect.

Senator ALLARD. So what is the role in congressional oversight on these kind of issues? Is it an appropriate role to notify Congress ahead of time of this, or—see, I'm getting a little confused here about what you view as appropriate role and the oversight function of the Members of the Senate and the House of Representatives. I wish you would comment on that, particularly in relation to the decisions you made with the Bosnian-Iranian situation.

Mr. LAKE. I think the rule is when it's possible to consult, absolutely, at least, inform when you can. As to this specific decision, and I want to be very frank here, this was, in my judgment and the judgment of many others, not an intelligence matter, it was a policy matter. If it were an intelligence matter, then it certainly came under oversight and would appropriately go to this Committee immediately, and again, I can assure you that whenever in doubt on that issue, as DCI, I would make absolutely certain it did come to this Committee.

In this case, it seemed to me then, and it does still now, that it was a policy decision and I think that the appropriate course would have been for the Secretary of State or for the President or for me or for somebody probably to go the leadership of the Congress and say, here's what we're doing, here's why we're doing it, how should we now inform the leaderships of the various Committees so that they know of it, and I wish we had.

Senator ALLARD. Mr. Chairman, I see my time's expired but—

Chairman SHELBY. Go ahead.

Senator ALLARD. Mr. Lake's made a couple of comments I'd like to follow up here.

Chairman SHELBY. Go ahead and finish up.

Senator ALLARD. You say, when it's possible or when it's appropriate to inform. Would you give this Committee some standards as to when you think it might be possible to inform the Congress or appropriate to inform the Congress?

Mr. LAKE. By possible, I mean primarily timing considerations. I mean if something is happening, bang, bang, there may not be time, again on policy issues.

And appropriate, I think that—I'm just trying not to give away any Presidential prerogatives here—I think as a rule of thumb, it is appropriate, certainly, to consult and inform the Congress. I've written that. I believe that.

With regard to intelligence matters, including covert action, there are statutory obligations, including notification in a timely manner, and I absolutely, Senator, pledge to you again, as I did yesterday, that those laws will be fulfilled and more.

Senator ALLARD. Thank you.

I do want to follow up, because you still said, as a rule of thumb and later on in my questioning, Mr. Chairman, I'd like to—maybe some members would like to follow up on that.

Chairman SHELBY. In the next round, Senator, you'll have 15 minutes.

Senator ALLARD. Yes.

Chairman SHELBY. Senator Kyl.

Senator KYL. Thank you, Mr. Chairman.

Mr. Lake, you and I have a significant difference on a matter and I feel constrained to make a full disclosure at this point as to what it is. I've been a life long New York Yankee fan.

Senator ALLARD. Senator, I've been trying to maintain my patience throughout these hearings, and I will—

Senator KYL. Well, there is hope for them, though.

Mr. LAKE. I refuse comment.

Senator KYL. I want to tell you that when the Arizona Diamondbacks take the field next year, my allegiances will undoubtedly shift.

Mr. LAKE. Senator, as I said to Senator Hatch, I think that negotiations depend on a balance of power on the ground and I refuse to discuss Yankees, Red Sox issues right now, but maybe next year.

Senator KYL. Now, Mr. Lake, both you and the President have confirmed that both of you should have been informed of this—of the allegations regarding the Chinese covert campaign activities that have been targeted at both the President and the Congress, allegedly.

I interpret that to mean that you should have been informed, which means there was no justification for you not being informed. Yesterday, however you testified that you couldn't really evaluate whether the two senior staffers working under you did the right thing or not by not informing you. One of these statements has to be wrong. I mean, they can't both be true. Either you should have been informed or there was an excuse for not informing you, but you concluded you should have been informed.

Mr. LAKE. Senator, I believe I said that I wish I had been informed, I would have preferred to have been informed. I don't have the exact words, but let me restate what I was saying, and that is, clearly, on a matter of such import, it would have been better for me to have been informed and for the President to have been informed. The President has said that. I stand by that.

What I am also saying is that I do not know what the information was that my staff members were evaluating and I do not know exactly what they were told with regard to how to handle that information by the FBI. Not knowing those things, I am not going to sit in judgment now as to the decision they made not to inform me, because they are fine officers and I do not think it is right, especially in public, to sit in judgment on that way when I don't know the facts. That is what I'm saying.

Senator KYL. According to news reports and to my notes from your testimony yesterday, your exact quotation was, I should have been informed. The President used exactly those words also and said it was a serious mistake. Are you now saying that that is not your view?

Mr. LAKE. I'm—do we have a copy of the testimony? I don't want to—

Senator KYL. I don't have a transcript in front of me, but I do have 2 days' worth of clips.

Mr. LAKE. I believe I said that if it was as important as it now appears to be, I should have been informed, and that is the case.

Senator KYL. That's almost exactly what you said.

Mr. LAKE. Thank you.

Senator KYL. That's right.

Mr. LAKE. But there was the if part—

Senator KYL. According to the newspaper.

Mr. LAKE. There was the if part before what you just read to me.

Senator KYL. Well, there were several—you said several different things. Here's the transcript right here.

Chairman SHELBY. You've got the transcript.

Mr. LAKE. Senator, whatever the words, again, the point is, yes, however you want to phrase it, it would have been far better for me to be informed, the President to be informed, however you want to put the words.

Senator KYL. Well let me just ask you, because this is a different—

Mr. LAKE. But my point is, and I feel very strongly about this, that I am not going to now say that—because we are now sitting on this date looking back at decisions that they made, whenever it was, last year sometime, and I am not going to now sit in judgment of them in retrospect, saying that they made the wrong call or simply, as I said yesterday, hang them out to dry when I do not know all the circumstances of the decisions that they made.

Senator KYL. But that's—

Mr. LAKE. But yes—

Senator KYL. But that's only because you're no longer their boss, right?

Mr. LAKE. No, sir, because I wouldn't do that with anybody, especially somebody who has worked well and loyally for me for 4 years.

Senator KYL. You mean if you were still the head of the NSC, you would not inquire as to why they did what they did and hold them accountable if you found them to be wrong?

Mr. LAKE. Oh, of course I would.

Senator KYL. OK. So it's only—that's what I meant.

Mr. LAKE. Yes.

Senator KYL. You're only taking this position now because you're no longer the head of the NSC?

Mr. LAKE. Absolutely.

Senator KYL. OK.

Mr. LAKE. Yes, sir.

Senator KYL. If you had still been in charge of the agency, you would have to inquire why this occurred.

Mr. LAKE. Oh, of course.

Senator KYL. All right. We need to inquire why it occurred, obviously to evaluate this, and I think it's important for us to be able to talk to both the NSC people as well as the FBI people to try to get to the bottom of it, and I'm sure we will.

But you were running the agency. These people were working with you and you were the head of the agency. It seems to me that it is important to know what your view is with respect to why they could have done what they did. I'm not asking you to speculate on a hypothetical, but to give the reasons why it might have been. The reason you gave yesterday was that maybe the evidence was not as credible as it should have been. In other words, that it was preliminary or sketchy or something of that sort. But this was briefed by the FBI, so I—I guess what I asked you, whether that still could be a reason in your mind, that they didn't find the evidence credible enough to pass on?

Mr. LAKE. Senator, I didn't say that I thought that was why they didn't.

Senator KYL. No, I understand. You were speculating

Mr. LAKE. I said that anybody in that position has to make the judgment based on the character of the information and whatever strictures they have been given about its dissemination. And I don't know for sure in either case, and again, I understand how your question—of course, if I were still running the NSC, I would want to know what happened and take appropriate measures if necessary. But I am not going to do that in a hypothetical situation now.

Senator KYL. Is another reason why it might not have been done is that the people to whom the briefing might have been given were themselves subject of investigation? That would be an appropriate reason not to pass it on, right? I'm not saying this happened here. That would be another reason.

Mr. LAKE. Senator, that had not occurred to me as a reason.

Senator KYL. Well, one of the journalists suggested that that was the only reason he could think of for not passing it on.

It would not be an adequate justification, though, if it were for reasons of plausible deniability.

Mr. LAKE. Absolutely not, Senator. And what—no, absolutely not.

Senator KYL. Just so that I understand this, I want to know whether you and the President are in agreement on this, you've said that it would—that you wish you would have received the information.

Mr. LAKE. Yes, sir.

Senator KYL. I can appreciate that.

Are you willing to say, as you said yesterday, that you should have received the information and that the President should have received the information?

Mr. LAKE. Yes, sir.

Senator KYL. OK. I reiterate then, in that event that—

Mr. LAKE. But that is with the advantage of hindsight.

Senator KYL. Of course. But that suggests to me that you have made a judgment about the justifications that might have been offered, and do not in your own mind see a justification that would have justified the conclusion.

Mr. LAKE. No, sir because I think—

Senator KYL. Just by the action.

Mr. LAKE [continuing]. If you are—I think the—if I could step back just for a moment.

Senator KYL. Sure.

Mr. LAKE. I think that the efficiency and morale of any organization depends on two things.

First, that it be highly disciplined and be held accountable. But second, that it be fair.

And in this case, what I am trying to do and to say is that when making a decision about whether an official made an appropriate decision, it cannot be on the basis of knowledge and information that you received later, and saying, you should have known X, Y and Z. It has to be in terms—at least certainly almost completely—of what they knew at the time and why they made those judgments. That's very important.

And to say now we know certain things and therefore you should have known them then and acted in a different way, seems to me inappropriate. I am frankly not going to be a part of our doing that.

Senator KYL. Well, that's why we have to find out. Let me just quote—

Mr. LAKE. Yes.

Senator KYL [continuing]. Because my time is about up here and ask you if your testimony yesterday is still your testimony today. I'm sure it is. It was what you wrote.

Mr. LAKE. Yes, it is.

Senator KYL. In three different situations on page 5, you talked about taking full responsibility. You said, I would expect you to hold me to the highest standards of performance. You also said, I will promote from day 1, a climate of total accountability. I intend to stand up for our officials and I will expect them to stand behind their work. We must give them every opportunity through hands on management to tell their superiors exactly what they are doing. The Director and the President and the Congress must be properly informed. If any officials fail to do so, there must be a clear response. He or she will need to find another job.

Mr. LAKE. Yes, sir.

Senator KYL. Now, that could have been written with respect to this particular matter which is why we have to get to the bottom of it. And why we have to know whether you are in a position to take full responsibility, as you said you would, for the actions of your subordinates in this particular case.

Mr. LAKE. Senator, I always have and I do take full responsibility for the actions of my subordinates and for the larger policy decisions that have been made for the last 4 years, and in which many have stood in judgment every day. I am happy to take responsibility for those things. I expect others to take responsibility for their decisions.

The President has said, I strongly agree, that we do need to find out what is going on. The White House counsel, I understand, is now investigating to find out. He will inform the National Security Adviser and the President of the results of that. Again, I simply do not believe we should reach those judgments now about fine officers when we don't know what the facts are.

Senator KYL. Absolutely agree with you, I admire your willingness to take full responsibility. I look forward to finding out what occurred and then letting the responsibility fall where it may.

Thank you.

Mr. LAKE. Thank you, Senator.

Chairman SHELBY. Thank you, Senator Kyl.

We'll now go to the second round and they will be 15 minutes.

Dr. Lake, I'd like to follow up on some of the issues that we discussed here yesterday. In regards to the FBI briefing to your staff that Senator Kyl raised again, on possible covert activities of a foreign government in the United States, there seems to be some confusion about the handling of the information within the National Security Council.

And without objection, I hope, I'd like to enter into the record the press statement by the FBI and Washington Post articles addressing this subject.

Without objection, it is so ordered.

[The documents referred to follow:]

[FBI National Press Office, March 10, 1997]

IMMEDIATE RELEASE

The Federal Bureau of Investigation today issued the following statement:

On June 3, 1996, senior officials from the FBI's National Security Division briefed two senior staff members of the National Security Council (NSC), one of whom was an FBI Agent detailed to the NSC, about the possible covert activities of a foreign government in the United States. The purpose of the briefing was to inform the NSC of the information the FBI received.

The FBI placed no restriction whatsoever on the dissemination up the chain-of-command at the NSC on any information provided to the NSC senior staff by the FBI during the June 3, 1996 briefing.

Briefing senior NSC staff is the long-established procedure for the FBI to provide sensitive information to the NSC.

Congress also was informed by the FBI through briefings of senior staff on the intelligence committees. Likewise, no restrictions were placed on congressional staff about briefing the Chairmen and Ranking Members of the Committees.

The FBI cannot publicly discuss the substance of the briefings and will not disclose the individual Members of Congress who were briefed.

[The Washington Post, March 11, 1997]

CLINTON, FBI CLASH PUBLICLY OVER CHINA PROBE BRIEFING

(By Peter Baker)

In a rare public confrontation, the White House and the FBI yesterday offered sharply conflicting versions of their contacts with each other concerning evidence of an alleged Chinese plan to influence U.S. congressional elections last year.

President Clinton complained in an afternoon news conference that he had only recently found out about the alleged involvement of a foreign power in the elections because FBI agents who briefed National Security Council staff at the White House last summer "for whatever reasons, asked that they not share the briefing, and they honored the request."

"The president should know," Clinton said.

Within hours, however, the FBI issued a public statement flatly rebutting this account, insisting that it had "placed no restriction whatsoever on the dissemination up the chain of command at the NSC on any information provided to the NSC senior staff."

The White House refused last night to back down, countering with its own assertion that the FBI was wrong. Making his third appearance of the day on the China matter, press secretary Michael McCurry rushed to the White House briefing room to tell reporters that the bureau statement was "in error."

The clash came as relations between the White House and the Justice Department appear increasingly strained by an ever-widening investigation into possible campaign fund-raising abuses by the Clinton reelection effort.

It also seemed certain to further complicate Clinton's effort to win Senate confirmation for Anthony Lake as CIA director. As they prepare to open hearings into the nomination today, Senate Republicans plan to grill Lake, who as national security adviser directed the NSC in Clinton's first term, about his knowledge of the China investigation.

Over the last two days, the White House has blamed the FBI for withholding information vital to the president's ability to conduct foreign policy. The Washington Post reported Sunday that the FBI last June also provided individual, classified briefings on the China matter to six members of Congress, warning them that they had been targeted by Beijing as possible recipients of illegal campaign contributions.

In December, the Justice Department concluded that Chinese representatives had developed a plan to funnel nearly \$2 million not only into congressional campaigns but also into the presidential contest. China has denied that its government tried to influence the U.S. elections and yesterday lodged a formal protest over the news reports with the U.S. Embassy in Beijing.

On Sunday, Sen. Dianne Feinstein (D-Calif.) confirmed that she was among those alerted last year. Three more members of Congress yesterday confirmed that they also received FBI warnings—Sens. Daniel Patrick Moynihan (D-N.Y.) and Barbara Boxer (D-Calif.) and Rep. Nancy Pelosi (D-Calif.). The two others remain unidentified.

During his East Room news conference, held with visiting Egyptian President Hosni Mubarak, Clinton said he had ordered his staff to find out why he had not been made aware of the FBI suspicions. Such information, he said, would have raised "a red flag," which might have influenced his already delicate dealings with the communist nation or generated more wariness about questionable contributions to the Democratic National Committee and White House visits that since have caused him so much trouble.

"It didn't happen. It should have happened. It was a mistake," Clinton said of what he called the FBI's failure to allow warnings to be passed to him and to senior White House officials. While he appeared calm, the president added that no one should assume that his demeanor meant he was not angry. "What I seem and what I feel may be two different things," he said.

The intense public focus on China's alleged campaign involvement comes at a sensitive moment diplomatically. Clinton has made a concerted effort to reach out to China, and Vice President Gore leaves next week for a visit to Beijing. Mindful of that, Clinton cautioned several times yesterday that the allegations are unproven and "it's very important not to accuse people of something that you don't know they have done."

Officials said yesterday that Raymond Beers, the head of the NSC's intelligence programs office—responsible for counterintelligence matters—and Edward Appel, an FBI special agent detailed to the NSC, were briefed at the White House on June 3 about the alleged Chinese efforts to target members of Congress. The briefing was conducted by FBI counterintelligence specialists Jerry Doyle and Ray Wickman. "What they did was proper," a senior intelligence official said of the FBI agents' briefing. "They provided the information and kept it in intelligence channels but didn't restrict it from higher-ups."

But McCurry said last night that White House counsel Charles F.C. Ruff had spoken personally with the two NSC officials "and they are adamant in recalling specifically that they were urged [by the FBI] not to disseminate the information outside the briefing room. Therefore, the White House considers the FBI statement to be in error."

In its statement, the FBI said it also briefed senior staff members of the congressional intelligence committees and likewise placed no restrictions on informing the respective committee chairmen and ranking minority members.

Clinton aides said no one at the White House beyond Beers and Appel was aware of the allegations about Beijing until a January newspaper column about Democratic fund-raiser John Huang's Chinese connections triggered one of the two NSC officials to recall the seven-month-old briefing and mention it to an NSC lawyer. That attorney, officials said, then informed the White House counsel's office, which made follow-up inquiries with the Justice Department, but did not pursue the matter and did not pass the information along to the president or other senior officials.

Clinton aides said yesterday that the president became aware of the briefing in February only after an initial Post report that a Justice Department investigation of Democratic fund-raising practices was looking into the Chinese involvement.

At that time, the president ordered Ruff and his new national security adviser, Samuel R. "Sandy" Berger, to review the matter. But after nearly a month, White House officials said yesterday they still could not answer many questions about what happened and why.

Part of their difficulty stems from fears that attempts to contact FBI and Justice Department officials might be seen as impeding their investigation into the Democrats, a sensitivity born out of previous contacts with investigators on Whitewater and other matters. Because of that, aides said, Clinton has not called FBI Director Louis J. Freeh to determine whether the president was deliberately not informed. But McCurry last night said Clinton still has confidence in Freeh.

In another matter related to the campaign controversy, the White House said it was looking into a report that impoverished Oklahoma Indian tribes were solicited for large campaign contributions and pressured to hire top fund-raisers for Vice President Gore as consultants to try to win federal return of native lands.

The Cheyenne-Arapaho tribes contributed \$107,000 from their emergency home heating oil fund to the DNC last year to try to draw Clinton administration attention to their effort to regain 7,500 acres potentially rich in oil and gas reserves. Tribal leaders were invited to lunch with Clinton and said they were asked by a party fund-raiser for a \$100,000 check that morning as they prepared to go to the White House.

"The president has stated there was no requirement to give any money to attend White House events and if anyone suggested otherwise they would be doing so contrary to White House policy," said spokesman Lanny J. Davis.

Some tribe members are demanding that the DNC return their money. DNC spokeswoman Amy Weiss Tobe said party officials are looking into the situation, but have not yet talked to all of the fund-raisers involved.

Staff writers Bob Woodward, Brian Duffy and Susan Schmidt contributed to this report.

[The Washington Post, March 9, 1997]

FBI WARNED 6 ON HILL ABOUT CHINA MONEY; OFFICIALS SAY LAWMAKERS, OTHERS TARGETED IN \$2 MILLION PLAN TO BUY INFLUENCE

(By Brian Duffy; Bob Woodward)

The FBI last year warned six members of Congress, including Sen. Dianne Feinstein (D-Calif.), that they had been targeted by China to receive illegal campaign contributions funneled through foreign corporations, according to U.S. government officials.

The unusual warnings, delivered in individual classified briefings, were based on what the officials called "specific and credible" intelligence information. The FBI briefing materials, the officials said, included this statement: "We have reason to believe that the government of China may try to make contributions to members of Congress through Asian donors."

The identities of the other members of Congress warned by the FBI could not be confirmed.

A spokesman for Feinstein, who sits on the Foreign Relations Committee, said she received the FBI briefing on June 14. Bill Chandler, the spokesman, declined to provide further information, but said Feinstein decided on Friday to return approximately \$12,000 in campaign contributions from donors associated with the Lippo Group, an Indonesian banking and real estate conglomerate with extensive business interests in China. It is not clear whether those contributions are linked to the suspected Chinese government operation.

A Justice Department task force created late last year to investigate fund-raising activities during the 1996 campaign has found no evidence that Feinstein or any other member of Congress knowingly received illegal payments from the Beijing government, officials said.

But investigators have obtained what the officials termed "conclusive evidence" that Chinese government funds were funneled into the United States last year, although it remains uncertain whether any of the money ended up in congressional or presidential campaign coffers. Such contributions would violate federal law, which prohibits foreign individuals, corporations and governments from donating to U.S. political campaigns.

"There is no question that money was laundered," said one official.

"Laundering" is a technique sometimes used by intelligence agencies or criminals to route money through banks, corporations or individuals to conceal its source. It

could not be learned who received the Chinese government funds or how much has been traced by government investigators.

Evidence of Chinese efforts to influence congressional races was first discovered by U.S. intelligence agencies in the spring of 1995, officials said, as Congress prepared to vote on renewal of China's most-favored-nation status, a U.S. government designation providing substantial trade benefits.

Then, in December 1996, the Justice Department task force discovered a second aspect of Chinese attempts to influence U.S. elections. Two weeks after the task force was created, investigators studying the role of John Huang—a former Lippo Group executive and Commerce Department official who had become a top fundraiser for the Democratic National Committee during the presidential campaign—began systematically analyzing a large volume of sensitive foreign intelligence information that had previously been collected but not carefully scrutinized.

The review showed that in the early weeks of 1995, Chinese representatives developed what U.S. officials described as "a plan" to spend nearly \$2 million to buy influence not only in Congress but also within the Clinton administration. The alleged Chinese effort to funnel money into congressional and presidential campaigns is now considered the most serious aspect of the task force investigation, officials said.

A spokesman for the Chinese Embassy has categorically denied allegations that Beijing attempted to influence U.S. elections.

Last June, after the FBI received the information about the attempts by Chinese representatives to direct illegal campaign contributions to the six members of Congress, Justice Department officials informed National Security Council staff workers about the matter. The staff members, who have responsibility for counterintelligence matters, were not given the names of the lawmakers, officials said.

A White House official said last week that neither President Clinton nor senior policymakers were briefed on the intelligence about China's congressional efforts. Yesterday, a senior White House official said the White House was unaware of alleged Chinese efforts to funnel money into presidential campaigns until reading news accounts last month.

"Our goal is to maintain substantial distance from the Justice Department investigation," the White House official added.

The official also expressed relief that the investigation is centering on the Chinese connections rather than the many controversial fund-raising activities of Clinton, Vice President Gore and the DNC. That accounts, in part, for the president's calm, self-confident demeanor during Friday's news conference, which focused almost exclusively on fund-raising issues, according to two White House officials.

U.S. government officials said some Chinese government funds were directed to the United States through companies either wholly or partly owned by China. Justice Department investigators are trying to determine whether any of those funds were received by Huang or by two other prolific DNC fund-raisers, Charles Yah Lin Trie and Pauline Kanchanalak, the officials added.

The three have emerged as the principal figures in the task force investigation into campaign fund-raising irregularities, although their roles in the Chinese efforts now under investigation remain unclear. Huang, Trie and Kanchanalak have declined to comment publicly, but friends and colleagues of the trio maintain they have done nothing improper.

Huang served as the senior Lippo executive in charge of its U.S. operations and received \$788,750 in severance pay when he left the company in 1994 to take a position in the International Trade Administration at the Commerce Department, where he specialized in Asian business affairs. He left the department in December 1995 to join the DNC.

Kanchanalak is a Washington lobbyist and consultant who represents several Thai businesses with large investments in China. A regular visitor to the White House during the presidential campaign, she also sought Huang's help while he was at the Commerce Department in 1994 to obtain an unusual presidential endorsement of the U.S.-Thailand Business Council, which she founded. Last June, Kanchanalak escorted two officials from the council and three executives from a huge Sino-Thai conglomerate to a White House coffee hosted by Clinton. That same day, Kanchanalak and a relative donated \$135,000 to the DNC.

Trie is a former Little Rock restaurateur and friend of the president's who escorted a Chinese arms merchant to a White House coffee Clinton attended last year. The president later termed the meeting "inappropriate." Trie's business partner is Ng Lap Seng, a Macao property developer and Chinese government official who serves as a member of a "political consultative conference" in the southern city of Guangzhou.

The DNC has returned \$3 million in campaign contributions because the money came from questionable or improper sources. Most of the returned money was raised by Huang, Trie and Kanchanalak. In addition, Clinton's legal defense fund returned \$639,000 raised by Trie because the sources of the money were not identified.

U.S. officials said the Justice Department task force has not determined precisely what the Chinese government hoped to achieve in attempting to funnel campaign contributions into congressional and presidential races. But the timing of the FBI warnings to members of Congress appears to be significant because of the 1996 vote on China's most-favored-nation trade status.

Feinstein sits on the East Asian and Pacific affairs subcommittee of the Foreign Relations Committee, which oversees U.S. relations with China. Concerned about congressional opposition to renewing China's special trade status, Feinstein wrote an article in mid-May for the Los Angeles Times urging permanent MFN status for Beijing. She argued that tying the trade status to improved performance on human rights issues would be "ineffective at best and counterproductive at worst."

Clinton announced May 20 that he would support renewal of MFN. The House voted on June 27 to defeat a joint congressional resolution that would have ended China's MFN status or attached conditions to its renewal.

The vote was a significant victory for Beijing, which long had trailed Taiwan in efforts to court influence on Capitol Hill and had recently sought to improve ties with members of Congress. In late 1995, the Chinese government created a "Central Leading Working Group on the U.S. Congress." The group, which reports directly to President Jiang Zemin, is reportedly charged with studying and understanding a variety of congressional issues affecting China.

The national security aspects of the task force investigation have intensified recently as investigators delve more deeply into the activities of Huang, Trie and Kanchanalak. But officials cautioned that the inquiry is still at an early stage, with more questions than answers.

Huang was born in China and raised in Taiwan before coming to the United States. For five months while he was still employed at Lippo Group, before he joined the Commerce Department, Huang received a top-secret security clearance that could have allowed him to review classified U.S. intelligence documents, although not the most highly classified ones.

During his 18 months at the department, records show, Huang received 37 intelligence briefings on issues relating to China, Vietnam and other matters of potential interest to Lippo, which has headquarters in Indonesia and investments across Asia.

Kanchanalak's activities raise other concerns, officials said. During several White House visits, she had access to National Security Council staffers, a White House official said.

The task force is also investigating the activities of several of Kanchanalak's foreign clients. On Friday, a grand jury reviewing evidence gathered by the task force began examining more than a half-dozen boxes of records from the U.S.-Thai Business Council. To date, a Justice Department official said, more than 800,000 documents have been logged into the task force's computers.

As for Trie and Chung, another official said concerns about their activities boil down to a single question: "Where did they get the money, and whose was it?"

Staff researcher Jeff Glasser contributed to this report.

[The Washington Post, February 28, 1997]

FBI PROBES CHINA-LINKED CONTRIBUTIONS; TASK FORCE EXAMINES INFLUENCE ON CONGRESS

(By Brian Duffy; Bob Woodward)

The FBI is investigating whether representatives of the People's Republic of China attempted to buy influence among members of Congress through illegal campaign contributions and payments from Chinese-controlled businesses, government officials said this week.

The inquiry was begun at least several months before the Justice Department created a special task force to examine improper fund-raising practices, including whether there were attempts by Chinese representatives to use their embassy on Connecticut Avenue NW for planning contributions to the Democratic National Committee before the 1996 presidential election.

A witness who has been interviewed by FBI agents assigned to the task force said he was told that a focus of the Justice Department inquiry is to determine whether members of both parties in Congress had been improperly influenced by Chinese representatives who may have made illegal payments to them. Government officials

said that the FBI had not yet identified specific members of Congress who may have received illegal or improper payments.

Information about the broader nature of the FBI's inquiry—extending beyond possible election law violations to attempts to buy influence among sitting members of Congress—casts new light on the decision by FBI executives in December to increase the number of special agents assigned to the Justice Department task force. The Washington Post reported earlier this month that the decision to assign 25 special agents to the task force was made after reviewing electronic intelligence information indicating that the Chinese Embassy here was used for planning campaign contributions to the DNC. A spokesman for the embassy has stated that the allegations concerning improper fund-raising activities are "groundless."

Yesterday, a government official said Secretary of State Madeleine K. Albright raised "concern" during her recent visit to Beijing about news reports that the Chinese might be trying improperly to influence American policy with campaign money. Albright told the officials that she was sensitive to their denials and her remarks were "low key and informal." She nonetheless "laid down a marker that the United States would not tolerate such interference," the official said.

Separately, sources said yesterday that the DNC is poised to return dozens of additional contributions, mostly from Asian Americans, totaling close to \$1.5 million. That would almost double the amount of donations that the DNC already has returned because of questions about the sources of funds.

With regard to the FBI probe, the government officials, who spoke on the condition that they not be identified, cautioned that the congressional aspect of the investigation appeared to be less serious than that involving fund-raising by the Clinton reelection campaign and the DNC because there was far less information suggesting that illegal payments may have been made.

The officials said the Justice Department task force was trying to learn whether Chinese representatives had directed payments to U.S. officials through corporations controlled by the government in Beijing, in violation of federal laws. One official said yesterday that White House aides were briefed by the FBI last summer about initial evidence showing Chinese efforts to win influence among some members of Congress. But the official said the sensitive information was distributed only to intelligence officials on the National Security Council staff and was not made available to senior White House policy makers, including President Clinton. The official would provide no further detail about the White House briefing.

The congressional aspect of the China inquiry could prove controversial as Senate Republicans continue to debate whether to limit Congress's own investigation into election fund-raising abuses to the 1996 presidential campaign only. Sens. Mitch McConnell (R-Ky.) and Rick Santorum (R-Pa.) have opposed providing funding for a wide-ranging inquiry that would include congressional election-financing practices.

McConnell heads the National Republican Senatorial Committee, which raises millions of dollars and distributes the money to GOP campaigns. He and Santorum said they are concerned that any congressional investigation into fund-raising abuses not be used to promote campaign finance legislation.

Senator Fred D. Thompson (R-Tenn.), who chairs the Governmental Affairs Committee that is to conduct Capitol Hill's fund-raising investigation, has warned that the inquiry could stall as early as this week if funding is not provided immediately. Thompson has requested \$6.5 million for the investigation.

FBI Director Louis J. Freeh briefed members of the Senate Select Committee on Intelligence on aspects of the Justice Department investigation, including evidence gathered about attempts by foreign governments to influence U.S. elections, officials said. The briefing, on Wednesday evening, has led more lawmakers to call for Attorney General Janet Reno to recommend appointment of an independent counsel to examine fund-raising abuses.

Reno said yesterday she saw no reason to recommend an independent counsel and stated that the Justice Department task force is conducting a "vigorous, thorough and comprehensive investigation." Clinton also said this week that he believed recommendation of an independent counsel was unnecessary.

Prosecutors assigned to the Justice Department task force called their first witnesses Wednesday before a federal grand jury assigned to hear the evidence gathered in the FBI inquiry. The grand jury is scheduled to hear from more witnesses today, but the testimony of Duangnet G. Kronenberg, the sister-in-law of Pauline Kanchanalak, a Thai businesswoman and major Democratic fund-raiser whose contributions to the DNC are under investigation, was postponed.

Kanchanalak has represented several Thai businesses with substantial interests in China and has emerged as a key figure in the campaign fund-raising aspects of the inquiry. Three years ago, she sought the help of John Huang, then a Commerce Department official, in winning an unusual White House endorsement of the U.S.-

Thai Business Council. Huang left the Commerce Department in December 1995 to become a DNC vice chairman and major fund-raiser.

Last June, Kanchanalak escorted five business associates to a White House coffee with Clinton. On the same day, she and Kronenberg donated \$135,000 to the DNC.

Huang is currently the central figure in the fund-raising investigation. A government official said yesterday that the Justice Department task force is attempting to learn more about a 1994 meeting Huang had with Chinese officials when he was working for the Commerce Department.

The significance of such a meeting could not be determined, but efforts by the People's Republic of China to win influence with the Clinton administration date to 1993, after Clinton defeated President George Bush.

Those efforts accelerated dramatically after June 1995, U.S. officials say, when Taiwan President Lee Teng-hui was given a visa to visit the United States and attend his 50th class reunion at Cornell University.

It was the first time a Taiwanese president has been permitted to visit the United States since Washington severed relations with Taipei in 1979.

Taiwan has long outpaced China in its efforts and ability to influence U.S. policy, particularly with members of Congress, but since Lee's visit, Beijing has sought to rectify that fact, increasing the number of staff in the congressional liaison office in the embassy, among other efforts.

The Clinton administration even urged the Chinese to establish closer ties to lawmakers and congressional staff. State Department officials in particular were frustrated that Taiwan's aggressive lobbying on Capitol Hill forced the administration to bow to the demands of Republican lawmakers and allow the U.S. visit by Lee.

Staff writers R. Jeffrey Smith and Pierre Thomas and researcher Jeff Glasser contributed to this report.

[The Washington Post, February 15, 1997]

NSC GAVE WARNINGS ABOUT ASIAN DONORS

(By Sharon LaFraniere; Susan Schmidt)

White House aides sidestepped or ignored warnings from the National Security Council staff about some contacts the president and vice president had with Asian American fund-raisers now under federal investigation, documents released yesterday show.

In one case, a National Security Council official warned that a Democratic Party fund-raiser was "a hustler" trying to trade on his connections to President Clinton and Hillary Rodham Clinton, even presenting himself as a free-lance diplomat for the president. But White House aides allowed him into the Executive Mansion at least 10 more times.

The same NSC staff official also warned that a fund-raising event at a Buddhist temple should be viewed with "great, great caution," because organizers "may have a hidden agenda." The White House dispatched Vice President Gore to the 1996 event after deciding the concerns were unfounded.

The documents add to the picture of Democratic fund-raisers and donors appearing to exploit their White House ties.

The White House released the memos and electronic messages in response to questions from Sen. Richard C. Shelby (R-Ala.), chairman of the Select Committee on Intelligence, about the nomination of Anthony Lake as CIA director. Shelby has delayed Lake's confirmation hearing while he pursues Lake's record as head of the NSC staff, including contacts between the NSC and a number of Democratic Party fund-raisers and donors.

Lake replied that the NSC had very limited contacts with those Shelby asked about. White House officials, hopeful of getting Lake's nomination back on track, said the documents show that under national security adviser Lake the NSC staff worried about protecting the president, not political concerns.

New details about the Justice Department's investigation into campaign contributions also came to light yesterday. Law enforcement sources told The Washington Post that FBI agents are investigating whether the Chinese government tried to funnel money into the Democratic Party through fund-raisers John Huang and Charles Yah Lin Trie. Both men are friends of the president's. Together they raised more than \$1.8 million in contributions that have been returned because of questions about the sources of the funds.

The law enforcement sources also said the Justice Department's task force has asked the National Security Agency to scour its files for any leads from international telephone intercepts.

The newly-released documents show that the White House consulted the NSC only sporadically about contacts the president had with foreigners tied to DNC fund-raisers or donors. In his letter to Shelby, Lake said the White House had "no formal process for vetting foreign nationals invited to the White House" in the past four years. Now, Lake said, the White House is implementing such a process.

A handful of individuals who have emerged as key figures in the campaign fund-raising inquiry show up in the documents released yesterday:

JOHNNY CHUNG

Chung set off alarm bells with some on the NSC staff when he decided in mid-1995 to portray himself in China as someone "sanctioned by President Clinton" to negotiate the release of Harry Wu, an American human rights activist jailed there on espionage charges. The DNC alerted the White House to Chung's venture, which passed on the information to the NSC.

In a memo to Lake, Robert L. Suettinger, director of the NSC's Asian affairs office, wrote that Chung conceivably could damage U.S.-China relations, "depending on what he says and how much credibility he has with Beijing." But by that time, Chung had already left for China, armed with a letter from DNC Chairman Donald L. Fowler thanking him for his support and commending him for efforts to "build a bridge" between the United States and China.

White House aides say Chung, a California entrepreneur, did his utmost to capitalize on his White House connection with a startling measure of success. Since early 1994, he has visited the White House at least 49 times, and contributed \$366,000 to the DNC.

The NSC staff first learned of him in March 1995, when Chung called Clinton's office to ask for photos taken at the president's Saturday radio address. According to an electronic message from one NSC official, Chung and six Chinese business executives were invited to the radio address at the last minute at the request of a DNC official. The president's aides allowed them to attend, "not knowing anything about them except that they were DNC contributors," the message said. The NSC official said Clinton now "wasn't sure we'd want photos of him with these people circulating around."

Suettinger replied that he saw no danger in releasing the photos. He added: "And to the degree it motivates him to continue giving to the DNC, who am I to complain?"

But then he warned that he saw Chung as "a hustler" who was trying to impress his Chinese business friends with his access to the president and first lady. He said he also guessed that some of Chung's business ventures might not be ones "the president would support."

HSING YUN

Vice President Gore's office was told by an NSC staff official to proceed with "great, great caution" in deciding whether to attend what Gore's office explicitly described as a "fund-raising lunch" at a Buddhist temple in Los Angeles last year.

Gore aide John Norris messaged Suettinger last April to see if there would be any problem "from the perspective of U.S.-China relations" if the vice president attended an event for 150 people hosted in his honor by Taiwanese Buddhist Master Hsing Yun.

Suettinger quickly raised a red flag. "This is terra incognita to me," he messaged Norris. "Certainly from the perspective of Taiwan/China balancing, this would be clearly a Taiwan event, and would be seen as such. I guess my reaction would be one of great, great caution. They may have a hidden agenda."

Suettinger's warning now seems prescient. The DNC was forced to return some of the \$140,000 raised at the April 29, 1996, luncheon when one donor said the \$5,000 donation she made was not her own money. Questions were raised about the actual source of other contributions and the DNC was criticized for using a tax-exempt religious institution for political purposes.

Gore spokeswoman Lorraine Voles said yesterday that the vice president's national security adviser, Leon S. Fuerth, approved Gore's attendance at the event after getting further guidance from the NSC and the State Department. Gore's office told the DNC there should be no Taiwanese flags or symbols in evidence at the temple, nor should it be used as a forum for Taiwanese politics.

"We heeded that advice," Voles said.

Gore initially said he thought the event was a "community outreach" affair. More recently, Gore acknowledged that he knew the event was "finance related," but did not know it was a fund-raiser.

MARK GROBMYER

The Little Rock lawyer and Clinton golfing companion traveled to Asia in search of business deals promoting himself to businessmen as a White House "liaison." The documents released yesterday show that as a self-styled international emissary he presumed to bring messages from foreign leaders to the White House and offered some early policy advice for the president on promoting international trade.

They show too that Grobmyer was not shy about asking for Clinton's help in promoting his own business interests. He was interested in lining up joint ventures between the Jakarta-based Lippo Group and U.S. companies, with help from the Commerce Department and financing from the U.S. Export-Import Bank, where a long-time Little Rock associate, Maria L. Haley, is a director.

After returning in March 1993 from a trip to Indonesia, where he met with President Suharto, Grobmyer wrote to Clinton that Suharto wanted to address the Group of Seven economic conference of world leaders to "announce a new era of economic cooperation." Grobmyer told the president that he had already discussed Suharto's ideas with then-White House Chief of Staff Thomas F. "Mack" McLarty and NSC senior official Nancy Soderberg.

Grobmyer followed up that letter with a memo containing 16 suggestions for promoting U.S. trade abroad. The president should get U.S. car makers to provide free "demonstrators" to prominent foreign businessmen, he wrote, suggesting the Chrysler minivan would likely go over well in Asia.

"I must say that your friend, Mr. Mochtar Riady, who is president of the Asian Bankers Association, was of invaluable assistance to me, as was his son James," Grobmyer told Clinton, urging him to send the younger Riady a thank you letter, and even enclosing a draft. It began, "Dear James: I am pleased to hear of your work with Mark Grobmyer in Hong Kong and Indonesia."

Clinton sent the letter, referring to James Riady as a "treasured friend," but he dropped the reference to Grobmyer.

CHARLES YAH LIN TRIE

The newly released documents show the extent of the pull that Trie enjoyed at the White House. Clinton had a particular "soft spot" for Trie, one White House official said yesterday, dating to the days when Trie was a struggling Little Rock businessman with a Chinese restaurant near the governor's mansion.

Trie now runs an international trading company and promotes himself as someone with personal relationships with a number of government officials in China.

Using his influence with Democratic Party officials, Trie secured an invitation to a White House coffee for Wang Jun, the head of a prominent Chinese state-owned financial conglomerate and of a weapons trading company.

Clinton since has said he should not have met with Wang.

In a March 1996 letter released yesterday, Trie questioned Clinton about the U.S. decision to deploy two aircraft carriers to the Taiwan straits because the Chinese were test-firing missiles in the direction of Taiwan. The deployment escalated tensions between the United States and China.

Trie's letter warned that war with China might result.

His letter was conveyed to the White House by Trie's business partner, Mark Middleton, a former White House aide and Democratic fund-raiser who used the White House mess to entertain business clients after he left.

Middleton noted on his transmittal letter that Trie was a friend of Clinton's and "a major supporter."

Clinton wrote Trie a personal letter, reviewed by Lake, assuring him the deployment was only meant to remind both Taiwan and China that the United States wanted peace in the region.

Staff writer Lena H. Sun contributed to this report.

(The Washington Post, February 13, 1997)

CHINESE EMBASSY ROLE IN CONTRIBUTIONS PROBED; PLANNING OF FOREIGN DONATIONS TO DNC INDICATED

(By Bob Woodward and Brian Duffy)

A Justice Department investigation into improper political fund-raising activities has uncovered evidence that representatives of the People's Republic of China sought to direct contributions from foreign sources to the Democratic National Committee before the 1996 presidential campaign, officials familiar with the inquiry said.

Sensitive intelligence information shows that the Chinese Embassy on Connecticut Avenue NW here was used for planning contributions to the DNC, the sources said. Some information was obtained through electronic eavesdropping conducted by federal agencies.

The information gives the Justice Department inquiry what is known as a foreign counterintelligence component, elevating the seriousness of the fund-raising controversy, according to some officials.

The sources declined to provide details about the scope of the evidence relating to the alleged efforts by the Chinese representatives. They also declined to specify what foreign contributions might have been involved, but they said the new evidence now being scrutinized in the inquiry is serious.

A Chinese Embassy spokesman denied yesterday that his government had anything to do with improper efforts to influence the administration. "We have done nothing of that sort," the spokesman said.

White House press secretary Michael McCurry said yesterday that "to the best of my knowledge, no one here had any knowledge of the allegations concerning the Chinese." He said the White House would have no further comment.

The evidence relating to the Chinese government led Justice Department lawyers and FBI executives to increase the number of FBI special agents working on a special investigative task force from a handful to 25, including several specialists in foreign counterintelligence investigations, sources said. Laura Ingersoll, a Justice Department attorney assigned a leading role on the fund-raising task force, has security clearances to investigate a variety of sensitive intelligence matters, officials said.

The new dimension to the fund-raising investigation could result in Attorney General Janet Reno eventually recommending that the matter be turned over to an independent counsel, according to one well-placed source. Reno so far has declined requests for an independent counsel, saying that the Justice Department task force can conduct a full and independent inquiry and that there is no specific and credible allegation of wrongdoing against any of the senior executive branch officials covered by the Independent Counsel Act. Such a finding would have to be made by the Justice Department task force before Reno could recommend appointment of an independent counsel.

Washington and Beijing have been at odds over human rights and trade issues, but the Clinton White House has been seeking recently to improve relations. Secretary of State Madeleine K. Albright is traveling to Beijing later this month, and President Clinton announced in his State of the Union message that he also would visit. He has extended an invitation to Chinese President Jiang Zemin to come to Washington.

The Chinese effort to win influence with the Clinton administration can be traced to 1993, one source said. During the Reagan and Bush administrations, the Chinese government felt comfortable dealing with Washington. During the 1992 presidential campaign, authorities in Beijing spoke openly about wanting Bush to win reelection because he was an "old friend" of China. Clinton had criticized the Bush administration during the campaign for "coddling" Beijing and giving China most-favored-nation trade status after the 1989 crackdown in Tiananmen Square.

After Clinton defeated Bush, Chinese officials were uncertain about how to deal with the new administration, officials said, even though as president, Clinton essentially adopted the Bush policy toward Beijing. The Chinese Foreign Ministry has long urged the leadership in Beijing to increase its lobbying efforts in Washington, arguing that China has lagged behind Taiwan and Israel in trying to influence U.S. policy.

Some investigators suspected a Chinese connection to the current fund-raising scandal because several DNC contributors and major fund-raisers had ties to Beijing. Last February, Charles Yah Lin Trie, a fund-raiser for the Democratic National Committee, used his influence with party officials to bring Wang Jun, head of a weapons trading company owned by the Chinese military, to a White House coffee with Clinton.

Wang also heads a prominent, state-owned investment conglomerate. Clinton has since said he should not have met with Wang, and \$640,000 in checks that Trie delivered to the president's legal defense fund has been returned because of questions about the source of the funds.

Another reason investigators suspected a Chinese connection was the role of John Huang, a former Commerce Department official and DNC fund-raiser now at the center of the campaign controversy. An American citizen born in China and raised in Taiwan, Huang has said he now has no friends or relatives in China. But Huang is a former executive of the Lippo Group, a highly profitable Indonesian conglomerate owned by the Riady family, who are ethnic Chinese. Lippo has extensive inter-

ests in China, including approval to build a power plant in Fujian Province, Huang's place of birth.

In 1993, Lippo sold 50 percent of its holdings in one of its banks, Hong Kong Chinese Bank—where Huang was a vice president in the mid-1980s—to a corporation run by the Chinese government.

Huang was not the only Lippo executive to get a job with the Clinton administration. In December 1994, U.S. Trade Representative Mickey Kantor named Lippo's president of securities, Charles De Queljoe, to the Investment and Services Advisory Committee. Huang had sought jobs at the State Department and the National Security Council staff for De Queljoe, a big Democratic giver, in an early 1993 letter to the White House.

Last month, Rep. Gerald B.H. Solomon (R-N.Y.), chairman of the House Rules Committee, asked FBI Director Louis J. Freeh to investigate Huang and the Lippo Group, with an eye to "potential economic espionage against the United States by a foreign corporation having direct ties to the People's Republic of China."

Solomon said then that he was concerned about Huang's access to intelligence information and dozens of calls Huang made from Commerce to the Lippo Group. He also asked Freeh to investigate apparent discrepancies in the birth date listed on Huang's visa application forms and his government employment forms.

Huang was employed at Lippo for nine years before he joined the Commerce Department as deputy assistant secretary for international economic policy. His severance package from Lippo totaled \$788,750.

Huang was given a top-secret clearance at Commerce after what Republicans have called a lax background investigation. Despite Huang's extensive ties to Lippo, the background investigation was limited to his activities in the United States because he had lived here for more than five years. Commerce officials now say they wish a foreign background check had been done, even though it was not required.

In preparation for his job at Commerce, Huang received an interim security clearance while he was still working at Lippo. But Commerce Department officials said that did not entitle him to see any classified information, and they maintain he saw none. Because of a bureaucratic error, the officials said, Huang retained his top-secret clearance after he left the Commerce Department to become a DNC vice chairman in December 1995.

During his 18 months at Commerce, Huang was scheduled to attend 37 intelligence briefings, including briefings on China, and saw more than two dozen intelligence reports.

From his Commerce Department office, Huang made more than 70 phone calls to a Lippo-controlled bank in Los Angeles. The calls are now being scrutinized by the Justice Department task force.

Huang's message slips from the Commerce Department also show a call from one Chinese Embassy official in February 1995 and three calls from the embassy's commercial minister in June and August of that year.

According to Huang's Commerce Department desk calendar entries, obtained by The Washington Post, he had three meetings scheduled with Chinese government officials. He was slated to go on a U.S. government-sponsored trip to China in June 1995 that was canceled. He attended a policy breakfast at the Chinese Embassy in October 1995 and a dinner there the same month, his calendar shows.

One of the many unexplained records from Huang's files shows an unusual travel pattern in the fall of 1995. His expense account records show he left his Commerce Department office to visit the Indonesian Embassy on Massachusetts Avenue NW on Oct. 11, claiming a \$5 reimbursement for taxicab fare. The expense records indicate Huang did not return to his office at Commerce until the following day—when he took another \$5 cab ride, not from the Indonesian Embassy but, according to his records, from the "residence of the Chinese ambassador."

Staff writers Susan Schmidt, Sharon LaFraniere and Lena H. Sun, special correspondent Anne Farris and research assistant Jeff Glasser contributed to this report.

Chairman SHELBY. Either the FBI told the National Security staff to withhold the information they were briefed on or the staff—your staff—chose not to inform you. Which is it?

Mr. LAKE. Senator, as I think you know, I do not know. I was not—I have not been acting at the NSC now for some months.

Chairman SHELBY. But you were—you were—

Mr. LAKE. I have not been informed of this investigation.

Chairman SHELBY. Excuse me, I didn't mean to interrupt you. Go ahead and finish.

Mr. LAKE. No, excuse me, Mr. Chairman.

Chairman SHELBY. But you were the principal adviser to the President of the United States, head of the National Security Council, when the FBI briefed the National Security Council on June 3, 1996, were you not?

Mr. LAKE. Yes, sir.

Chairman SHELBY. And just for the—most people have probably seen—the FBI, it says U.S. Department of Justice, Federal Bureau of Investigation, a release, FBI National Press Office. The Federal Bureau of Investigation today issued the following statement: "On June 3, 1996, senior officials from the FBI's National Security Division, briefed two senior staff members of the National Security Council, one of whom was an FBI agent detailed to the NSC, about the possible covert activities of a foreign government in the United States. The purpose, sir, of the briefing was to inform the National Security Council of the information the FBI received. The FBI placed no restriction whatsoever on the dissemination of the chain of command—of the up chain of command at the NSC on any information provided to the NSC senior staff by the FBI during the June 3, 1996 briefing. Briefing, Dr. Lake, senior NSC staff, according to this, is a long established procedure for the FBI to provide sensitive information to the National Security Council. Congress also was informed by the FBI through briefings of senior staff on the Intelligence Committees. Likewise, no restrictions were placed on congressional staff about briefing the Chairman and Ranking Members of the Committee.

It goes on to say the FBI cannot publicly discuss the substance of the briefings and will not disclose the individual Members of Congress who were briefed.

But you've seen this, have you not?

Mr. LAKE. Yes, Mr. Chairman, I did.

The whole problem here is that I was not informed and therefore it follows that I am not able to tell you what happened.

Chairman SHELBY. But you—

Mr. LAKE. If I may, Mr. Chairman.

Chairman SHELBY. You go ahead.

Mr. LAKE. I have read since that the FBI recollection in that press release does not accord with the recollections and notes of at least one of the, or both of the NSC staff members. And in fairness, I think that should be noted. But, I, again, myself, do not know what happened. It is being investigated by the White House legal counsel and I prefer not to speculate unless we know the facts and agree with what Senator Kyl—

Chairman SHELBY. Somebody's telling the truth and somebody's not, if there's a difference of opinion here between the NSC staff, as you alluded to, and the FBI.

Mr. LAKE. Senator, this is not something that I am investigating.

Chairman SHELBY. Something that will have to be investigated.

It seems to, Dr. Lake, that the FBI was very clear, very clear on this matter. It's hard for me to believe why, if it be the case, the National Security Council staff was confused. The FBI was very clear in their press release.

Mr. LAKE. The news accounts—

Chairman SHELBY. The director has been very clear, as I understand it.

Mr. LAKE. Senator, the news accounts I have read are that the National Security Council officials, whom I know to be men of integrity, are also clear in their recollection and notes on the matter.

Chairman SHELBY. Uh-huh.

Mr. LAKE. I prefer not to sit in judgment of them or the FBI—for which I have great respect—without knowing the facts. Again, the problem here is that I don't know the facts because I was not informed of this matter at the time. That's what this is about.

Chairman SHELBY. Dr. Lake, have you subsequently, subsequent to June 3, 1996, reviewed the details of the FBI briefing in preparation for these hearings?

Mr. LAKE. No, sir.

Chairman SHELBY. You said yes or no?

Mr. LAKE. No, sir.

Chairman SHELBY. No, sir; OK.

Now, as the adviser, principal adviser and head of the National Security Council, did you, as the head, have weekly staff meetings, daily staff meetings or what?

Mr. LAKE. I had daily staff meetings—

Chairman SHELBY. In other words, what was your basic management function?

Mr. LAKE. I had a daily staff meeting, called the small group, with six or seven staff members. And then, a weekly staff meeting with my senior directors.

Chairman SHELBY. Who would the six or seven be? Is that senior staff members of the National Security Council?

Mr. LAKE. The larger—no, the senior directors were at the larger staff meeting every week. And then, every morning I would meet with my deputies, with the congressional—head of our congressional office, the legal adviser, public affairs. If I'm forgetting anybody, I apologize to you.

Chairman SHELBY. That's OK.

Did you, as a matter of fact, in your organization, you or Mr. Berger, who was your deputy at that time, discuss sensitive subjects, the information that was provided to the National Security Council?

Mr. LAKE. It would depend on the nature of the subjects. Certain very sensitive matters, such as counterintelligence matters, no, I would not.

Chairman SHELBY. You did not?

Mr. LAKE. No, sir.

Chairman SHELBY. Why not?

Mr. LAKE. Because, when you're trying to catch spies, you simply don't talk about those things in larger groups for two reasons. First, because it—every time you talk to anybody, you're increasing the chances of leaks. Or second, if there is a leak, then you've widened the circle of those who you might have to take a look at. It is very important, as you know, Mr. Chairman, from the way your Committee deals with counterintelligence issues, that it be kept absolutely in as compartmented and as secure a fashion as possible.

Chairman SHELBY. Who were your senior staffers that the FBI briefed? I think that's been out in the public.

Mr. LAKE. I don't believe it has yet.

Chairman SHELBY. I don't think it has, we'll get into it in closed—

Mr. LAKE. It's not a matter of public record. I'm not trying to hide it but again, I don't think it's appropriate—

Chairman SHELBY. We'll be in a closed hearing tomorrow and we'll pursue it then.

Mr. LAKE. Thank you, sir.

Chairman SHELBY. But at no time while you were the National Security Adviser to the President, subsequent to June 3, did you ever talk about the FBI apprising the National Security staff of this information that we're talking about?

Mr. LAKE. No, sir.

Chairman SHELBY. As a general matter—

Mr. LAKE. Excuse me.

Chairman SHELBY. OK, go ahead.

Mr. LAKE. Obviously, once the Woodward piece came out.

Chairman SHELBY. But that was just several weeks ago.

Mr. LAKE. Yes, that's right; but not while I was acting as National Security Adviser.

Chairman SHELBY. Dr. Lake, as a general matter—

Mr. LAKE. And a review of—I, of course, have wanted to absolutely make sure I was not misspeaking and rely on my own memory, so I asked that there be a review of my own documents and could find no evidence that would contradict my memory of this.

Chairman SHELBY. You brought up the word documents. Do you have in the national security records down there, information of where the FBI briefed the National Security Council?

Mr. LAKE. I wouldn't know.

Chairman SHELBY. You don't know?

Mr. LAKE. No, sir.

Chairman SHELBY. But there should be, should there not?

Mr. LAKE. I have—I don't know.

Chairman SHELBY. You don't know if there should be when you're briefed on something sensitive like this and—

Mr. LAKE. I assume there were notes somewhere—

Chairman SHELBY. That's what I mean.

Mr. LAKE [continuing]. But I don't know, because I've seen in the press a reference to the notes that were taken by one of the staff members.

Chairman SHELBY. OK.

Doctor Lake, would the FBI ever notify the National Security Council without the expectation of it being shared with you, as the principal adviser to the President, and subsequently the President of the United States, especially on something like this, speaking of the subject matter that the FBI briefed you on?

Mr. LAKE. Senator, I can't tell you whether it ever happens or not.

Chairman SHELBY. Should it happen?

Mr. LAKE. I personally believe—

Chairman SHELBY. Uh-huh.

Mr. LAKE [continuing]. That it should not, that it is inappropriate for any agency to go to an NSC staff member and say, do not let your boss know about it, no.

Chairman SHELBY. Doctor Lake, has the President asked for your recommendation on what actions to take in this matter since you were in charge of the National Security Council at the time of the FBI briefing?

Mr. LAKE. No, sir. Because I'm not in charge of the NSC now.

Chairman SHELBY. And he hasn't talked with you about the subject?

Mr. LAKE. I have not talked to him about this.

Chairman SHELBY. Did you make it clear to your staff what types of intelligence information past your threshold is important for you to be notified about, as a manager of the agency?

Mr. LAKE. I believe, Senator, and from all I saw, that we had a very clear, good system of dealing with such issues, which revolved not only around my business with my staff members, which was constant, but in my weekly meetings with the DCI or, most weeks, even additional meetings with the DCI.

And most counterintelligence matters that I discussed—and again, I would rather not obviously discuss these in detail here—

Chairman SHELBY. I understand.

Mr. LAKE [continuing]. Were through the channel with the DCI rather than through my staff member.

Chairman SHELBY. Given that this threshold, whatever it is, was apparently not triggered in the instance of the FBI briefing, I'm concerned that you were unable to establish an environment—an environment at the National Security Council that would allow this information to reach you. You said earlier, or alluded to the fact, intelligence is good but it has to be used, doesn't it? In this case, if it stopped at a certain level, it didn't reach a threshold, there's a break down, is it not?

Mr. LAKE. There appears to have been some sort of break-down—

Chairman SHELBY. Sure.

Mr. LAKE [continuing]. For some reason here. But break-down itself implies that there was a system that broke down and I think the system had been working very well on intelligence matters for 4 years.

Chairman SHELBY. The Washington Post reported this morning in one of the articles that I've placed in the Record, "That several officials said they expect new procedures will be put into place to guarantee that sensitive intelligence matters are reported to senior policymakers at the White House, including the President of the United States."

Why didn't you, Mr. Lake, Dr. Lake, implement such procedures from day 1 where we wouldn't have had a break down, as we say? Why didn't you have the right management procedures in place?

Mr. LAKE. Senator, I believe I had—

Chairman SHELBY. You said you were—OK.

Mr. LAKE [continuing]. The right management procedures. For 4 years, the National Security Council staff has very—across the board, including on intelligence matters, has very effectively managed the most complex, difficult, large scale national security is-

sues, and I am very proud of their record in doing that. I am proud of the record of NSC staff members being able to distinguish between the important and the unimportant or less important in deciding how far up the scale they should bring things.

Clearly, in this case, there was a problem, and it is being looked into. If it turns out that they made an error of judgment, then so be it. If it turns out there was something wrong with the system, then it should be fixed. But I think the record shows and I'm convinced that the system was working very well and it was a well managed, efficient staff over the past 4 years.

Chairman SHELBY. You still say it was a well managed, efficient staff and the system worked, although you, by your own testimony, acknowledge this was a breakdown?

Mr. LAKE. Yes, sir.

Chairman SHELBY. A big one?

Mr. LAKE. I don't know yet—

Chairman SHELBY. OK.

Mr. LAKE [continuing]. The circumstances of what happened so I am not going to now make judgments as to what went wrong. I think that would be wrong for the individuals. I think it would be wrong in judging the system itself.

Chairman SHELBY. How can we, Dr. Lake, be assured if you were to take the helm over at Langley that you will do—what you will do as DCI what appears that you were unable to do over at the White House?

Mr. LAKE. Senator, if you're asking me to guarantee that in the what I hope will be 4 years as the Director of Central Intelligence, that nothing ever will go wrong in that agency, then I cannot guarantee that, obviously.

Chairman SHELBY. I understand that.

Mr. LAKE. No DCI has ever done that. No national security Adviser has ever gone through 4 years—well, few of them have gone through 4 years—none of them that I'm aware of has gone through 4 years without anything ever going wrong on that staff.

What I can guarantee you is that, No. 1, when things go wrong, I will hold myself responsible. And in holding myself responsible when things go wrong I will look into it. If individuals made mistakes, I will hold them accountable. If the system was wrong, if it's broke, we'll fix it. That's what I can guarantee you. That is what is being dealt with in this case as they first develop the facts as to what to do about what was clearly a problem.

Chairman SHELBY. Senator Chafee.

Senator CHAFEE. Thank you, Mr. Chairman.

I apologize for not being able to be here for all the questions. If some of these are redundant I'd appreciate it if you could just indicate that that's already been answered and we'll have a chance to look at the record on that.

Mr. Lake, I guess the largest organization you've ever managed is the National Security Council, which you indicated you had 51 employees.

Mr. LAKE. One hundred and fifty.

Senator CHAFEE. One hundred and fifty-one.

What gives you the belief that you've got the managerial talents—I'm just talking about managing this organization, which is

a substantial one, and has gone through a lot of draw downs as you yourself indicated in the original testimony. Give me some reason to think that you can handle the managerial part of it.

Mr. LAKE. Senator, I spent most of my public career in government working in large organizations and often very close to Secretaries of State and others who were managing large organizations. So I believe I am very experienced in the ways of such organizations.

It is true, yes, Senator, that there are about 150, 151 people on the NSC staff. But for the past 4 years I have managed the National Security policymaking for President Clinton, and that has involved managing the policy process and the activities of a number of very large departments. That has meant pushing through tough issues. That has meant making tough decisions and advising the President on tough decisions. That has meant making sure that the decisions were made on time and in a way that did not produce in this Administration what I had seen in previous administrations, very public battles among various officials that damaged the policymaking process and the President. This has been for 4 years a very tough management job.

Finally, I believe very strongly, based on 35 years of experience either in government or writing about and analyzing government, that management may be the wrong word here. Certainly you have to manage things, you have to be efficient and orderly. I think I have always been so. But you also have to lead large organizations. And the leadership means again, being clear in statements of mission, being clear in statements about accountability, being clear that you will be supportive, but also very tough in the way you deal with people; and being clear in the way that you would go to bat for them when they do right with the American people. I am looking forward and very confident of my ability to lead the CIA in that fashion over the next 4 years.

Senator CHAFEE. Well that's encouraging.

One of the problems that I think is left unresolved by your predecessors is the handling of those that are involved in the Ames situation. This Committee did some investigation on that, and reports that came back were pretty stern on the Agency for what seemed to be insufficient accountability of those in the Agency who did not discover this situation. Do you have any thoughts on that?

Mr. LAKE. Senator, I can—let me say first of all, I can think of nothing more serious than the question of catching and dealing with those who would betray their country. That is right at the top of the agenda. In almost every meeting I've had with Agency officials over the past few months I have questioned them about this issue, both because I wanted to learn and because I wanted to send them a message about my own priorities.

We have some difficult questions to deal with here. I think we need to do—excuse me, the Agency needs to do a better job still of integrating personnel decisions with counterintelligence investigations concerns, et cetera. I am very concerned—and I'd rather not discuss this too much in open session—I'm very concerned about the relationship between our integrating the community more through computers and in other ways in the information systems

and protecting those information systems both in our society, but especially in the Intelligence Community from spies, et cetera.

There are a lot of very practical issues out there: we can learn from the Ames case in dealing with them. The word should go out that if you're a spy, you're going to get caught because we're doing a lot better job now than we were before Ames in catching them. We've seen that in recent history. The word should go out that if you, the daily managers in the Agency, are not thinking everyday about counterintelligence concerns as you do your daily work, you could be in trouble as well.

Senator CHAFEE. Let me just read from the Committee's report. These are quotes. "In response to what was arguably the greatest managerial breakdown in the CIA's history, the disciplinary actions taken by the Director do not, in the collective experience and judgment of the Committee, constitute adequate management accountability."

In your opening remarks you talked about accountability. You talked about giving credit where credit is due and also holding people responsible. And you know what took place following that? The Inspector General recommended that 23 current and former officials be held accountable. Director Woolsey chose only to issue letters of reprimand to 11 individuals, 7 retired and four current. None of the individuals cited by the Inspector General was fired, demoted, suspended, or even reassigned. And it seemed to me that that's not what we call accountability.

All I can say is that we count on you and rely upon you to exercise that accountability that you yourself have said is an important part of running that organization.

Mr. LAKE. Senator, you can count on it.

Senator CHAFEE. Fine.

Thank you very much, Mr. Chairman.

Chairman SHELBY. I believe Senator Bryan has joined us, and he will be in his first round.

Senator Bryan.

Senator BRYAN. Thank you very much, Mr. Chairman.

Mr. Lake, good morning.

Mr. LAKE. Good morning.

Senator BRYAN. Let me ask you, I think it was touched upon briefly yesterday, but I'm interested in getting a little bit more an explanation from you as you see the priorities, if you are confirmed, for this agency. I think every member of this Committee and virtually everybody in the country understands that this is an agency that is deeply troubled. It has management problems, it has a question, it seems to me, of priorities, some questions that I want to get into in terms of what role, if any, with respect to economic intelligence as we are increasingly in a very competitive global market.

Spend a moment if you will, Mr. Lake, and share with us what are your priorities? Assuming that tomorrow you took over the Agency, rank them in terms of intermediate and then more long term things, recognizing that many of these problems are not going to be changed the day after any new DCI is confirmed.

Mr. LAKE. Senator, I've for the last 3 months been running into challenges that should be high priorities. I want to be succinct

here. So if I could do it in sort of a short hand, and then I'd be glad to discuss any further ones that you wish.

Senator BRYAN. Sure.

Mr. LAKE. The DCI has three main jobs. One is to be the senior intelligence adviser to the President. I am looking forward to that. It's very similar in a different context of what I've been doing for the last 4 years on the policy side; now I would be doing it on the intelligence side.

The second is to manage the Intelligence Community. Here there are some very large challenges about which progress has been made. One very important one that I want to continue is bringing greater fiscal accountability. And with—and this is a more difficult issue in doing mission-based budgeting, so that through the budget process—and the Community Management Staff is trying to do this—through the budget process we can begin to look for redundancies and we can begin to see how much different kinds of intelligence collection provides information of value to the analyst and try to put that in some dollar terms. Because if we're going to build public support for the Intelligence Community, we have to be able to assure the American taxpayer that this is being done efficiently and effectively and responsibly.

Second, in the Intelligence Community we need to, I think, do a better job of having clear systems of setting collection priorities. There are a lot of committees now and sometimes some confusion, I think, as to those processes. I want to see—do a sort of a zero-based review of those and see where we go.

We need to do, as I've mentioned earlier, I think, more in the way of personnel system examinations so that we can see whether there are barriers within the personnel systems to people expanding their careers while emphasizing expertise.

I want to make sure that I do in the Intelligence Community what I have been doing as National Security Adviser, and that is just make sure that they're all working together as a team. I've met with all of them, I've visited their agencies, I think that's going pretty well. But I believe we will be instituting with the Intelligence Community what we've been doing in the national security area, have a kind of principals committee that meets regularly so that we can work through our problems, which would help me, by the way, then in meetings with the Committee here as we anticipate problems down the road.

Within the Agency, Director Deutch and his predecessors have instituted a number of reforms. I intend to continue those reforms and to deepen them. You do that not simply by issuing orders, you do it by leading people into those reforms. I think that's very important. Those include personnel systems, those include continuing to bring the human intelligence people more closely together with the technical collection people in other agencies and within the CIA. It means continuing to work on our fiscal management systems. It means doing something about morale problems.

I intend to meet frequently with the division heads so that, in a hands-on way, I know what is going on. In an agency of this kind you can never know everything, obviously, but it won't be for lack of trying or insistence or toughness in doing that. I intend, as I said—there are many others—I intend, and I think this is very im-

portant, to encourage and insist that members of the Central Intelligence Agency, especially analysts, do more to reach out to other centers of analysis in the country, private centers, universities, think tanks, whatever, to integrate better their views on current issues.

We can use that very well. And to tell them more about what the Agency is doing. Because the—I have never seen a greater gap between what an agency is actually doing and what the public perception is of that agency. I am not for a second saying it is perfect. I'm not for a second saying that there aren't a lot of problems. I am not for a second saying that there haven't been real problems in the past. I am saying that there is a lot of very good work that goes on in that agency that the American people would be proud of if they only knew about it.

Senator BRYAN. Let me follow up that with a couple of questions with respect to personnel. It is widely reported in the media that there's a severe morale problem, that people are demoralized over there. Let me ask you first, is that your assessment? Do you believe that's the case? If so, what do you think the cause of that is, and what remedial steps would you take, if you do agree that there is a morale problem over there, to improve the morale?

Mr. LAKE. Senator, my impression is that the morale problem is real but less severe than I have read in many press accounts. I think the best thing you can do about what morale problems exist is to one, gain better public understanding of what is going on, because much of the problem comes from simply getting hammered every day, and people who are doing a very good job, getting up in the morning, going to work, working hard and going home, and then they read that the agency they work for is, and everybody in it, are doing a lousy job because of one or two problems over which they have no controls. So I want to work on that.

But the second way to build morale is to provide for them a kind of a leadership that is both very supportive and very tough and very disciplined. I know from talking to many of them that that is exactly what they want. I know, because they take pride in their own work, that they would take pride in a disciplined and fair system that would support them as they do that work. I think that would do great things for their morale. I think strides have been made. Acting Director Deutch is doing a, I think, a terrific job, in that.

I have made it a point to visit with the people in the Agency who are doing some of the toughest things, and attacking some of the hard targets, to show them that people who are in some ways risking their careers—they shouldn't be, but they are—in trying to do tough things because they might fail, I've been trying to send them the message that I want to learn from them, but that also I'm going to be there to help them do those things. Because our national interest will benefit from their ability to know more about Iraq or Cuba or other places.

Senator BRYAN. Your answer obliquely referenced what I would characterize as the Aldrich Ames syndrome. Namely, the culture that existed in the past is that we promote, irrespective of evaluation. That clearly is an effort that was undertaken by Director Deutch and I think some improvements have been made there.

Let me ask you specifically, do you think the reforms, the changes that have been made within the Agency in terms of the accountability process, are they, in your judgment, adequate? If not, what changes would you make?

Mr. LAKE. I think Director Deutch would tell you that they're a beginning. I think they're a good beginning and I would intend to follow through on them. But I think they are on the right course, yes.

Senator BRYAN. My last question is dealing with the National Reconnaissance Office. I have been concerned, as a member of this Committee, for some years, in terms of the fiscal accountability. Not the quality of work they've done. I've had an opportunity to personally visit some of facilities and see some of the technology that's in place and that is impressive. So in that sense on the accountability scale it seems to me that they are entitled to be highly scored.

But in terms of financial accountability, these folks haven't been in the ballpark in terms of how much they need each year and the kinds of reserves that have been built up that in my judgment leave the agency open for a great deal of criticism. Part of the problem, as you know Mr. Lake, is that they're kind of in a never, never land. They're not quite under the DOD. They're not quite under the DCI. Who do they report to? What systems are to be in place? What we have is kind of a combination, if you will, of different types of regulatory constraints in terms of financial accountability.

Have you had a chance to focus on that? If so, would you again share with us what your own perception is? And if you believe that there needs to be enhanced fiscal accountability, what steps would you take to accomplish that objective?

Mr. LAKE. Senator, you're right, there was much to criticize and the system—the fiscal accountability at the NRO was, frankly, terrible over the years. It's one of the things I was obliquely referencing when I said too much secrecy can be damaging.

This is indeed an area among many in which there are split authorities or shared responsibilities between the DCI and the Secretary of Defense. I've talked to Secretary Cohen about this. I'm looking forward to sitting down with him and working our way through this. I'm not sure there is any alternative to that that would work. A lot of it depends simply on the ability of the DCI and the Secretary of Defense to work together in mutual confidence, and I'm looking forward to that with Secretary Cohen.

On the question of the NRO, I spent a full morning meeting with both the Acting Director and his financial people who are new. Frankly, I was impressed with the strides that they have made. They've brought the forward funding down now from an extraordinary and unnecessary and damaging level—and I could not agree with you more strongly about that—to, in this fiscal year, I think an appropriate level of about a month's worth of forward funding. It could be that it could go even lower than that in coming years, I'm not sure that that wouldn't be going too low. But I think they're on the right course now. I was impressed with their fiscal managers. I think as you look at it in the context of this year's budget that you'll find that they have made real strides. Its going

to take another year or two to get it fully squared away, but I think they're making real progress on it.

Senator BRYAN. I thank you.

And thank you very much Mr. Chairman.

Chairman SHELBY. Senator Levin.

Senator LEVIN. Thank you Mr. Chairman.

Let me welcome you and congratulate you. I think you're a very solid choice to be Director and I look forward to this getting to the floor so there can be a vote on confirmation.

The March 1996 report of the Commission on the Roles and Capabilities in the U.S. Intelligence Community stated as one of its over-arching themes the following. First is the need to better integrate intelligence into the policy community that it serves. Intelligence cannot operate successfully in a vacuum. It's effectiveness is largely a function of its responsiveness, and it's responsiveness is a function of the relationship that it has that it serves from the President on down.

You've touched on this subject, but let me put it in a slightly more direct question. Have you had a discussion with President Clinton concerning the access that you would have if confirmed as Director of Central Intelligence?

Mr. LAKE. Yes, sir.

Senator LEVIN. And can you tell us what you expect in terms of access?

Mr. LAKE. He has assured me that I will have the access I need, as I judge it, to convey to him the intelligence that he needs in making decisions. I would, of course, do that in coordination with the National Security Adviser. I always found it useful to work very closely with DCI's as National Security Adviser and I would expect to do it with this one.

The very explicit understanding here is that I would use that access to provide intelligence, not policy. As you may have noticed—I hope you did, because I was trying to make a point when the President announced the nominations and I accepted—I paused and underlined in my grateful acceptance of this opportunity and this nomination that I would be providing him unvarnished facts.

Senator LEVIN. The President, in his directive containing priorities for the Intelligence Community, made support to military operations the highest priority. As ranking member of the Armed Services Committee, I'm particularly concerned with the issue of force protection, and more specifically with the provision of intelligence and human intelligence explicitly, to our military commanders to assist them in taking necessary actions to protect our deployed forces.

We've now entered an era where nations and groups realize that they're no match for our military forces, so they're resorting more to terrorists acts. I'm wondering if you share that concern and whether you would put the highest priority on the collection and analysis of intelligence related to force protection.

Mr. LAKE. Yes, Senator, I would. When American military personnel are in a theater of operations and are at risk, I don't think our Nation owes anybody a higher obligation than we owe to them. So that absolutely should come first.

I think that the CIA and the Intelligence Community over the last few years have done a better and better job at that. I've seen firsthand how NIST, National Intelligence Support Teams have done a—I think a really terrific job both in Korea at one point and now in Bosnia in providing intelligence, especially about force protection, to our men and women at risk out there.

At the same time, I should emphasize while that always must be our first priority it can't be our only priority. We have to be able to walk and chew gum at the same time here, and providing intelligence about diplomatic efforts to avoid putting our men and women at risk is tremendously important. Providing the best possible intelligence about terrorists and drug lords and proliferators of various kinds is also tremendously important, because that has such a direct impact on the lives of American citizens.

Senator LEVIN. You've made reference to the vulnerability of information systems and information systems technology. You've made reference to the ability of other people to get into those systems and to have access to them without authority. My question is kind of part of that in a way. What is your view of the importance of collecting intelligence about the threat to the entire system—not just getting access to it, but wiping it out for instance? Not just accessing our information systems to find out what is there to learn about it, but warfare against our systems?

Mr. LAKE. I think that is, of course, a danger as ours, like other societies, become more dependent on their information systems. There are advisory panels looking into that. There was a recent advisory panel to the Defense Department that made, I thought at first look, some good recommendations on that.

This is a problem for our whole society. I have met on a couple of occasions with the leaders of American corporations and others who—to encourage them to be concerned. I found to my pleasure that they already were concerned about this as well, the leaders of corporations dealing with information and technologies.

So I think this is something we have to be concerned about. It's something we have to work on. With regard to specifics, I think it's better to discuss it in a closed session.

Senator LEVIN. I want to ask you a question about the Iranian arms going to Bosnia.

On June 24, 1994 there was a newspaper article that reported the following: "Croatia has become a major transit point for covert Iranian arms shipments to Bosnia with the tacit approval of the Clinton administration, which publicly remains opposed to a unilateral lifting of the international arms embargo against the fractured Balkan states, according to intelligence sources." That newspaper article was put in the Congressional Record by Senator McCain that same month, June 1994.

My question of you is this: Were you contacted by any Members of Congress asking what the Administration position was on Iranian arms shipments to Bosnia at that time?

Mr. LAKE. No, sir.

Senator LEVIN. Did any Member of Congress raise an objection to those arms shipments to Bosnia during the arms embargo debate or otherwise take issue with the allegation that the Administration was not enforcing the arms embargo against Bosnia?

Mr. LAKE. No, sir, not that I can recall.

Senator LEVIN. When you see that—or if you ever saw that American policy was ignoring an intelligence judgment in an evaluation what would your response be? If you felt, for instance, that the—it was so important what the intelligence was saying that ignoring would lead us into major difficulty, under what circumstances might you consider departing your post?

I know you've given thought to this kind of a question because there is kind of circumstances that have existed in your life before.

Mr. LAKE. Senator, first of all, if I thought that the President or my colleagues on the national security team were making a mistake because they had not paid adequate attention to the intelligence, as I said yesterday, I would, in effect, grab them by the lapels and say listen, you have to understand this, that, or the other thing in the intelligence. I have never failed to make my voice heard over the last 4 years and I wouldn't expect to fail to make it heard over the next 4 years. Again, on intelligence, not on the merits of the policy decision itself.

If I were aware of any illegality of any kind, I would, of course, go to legal authorities and to the President. If it were not fixed, I would resign, of course.

If there were a policy issue of such immensity that I felt that I could not, in terms of my own integrity be associated with it, I would of course resign, also. I don't anticipate either.

Senator LEVIN. My time is up, but just for the record, I'd like to put into the record, Mr. Chairman, the article that I made reference to before in my question relative to Iranian arms going to the Bosnians. It was a Washington Times article of June 24, 1994, the headline, "Iranian Weapons Sent via Croatia Aid to Moslems Gets U.S. Wink." That's the headline and I'd like to ask that that be made part of the record.

Chairman SHELBY. Without objection so ordered.

Senator LEVIN. Thank you.

[The document referred to follows:]

[The Washington Times, June 24, 1994]

IRANIAN WEAPONS SENT VIA CROATIA; AID TO MUSLIMS GETS U.S. 'WINK'

(By Bill Gertz)

Croatia has become a major transit point for covert Iranian arms shipments to Bosnia with the tacit approval of the Clinton administration, which publicly remains opposed to a unilateral lifting of the international arms embargo against the fractured Balkan states, according to intelligence sources.

Disclosure of Iranian arms shipments through Croatia comes as representatives of four NATO governments warned the Senate yesterday that Congress' lifting of an arms embargo against Bosnia unilaterally would have dire consequences.

A senior U.S. official said last night the U.S. government opposes the Iranian arms shipments because they undercut U.N. sanctions. "There is no U.S. support for what Iran is doing," the official said.

But intelligence sources said the U.S. government, which closely monitors Iran and in the past has halted a shipment of arms to Bosnia in September, has not protested Iran's transshipment of arms to Bosnia through Croatia that have increased dramatically since March.

The lack of protests caused the Croats to assume the administration has "winked" at the arms shipments, one source said.

According to intelligence reports circulating to senior policymakers in the administration, Croatia's government is expanding ties to Iran following the agreement in Washington last March to form a Croatian-Bosnian federation.

As part of the growing ties, Croatia is now a conduit for Iran's arms shipments to Bosnian Muslims, battling Serbs in a bloody, 26-month-old civil war. The arms shipments violate the international embargo.

A Pentagon official familiar with the report said the CIA and Pentagon intelligence agencies have detected regular shipments of small arms and explosives being flown into Zagreb, the Croatian capital, from Iran on Boeing 747 transports.

Other shipments have been detected arriving at the port of Split, on Croatia's Adriatic coast. The weapons are then moved by truck to Bosnian Muslim forces.

Iran, also has supplied between 350 and 400 Revolutionary Guards that Tehran has ordered to help form terrorist groups similar to the terrorist group Hezbollah in Lebanon. Iran's government has denied sending the paramilitary forces.

Pentagon officials are concerned the Iranian arms, while helping Muslims defend themselves, complicate peace efforts, which appear to be foundering due to widespread violations of a June 10 truce agreement.

According to the intelligence sources, the Croatian government is divided over allowing Iran to funnel arms to the Bosnian Muslims. Foreign ministry officials are distrustful of the growing ties to Iran, while the prime minister and defense ministry officials favor closer trade ties with Tehran.

Croatia's foreign minister believes the Iranian weapons shipments have the tacit support of the Clinton administration, which has said it favors lifting the arms embargo if Western allies go along, according to the sources.

Croatian defense officials support the Iranian arms shipments because a large portion of each arms shipment sent from Iran is siphoned off for use by the Croatian military.

Croatians seeking closer ties to Iran see the relationship as a way to build up Croatia's armed forces and reduce a trade deficit with Iran estimated at more than \$200 million.

Kenneth Katzman, a specialist on Iran with the Congressional Research Service, said Iran has offered to send 10,000 troops to Bosnia as part of a U.N. force, but the world body does not want them there.

"They don't want to see an upsurge of Islamic fundamentalism there," Mr. Katzman said in an interview.

Any Iranian force would be made up of Revolutionary Guards, the radical Muslim forces that have established militias and terrorist groups in the Middle East and North Africa, Mr. Katzman said.

On Capitol Hill, defense officials from Britain, France, Spain and Denmark testified before the Senate Armed Services Committee yesterday that a unilateral lifting of the arms embargo against Bosnia by the United States would intensify the conflict.

"We believe that the lifting of the arms embargo would have the effect of pouring gasoline on fire and mean an all-out war," said Danish Undersecretary for Defense Anders Trolldborg.

Mr. Trolldborg appears along with Jean Claude Mallet, director of strategic policy at the French Defense Ministry, Gen. Juan Martinez Esparza, deputy undersecretary at the Spanish Defense Ministry, and Maj. Gen. Rupert Smith, director of strategic policy at the British Defense Ministry.

The House recently voted in favor of a unilateral lifting of the arms embargo, and the Senate is expected to debate a similar measure this week.

Two other measures passed in the Senate last month. One ordered Mr. Clinton to lift the embargo unilaterally and the second ordered that he seek allied and U.N. agreement before doing so.

Senate Minority Leader Bob Dole, Kansas Republican, plans to introduce an amendment to the fiscal 1995 defense authorization bill, now being debated, that would direct the United States to lift the embargo unilaterally.

Opponents of the measure could again counter the action with a separate measure that would require obtaining allied support before lifting the ban.

Allied defense officials said lifting the arms ban would force the withdrawal of U.N. troops in Bosnia, a cutoff of humanitarian aid, and prompt new and more aggressive attacks by Bosnian Serbs.

If the United States acts alone in lifting the embargo, U.N. efforts to maintain troops in the country would be "difficult if not impossible," and would undermine current peace efforts, Gen. Smith said.

Mr. Mallet, the French defense official, said the United States would be placing itself above international law and would contribute to "international disorder in the post-Cold War world."

"This would probably mean the end of the game of the [U.N.] Security Council in the international context," Mr. Mallet said. "The future of European security is in many ways at stake."

State Department spokesman Mike McCurry said the administration shares the concerns of the four nations, who have troops on the ground in Bosnia.

Meanwhile, leaders of the United States, Russia and Europe are expected to endorse a peace plan dividing up Bosnia at an economic summit meeting next month, a senior administration official said.

The plan calls for giving Muslims and Croats 51 percent of Bosnian territory while Bosnian Serbs would get 49 percent. The Serbs currently control about 72 percent of Bosnia.

The Bosnian government has reacted negatively to the plan and will eventually resort to military action to obtain more territory by force rather than through negotiations, U.S. officials said.

Chairman SHELBY. Senator Coats.

Senator COATS. Thank you, Mr. Chairman.

Mr. Chairman, I apologize that Chairing another hearing didn't allow me to be here earlier, and so some of what I may cover will have already been discussed, but it's clearly something that I believe is important and needs a lot of discussion. I personally need to be satisfied here with your responses. It's going to be determined—very determinative in terms of how I make my decision on your confirmation.

I join Senator McCain and Senator Levin and I think Senator Hatch, Allard and others, in expressing confusion and real concern about the whole Iranian arms to Bosnia issue. You addressed that at length in your statement, but your comments didn't really allay my concerns. You stated, "I have no apologies for the policy." But I need to ask you what was the policy? What policy do you not have apologies for?

Mr. LAKE. Senator, I have no apologies for a policy which was designed to reinforce the federation between Croatia and Bosnia which could fix the balance the power on the ground as it did finally—

Senator COATS. So there was—

Mr. LAKE [continuing]. Which would in turn allow us to at last negotiate a settlement in Bosnia that would both bring peace to Bosnia under a multi-ethnic government—there were the prospect of deepening one—and remove Iranian forces or security ties between the Bosnian government and the Iranian government.

I think, Senator, the facts speak for themselves. That's what happened.

Senator COATS. So the no instructions statement was a policy?

Mr. LAKE. It was a part of a policy.

Senator COATS. What part wasn't it? I mean tell me about the other part.

Mr. LAKE. There were a lot of other parts to the policy, as for example—

Senator COATS. When was the policy decision made and who made it?

Mr. LAKE. Well, for example, the policy of supporting the federation had come about months earlier and as I recall a few months before that—

Senator COATS. No, I'm specifically talking about the arms from Iran to Bosnia. When was that policy decision made and who made that decision?

Mr. LAKE. The no instructions policy?

Senator COATS. No. You just said that the no instruction policy included shipment of Iranian arms to Bosnia.

Mr. LAKE. No, sir, I'm sorry. There was a misunderstanding. I was saying that the no instructions policy was—or decision was a part of a larger policy of supporting the federation so that

Senator COATS. All right.

When was that larger policy made and who made it?

Mr. LAKE. Well, a few months previously there was a ceremony in Washington at which the President presided over the formation of the federation between the leaders of Bosnia and Croatia.

Senator COATS. Right, but that—

Mr. LAKE. That was the result of some months of diplomacy before then to encourage the federation to come together.

Senator COATS. But at the time, we had—our stated policy was an arms embargo, support for an arms embargo. So was the decision made at that meeting a few months earlier that we were no longer going to officially have a policy of arms embargo, and we were going to lift that and allow arms to flow to Bosnia? Was that part of that decision?

Mr. LAKE. No, sir. The President had been very clear for at least a year-and-a-half before then that he thought it had been wrong to put an arms embargo on Bosnia, that it shouldn't have happened, that it should be lifted on a multilateral basis, but that the United States should not lift the arms embargo itself without the participation of others.

And if I could—

Senator COATS. But then he decided to lift it, or somebody decided to lift it, right? Because you gave the instructions—I mean, because you allowed the arms to go forward. Who decided—did the President decide to lift it?

Mr. LAKE. Senator, this was not a case of lifting the arms embargo. I think we have to bear in mind here a distinction between, on the one hand, ourselves violating the arms embargo—which would have been a violation of the U.N. Security Council resolutions—and ourselves shipping arms into Bosnia. That we did not do. On the other hand, not enforcing the arms embargo, which was not a legal requirement of the Security Council resolutions. That was, in fact, the policy adopted by the Congress then in October 1994. So what we did was not lift the arms embargo. We were not enforcing the arms embargo through the participation of our own ships and in other ways.

Senator COATS. Some would call that a distinction without a difference.

Mr. LAKE. Oh, I think it's a big difference, both in the—in legal terms, but more importantly in policy terms, between ourselves sending arms in and—

Senator COATS. Well, I'm not schooled in all the nuances of diplomatic instructions and language and so force. But I think to just the average person, whether it's done with a wink and a smile or that's irrelevant. Let's just set that aside. The phrase, no instructions, to a question that was asked relative to how would we respond, to me seems like tacit agreement to go ahead. I mean, I—that's—it's like me asking my wife, would you marry me, and she says, no comment. I mean, what's—how am I to interpret that? Or—

Mr. LAKE. Senator, the plain truth is, yes, we expected that arms would flow through for the sake of the federation. Absolutely. I have no apologies for that at all. It was very——

Senator COATS. So you have no apologies——

Mr. LAKE. But it was important that we not be in the position of telling Tudjman, yes, do it, because he then would have gone to others saying the Americans are telling us to do this and it would have made it more difficult for us maintain UNPROFOR in Bosnia.

Senator COATS. Well, to me, that's a policy decision. That's—if you say I'm not going to tell President Tudjman that it is the stated U.S. policy that we will support the arms embargo, the U.N. resolution, a commitment that we made to our allies, the public statements that we made that the Administration does support and will support the arms embargo, then to say back to someone who was asked the question, would you object if we allow arms to come through, and you essentially with no instructions are saying no, we won't object, we won't publicly object to that, that either is a policy decision or it isn't a policy decision.

Mr. LAKE. It was an important decision, and it was a policy decision. But what I'm saying is, it was in the context——

Senator COATS. But it was a covert policy decision, covert——

Mr. LAKE. It was in the context of a broader strategy policy that succeeded. And again, it was the same decision that the Congress made a few months later.

Senator COATS. Yes, but the Congress made its decision publicly and on the record. You did your's covertly and off the record. Congress had no knowledge that you had made that decision. At the same time, that you had made the decision to allow arms to go into Bosnia, the President and the Administration was publicly stating that we supported the arms embargo.

Mr. LAKE. Senator, I have said repeatedly, and will say again, that we should have informed on a discreet basis the Congress about that decision.

Senator COATS. Why didn't you?

Mr. LAKE. We should have.

Senator COATS. Yes, but why didn't you?

Mr. LAKE. In my recollection, it was——there was no specific decision not to do it. And we should have done it. Especially——

Senator COATS. You know, we had seven votes on that issue during that year. Senator McCain testified that you were so helpful to Senator Dole, yet Senator Dole was trying to lift the effort for the arms embargo. Had he had the knowledge that we were already——we already, through the Administration, had lifted the arms embargo, I think he might have been in a different position in terms of arguing his position or whatever. I don't see how that is helpful.

My question is, why didn't you inform Congress? It wasn't an oversight, was it?

Mr. LAKE. Senator, the irony here is that the decision was in the same direction that the Congress was moving. It is not a decision that we——

Senator COATS. How did you know that Congress was moving in that direction?

Mr. LAKE. Because of the debates that you referred to, and the Congress as moving in the direction of not enforcing the arms em-

bargo. And indeed, that is where the Congress came out. It's another reason—

Senator COATS. Did it occur to anybody that if it was disclosed to the Congress that part of those arms going into Bosnia were Iranian arms, that Congress might change direction?

Mr. LAKE. Senator, in fact there were repeated intelligence reports given to the Congress that Iranian arms were going into Bosnia. The secrecy here was about the decision to say no instructions. There was not secrecy about Iranian arms moving into Bosnia.

Senator COATS. But I think there is a difference here, and the difference is that while there may have been reports, or intelligence reports that Iranian arms were going into Bosnia, no one on this panel, or no one in this Congress knew that the Administration had been contacted on that very issue and had essentially said, we're not going to object—that's the difference.

Mr. LAKE. Sir, that's right. As Senator Levin has pointed out, it was in the press. But as I said to the Committee leadership and staff when I met with them, I do not consider one press article to be the functional equivalent of informing the Congress.

Senator COATS. Well, I'm pleased to hear that. I mean, I hope that one press article wouldn't be the functional equivalent. But I guess my question—I go back to my question. Why did—someone concluded that the Congress should not be informed. Who made that decision?

Mr. LAKE. Senator, as I said previously to the Committee and now and yesterday, I do not recall an explicit decision not to tell the Congress. That was a mistake. There should have been an explicit—

Senator COATS. Well, we keep hearing—we keep hearing this mantra of mistakes, mistakes were made. You even said it in your statement. That was a mistake. But it seems incredible—it was either a mistake of gross incompetence or naivete or deliberate calculation. Because with Congress debating—the hottest issue regarding Bosnia during the period of time we're talking about was the arms embargo, we had seven debates and seven votes. And to think that it got lost in the shuffle, or it was inadvertent, or it was a mistake is—strains credulity. It seems to me that someone probably said look, if we go up and disclose this to Congress, the lid's going to come off. I mean, we had just been through an Iranian arms scandal that was probably the most highly publicized event of the late 1980's. I think it would have blown the lid off if Congress had known and the American public had known that we had tacitly agreed to Iranian arms going into Bosnia. So, it seems to me that people probably—somebody concluded that the worst thing we could do with this policy is to inform anybody about it. So therefore, everybody took a pass, probably from the President on down, let's go with no instructions. Instead of saying, yes, no, we don't want Iranian arms in there because it's our stated position, it's our policy position not to, to uphold the arms embargo, or somebody could have said, we want to change our position because, for the sake of the federation, we need to get them arms, and we're going to agree to let Iranian arms be part of the mix, instead, everybody said, let's take a pass, let's cover ourselves both ways—no instruc-

tion. No instruction means whatever you want it to mean, and then if we get caught, if it fails, we can say well, no, we didn't give a positive answer to that. If it succeeds, we can say, well we can cover it later, because we can say it succeeded. That's how it appears to me, a layman on the Committee, new to the Committee. I don't know how to explain it any other way.

Mr. LAKE. Senator, the facts as I recall them are these. First of all, I have taken responsibility for this mistake, as has the President, and I believe, people at the State Department. It has not—mistakes were made. We should have informed the Congress, and we didn't. I have repeatedly taken responsibility for that and said it was a mistake. Our mistake. Not some unnamed officials.

Second, with respect, the Congress did know that Iranian arms were flowing into Bosnia through Croatia and the Congress made the decision to not have the United States enforce the arms embargo any more, knowing Iranian arms were flowing. I think it was the right decision by the Congress, as I think it had been the right decision by the Administration, because the way to remove Iranian arms flows and to break the ties between the Bosnian government and the Iranian government was to get peace. So long as there was war, the Bosnians were going to turn to the Iranians, among others, for help.

So, as I said, the irony here is that the Congress was moving in the direction that we were moving. I do not believe it would have created a firestorm if we had told the Congress. I think Senator Dole might well have welcomed this as a partial step toward where he was. So—and in fact when the Congress then passed the legislation, there was not a firestorm among the American public over it.

Senator COATS. You don't think Congress would have responded negatively if they had learned that the Administration had sent a no instructions policy back through channels to allow Iranian arms to go into Bosnia, the Administration supported it?

Vice Chairman KERREY. Senator, if you will, in closed session we'll be able to talk about some of the things that happened at that time. And I think it will lay to rest at least some, not all, certainly, but perhaps some of these concerns.

Mr. LAKE. But again, Senator, the main point is that that decision was, in effect, the same decision that the Congress made a few months later. That's the plain fact.

Senator COATS. Mr. Chairman, I'm over my time. I appreciate your patience. I think we're going to pick back up this afternoon, and I have additional questions.

Chairman SHELBY. Senator Kerrey.

Vice Chairman KERREY. Thank you very much.

Mr. Lake, I'm having to make a decision, as all members of this Committee have to make a decision, as to whether or not they're going to support your confirmation. I'm not going to vote against you as a consequence of your role in Iran/Bosnia, though I was very strongly critical at the time, both publicly and privately, of the no instructions non-informing of Congress. I think it was a mistake, and I think the report also goes on to say that there was some sloppiness in the way that the covert operation was discussed in 1994. I mean, the report's very critical, and I think you've been very

forthright in discussing some mistakes that you see having been made in the policy as well.

There are some questions open on Haiti, some questions open on Somalia. I think you're one of the few that behaved correctly during the DNC fundraising problem, at least looking at your records. I'm not concerned over the notification over the Chinese briefing. I don't think—it's clear to me that not all intelligence reaches the boss. And in a compartmentalized environment, all intelligence is not supposed to reach the boss. That's not a breakdown, and I don't regard that as a problem.

I think if you hire correctly, you can manage this agency. I'm not concerned about your capacity to be independent, although I'm searching for the definition of—you've mentioned a number of times that you're going to provide the President with unvarnished truth. I suspect that means that you are opposed to varnish. I was tempted to go down a trail of questioning as to whether or not you produced any varnish precursors on your farm and whether or not that might be a conflict of interest. I'll leave that line of inquiry to someone else.

Mr. LAKE. Senator, I must say, you can get a shellacking when you don't provide enough varnish.

Vice Chairman KERREY. But, Mr. Lake, what I'm concerned about is I do think the intelligence agencies need to change. I think there's a need for fundamental change. My questions are first, whether or not you and the Administration, particularly the President, supports that kind of change and whether or not you are willing to try to manage that change.

I'm going to say that after the Aldrich Ames evaluation done by the Inspector General, we declassified, finally, a report and put it out to the public, there's a great deal of enthusiasm for change. And we've launched the Aspin, then the Brown Commission and then we had a lot of hearings and meetings and the report comes out. We tried to convert it into a piece of legislation, and we didn't find the Administration altogether supportive of many of the changes that we tried to make.

We ended up in the reauthorization bill last year with some changes, and you're not even sure whether you support. You said you'll give it 3 months and see about whether or not you're going to appoint a deputy for management, a deputy for collection and a deputy for analysis. I mean, those—all those recommendations had nothing to do with this committee's desire to meddle. It had everything to do with the observations made after Aldrich Ames that fundamental change was needed.

So, I would like, Mr. Lake, and I will have in 15 minutes to avoid getting to some of the things that I'd like to get into. So I'll have to give you written questions for answers later on. But what general views did the President relate to you when he said I want you to be my DCI and I'm going to nominate? What general views did the President give you about the need to change the intelligence agencies?

Mr. LAKE. He—we did not have, obviously, a specific discussion about all the changes that are necessary. He did say that there were some very tough, very big challenges out there. I said I like big and tough challenges. He said that I would have access. I said

that I would need it and use it. And he said some nice things about my abilities to deal with that.

I will tell you, at that meeting I was very excited precisely because those are tough and interesting challenges, including the kinds of changes that you have been talking about.

I do believe that the stakes here are so high that it would be appropriate for me or any other new Director to take the time for a few months to see how it works on a day-to-day basis before making a judgment as to whether these three specific positions are the right way to go about it, especially since my predecessor was not in favor of them. I have an open mind. I want to see, I want to work then very closely with the Committee. I understand this is in legislation and that, of course, obviously has great weight.

Vice Chairman KERREY. It's the law of the land.

Mr. LAKE. Indeed, sir.

Vice Chairman KERREY. Yes.

You've heard a number of expressions of concern about the intelligence conclusions about the threat to the United States regarding ballistic missiles, and leading to the question of whether or not we're deceiving, you were deceiving and so forth, and whether or not we're doing the right thing in response. What that leads to is a policy discussion on about what we ought to be doing. But I must say I share the concern that the threat assessment is not—it does not, in my judgment appear to be handled in an independent fashion. By that I mean, let's assess the threats. Let's assess the threats according to those threats that have the capacity to do damage to the United States. We ought to put at the top of the list the one threat that's got the capacity to kill every American citizen, and every legal resident, and everybody who's here at the time, to be politically correct. But it's—and the only one that's got that capacity still are the ballistic missiles, whether they are targeted or not targeted is, you know, it's an interesting and important point, but it's the only one, it seems to me, that's got the capacity to destroy the United States completely.

And it seemed—and again, the policy conclusion may—we'll have a great debate over, you know, what we should be doing with ballistic missile defenses and should we go START III, and all kinds of other things. But you can't have the policy debate unless you have the intelligence assessment, unless you have an independent intelligence assessment, that says, I understand, Senator Kerrey, you have a different view, but here's our best guess at what the threats are to the United States.

Now you all need to organize the policy and debate the policy and reach conclusions after that debate. But I'm just going to give you the assessment of the threats as they—as I see them, to the United States. And I just—we've had threat assessments in the past. We've never had, in my judgment, that kind of urgent here are the ones that could take all of us, here's the ones where we need to reorganize immediately in order to protect ourselves. I'm wondering if you could tell me whether or not you see any ways to change that so that we—both the Oversight Committees and the President, the Commander in Chief, gets that kind of evaluation.

Mr. LAKE. Senator, as I said yesterday, I would give this more than a 9 on a scale of 10 among the priorities for intelligence collec-

tion, intelligence analysis. I can promise you today that I will make sure that there is an annual or better, but at least an annual updating of our assessment of the ICBM threat to the United States. I know this has been a matter of particular concern and expertise for Senator Kyl.

Vice Chairman KERREY. Mr. Lake, if I could respectfully, and I don't want to drag you off your thought, but sometimes I'm not clear. Perhaps often not clear. And all I'm—what I'm looking at is the process of threat analysis, an opportunity for dissent and disclosure of dissent so that when policymakers—and we're all elected to try to figure out what the right policy is—when we're making a decision, we not only have the threats prioritized according to those that are most dangerous, but we have perhaps some dissenting views that would enable us to consider that alternatives might be available.

Mr. LAKE. I've read the Gates Panel report, the panel that was put together, a bipartisan panel to look at the National Intelligence Estimate on this issue. I've read that report. I thought it was a very good report. It was generally very supportive of the conclusions of the National Intelligence Estimate. It specifically said that there had been no—and very strongly said that there had been no politicization of that process.

But it also offered some useful, I think, suggestions on how to go about this. One of them, as I recall—I haven't looked at it for a month or so now—was that in the future, they do more in the way of exactly what you're saying, which is to get other views, reach outside the community and within the community to make sure that they were getting different points of view. On such an incredibly important issue as this, I could not agree more strongly with that. I will see that that happens.

Vice Chairman KERREY. I hope you'll stay open and discuss this further, particularly if you end up being confirmed, because I do think that some rather substantial change needs to occur here. Otherwise, we just continue to hold on to our policy conclusions and our various differences without a fundamental re-evaluation.

Do you intend—supposing you're confirmed, I vote for you and you get confirmed, are you going to be an advocate of the status quo or are you going to be an advocate of change in the intelligence agencies?

Mr. LAKE. Of change.

Vice Chairman KERREY. In what ways? How are you—

Mr. LAKE. But not change for change's sake.

Vice Chairman KERREY. Well, I appreciate that.

Mr. LAKE. But I know; who would not agree with that?

Vice Chairman KERREY. I mean, for example, do you think that the DCI needs more statutory authority over budget and appointments?

Mr. LAKE. I would always, of course, welcome that. On the other hand, I know that the Secretary of Defense might have another view. This is something that we have to work through. In the end, I believe that whatever the statutory authorities, much of this depends, as I said before, on the working relationship between the DCI and the Secretary of Defense and I anticipate good—

Vice Chairman KERREY. Do you have a view on the mix of investment between technology and personnel? I mean, we've talked about collection, but we also have to analyze that collection and disseminate that collection, and both are typically very much dependent upon the skills of the human beings that are processing it. You can dump all the ones and zeros on my desk that you want to, I'm not going to be able to figure any of them out. I've got to hire somebody to tell me what it all means. Now are you comfortable that we have the right mix of investments in hardware and individuals that can convert the hardware and software data into something that is meaningful for the policymaker?

Mr. LAKE. No, I'm not, Senator, and I am concerned both that at periods in the past, human intelligence in the past got somewhat short shrift. I want to look a little more at how we can have both the strategic decisions we have to make on technical collection right and do more in human intelligence, if necessary. But I am even more concerned, as you're saying, that we could be, over time, getting thin on the analytical side and bringing along a new generation of analysts.

One of the reasons why I think it's so important that we do a better job of changing the Agency's image, explaining better what it does, is so that our recruiting can improve, although I think over the last year, according to a discussion I had with the Inspector General, that has been improving over about the last year.

Vice Chairman KERREY. You hear concerns of, again, elected officials about the policy of this country toward nations that abuse human rights, that restrict religious freedoms. You see The Hague struggling to try to bring to trial individuals that have been accused of war crimes. What role do you think the CIA has in providing intelligence for those kinds of missions?

Mr. LAKE. I think that's probably an issue best discussed in closed session.

Vice Chairman KERREY. Do you have a view on the—

Mr. LAKE. But I think it's very important that we be supportive of—

Vice Chairman KERREY. Do you have a view on the SMALLSAT versus the large sat issue?

Mr. LAKE. I do. It's not a conclusive view because what I have done is talked to officials, and I looked at the Herman report that was written on that subject. It convinced me that it is right to go in the direction of SMALLSATS, and I've reviewed that with officials at the various agencies. So my tentative conclusion is yes, but I think before any confirmation by the Senate, I shouldn't on this or other issues absolutely lock myself in. But it does sound to me like the right way to go.

Chairman SHELBY. Dr. Lake—excuse me. Dr. Lake, along the areas—and I appreciate the Senator yielding—on small satellites, would it make sense for us to first do some type of a pilot program to see what were the benefits that would come out of the small satellites?

Mr. LAKE. The people I've—

Chairman SHELBY. Have you thought about it?

Mr. LAKE. Yes, I did discuss that. The people I talked to thought that we were on an appropriate path now.

Chairman SHELBY. Yes.

Mr. LAKE. But I'd be glad to discuss that with you further and take another look at it.

Chairman SHELBY. Sure. Thank you.

Mr. LAKE. Certainly.

Vice Chairman KERREY. I appreciate that, Mr. Chairman. Let me just tip you to some other areas so you can think about them, perhaps in the second round. I mean, I've got concerns about your analysis of the budget that you can provide us in open. I've got concerns about cooperative—cooperation with the Department of Defense. As Senator Levin said, we're all concerned about the soldiers and sailors and airmen that are out there doing the work, but we also understand that increasingly, I've got customers at Justice, customers at State, customers at the United Nations, that if we serve them right, they can prevent those soldiers, sailors, airmen and Marines from having to go into conflict in harm's way. I've got questions about your relationship with law enforcement, about counterintelligence, which I think we desperately need in agencies beyond the FBI and the CIA. I've got questions—serious questions—about our policy in information warfare and encryption that I think that you're going to have to get on immediately in order to be able to come up with the right policy. There's legislation that's going to pre-empt the Administration's position if it's not dealt with correctly. Now, we've got serious problems with narcotics. Our policy does not appear to be working. We've got this embarrassing situation in Mexico, where the drug czar, based upon intelligence, was saying the wrong thing about General Gutierrez. There's a number of other areas where I think that we need to direct our attention, Mr. Lake, in order to ascertain both your views and your willingness to manage the change that I think is urgently needed if our intelligence agencies are going to be able—no matter how they're delivered, no matter how—you know, I can collect it, I can process it, I can disseminate it, but if the customer gets out there and says, I don't believe this stuff, it's not—it's got no value to me, then it's not likely that it's going to be used in some constructive way.

So I mean, I think there's an urgent need to change, and I'm pleased to hear that you're not for change for change's sake. But I do think that we need to have some rather fundamental change and manage that change aggressively in order to be able to serve the needs of the country.

Chairman SHELBY. Thank you.

Senator Roberts.

Senator ROBERTS. Thank you, Mr. Chairman, and I'd like to associate myself with the remarks of the Vice Chairman in regards to the budget matters, and I'll look forward to those questions in the closed session.

I'm into fairness. I am for fairness, and comity and comfort as we conduct our serious business. I want to ask you a question.

Senator BAUCUS. Excuse me. If I might ask the Chairman, what's the agenda for the rest of the morning?

Chairman SHELBY. I thought we would go—we've got a vote at 12:30. I thought we would go with Senator Roberts. It will take about 15 minutes, adjourn, come back at 2 o'clock.

Senator BAUCUS. Thank you very much. I apologize to the Senator.

Senator ROBERTS. I'm the last act.

Senator BAUCUS. Thank you.

Chairman SHELBY. Before lunch.

Senator ROBERTS. Before lunch. That's so you won't go to sleep.

As I indicated, I want to make sure of your comfort level in that yesterday's account in the press of these hearings indicated they were tense, and I think we had some concern across the aisle that we might be bludgeoning you, and that there was a malicious wounding. You don't look tense to me. Are you tense?

Mr. LAKE. Senator, I am not tense.

Senator ROBERTS. Good.

Mr. LAKE. I would like to say, if I may, that I thought the hearings were conducted yesterday in a very professional way and I appreciated the tone and the conduct of the hearings yesterday.

Senator ROBERTS. I would describe you as having understated but pleasant firmness.

Mr. LAKE. Thank you, Senator.

Senator ROBERTS. I'm going to split—

Mr. LAKE. Sometimes it's more pleasant and sometimes it's more firm, but I try to do both.

Senator ROBERTS. Well, if we err, let's get on the firm side, I suppose.

I'm going to split the shingle again here. That's where you keep after an issue until the shingle splits and upsets everybody. I know there's a lot of speculation on the part of my colleagues that since you have made it very clear that you had no prior information as to the campaign contributions and national security and the NSC employees, that obviously in terms of responsibility, that that's another question.

But again, it seems to me that the question to me is that you should have been informed. And then what we do about it in order to get this rodeo with the FBI and the CIA and Justice and the White House in regards to—say to how to fix it. I don't understand why any intelligence agency, such as the FBI, or any law enforcement agency, would come to the NSC and provide information of such obvious importance to national security and then tell anybody not to pass the information up the chain. Now, I understand now that the latest spin on the story, the latest press report, says they're just a misunderstanding. Well, on the strings of such misunderstandings, the fate of nations hang. I remember somebody saying, well, it's just a break-in, and you know, we all see what happened with that.

Now you, sir, did provide the White House information in regards to the related personalities in reference to the photo opportunity with a visiting delegation from the PRC and the appropriate nature of that, and then a photo op with the President and the Prime Minister with the United States-Thai Business Council, and then a letter from Charlie Trie regarding the direction of U.S. policy during the height of the Taiwan Strait crisis, and then some documents in regards to Johnny Chung's travel to China in the Harry Wu case.

Now my question is, if you're doing that with these same individuals, why on earth wouldn't—and I understand that one of these people is the director of the programs—why wouldn't they go ahead and inform the White House of these activities? I don't understand that.

Mr. LAKE. Senator, those are different officials on the NSC staff. Those are not the same officials making those judgments.

Senator ROBERTS. Don't—doesn't the left hand know what the right hand's doing in case of this? Or are these two separate—what?

Mr. LAKE. Senator, I would be appalled if our intelligence directorate were sharing counterintelligence information of any kind with other directorates within the NSC staff. That would be entirely inappropriate.

Senator ROBERTS. Well, I know this is a hypothetical question, and I know you've answered it, but I still fail to see what's going to happen. I guess I'm like Senator Kyl. Once we get to the bottom of it, why I'm sure there'll be some kind of an explanation.

In your qualifications statement, Dr. Lake, you've indicated, "I intend to provide hands-on, supportive, but very firm management, working closely with the Congress and this Committee." Now, I realize that some of these—some of these concerns represent 20-20 hindsight. But I'm worried about what I think may be a pattern here. Senator Kerrey indicated that you are fully qualified because the job is to—or is in regard to intelligence, i.e., how to get it and how to use it—with Congress as a working partner.

Now, please forgive me for going over past history in regards to Somalia, but I can remember as if it were yesterday when we were in the Senate Chamber Room, and Secretary Aspen and members of the Intelligence Community and the Pentagon met with over 100 Senators and Members of Congress only to find that really nobody knew what was going on immediately after the effect other than Congressman Bob Dornan, who talked to the survivors in the hospital and came back with an intelligence report.

That has always stuck in my craw, i.e., what did the 18 Rangers die for. Either there was a terrible failure of intelligence or a terrible mistake on the part of the Administration to gather that intelligence and make the appropriate decision. But in any case, the Congress was not informed.

Second, we have a situation in Haiti that we have all talked about, and it seems to me that there was about a 3 or 4 month lack of dissemination of proper information to the Congress when we were going through that debate, more especially with the assassinations that resulted on the left as opposed to the right, and I think that could have affected the debate. Congress was not a working partner.

Now, we've just had a long discussion here in regards to Senator Coats, and we'll have further discussion in regards to Senator Hatch, and regards to the Bosnia arms sales. I can tell you, as far as I'm concerned, I was on the tarmac waiting for Senator Dole when we were about to get on the plane and he took a call from the President back during the—what—just at the beginning of the Iran-Contra situation. And he—I don't know where we were going. We were going to Kansas, as I recall. And so I said, what's going

on? He said, well, I just got a call from the President. What went on? Well, we have made it possible, I suppose, in the past in regards to arms to the Contras. And I said, well, where did they come from? He said, Iran. I said, what? And scratched my head. And we had an explosion in regards, you know, to that kind of a policy situation.

I would guess that during the debate, as has been indicated by Senator Coats, that the same reaction would have taken place had we known the situation with Bosnia, more especially from Iran. I mean, we have all sorts of briefings in regards to Iran being a terrorist threat. Everybody understands that. So I do have the same concerns as Senator Coats.

And then finally, we have the situation here with the campaign contributions where really Congress has not been informed, or we don't have a close working relationship. Now, if you're going to hire on with me as a stage coach rider, to make sure the stage, you know, gets to its destination, and you have promised me that you're going to work very closely with the Congress, and I can cite to you Somalia, Bosnia, Haiti and now the campaign contributions. Sell me on this. Why do I hire you? Be firm.

Mr. LAKE. Would you like to run through all four now, Senator?

Senator ROBERTS. No. Just give me a general overview in regards to working with Congress in view of these past situations where I think in terms of either intelligence gathering or the Administration policy—and I'm not trying to separate out, you know, that from a partisan standpoint—give me some confidence that you will work with us.

Mr. LAKE. Senator, I have said that it is my absolute intention to work with you, to go beyond legal requirements, to bend over backwards to provide all information to this Committee, and I am a man of my word, period. It cannot be firmer than that. I would be glad to discuss each of these areas with you. Some of them we need to discuss in closed session.

Senator ROBERTS. We'll be happy to do that, but I'm worried about this pattern. I'm not trying to say that you're responsible for every foreign policy or every intelligence policy mistake of this Administration, or for that matter in all of your efforts in the past in the Intelligence Community, with any Administration. I just—you know, there is a pattern here and I understand that you're, what—20/20 hindsight. Very easy, you know, for us to bring something up where it didn't really turn out the way we had hoped and then to pick at it. That's not my intent. But in each and every case, the Congress was not informed.

I would hope and I hasten to add that there are days when we can't even decide when to adjourn, you know, let alone conduct foreign policy. We can't do that.

Now, I also understand that in this town a leak is not a leak until somebody gets wet. There are times when you have a little deep water around here, and it concerns me. So you can't go spreading this information all over. But in each and every case on these very tough decisions, it seems to me that there was not a good relationship with the Congress. They're very high profile situations and you had a direct responsibility in all of them, and I look forward to discussing with you in the closed sessions.

I think I'm making a speech and not really, you know, offering you to respond.

Mr. LAKE. I would like to say a few things to you.

On Haiti, in fact, I believe there was a sharing with the Congress, with an exception of some just under 50 documents, which the White House counsel and the President concluded came under Executive Privilege. I'll be glad to discuss those with you. In fact, I have discussed with Chairman Gilman in the House and others, in the ways—I know Senator DeWine has played a very useful role in this. I believe that the Congress and the executive branch work very well together in passing legislation which allowed us then to push the government in Haiti toward doing something about human rights abuses based on very fine intelligence reporting. And in my case, four times, based on that intelligence, I went to President Aristide and then President Preval to say there are human rights abuses here, you've got to do something about it. That was based on intelligence that the Congress had as well. I think we worked well together on that.

On Somalia, if I may, Senator, I feel very strongly about that issue, too. I went out to Andrews Air Force Base—I remember it vividly—met with one of the wounded rangers when he came back, an American hero. I went out to Fort Campbell and met with that unit when it came back, visited with the families and I met with some of the survivors of that firefight when they met with the President.

I just want to say for the record, we too often treat that incident as a failure. It certainly was a terrible, terrible moment. But in the terms of the firefight, itself, those American soldiers—and I know you could not agree with this more strongly—those American soldiers acquitted themselves extraordinarily bravely and effectively, and in tactical terms, in fact, won that firefight. The casualties were terrible but they did a tremendous job.

Senator ROBERTS. Well, I'm not—

Mr. LAKE. We can discuss the—

Senator ROBERTS. I'm not quarreling with that.

Mr. LAKE. I know you're not, Senator. But it's—

Senator ROBERTS. I'm not quarreling with that and everybody shares that sense of personal responsibility. I think every Member of Congress should. But—and I don't want to—yes, how are we doing on time here? We all right? I don't want to give a personal example in the way that this speaks for policy. But when the recruiting officers said I should join the Marine Corps, and I indicated why, he indicated that the life of one individual Marine was such that it was of paramount importance, and if we got in trouble that the squad would come get me, then the platoon. If the platoon didn't make it, then the company. And if not the company, why certainly the battalion and then the regiment and then the division. If that didn't work, the whole damn Marine Corps would come after me and we've never been stopped yet.

Now some might think that's a little naive. But I believe it. I believe it and we did not support, according to intelligence, we did not support those rangers. Now we went over that in some degree when you had the courtesy call. And again, that had to be a failure of either intelligence or the decisionmaking, quite frankly, in the

Oval Office as to whether or not, you know, to go in. And again, you had over 100 Members of Congress and Senators in that room after the tragedy—and again it's hindsight—and finally Secretary Aspin said, well, I don't know. What do you all think? And we said—

Mr. LAKE. Sir—

Senator ROBERTS. I stood there and I couldn't believe it. About half just left the room and you know shook their heads.

Mr. LAKE. Senator, Secretary Aspin is not here to speak for himself in this.

Senator ROBERTS. I understand that. I understand that. And I'm not trying—

Mr. LAKE. I would be glad—

Senator ROBERTS [continuing]. To poke at Les because, you know, he had a very difficult, you know, situation. But that was a terrible circumstance. I think dovetails back in again to working with the Congress to develop the appropriate intelligence capability so we don't repeat those mistakes.

Mr. LAKE. Senator, I know we—

Senator ROBERTS. And you can do that job, right?

Mr. LAKE. I intend to, Senator.

Senator ROBERTS. Good.

Chairman SHELBY. Senator DeWine.

Senator DEWINE. Thank you, Mr. Chairman.

Mr. Lake, yesterday I asked you about a briefing that Brian Latell—this was reported in the New York Times—Brian Latell gave—reported in the New York Times October 23. I think it was couple of days before that the actual briefing took place. You said that—let me just—if I could just—

Mr. LAKE. Please.

Senator DEWINE. You said at the time, and of course refresh everyone else's recollection, this was a negative briefing that came out in the press. It then was leaked to the media. You said at the time, or you said yesterday that at the time, that this was the first time that you knew about that negative assessment. Is my understanding correct?

Mr. LAKE. If so, I misspoke. I frankly—I think I said I don't remember whether I had had it before it appeared in the reports or not. I just don't remember. I do remember the case of the press stories themselves because, of course, that was a rather dramatic moment.

Senator DEWINE. So you don't recall whether or not you had read that report before it appeared in the press?

Mr. LAKE. No, sir I don't.

Senator DEWINE. OK. I can understand that. Many times we go back with public officials a year later or many months later, and the people who are asking the questions assume that's all you were thinking about for that whole period of time. And I understand how many things would come across your desk. But it does strike me that Haiti had to have been pretty high on your list of things at that time. I mean if we could put it in a historical context, we had the Harlan County incident which was 6 days before this. We had Aristide who was ready to come back under the Governor's Island Accord on October 30. There were many things that were going on

clearly related to Haiti. Haiti had to be high on your list at that point, did it not?

Mr. LAKE. Senator, if I could, you are refreshing my memory here. If the—and I don't remember these consecutively—if the public reports of that assessment came after the Harlan County, then I probably did see that assessment earlier. My memory of the public deal was that it was fairly early on in the Administration. In which case I would imagine—again I have no specific memory—that I had seen the report earlier.

Senator DEWINE. Does that change anything that you told us yesterday? I mean you refreshed your memory a little bit because of putting it in the historical context. Does that change anything?

Mr. LAKE. I don't believe so. I mean, I believe I would be quite certain in here—it is knowing myself and my views on this issue—of not twisting intelligence, that, as I said yesterday, I was uncertain about the report, maybe even skeptical about it. It has been changed subsequently, I understand. But I am quite sure that I would not have gone back and said, change it. Or just in an off hand way say, this must be wrong. I didn't see the background to it.

Senator DEWINE. I appreciate your answers, however—

Mr. LAKE. In fact, I believe now that—excuse me, Senator—that we may have in fact said, tell us more. What's the deal here? I don't want to get into the specifics of the report, but is this true?

Senator DEWINE. I appreciate your answer. Again I appreciate the difficulty in trying to reconstruct what happens on individual days. I've been in that position myself and it's not necessarily easy to do. Because when I was thinking about this last night and this morning, I was surprised that you would have been surprised because of the high attention on Haiti at that time that you in any way would have been surprised by this intelligence report as reported in the paper. I would have assumed you would have already had read that intelligence report. It would have been a priority because Haiti was clearly a focus at that time, and you would have seen the report.

Mr. LAKE. Yes, sir. That's why I think it would reinforce my recollection that my concern was at the leak more than of the content of the report, if I had seen it previously. Again, frankly, I just don't—this is 4 years ago and I don't remember all of this consecutively.

Senator DEWINE. We talked—and I appreciate that. Let me move to a related question on the same subject. I made the statement yesterday that Mr. Latell's assessment was trashed, and I don't know whether you agreed with that or not. You had a different term. But the fact is that his career did founder after that report was given. Are you aware of what his current job is?

Mr. LAKE. I asked somebody yesterday. I haven't been aware since, no.

Senator DEWINE. My understanding is that Mr. Latell's job is managing historical reviews for the CIA.

Mr. LAKE. That's what I was told.

Senator DEWINE. Directing the declassification of older CIA documents as Director of the Center for the Studies for Intelligence. Now I'm not minimizing that job, but I think the facts are that his

career certainly did not progress from this moment on, and went the other way.

The big question, I think, that I would like to ask you is do you see this as a problem that when a person gives an intelligence briefing from the Intelligence Community's point of view—an honest assessment and you might disagree with the assessment, but it is an honest assessment that is given. It clearly is at variance with what the Administration would like to see. It is clearly at variance with what the Administration may feel it needs to be putting out in the public arena. Then that person—you read things in the New York Times where you get high Administration officials who are quoted anonymously. Then that person in the Intelligence Community who gave that report, his career seems to go down after that. Doesn't that send a bad message to the Intelligence Community? And isn't that a problem that you as the CIA Director have to be cognizant of and have to worry about?

Mr. LAKE. Absolutely, Senator.

Senator DEWINE. Could you address it as it relates to Mr. Latell and what happened there? What is the obligation of policymakers outside the Intelligence Community to prevent something like this from happening? Because it does have a chilling effect, it would seem to me on—if I was an Intelligence Community person, I'd be looking over my shoulder and making sure I wasn't given intelligence; or might be tempted to look over my shoulder to make sure I wasn't giving intelligence that was at variance with the conventional wisdom or what the Administration felt they needed to be hearing. Or at the very least what they wanted to be putting out in public.

Mr. LAKE. Senator, first of all—and I know you're not implying this—I certainly and I would hope nobody around me had anything to do with any personnel decisions regarding Mr. Latell. I don't know what happened in his career. As I said, I just recently asked what had happened to him as we were discussing all of this. So—

Senator DEWINE. Can I interrupt you just to say—and I appreciate that; I take it at face value. But isn't the way the world works that you don't have to say that to your people. It's just that somebody else gets the message, we don't want this guy around anymore. Or we don't want him in our face anymore. Or we don't want to hear this stuff. There is a wink and a nod and maybe not even a wink and maybe not even a nod, it just happens.

Mr. LAKE. Senator that's the point I wanted to come to. You are absolutely right. Again, I cannot comment on the specifics of what happened to his career and whether they were related to this particular incident.

If he or any other official was penalized for an honest intelligence assessment that would be wrong. That would be intolerable. The job of the DCI would be to neither do that nor to allow it to happen to any official.

There is in my own past a parallel here. When I was at the State Department one of my duties was to manage the so-called dissent channel, where officials, if they disagreed with a policy, could send messages to the Secretary of State saying something is wrong, I disagree or whatever. This is not often career enhancing and I fought very hard and absolutely to make sure that anybody who

had the guts, the admirable guts to do such a thing would not be penalized. I feel very strongly about that and I can guarantee that I would not allow any analyst to suffer from honest assessments as you've said, absolutely. Because it could have exactly the chilling effect that you're talking about.

Senator DEWINE. Let me move to another related issue but a different time in history—recent history. It has become conventional wisdom that one of the lessons of the Iran-Contra affair, as reported in this Iran-Contra Report, which has minority views and incidentally everyone doesn't agree with everything that is in there. The conventional wisdom is that one of the lessons of Iran-Contra is that in a democracy you can't have a big variance between a covert operation and the stated overt policy.

Now granted in the case of Bosnia, I don't believe it was a covert operation. But it was a secret policy at total variance, 180 degrees, with a stated public policy. I want to ask you some questions about that. But I want to ask you first do you agree with the basic premise, what I refer to as conventional wisdom that has come out of Iran-Contra.

Mr. LAKE. Yes, sir. But not as a parallel to the no instructions policy.

Senator DEWINE. That's fine. Tell me what the Administration did, what you did in the Iran arms to Bosnia is not at variance with that conventional wisdom. Because I think to an occasional observer—even more than an occasional observer it would look like it is at variance.

Mr. LAKE. In two sentences. First of all, as I think you just said if I didn't misunderstand, this was—there is a huge difference between an American diplomat telling a foreign leader that we have no position on an issue, which is not asking them to do anything, not telling them how to do anything. When I heard that maybe any of our diplomats had gone beyond that I said, no, no and referred it to the IOB. That is very different from Iran-Contra. But in terms of the more important part of your question perhaps, the fact is that the President of the United States had consistently for 2 years said, I think the arms embargo is wrong. That was his stated position.

This policy was in exactly the same direction as that. It was a secret policy, but it was just that secret. It was not a contradiction to the President's own position on the issue. And there it is.

Senator DEWINE. So if I can paraphrase, and you correct me if I'm wrong. You're looking at the general policy versus the more specific. It's clearly a contradiction to a specific policy. It may not be in contradiction to a general policy and therefore you see the difference.

Let me move on, my time is almost up. But let me ask specifically in regard to this. The CIA Director was kept out of a loop on this. That resulted—if we can believe the account in the New York Times—that resulted in the Ambassador, Galbraith, ultimately believing that somebody in the Intelligence Community was spying on him. Again, if you can believe this story. Isn't that a direct result of keeping the CIA out of the loop on this. You know, was that a correct decision to make? Was that the right thing to do?

Mr. LAKE. In fact, Senator, as I believe—

Senator DEWINE. Let me just—one more thing. Ultimately, getting back to the point I made in the first question I started with, the representative of the Intelligence Community who was the subject of this article ultimately ends up in virtual exile again. So here we have another person who is sort of pushed aside by the Intelligence Community because of this apparent conflict where what he thought he was doing was trying, I assume, was to try to avoid another Iran-Contra conflict where you had a variance between publicly-stated policy and the secret policy. You know, he could have conceivably thought Mr. Galbraith was carrying on a rouge operation over there.

So isn't that the natural—that conflict and that problem the natural consequence of keeping the CIA out of the loop on this thing? Was was that the right thing to do in hindsight?

Mr. LAKE. Senator—

Senator DEWINE. I have given you 10 questions, and I apologize.

Mr. LAKE. No, there's a common thread to them all. In fact, as I believe the Committee report said, as I know I have read about what people have testified to, there was a conversation soon after that decision was made between Deputy Secretary Talbott and Director Woolsey. There was apparently a misunderstanding. I believe Secretary Talbott has said he did tell him about it, Director Woolsey did not get a clear view of what that decision was, I wasn't there. I can't sit in judgment on that.

A few weeks later, as I recall, there was a meeting of the principals committee at which Director Woolsey and secretaries of Defense and State, as I recall, were present, as well as others. There were, as I said to the Committee leadership and staff previously, and I hope I'm using exactly the same words, but I probably am not, to describe my recollection, there were a number of people around the wall who—which meant it was a fairly large meeting and I did not want to go into the specifics again of the policy for the reasons I'd stated; I thought should remain secret—but I did conduct a general discussion of the issue of whether we should go to the Croatian government and complain about the Iranian arm shipments. I went around the table and I asked is there anybody who wants to review this? Should we take it to the President if anybody feels strongly about it? Everybody agreed, no, we're where we ought to be on it. That we didn't like it, none of us liked it, obviously, that Iranian arms would be flowing.

So in that sense, at least I think that it's not accurate to say that the DCI was kept out of the loop. I never made a decision to keep him out of the loop.

With regard to the second part of your question, I think it is absolutely right if any employee of the CIA or any other agency of the American government has reason to believe or suspect that there is something going on that raises questions even of—especially of legality, that he take that to his boss. That is what this particular person did in Croatia. When Director Woolsey got that information, he did the right thing: he came to me. And when I got that information, I think I did the right thing by saying, no, our instructions were that that should not happen. I assured him that I was unaware absolutely of any covert action program. Then I went to the White House counsel and the Intelligence Oversight

Board to make sure that it hadn't happened. We know the results of that review, they said there was no covert action. So I think everybody there behaved appropriately.

And beyond that with regard to what was going on in Croatia, I think a closed session would better protect the privacy of the individuals.

Senator DEWINE. I appreciate the Chair's indulgence.

Thank you.

Chairman SHELBY. Senator Hatch, do you want to go now? We're going to break for lunch in a few minutes and come back at 2 o'clock. What's your choice?

Senator HATCH. Why don't I go now. Is it all right with you and Mr. Lake?

Chairman SHELBY. Of course.

Senator HATCH. Because I think then that we can get this out of the way, if it's OK with you.

Let me just resume my questions regarding the no-instructions instructions. I do remain unpersuaded by the notion or to the notion that those instructions in April 1994 were part of a strategy that had an end game in sight. I understand the value of the federation and I do not understand how the federation in and of itself with an official multilateral arms embargo in place could have created a strong enough balance of power on the ground that could have stopped the Serbs, freed Sarajevo and, of course, protected the eastern enclaves.

Nonetheless, I would like to review—just continue to review some of the chronology of those events and continue along the same questioning. As the debate heats up in Congress in the summer of 1995, one of the arguments that the Administration gave publicly was that lifting the arms embargo may encourage the Serbs to take the eastern enclaves of Srebrenica and Zepa, if you'll recall. Now what happened to those enclaves that very summer, Mr. Lake?

Mr. LAKE. They fell.

Senator HATCH. They fell. In fact the Serbs took between 6,000 and 10,000 unarmed young Bosnian men and boys who were taken into the woods and massacred, is that correct?

Mr. LAKE. Yes, sir.

Senator HATCH. You said in your statement yesterday that the no instructions policy worked. Yet massacres of underarmed Bosnians and underarmed prisoners continued for over a year after that policy was invented. Now is it not a fact that the real reason the Serbs came to Dayton was because of the losses that they had on the ground as a result of the Croatian offensive in August 1995, and that the air strikes the United States and NATO launched the next month? Is that not true?

Mr. LAKE. Yes, sir. And those were—those changes on the—if I may—first of all—

Senator HATCH. Sure.

Mr. LAKE. It did work. I don't think there is anybody who worked on this issue, and especially all of us who worked so hard on this issue, who did not wish that it had worked sooner.

Senator HATCH. Or better.

Mr. LAKE. And I agree with you, if it could have been sooner more lives could have been saved. But I stand by my statement that it did work.

Senator HATCH. You still think it worked?

Mr. LAKE. And if—certainly there is peace today in Bosnia. The Iranian influence is greatly eroded. If it didn't work sooner it was not for lack of trying. This is something that we worked very hard on everyday. Second, the—as you and I had agreed—and I think you're absolutely right on this, Senator—the key question was the balance of power on the ground. That reflected a combination of, on the one hand the ground actions, and there the federation was of crucial importance, because it allowed not only for the Bosnians to look to their eastern flank rather than—eastern and northern flanks rather than to the west. If they'd had to continue to divert troops, as they had before the federation, to opposing the Croations, they never could have done it. But there were joint operations, especially around Bihac, between the Croations and the Bosnians that never could have taken place without the federation. So in that sense I think the strategy worked as well.

Senator HATCH. Was it not a fact that the real reason the Clinton administration decided to support the Croatian offensive in this and decided to implement the air strikes was because you, the Administration, in other words you the Administration were responding to CNN's broadcast of the fall in Srebrenica.

Mr. LAKE. No, sir. I think that's unfair, in fact.

Senator HATCH. OK.

Mr. LAKE. For 3 years or whatever it was—2½ years prior to that, the Administration and the President had consistently urged our allies to be more vigorous in the use of air power to help put an end to this carnage. I know I myself in, I believe it was the late summer of 1993, went around to European capitals saying we have to do this. That helped to resolve, with the President's strong urging in the following January, in the ultimatum about Sarajevo that resulted in—during the course—with the threat of American air power and NATO air power—and that resulted, as I recall, during the course of 1994, in a significant reduction in casualties.

So I think it is unfair to say that we—it suddenly occurred to us after Srebrenica that we should use air power.

Senator HATCH. Or because of a CNN broadcast.

Mr. LAKE. Or because of CNN. Those were appalling, we were all torn by what we saw. It was abominable what happened. But we had been working hard on a greater application of military force in Bosnia with our allies throughout the period of this Administration.

Senator HATCH. OK, I'll accept that. In 1994 the public position of the Administration was against lift and strike. From a purely analytical perspective, can you characterize the comparison of the NATO forces versus the Serbs forces back in 1994? Using the methods suggested by my colleagues of yesterday, on a scale of 1 to 10, if NATO was a 10—if NATO forces were characterized in strength and capability as a 10, how would you place the Serb forces in 1994? Give us your best estimate.

Mr. LAKE. Senator, it often struck me, if I may, as ironic—

Senator HATCH. Pretty hard to do.

Mr. LAKE [continuing]. That in World War I there was an incident in little Serbia that got all the big guys into a war that cost what, a million lives or something. Here we had a case in which little Serbia was, in effect, standing up to all of those much larger nations. There is no question that the military capacity of NATO is far stronger and was far stronger than that of Serbia.

The problem was that in specific terms of how through air power—just air power—you could stop the Serbs. The judgment of our military, fairly consistently, was that through air power alone you could not put a stop to Serb aggression. You could influence their behavior. You could maybe make a difference in enclaves, but there was no silver bullet here strictly through air power.

So one of the problems with a lift and strike strategy, which I found powerfully attractive from time-to-time, but never for myself and the Administration never agreed to, was that if you lifted then United States took on the responsibility for what happened thereafter because our NATO allies would have withdrawn from Bosnia. Our military commanders were saying do not assume that through air power alone you can then stop the Serbs. If that was the case then we were walking into a position in which we would have either had to abandon Bosnia, which was intolerable, or send in American ground forces into a combat situation which I thought and the President thought—and I think all of us thought—was not a desirable outcome either, therefore our policy choice.

Senator HATCH. Well, let me ask a few questions about the consequences of this policy for our allies, the Intelligence Community, the future peace of Bosnia and the Congress.

In 1994 the public position of the Administration was, as you stated, against lift and strike because it would run against our European allies. At least that was one of the reasons. Yesterday you stated regarding the no instructions policy, "At the time grave concern about the need to keep our allies together led us to emphasize the secrecy of the decision." In short, you kept the allies together by deception. Would that be a fair statement? Or just by not telling them?

Mr. LAKE. No, Senator, I would not have said deception: I would have said secrecy.

Senator HATCH. You would not have used deception.

Mr. LAKE. I think there is—if I may for a moment—this is very important.

Senator HATCH. Well, I'm not trying to semantically get you in a bind.

Mr. LAKE. No, no, no.

Senator HATCH. You know that.

Mr. LAKE. I just want to make it clear, because this is a very important matter of principle to me—

Senator HATCH. It is.

Mr. LAKE [continuing]. That there is a difference between secrecy and lying. We have to stay in the secrecy business often—and I've written this over time on a number of occasions—we have to keep the secrets often. There is, that I can think of, just about no justification for lying. This was an occasion of secrecy.

Senator HATCH. Do you think our relations with the NATO allies have been completely repaired following the no instructions policy that was perpetrated?

Mr. LAKE. Absolutely. And if I may, any of us who visit the troops in Bosnia and see the coordination between us and NATO, the way we work together over the past year in implementing Dayton has—I think has—shows facts on the ground that would shoot out.

Senator HATCH. I agree with that, I've been there and I agree there is that coordination.

In 1994 the policy concocted on Air Force One excluded the Intelligence Community. When the Agency first raised concerns later that year, you referred the matter to White House counsel and then consulted with the IOB. Now I visited Bosnia several times, and last April I was in the region when the Los Angeles Times brought this story of the no instructions instructions. I personally did not like the confusion that I heard among various American representatives there.

Did the IOB consult with you when they prepared the report and did you inform them of the no instructions policy at the time?

Mr. LAKE. I frankly do not recall now my specific interview with the IOB. I do know that when the Justice Department looked into it all as a result of the inquiry from the House Subcommittee, they said that my testimony with the IOB was honest. There was no evidence of anything else. I believe that the IOB inquiry was based on a knowledge of the no instructions policy. And I would be quite certain—again, I don't want to lock myself into something I don't remember clearly—would have included the no instruction policy, yes.

Senator HATCH. Just to get this on the record. Is the Iranian influence stronger or weaker today in Bosnia than it was in April 1994? And be as specific as you can in this session about political and military influence, if you can.

Mr. LAKE. Senator I'm—I apologize I was looking here at those who were present at my IOB interview or at least knew about it. They were nodding their head and saying yes I did discuss the no instruction policy with them.

Senator HATCH. That's OK.

Mr. LAKE. But the result was that I missed your question, I apologize.

Senator HATCH. No, that's all right. I'm talking about the Iranian influence. Is it—would you consider it to be stronger or weaker today than it was in April 1994? I'd like you to be as specific as you can in our session here today concerning political and military influence.

Mr. LAKE. I think there—and again, in parts of this we can go into more detail in a closed session. But I think there is absolutely and unequivocally no question that Iranian influence is far less now than it was in 1994. There are less Iranian—in fact, there are no Iranian forces there. The Iranian presence has been reduced. Hundreds of Iranians and others—mujahadin and others have left.

Most, importantly the Bosnian government has abided by the requirements of the Dayton accords to remove foreign forces. The Bosnian government, because of our insistence that they make a

choice, has severed its military and intelligence ties to the Iranian government. All that is a great stride forward.

But I don't want to mislead you. There remain Iranians in Bosnia. I have no doubt that the Iranian government still gives Bosnia a priority in terms of its interest around the world. I can assure you that as the Agency is now giving that question priority so it would when I was there.

Senator HATCH. Can you say with certainty that there are no armed Islamic militants in a position to threaten the SFOR troops?

Mr. LAKE. No, sir.

Senator HATCH. OK.

Mr. LAKE. That is one of the reasons why we have a good robust intelligence presence in Bosnia to help us to track those things, especially with regard to force protection. I have seen no signs that the Bosnian government has refused to cooperate with us whenever we come across reports that concern us.

Senator HATCH. Well, would you state again, please, as clearly as possible, your rationale, legal and principled, for not informing Congress about the no instructions policy?

Mr. LAKE. Senator, the bottom line, very clearly, is that there is not a rationale for it. I do not recall a specific decision not to inform the Congress. I have said repeatedly that we should have done so. I suspect there is nobody in America who wishes more fervently that we had done so than me.

Senator HATCH. I understand. Would you state again, just as clearly as possible, your view of your obligation, should you become DCI, Director of Central Intelligence, to fulfill your responsibilities toward keeping this body informed?

Mr. LAKE. The legal responsibility is to inform the Committee of intelligence matters.

Senator HATCH. Right.

Mr. LAKE. Especially to inform the Committee in a timely fashion of covert actions. I intend absolutely to meet all of those legal obligations, and, as I said, more.

I might add that my impression is, and is confirmed by the people out there, and I hope it is the impression of you on the Committee, that over the last year or two, especially in the wake of Guatemala, there is a far better system and a far larger volume of orderly and timely intelligence and information about intelligence activities coming to the Committee than there had been before. I can absolutely guarantee you that that will continue if I become DCI.

Senator HATCH. Well, Mr. Vice Chairman, if I could just say in conclusion, that I've appreciated your testimony. As you know, I differ with you on these matters, and have widely differed with the Administration on the foreign policy matters involved. On the other hand, I do appreciate your candor, and I appreciate you being here, and I know how important this position is. It's a position of great secrecy, it's a position of great power, and naturally, people on this Committee are very concerned, as are people in the House as well.

I'll have some more questions for you, but I appreciate the candid nature that you've been answering these questions.

Thank you, Mr. Vice Chairman.

Mr. LAKE. Thank you, Senator.

Vice Chairman KERREY. Thank you, Senator.

We are—Senator Levin, did you have a follow-up that you wanted to do?

Senator LEVIN. I wanted to follow an earlier question of mine on the same subject as Senator Hatch that's—

Chairman SHELBY. I presume you've seen the lights on, and we have a vote in place?

Senator LEVIN. Yes.

Chairman SHELBY. When Senator Levin's question is asked and answered, we'll be adjourned until 2 p.m.

Mr. LAKE. I'll try to be brief.

Senator LEVIN. I think maybe I'm going to have to run for the vote. We'll ask it in the closed session.

Well, let me just ask it quickly now. Relative to the notice to Congress question, it's your position that it would have been a good policy to notify Congress, but that there was no legal obligation under the covert action language of the law to do so, is that correct?

Mr. LAKE. Yes, sir.

Senator LEVIN. And, I asked you before whether or not you were contacted by any Members of Congress asking what the Administration position was on Iranian arms shipments to Bosnia after that June 24, 1994 Washington Times story talked about Croatia becoming a major transit point for covert arms shipments to Bosnia with the tacit approval of the Clinton administration, and the headline of that article being, "Iranian Weapons Sent via Croatia: Aid to Moslems Get U.S. Wink," and that having been put in the Congressional Record.

I also asked you whether or not it was not true that Congress over and over again received intelligence in 1994, April, May, and June, that in fact there were Iranian arms shipments to Bosnia, and I believe you indicated that it was correct that—

Mr. LAKE. Yes, sir.

Senator LEVIN [continuing]. Such intelligence was made available to Congress.

Is it true that the first time that you would have heard an objection as to the lack of notice to Congress of this no instructions policy was last year?

Mr. LAKE. To my recollection, yes, Senator.

Senator LEVIN. Thank you.

Mr. LAKE. Thank you, sir.

[Whereupon, at 1 p.m., the Committee stood in recess.]

AFTERNOON SESSION

[2:10 P.M.]

Chairman SHELBY. The Committee will come to order.

Dr. Lake, are you ready?

Mr. LAKE. Thank you, Mr. Chairman.

Chairman SHELBY. Senator Allard.

Senator ALLARD. Thank you, Mr. Chairman.

Mr. Lake, we were discussing the Iranian-Bosnian issues when I ran out of time last. And you'd made some sort of general comments, and I wanted to follow up on those a little bit about so I could get things nailed down a little more specific than what we had. I was talking about the relationship between this Committee

and you as the Central Intelligence and the Congress. But more specifically, this Committee since we'll have direct oversight over Central Intelligence Agency.

You had said that you would keep us informed in a timely manner. Are we talking about 48 hours, 24 hours, or 2 weeks? I'd like to know what you mean by a timely manner.

Mr. LAKE. Senator, the timely manner phrase I believe refers to covert actions within—and informing within 48 hours. I can think of no circumstance—one may run beyond my imagination right now, but I can think of no circumstance in which we would not be bound by that and which I would not make sure that we abided by that. But I would hope in every case that timely—and I would intend that timely means that as soon as I can get such notification or information about intelligence activities to you, I would do it, the earlier in the process possible. And as I believe we had discussed, and I have discussed with other members of the Committee, I would hope very, very genuinely that we could have the kind of working relationship in which we would have monthly meetings at which we discussed in both a formal and even informal way, the problems on our minds, the big issues up before us. Get together with perhaps some of the experts from within the Intelligence Community working on these things, so that we could be thinking through together how best to proceed. I am absolutely committed to that in every way.

Senator ALLARD. Would you be adverse to consulting with this Committee before you undertake some action, thinking back to deciding to sort of turn your back on the Iranian/Bosnian arms sales? With—don't you think in retrospect that perhaps maybe a consultation with this Committee would have been certainly a good policy to have followed?

Mr. LAKE. Senator, I need to be clear here that, in my view and the Administration's view, was a diplomatic activity, not an intelligence one. So, that's not the example I would use of this. But certainly, on the wide range of issues before the Intelligence Community, including specific activities, absolutely the more that we can consult as well as inform, the better, without question.

Senator ALLARD. So this arms sales had no bearing on our Intelligence Community?

Mr. LAKE. It was a diplomatic activity. If it had gone over any line into an intelligence activity, then most certainly it should have come before this Committee. But again, there—it was not a question of conducting a covert activity under anybody's definition, I believe. It was a question of an American diplomat dealing with a foreign leader.

So—but again, I cannot emphasize strongly enough that despite what may be different views on that specific case as a legal matter, I am absolutely committed to working closely with this Committee to operating on the basis of shared information, to consulting on the big issues, because they are big issues, and if we don't do them together, they're not to going to get done. That is my commitment and I will abide by it.

Senator ALLARD. Have there been any events that have occurred since the Iranian-Bosnian incident has come to light? Is there any

incidents that have changed your mind that you can specifically point to at this point in time?

Mr. LAKE. About—

Senator ALLARD. About how that was handled and how it was administered, how there was the comment as you went through the no instructions policy. Is there any incidences that have occurred since then that would have changed your mind or anything other than this hearing and your confirmation?

Mr. LAKE. About what our—

Senator ALLARD. Yes.

Mr. LAKE. As we reviewed it in the wake of the Los Angeles Times story at the time and as we talked among ourselves about it, it was clear that in terms of process, we could have handled it better. I think it is very important, again, that all of us on this and other issues, that we take responsibility, that we see clearly when we have made mistakes because any human being is going to make mistakes, especially in very fast moving situations, that we learn from those mistakes, that we fix what went wrong, and that we move on.

And again, as for myself, for example, over the last year or two of my tenure as National Security Adviser, I did a lot more in the way of working with the Congress and informing the Congress than I had in the first 2 years. There is no Committee that the National Security Adviser reports to, so it was not an everyday kind of duty that one—that I had. But I did do more of it in the last 2 years, especially in the last year, preceding this nomination and in fact, as I recall, I specifically was praised for my doing so by the Majority Leader last fall.

Senator ALLARD. Your role as National Security Adviser was more of a political role and your role here obviously is more fact gathering and less political. Do you think you'll have a hard time in this new position, putting aside some of those political biases that you may have picked up in your previous job?

Mr. LAKE. Senator, I would think that it is not a political role, but a policy role. I have written over the years and I have strongly acted on the belief in the last 4 years that to the degree possible in a democracy, we should separate the making of national security policies from domestic policies, and I think that the record of the last 4 years shows that I did that. Would I be able to separate policy from intelligence? Absolutely. As I said yesterday, it's the right way to do the job, and I want to do this job right. That's the reason I want the job. It's not worth having otherwise.

It is an act of loyalty to the President to give him the facts straight. If you don't do it, he's going to make mistakes; everybody pays. It occurred to me yesterday—somebody had said that it's kind of an unpopular thing to walk in and tell the President bad news, and would I be willing to be the skunk at the picnic? It occurred to me that when the skunk goes to the picnic, it's not the skunk that has a problem.

Senator ALLARD. Let me move on to your responsibilities as a Director of Central Intelligence and then under section 502 of the Act, which says that you will inform the Committee of any significant intelligence failure. Are there any such failures that have oc-

curred during the first—the last 4 years that you could share with us?

Mr. LAKE. Senator, I would rather, not for reasons of embarrassment, but for other, I hope obvious reasons, I'd rather discuss any of those tomorrow in a closed session.

Senator ALLARD. OK.

Mr. LAKE. Let me say, that I have talked to the people in the Office of Congressional Affairs at the agency about the kind of information that they have been sending to the Committee over the past—well, over the past. But especially, in increasing information over the last year or two. That most specifically includes both successes and failures as well as important activities and a variety of other categories of information as well. But I have confirmed that it does include that.

Senator ALLARD. Well, let me ask you this. If there was significant intelligence reporting while you are Director of Central Intelligence that's damaging to the President or his policies, would you feel obligated by law to inform the Intelligence Oversight Committees?

Mr. LAKE. Intelligence about events abroad that—

Senator ALLARD. Yes, even though they are embarrassing to the President?

Mr. LAKE. Oh, of course, absolutely.

Senator ALLARD. OK.

Would you feel obligated by law to notify the President?

Mr. LAKE. I frankly don't know whether there is a legal obligation to do that and I don't care. Because, to do the job right, I most certainly would, legal obligation or not. That comes with the territory. You've got to do it and I would do it. The President knows I would do it and the President has said he wants me to do it.

Senator ALLARD. Can you think of any situations where you may not notify the President?

Mr. LAKE. No, sir.

Senator ALLARD. OK.

Let me move on.

The Administration never informed Congress of the no instructions policy around the same time Congress debated lifting the arms embargo. I'll tell you that I favored, you know, lifting the arms embargo. My question is, why do you believe that it was better that Iran provided military arms to the Bosnian Muslims instead of the United States?

Mr. LAKE. Senator, if we had ourselves rather than stopping to enforce the arms embargo, if we had ourselves broken the arms embargo, sent American arms in, our allies were absolutely clear that they would withdraw their forces in UNPROFOR from Bosnia. That would in turn have forced us to face the choice between letting Bosnia go under or send in American troops. Neither one of those were options that we thought were good ones for American citizens, for our national interests.

So we did not favor, as you know, unilaterally lifting the arms embargo at that time and sending in American arms. We did not like, obviously, Iranian arms going into Bosnia. That was the down side of this decision. It is clear that the way to get links broken between the Bosnian government and the Iranian government was

to get peace. Because it was the war that was driving the Bosnians to any kind of reliance on the Iranians. We got peace. We went to the Bosnian government, we said choose, it's us or Iran. Here's why you should choose us. They made the right choice. I think the policy succeeded, although I agree with Senator Hatch that all of us wish it had succeeded sooner than it did.

Senator ALLARD. And so, you definitely felt that the coalition felt it was right, Iran was the right country, and there was agreement on that coalition on that?

Mr. LAKE. No, sir, I don't think Iran was the right country to send in arms at all. The fact was—and all of us knew it at the time—that Iran was the country that was doing it. We didn't like it, but it was. The most effective way to put a stop to that was the way in which it happened.

Senator ALLARD. Well, in effect, by leaving the no-instructions, then what we did is we became a partner with Iran in the arms movement into Bosnia, is that correct?

Mr. LAKE. No, sir. We were not taking a position on arms flows through Croatia. Unhappily, it was Iran that was doing most of that.

But I would point out to you, Senator, during that period, that it was the United States that was taking the lead in containing Iran, containing Iranian influence, arguing very vigorously with our allies, as I did myself, that they should be taking a stronger position on the containment of Iran, opposing Iranian terrorism. I am very proud of our record in opposing Iranian influence and terrorism around the world. I think the records and the facts show that the policy we pursued in Bosnia dealt a real setback to Iranian influence in Bosnia. Not to say that it is gone. That remains a very high priority for us, and our intelligence folks are doing a good job, I think, in tracking it.

Senator ALLARD. But by having—would you agree that by having Iran deliver the arms, that you gave them at least an opportunity to have greater influence with Bosnia?

Mr. LAKE. Senator, I think it was the war that was giving them the greater opportunity. Certainly, our policy and, again, I repeat, it was both the Administration decision, then the congressional legislation some months later, that did mean that the United States was no longer enforcing an embargo that was preventing some Iranian arms from going in. That was the price we had to pay for allowing Bosnia to maintain its federation with Croatia, which altered the realities on the ground, which allowed us to get Dayton, which in turn allowed us to get the Iranians, their links to the Bosnian government, broken. I think those facts are clear.

Senator ALLARD. Mr. Chairman, I see my time is expired. So, thank you very much.

Mr. LAKE. Thank you, Senator.

Chairman SHELBY. Senator Baucus.

Senator BAUCUS. Thank you, Mr. Chairman.

Mr. Lake, you and I spoke a bit yesterday about the Directorate of Operations, and listened to your responses. I don't know that we've really begun to adequately probe the issue. I want to begin, basically, with the goal of trying to improve the morale, particularly the Directorate of Operations, make sure they do what they're

supposed to be doing. We all agree that they perform a very vital function. Much, if not most, of the work is very dangerous, their lives are in jeopardy, and most of their work's not appreciated by a lot of Americans. They can't defend themselves publicly for obvious reasons.

But yet, on the other hand, we know there's a problem. And let me begin first with a quote by a former and very distinguished CIA officer, Milton Bearden, and I don't have the quote in front of me, but essentially, he says that the most daunting task that the new DCI must face is to get control of and improve the morale and provide firm leadership for the Directorate of Operations. That's the most daunting task, which he also said has been dodged by the two previous DCI's.

In addition, we know, at least it's my opinion, that the CIA's follow-up after the Ames affair was inadequate. That is, there's probably still a culture there that says, "gee, if you don't do a good job, you're not going to be reprimanded." In addition, we know that when former DCI Deutch publicly said something to the effect that the military is getting a better handle on improving itself than the clandestine services a senior officer, in the Directorate of Operations immediately filed a cable to all station chiefs saying the DCI was wrong. To me this is certainly insubordination at best.

In addition, DCI's come and go. There is a bureaucratic inertia over there. You do not have strong managerial experience. The work there is secretive. The public doesn't have the opportunity and the press doesn't have the opportunity to subject its operations to public scrutiny. So there's a problem over there, and it's a real problem. But we also need to support them in the right way.

So it would be helpful if you could just tell the American people today what you intend to do about all that? I mean, this is not anything that has to be discussed in closed session. We're not talking about intelligence sources or methods. We're talking about the right of the American people to know whether or not the next Director is going to get a handle on this problem: he has to support the team, but also make sure there's strong discipline, strong morale in the best sense of the term.

These are people who in order to be successful spies, are told to lie, cheat and steal, but in a very controlled way, just like the military is trained to kill, but in a very, very controlled way, under very controlled circumstance. So we're dealing with a culture which is very different than most organizations, than most bureaucracies, which makes it very difficult to understand and manage. But I'd just like you to tell us today—give us, and particularly the American people, a little preview as to what in the world you intend to do about this problem. After all, Milton Bearden said it's—and there are not many people dispute it—that the most daunting task facing the new DCI, and which two previous DCI's, at least in his judgment, have dodged. What are you going to do?

Mr. LAKE. Senator, first, I'm not clear that I would share that judgment. I think that John Deutch made an important beginning there, building on some of the reforms of his predecessors. But this clearly is a very important challenge, and again, one of the reasons why I want this job is precisely because it is a challenge, a challenge I look forward to.

There are a number of things that we need to do to deal with this particular challenge that faces the next DCI. One of them is to make it absolutely clear to the DO, as to all of the divisions in the Agency, but because of the past record, especially this one, that there must be discipline, that there will be discipline, that there will be support for them, that we will know what they are doing, but that when they do wrong, there will be consequences. I can promise you that as I have gone to various offices in the DO over the past few months, that has been my message, and they clearly understand it.

Senator BAUCUS. What would the consequences be? I mean, those are words. I know you're not there yet, but that's all we can hear at this point. But still those are words. They're not deeds.

For example, what action do you think should have been taken in the wake of the Aldrich Ames disaster? After all, this is a fellow whose actions caused the death of at least 10 people. Ten lives were lost as a consequence of Aldrich Ames.

Mr. LAKE. Probably more, yes.

Senator BAUCUS. Probably more.

Yet the CIA did very little about it. Very little. What action would you have taken?

Mr. LAKE. There are two categories of actions there. One is holding people accountable for what they did. As I have told you, I intend to do that and as I told you yesterday—

Senator BAUCUS. What do you mean by accountable?

Mr. LAKE. As I told you yesterday, one of the extraordinary authorities of the DCI is that he may fire almost every official in the CIA—

Senator BAUCUS. Correct.

Mr. LAKE [continuing]. On his own authority. Again I want to make it clear to you, to the American people, and to the personnel of the CIA that that authority will be exercised, if appropriate.

Senator BAUCUS. My question, though, is, is it appropriate to let somebody go because of the mess over there which contributed to the Aldrich Ames matter?

Mr. LAKE. Of course it was.

Senator BAUCUS. Would you have let somebody go?

Mr. LAKE. Senator, I really don't think it is useful and prefer not to get into the position of reviewing the record of every previous DCI. I have great respect for Jim Woolsey and I—

Senator BAUCUS. But we're talking about you, though. The question is whether we should confirm you or not?

Mr. LAKE. I'm telling you what I would do.

Senator BAUCUS. And who would you fire?

Mr. LAKE. Absolutely, people who are responsible for actions which are as reprehensible as anything I can think of in the world, and that's selling out your country and resulting in the deaths of people who have been working for you, people should get fired. Absolutely.

Senator BAUCUS. Right.

Mr. LAKE. The second—if I may, Senator—the second category here is the reforms in counterintelligence, generally, that you need to do to make sure that everybody knows that if you spy, you're going to get caught and you're going to get penalized. There are a

number of reforms already in place there, some of which I participated in. For example, in getting the FBI and the CIA to work together more closely, which is happening on such cases, and reforms in how you make sure that decisions on personnel reflect counterintelligence concerns. Those things will happen.

Senator BAUCUS. Yes. Have you ever let anybody go for cause?

Mr. LAKE. Yes, sir, I have.

Senator BAUCUS. Recently? For cause. I mean for poor performance or because of insubordination.

Mr. LAKE. Not for insubordination. I have on more than one occasion let people go because they weren't getting the job done, in my judgment. On—I say on more than one occasion, I mean on more than one occasion.

Senator BAUCUS. I raise—I am concerned—

Mr. LAKE. When I have done so, Senator, I have done it in what I believe was the right way. I did it face to face. I talked to them face to face. I told them why they were not getting the job done, why I did not think they were cut out for the NSC and then I kept it private and I helped them move on.

Senator BAUCUS. But that's for—

Mr. LAKE. If it were for cause, for insubordination, for activities that I thought were damaging to national security in other ways, I would handle it differently, and I would fire them explicitly for cause.

Senator BAUCUS. See, here's the concern I have. In the Aldrich Ames matter, I think the worst punishment was a couple of letters of reprimand held in a personal file for only 2 years, and that's it. In the military, when an officer is reprimanded, it's in his file forever, and that means no advancement. He's probably out. That has a very salutary effect. When you read the record, as I'm sure you have—and this is all public information—one gets the sense that Mr. Ames knew that the procedures were lax, very lax. When we follow up on the inaction on the part of the Agency, one can't help but have the feeling that it's going to be business as usual. At least that's my judgment in looking at this matter.

And to be totally frank with you, Mr. Lake, when I hear your answers, I hear as some would say, just a touch of an academic speaking—somebody who is really not sufficiently decisive. Somebody used words earlier—I mean no disrespect to you at all, but these words earlier this morning about, well, it's not only management, it's leadership. But I didn't hear any actions that would indicate to me actual leadership or getting a hold of a real problem. Again, I want to underline that this is an agency—we're talking about the Directorate of Operations now—which is very essential. They perform very valuable work, very good work, but it's because of the nature—it's secret work, it's not open work—you have a huge challenge ahead of you and I think Mr. Bearden is probably right, it is a very daunting task. I've not yet heard, to be totally honest with you, sufficient indication, or the nature of actions or a sense of who you are as a person that would indicate to me that you really totally understand the problem; and second, by gosh, you're going to do something about it. What else can you tell us, sir? Here's your chance.

Mr. LAKE. Senator, first of all, yes. I was once an academic for an interlude. Most of my life has been spent working in the Government in large organizations, and working with the Intelligence Community. I understand those organizations. I believe I understand that community. I am prepared to take absolute, firm, decisive action when officials act in ways that encourage, in any way, spies from operating in the American government. I have already been working with people—not making decisions myself—but working with people in the—not just in the CIA but elsewhere to discuss with them my concerns about counterintelligence. I participated strongly in the reforms that took place a couple of years ago in the wake of Ames to set up, for example, sharing personnel between the FBI and the CIA to make sure that never again are those two agencies going to fail to cooperate in bringing spies to justice.

I do not know how I could speak any more plainly. Our one disagreement is, I believe, in what you have said, is over whether we should now sit in judgment on Director Woolsey's specific decisions after that. I don't see the point of that. I am telling you how I would proceed. That is how I would proceed. I can assure you that nobody I have talked with at the CIA over the past few months is in any doubt about my views on the importance of this issue, or the decisive action I would take in those circumstances.

Senator BAUCUS. Give us a hypothetical example of something that might happen which would cause you to demote or fire personnel. Give us a hypothetical example under what circumstances would you do something like that.

Mr. LAKE. First of all, and again Senator, as I said, I have done this. I have done it face to face with personnel over the past few years.

Senator BAUCUS. Can you give us some examples?

Mr. LAKE. If they are not getting the job done.

Senator BAUCUS. Can you give us some examples?

Mr. LAKE. No Senator, I will not tell you who I have—

Senator BAUCUS. Can you give us a hypothetical example?

Mr. LAKE. OK. If they are providing analysis that is prejudiced or biased, or simply incompetent, we need a new analyst. If they are in the Directorate of Operations and they commit, as I said in my opening statement, the one unpardonable sin, and that is not to tell their superiors what they are doing so that their superiors—and if it's important enough, so that I and so that you can know what they were doing, that is grounds, in my judgment, for dismissal. And they would be dismissed.

Senator BAUCUS. Right. Now, is it grounds—sorry for the interruptions.

Mr. LAKE. Excuse me. Go ahead, please.

Senator BAUCUS. Let's say you made a fairly strong statement, a public statement. Let's say a senior officer in the Directorate of Operations sent a cable out to all station chiefs that you were wrong, what would you do in that case?

Mr. LAKE. Senator, it would depend on whether I was wrong or not.

Senator BAUCUS. Oh, no, is that your answer?

Mr. LAKE. It certainly is. If I am wrong, I am not going to tell anybody not to tell me that they're wrong. Certainly, if they send a cable out first and say I'm wrong and haven't discussed it with me, as I said previously, that would not be career enhancing. I would find—

Senator BAUCUS. Well, that's what we're getting at. You say, not career enhancing, what does that mean?

Mr. LAKE. They would have broken a discipline and I would—

Senator BAUCUS. What would you do about it?

Mr. LAKE. I would find a new Director of Operations.

Senator BAUCUS. Now, we're talking about a senior officer. Would you let that person go?

Mr. LAKE. It really would depend on the issue. I don't want to say that I am going to walk around and fire anybody who is insubordinate. But I would sure remove them from their position. That would be the end of their effective career. Whether I would fire them for cause in that circumstance, I just want to be honest with you, would depend on the—on that specific case. But sure as hell, insubordination would not be tolerated. I do not, again, define insubordination as somebody telling me when I'm wrong. I hope it doesn't happen very often.

Senator BAUCUS. Well, my time's expired. I just hope that you will not be the third DCI who has dodged this issue.

Mr. LAKE. I have no intention—

Senator BAUCUS. And time will tell.

Mr. LAKE. I have no intention of being so.

Chairman SHELBY. If I just take 30 seconds now. If insubordination is not going to be tolerated, as you say, and it shouldn't be tolerated, doesn't there have to be a fear in the ranks that you, if you were Director, would not tolerate it in any way, would not tolerate incompetence, and so forth, you can go down—as Senator Baucus was following up on those questions, this is a tough job. You know it is. It's a tough job that calls for, among other things, great managerial skills. And in managerial skills, among other things, Dr. Lake, you know, and I know, you've got to do some things sometimes. I would have to do some things that I might find distasteful. That is, fire people. Get rid of them. If they don't, if they're not doing a good job, you need to clean them out, don't you, in any organization?

Mr. LAKE. Senator, the last 4 years have been a tough job. I'd say that's about as tough a job as I can think of, well, among the— the President may be—

Chairman SHELBY. Tougher jobs than CIA Director?

Mr. LAKE. Oh, I think being the National Security Adviser is as tough as being the CIA Director, yes. It's a tough job. I did 4 years in it, considerably beyond the average tenure of the last, since 1980. I managed the NSC staff as it managed the whole national security apparatus in the American government. I fired people, as I said. But I did it in the right way, I believe.

Chairman SHELBY. And what is that?

Mr. LAKE. I did it face to face.

Chairman SHELBY. OK.

Mr. LAKE. I talked to them about what they had done wrong. I then helped them find other jobs. And that was under different cir-

cumstances from malfeasance. These were people who simply weren't getting it done, and they have moved on. Those are hard decisions. These are people you like. But I did it.

Chairman SHELBY. Did you let people know in the agency that you were directing that people were fired, would be fired, if they didn't measure up? Isn't that—doesn't it have to resonate?

Mr. LAKE. They did know it.

Chairman SHELBY. OK.

Mr. LAKE. Yes, sir. And they also knew that I did it in the right way, because I think that people who have served their country to the best of their abilities, unless there is a case of malfeasance or insubordination or whatever, and that was not the case here, deserve loyalty down as well as loyalty up. I believe that loyalty in each direction is important, just as fear is.

Chairman SHELBY. Do you believe people can be courteous but be tough and exacting at the same time?

Mr. LAKE. I do, indeed, Senator, very strongly. And I believe that that has been the pattern of my public career.

Chairman SHELBY. Senator Glenn is here on his first round.

Senator Glenn.

Senator GLENN. Thank you, Mr. Chairman. I'm sorry I couldn't be here before, Mr. Chairman, and I appreciate your calling on me now. We did have other responsibilities the last couple of days.

I'd like to do something a little, what I think, from having watched some of these things on the internal TV, may be a little bit rare. I'd like to get back to some policy matters here, just to let you get your views on the record. I'll give you my views just starting out, and I'll ask you to respond to it. I think we're into a whole new world situation, with regard to intelligence. I think the need for intelligence, instead of going downhill as we've gotten away from the cold war, increases.

We're into a time period where chemical weapons, biological weapons, terrorism are the new threats. We want to know as much about those things, and you can't monitor those issues by satellite. You're going to be relying far more, I believe, on HUMINT than we ever have before, and that's hard to develop and tough to prove out over a period of time. We're having to change from one type intelligence to another.

I think there are two things that we need to do when we're having a military stand down, in effect, and that is, never let up on research, because if we have to build again, we want to do it from the best possible research base and intelligence. R&D and intelligence are the two things we have to stress, I think. Now, that's a changing world situation. I don't know we've adequately addressed it yet. I'd like for you to get your views on the record here. But if there's a future buildup, I hope we do it from the finest intelligence base possible. That doesn't mean cutting down, it means changing direction of a lot of the stuff we've done over the last 25 or 30 years, and I'm not sure we've made that transition.

I don't mean to throw you a big easy basketball here, but I think it's important to get your views. This is very important, as to where you plan to guide the CIA, because what we know out of your efforts out there are going to be vitally important toward all of our policymaking here on the Hill and for the President.

Mr. LAKE. Senator, I could not agree more strongly with what you have said. This is a rapidly changing world, not only a changing world in terms of the priorities we need to set for intelligence collection, but also it is becoming harder to collect that intelligence. That means absolutely that we need all the more than ever before a strong and strengthening Intelligence Community and the resources behind it.

The world is changing in the nature of the threats. As I was suggesting, arguing yesterday, the actual new threats that we face have a clearer day-to-day direct effect on American lives than ever before, whether it's the drugs that are killing our cities and our young people, or terrorist attacks, as at the World Trade Center, or the terrible danger of weapons of mass destruction which, combined with terrorism, could pose terrible threats to the country, or many others, this directly impacts the lives of American citizens. So we need to give more priority to the kinds of changes in the world that are creating those kinds of threats, all of them backed by rogue states.

We need to do a better job than we have done in the past in cracking hard targets, like North Korea and Cuba and Iraq and Iran and the others. Because that is where the support for many of these threats is coming from. On all of these fronts, the Intelligence Community has made a start. They're doing so in accordance with the priorities that the President set. I oversaw the process of setting them, for the first time in any Administration, that laid out clear priorities for our intelligence collection to try to adapt to this changing world.

Senator GLENN. Do you think that transition's pretty well been made? You've overseen some of that from the White House, or have given advice in that area, certainly, and you come at this from a unique prospect of having been a user of this product. Do you think the transition to this new world reality has been made yet? What would be some specifics you would think still need to be changed, if you could give them?

Mr. LAKE. No, I don't think it's been made yet. A good start's been made. In some areas it's moving better than others. On terrorism, for example, I think we've made great strides, both in how we're organized to collect information on it, turn it into good intelligence, and then act on it. The record of the past 4 years in apprehending, getting the rendition of more terrorists in the last few years than at any similar previous period, shows that. That's a tribute to the work of the Intelligence Community.

On proliferation, we've made strides, but I think we have still a ways to go in how we organize the Government and the Intelligence Community on tracking proliferators and acting on that intelligence. We've started, but we're not there yet. I could go on and on, but I won't.

Senator GLENN. Do you feel we have a good enough handle yet on CW and BW potential all around the world and where it might have come from? Do we have a good handle on that?

Mr. LAKE. That's about as hard an intelligence target as there is.

Senator GLENN. That's right.

Mr. LAKE. It is very, very difficult to pick off, especially small-scale chemical warfare and biological warfare programs. So we're starting to put—place greater priority on that. I think we have a lot more to do. We need all the tools that we can get to attack those targets. We're not there yet.

Senator GLENN. Let me switch just a little bit here. This gets into personnel problems. But I played a major role in the creation of the Statutory Inspector General at CIA. That was with considerable opposition here on the Hill. You may recall some of those battles we fought in the Congress to get the IG established out there. I don't know whether the President and you plan to keep Fred Hitz as CIA Inspector General, but I think Mr. Hitz has done an outstanding job, from my observation. I worked closely with him on a lot of things. My view is that he's done an outstanding job, and I'm happy to say so in public. I don't know what your view is, whether you'd planned any changes in that area or not, but how do you perceive his job out there or the role of the IG within CIA?

Mr. LAKE. The only personnel decision, as I said earlier, that I have in mind clearly is to keep on the Acting Director of Central Intelligence, the Deputy, George Tenet. Otherwise, I need to work with people before I make those decisions. I've had a very good meeting with Mr. Hitz. I know that it is very important that the Inspector General be not just independent but seem to be independent, and to be able to come to very clear, independent conclusions on the issues he's asked to look into.

If the DCI were—this is one of the very few positions, if the DCI were to want to remove him, it has to be with the President's agreement.

Senator GLENN. Yes.

Mr. LAKE. As I've said, I've had a good meeting with him. But I have not made those decisions and should not, I believe.

Senator GLENN. Well, I have followed him through a number of investigations out there. We worked closely with him, some of which have been in the paper later on and some of which have not, fortunately. And I think he's done an outstanding job. He's been in that job for a long time. But I hope he does stay, and so I hope you can work out a satisfactory arrangement there.

With regard to nuclear non-proliferation, we had a big go-round here on the floor of the Senate with regard to the Chinese relationship to Pakistan back last year. I'm sure you followed that. China acceded in 1992 to the NPT and agreed to abide by the guidelines and parameters of the Missile Technology Control Regime, MTCR. They signed the Chemical Weapons Convention in 1993. But there have been press reports that have raised questions about the level of their commitment to these agreements.

Could you elaborate on the nature and extent of China's nuclear weapons and ballistic missiles and chemical weapons assistance to other countries? I'm not trying to lead you into giving away classified information. But what are your views of this, just from the news accounts that we're all aware of?

Mr. LAKE. Senator, we need always, of course, to abide by our own legislation, sanctions legislation on this issue. The Administration must always do so and I'm sure always will do so. The Intelligence Community has to provide it the best possible, unvarnished

intelligence to allow the Administration to make that judgment in following the laws.

We also need to use those laws to get practical changes in Chinese behavior, because all of us are very concerned about the way the Chinese have been behaving over the years on proliferation matters. We have twice used the leverage of sanctions legislation to get the Chinese to do things we wanted them to do: In the fall of 1994, in getting them to agree to abide by the MTCR, the Missile Technology Control Regime; and in the spring of 1996, in getting them to agree not to give assistance to unsafeguarded nuclear facilities. Both of those were progress. We're not going to take that on faith. We will continue to work on it. We have made some progress. But I have to tell you that I and I know other members of the Administration are very concerned about continuing patterns of Chinese behavior. I would say that this should extend not just to Pakistan, but to—

Senator GLENN. Yes.

Mr. LAKE [continuing]. Perhaps a greater degree than publicly has been seen in Chinese and others' relations with Iran.

Senator GLENN. Yes. My time is up. But with regard to Pakistan in particular, I fought that one on the floor over here. I thought that was such an egregious situation that we should not continue the same relationship we had because our laws provided otherwise. The Administration didn't agree with me on that one, and when we took it to the floor, most of the members of this Committee voted against me. So they were in favor ignoring some of the things that happened in that regard. But we could get into the details of that later.

Thank you, Mr. Chairman.

Mr. LAKE. Senator, if I may, I would like to assure you of one point, which is that however the outcome of those policy debates, it is absolutely the solemn obligation of the Intelligence Community to provide the White House and the State Department and others with straightforward intelligence about how well that policy is working with regard to Pakistan or other nations.

Chairman SHELBY. Senator Chafee.

Senator CHAFEE. Mr. Lake, there's a suggestion that the CIA should get into certain non-traditional areas. And what would they be? Well, economic, environmental, global warming, population increases, ocean pollution, world health. I'm interested in the future—so this falls into that. What are your thoughts about that? Obviously already, from what you've said, you believe strongly we should, for example—and I couldn't agree with you more—get into tracking drugs and drug dealers. But this—there's some suggestion that this extends it beyond those sort of clear-cut areas. What are your thoughts on that?

Mr. LAKE. Senator, I believe that while we have central priorities that we must follow, such as drugs, terrorism, support for our troops, et cetera, that we shouldn't limit ourselves only to them. Because these other issues, such as the environment, do have an impact on Americans' lives. There is a very modest environmental program, for example, at the CIA that was begun under the last Administration—very modest—that I think is useful. It mostly takes advantage of information that is already being collected, sim-

ply brings analysis to bear on that information in ways that can benefit the American people. Whether it's oil spills that could affect Alaska or Russian nuclear dumping, or I believe, more recently, helping in assessing the damage of the floods in Ohio. So all of that, I think, is useful. It should not divert us from our central priorities.

We have not recommended, and I don't intend to recommend, if confirmed, that there be any increase in such a program. But I don't think we should lose sight of them as we concentrate on the main flank, the main central front here.

Senator CHAFEE. If one were interested in that area and you collect certain information, is it available? Is it classified? As you indicated, I suppose if somebody dug hard enough, an individual or a research organization might be able to find that information otherwise. But when you collect it, say on global temperatures or ocean pollution, is that open to universities or whoever it might be to get that information?

Mr. LAKE. Yes, sir, and there was a real break through on that, as I recall, 5 or 6 years ago, where much of what had been collected was then made available. I read an interesting article in the National Geographic on that recently. So I think there is progress being made there. I think that is very appropriate, obviously so long as any sensitive sources and methods are not revealed, but there's not much of a problem there either, and it does make a difference in Americans' lives, including in the State of Ohio today.

Senator CHAFEE. OK. Thank you very much.

Thank you, Mr. Chairman.

Chairman SHELBY. Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman. Don't start your clock yet. Let me make an inquiry of the Chair. Is it your intention—I wasn't here when you first started this session—to get to another round of questioning after this?

Chairman SHELBY. I hope so.

Senator INHOFE. All right. Thank you very much.

Chairman SHELBY. We'll see how the clock runs and the day goes.

Senator INHOFE. All right, sir.

Mr. Lake, I'll wind up on yesterday's subject, which was the targeting of Russian missiles on the United States, but I would like to draw that to a close with some understandings here. I think that we did agree that in the area of targeting, while you may be able to make—have been able to make a statement, and let's assume it's accurate, at 2 o'clock today when this meeting started, that no Russian missiles are targeted on American cities. By now, 1 hour later, it could be that that would not be an accurate statement. Wouldn't you agree to that?

Mr. LAKE. That is possible. Yes, Senator.

Senator INHOFE. And second, I think we talked about certainly your comments, mine, General Shalikashvili's and others', that there is no accurate verification system in terms of determining whether or not targeting is directed toward the United States? Verification?

Mr. LAKE. I would—perhaps if you would like we could discuss that tomorrow in closed session. I'd rather not get into what we can verify or what we can't.

Senator INHOFE. OK. At least the statement made by General Shalikashvili that talks about the fact there's not an accurate verification system in place?

If you had said, back during the times when you had made the comment about no Russian missiles being aimed at the United States—if you had changed the way you said it, and had said, due to the 1994 arrangement or agreement that was made between Presidents Yeltsin and Clinton, I am very happy to announce today that the Russians have told us that there are no Russian missiles aimed at the United States, I would have agreed with you. But of course that's not what you said.

And so I ask you again, and again, I want to drop this thing, but when you make the statement, no Russian missiles are targeted on American cities, you consider that to be a true and accurate statement?

Mr. LAKE. Yes, Senator, I do. I stand behind it. We have had, I think, a good discussion of the problem which we have never—and we've never stated otherwise, that they could retarget.

Let me repeat, because I think it's important that the Russians hear this as well as the American people, that if they did retarget and contemplated a launch, the United States is in a position to respond because we could retarget also, and thus deterrence holds.

Senator INHOFE. Well, I can't let it drop at that. Obviously, if they were to make that determination and we find out that they were targeted on us and simply were deployed, we wouldn't have time to do it. That's what the whole national missile defense system debate is about, and that's not a—again, I would agree that we have the same comfort level in terms of that particular risk that is out there.

Mr. LAKE. Senator, again, perhaps the details of this should be discussed in closed session. But if they were to retarget and attack the United States, they would suffer terrible, terrible damage in return. Therefore, the position of deterrence remains. To encourage the Russians to believe otherwise would be both inaccurate and possibly, to put it mildly, unfortunate.

Senator INHOFE. Well, both of us can retarget in a matter of seconds or minutes.

Mr. LAKE. Yes, sir.

Senator INHOFE. If, by the time we find they have retargeted, it could very well be too late.

Mr. LAKE. I don't agree, Senator.

Senator INHOFE. All right, sir.

Mr. LAKE. More importantly, nor do the experts and military people that I have talked to.

Senator INHOFE. Well, we may not be talking to the same experts.

Let's get into Bosnia for just a minute. You said in your statement, in your printed statement yesterday, I'll read just one sentence out of it, it said, "Today there is peace in Bosnia, and an elected multiethnic government. All foreign forces have been ex-

pelled. Military and intelligence cooperation with Iran has stopped." Do you still say that's your position?

Mr. LAKE. Certainly, Senator.

Senator INHOFE. Now, I've just returned from Bosnia. I just got back. I can't find anyone that I talked to over there who really agrees with that. I'm reminded of the statement that I've made in several of these hearings about the commanding general of the northeastern sector by the United Nations, General Hauklen from Norway, when I first went up, long before we had a presence there, and he made the statement about the hand in the water, and he said that, you know, so long as you're here, that's fine. When I told him we'd be there for 12 months he laughed and he said, you mean, 12 years. He said it's like putting your hand in the water. Once you take it out, you look, and nothing is changed. I find everyone to be in agreement with that. The ones I talked to on the scene.

There was a statement that I will read to you that came out in the report by the House Select Subcommittee on Iranian Arms Transfers Report issued October 10, 1996, "Despite the Administration's public assurances to the American people and the Congress to the contrary, Iranian influence in the highest Bosnian ruling circles remains pervasive, and Iranian terrorists and intelligence capabilities in Bosnia remain great cause for United States concern." Do you agree with that?

Mr. LAKE. No, Senator, I do not, most emphatically. The fact is, the facts are, that hundreds of Iranian personnel were expelled; that government, Bosnian government officials were expelled from the Bosnian government when we complained to them about their ties to the Iranians. The Intelligence Community, as you know from the briefings of this Committee, has concluded that in fact the Bosnian government has severed its military and security ties to the Iranians. When we have gone to the Bosnian government and said we are concerned about this fact or that fact or the other fact, the Bosnian government has acted on our concerns. That is the judgment of the Intelligence Community, as reflected in the briefings before this Committee and the House.

Senator INHOFE. Well, that was all taken into consideration by the House Select Committee, and they came to the conclusion—coming to this conclusion, they talked about some have married and changed citizenship, some have changed uniforms and are now in the Bosnian army, that the relationship is less formal, but it's still there.

Mr. LAKE. Senator, could I? I'm sorry, I don't mean to—

Senator INHOFE. Uh-huh.

Mr. LAKE. I was very careful to say yesterday that there remain Iranians in Bosnia. There's an Iranian embassy there, although it's reduced in size, about a third of what it was. I have no doubt that the Iranians are still targeting Bosnia as an intelligence objective. We'll continue to work on that in the Intelligence Community, and I will, if confirmed.

But the facts are that the Bosnian government has severed those ties. It should also be noted that some of the Muslims who were fighting on the side of the Bosnian government have indeed taken Bosnian citizenship or married Bosnians or whatever. Many of

them are not Iranian. They are mujahadin who came from other countries rather than Iran itself. But we're very concerned about all this. I think the intelligence—our intelligence folks in Bosnia are doing a very good job in tracking this, and then our diplomats are doing a good job in working with the Bosnian government in trying to put a stop to it whenever we can.

Senator INHOFE. Let me ask you a question. With the—since the House disagrees emphatically with the statements that you just made, what does that do to your level of contempt for Congress?

Mr. LAKE. Sir, again, this is a judgment of the Intelligence Community, not my own, first. Second, as I recall, that report was a majority report. The minority on the Committee disagreed with it in many aspects. I think it shows no contempt whatsoever to the Congress for the Intelligence Community to come before the Congress and give it its best judgment. I don't think you would expect anything else. This has been the best judgment of the Intelligence Community.

Senator INHOFE. I want to get into an area that Senator Allard was talking about a few minutes ago, and that is your deep-seated philosophical beliefs and how that might affect your independent judgment in carrying out the duties as the director of intelligence. My purpose in asking is to help elicit the depth of your views in important—on these important issues.

Is it fair to say that you resigned primarily from the—this is going back to the Kissinger discussion that we had, someone else had with you yesterday—was primarily for policy reasons? That you were motivated by your strongly, even passionately held policy views in opposition to the President's policy at that time?

Mr. LAKE. Senator, I had, as I said yesterday, with some bitterness, concluded that the war in Vietnam was a mistake and that we could not win it, not as a military matter. The fact is that the United States was never militarily defeated in Vietnam, but because, as a political matter, the Saigon government had never been placed in a position in which it could survive. That was a very bitter conclusion. I made no secret of that view when I was working with Dr. Kissinger on Vietnam almost every day.

Senator INHOFE. Yes, I understand that.

Mr. LAKE. He, to his credit, wanted to hear my views on that. When I resigned, it was not simply because I disagreed with the policy, I had been disagreeing with the policy for some months before but had welcomed the opportunity to work with Dr. Kissinger and others, because it was a chance to offer my views and to work on something I cared very much about. I resigned because I thought we were making an ill-considered mistake in moving into Cambodia, which I thought would deepen our problem rather than help resolve it.

Senator INHOFE. I understand what you're saying. I just merely asked the question was it because of your deeply held, passionate views that this took place? I think you've answered the questions. I think, even to the extent that you did some public demonstration against the war at that time.

Mr. LAKE. I do not recall demonstrating against the war, Senator.

Senator INHOFE. I was, let me read an article—

Mr. LAKE. I wrote about it, but I did not, I don't recall demonstrating.

Senator INHOFE. I'll read this so you'll be accurately into the record. This came from a, I believe, an article or a book that you wrote, I'm not sure which one. It's called, "Coming of Age Through Vietnam." "One day before my resignation I went out between the parked buses encircling the White House and joined friends at a demonstration protesting the invasion," at that time you're talking about Cambodia, "sat and listened to the songs and speeches." That would imply to me that you were out demonstrating or joining those who demonstrated. And some people liked to—I demonstrated on different things.

Mr. LAKE. Well, sir, this is before I resigned, in fact, while I was still a government official, not afterwards, as you have just said.

Senator INHOFE. You were demonstrating while you were still a government official?

Mr. LAKE. I did not—I was not demonstrating. I went out, literally, as I said. I knew people who were demonstrating. Indeed, my wife demonstrated, and I respected her for doing it, even if I wasn't thrilled. I went out and talked to them.

Senator INHOFE. That's fine. I don't want—that's fine.

Mr. LAKE. That to me is what—

Senator INHOFE. OK, that's fine. That answers my question.

One of your associates at the Nixon White House, who followed you into service at the Clinton White House, who apparently was hired through a long-standing friendship was Morton Halperin, somewhat controversial, I might add. But is it fair to say that you hired Mr.—well, first of all, did you hire Mr. Halperin?

Mr. LAKE. Yes, sir, I did.

Senator INHOFE. Is it fair to say that you hired him as NSC staff because you are generally comfortable with Mr. Halperin's views?

Mr. LAKE. No. The reason I hired Mr. Halperin was because he is a highly competent official and I thought he could do good work at the NSC staff, as he did.

Senator INHOFE. Did you disagree with his views?

Mr. LAKE. Senator, if I may say so, I as a general practice have not hired people because of their political views. In fact, I should state very clearly that on a number of occasions at staff meetings and in other contexts, I have told members of the NSC, most of whom are career officials, that I didn't want to know what their politics were because their job was to do a good job on national security issues, not pursue political views.

Senator INHOFE. Well, of course, in this case, you knew what his policies and his beliefs and his views were, because everyone else knew it. Did you agree with his views, or do you generally agree with them?

Mr. LAKE. I had sometimes agreed. I can recall sometimes I have disagreed.

Senator INHOFE. Well, I'll just name a few views here and you tell me whether or not you agree with these.

One of his views, No. 1, the United States should not intervene militarily anywhere unless invited.

No. 2, the Soviet Union never contemplated attacking the West.

No. 3, there was nothing wrong about releasing the Pentagon Papers.

No. 4, all U.S. covert activity should be illegal.

On these four, do you agree with him?

Mr. LAKE. Senator, I haven't seen the context of all those statements. But as you present them to me, I wouldn't agree with any of the four.

Senator INHOFE. All right.

Mr. LAKE. That doesn't mean I don't believe that Mort Halperin is not a—was not a very competent official on the staff.

Senator INHOFE. Mr. Lake, during the Reagan and Bush administrations, is it fair to say that you were strongly opposed to many of their foreign policies or defense policies?

Mr. LAKE. If you've reviewed my writings, Senator, you may know that sometimes I disagreed and sometimes I actually agreed, which I think was unusual for—

Senator INHOFE. Let me name a few of them here and you can tell me whether you agreed or disagreed.

When Reagan called the Soviet Union an "evil empire," did you agree with that?

Mr. LAKE. I don't recall agreeing or disagreeing with it. If you're asking—I mean, at the time, publicly, and in writings, I don't know. If you're asking whether I believe that communism was evil, I agree. If you're asking me whether it's an empire, I agree, absolutely.

Senator INHOFE. OK. I was going to go—we're using up more time because the answers are longer than I had anticipated. Mr. Chairman, just to finish this line, could I—

Chairman SHELBY. I will give you 5 minutes of our next round.

Senator INHOFE [continuing]. Can I—take it off my next round, would you?

Chairman SHELBY. I'll give you five of mine.

Senator INHOFE. Why, thank you. I like that better.

Another one, SDI. Did you agree with that at the time? Just yes or no.

Mr. LAKE. No, sir.

Senator INHOFE. Invasion—the 1983 invasion of Grenada?

Mr. LAKE. At the time, I don't recall taking a position. In retrospect, I think it was a good thing.

Senator INHOFE. How about the Reagan Doctrine, and that is providing military aid to democratic resistance? I'm talking about Angola, Afghanistan, Nicaragua?

Mr. LAKE. In some cases yes, in some cases no. I'd be glad to discuss them.

Senator INHOFE. Well, in those three cases, did you?

Mr. LAKE. Angola, I did not agree. Nicaragua, I did not agree. What was the third?

Senator INHOFE. Afghanistan.

Mr. LAKE. I agreed. In fact, that began under the Carter administration.

Senator INHOFE. OK. It was reported back when John Deutch had the position that you aspire to hold, that he made some statements, he responded to a question on Iraq by stating that Saddam Hussein was stronger than he had been prior to the 1996 invasion

of the Kurdish region and subsequent U.S. air strikes in Iraq. You were National Security Adviser at that time. It was reported that you were very distressed and upset with his—with that statement. Were you?

Mr. LAKE. Senator, let me tell exactly what happened and what I said to Director Deutch. I did not disagree with the substance of what he said. He said, in essence, and I recently reviewed his testimony, that Saddam was in a stronger position politically, but that his military position had been eroding, in fact, over the past few years. In his opening statement, he said that the position had strengthened. In the questions and answers, he said militarily, he had grown weaker. I said to him that because the stories had misrepresented, in fact, his views on it, that if I had been doing it, I would have put both pieces of the equation into the opening statement to achieve a balance. I disagreed with the way he had presented it.

Senator INHOFE. Then in the Washington Post article of last week that was written by Jim Hoagland, despite White House statements to the contrary, Deutch told the truth. Saddam had been politically strengthened by the move. That was the last straw for Deutch's ambitions to remain in the cabinet. He was ceremoniously dumped by Clinton. Shelby's committee should look into Lake's reaction to Deutch's testimony on Iraq. I'm told that he was furious that the CIA Director would contradict the White House. And Lake's role, if any, easing Deutch out of the office now—that he now seeks. Is this an inaccurate statement?

Mr. LAKE. Yes, Senator, it is. And I'm—

Senator INHOFE. All right, that's fine. I don't want to—I'm almost out of time.

Mr. LAKE. Senator, a man's reputation here is at stake. May I respond to that?

Chairman SHELBY. Go ahead.

Senator INHOFE. Mr. Chairman? Yes, go ahead.

Mr. LAKE. Thank you. I've just told you what happened with regard to his testimony. Let me state absolutely flatly to you that to my knowledge, John Deutch was not eased out or fired as Director of Central Intelligence. Before I agreed to this job, I checked, asked the President, as I recall, asked the chief of staff, and asked, most importantly, John Deutch himself, are you leaving this voluntarily? And he said, yes, he was. It is no secret that he was in the running for other cabinet positions, but he was not fired as Director of Central Intelligence. He's a friend of mine. I would not have any part in easing somebody out in order to get a job myself.

Senator INHOFE. In the Clinton administration—this will be the last question, Mr. Chairman—do you agree with virtually all the policies of the Clinton administration such as Somalia, Haiti, Bosnia, Ballistic Missile Defense, ABM treaty, START II, chemical weapons, all those conventions, those things. Do you agree with all them?

Mr. LAKE. I worked on all of them. I have supported them.

Senator INHOFE. From a policy perspective, do you agree that's good policy? These are good policies?

Mr. LAKE. Yes; yes, sir. And that would not influence my intelligence judgment as DCI.

Senator INHOFE. OK. Well, I would only say that we have something in common, Mr. Lake, because we both are passionate in our beliefs. We don't agree, it seems, on anything. But nonetheless, we are opinionated. I would say I would not make a good DCI because I know it'd be virtually impossible for me to segregate my feelings. And I believe the same situation is—your situation, I mean. You go back to the Muskie campaign, entrenched in a philosophy where you have expressed that philosophy and articulated it very well. I just wonder, and I have to wonder, and other members here have to wonder whether or not you can totally segregate that long history of very strong policy feelings from affecting your job, and be totally, as you say in your book, your Somoza's Falling book, be totally unaffected by your own beliefs?

Mr. LAKE. Let me respond to that in two ways, Senator. First of all, that goes to my integrity. I have given you my word that I would do that. I will do that. When I have given my word, ever, I have abided by it. Second—

Senator INHOFE. There's a big difference between will and can.

Mr. LAKE. Senator, believe me, I can. As I said, I welcome the chance to do that.

But the second reason is that I want to do this job because it needs to be done well. I believe I have done every job I have ever done well. I intend to do this one well. To do it well, you have to make that distinction. And will do it. That is the only reason to want this job. I will do it in exactly that fashion. I don't know how to speak any more plainly, believe me.

Senator INHOFE. Thank you.

And thank you, Mr. Chairman, for your time. There is a Senate Armed Services Committee meeting, and I'll get buzzed when our next round comes.

Chairman SHELBY. We'll get you on the next round.

Senator Kyl.

Senator KYL. Thank you, Mr. Chairman.

Mr. Chairman, this morning I referred to a journalist's speculation about reasons for the President and the National Security Adviser not being advised of the Chinese covert campaign activities. I wonder if I could put into the record at this point the piece I was referring to by William Safire in today's New York Times.

Vice Chairman KERREY. Without objection.

Senator KYL. Thank you. Thank you, Mr. Vice Chairman.

Chairman SHELBY. Doing great.

[The article referred to follows:]

[The New York Times, March 12, 1997]

LAKE: MAN IN THE DARK

(By William Safire)

On January 2 of this year, the chief of intelligence for the National Security Council apparently read this column and became alarmed.

After reviewing the White House visits and money transactions of John Huang, Wang Jun and others, I had asked: "Is this a pattern of aggressive fund-raising, corrupt influence peddling—or part of an intelligence operation?"

Rand Beers then remembered a visit the previous June by two F.B.I. agents who told him and an N.S.C. colleague of an investigation into penetration of U.S. political campaigns by China. This was the hottest piece of information in the entire \$28-billion-a-year intelligence community, one that the President had a "need to know."

Did the F.B.I. visitors improperly direct Beers and a colleague to keep this from Anthony Lake or his deputy, Samuel Berger? The F.B.I. fiercely disputes this incredible White House claim. Six months later, Beers confided in neither Lake nor Berger but in Alan Kreczko, the N.S.C. lawyer.

In that first week in January, a White House spokesman informs me, Kreczko went to Jack Quinn, the outgoing White House counsel, and recommended checking out my suspicion with Justice. The spokesman doesn't know if Kreczko had spoken to Beers when he talked to Quinn. The intelligence then sat in limbo.

"I recall speaking to Alan Kreczko about your piece," Quinn tells me, "and he may have said he wanted to have a conversation about it with the Department of Justice that I authorized. But had I known at any point that Justice was conducting such an investigation into Chinese influence on our elections, there is no way—no way—I would have sat on that information."

All through January—with the House Rules Committee publicly requesting the F.B.I. to look into it, with the F.B.I. Director responding that he had 25 agents already on the case—nobody in the N.S.C. told their bosses or the President about a matter central to U.S. foreign policy. Nor did the Attorney General. Why?

We can disbelieve the story now being cooked up between Justice and the White House that it was all a "misunderstanding" among four spooks about security cautions.

I can understand the N.S.C. staffers' reluctance to tell Samuel Berger during the 1996 fall campaign: he attended the weekly political meetings that included "Asian outreach" and might have been part of the problem. (And for Clinton to assign Berger to review this now is like appointing Bruce Lindsey to be Independent Counsel.)

But Tony Lake was not directly involved in the campaign or the revulsion in its aftermath; he was not a subject of investigation; he was cleared for our deepest national secrets. Why did aides who saw him every day keep him ignorant?

The answer goes to why the Senate Intelligence chairman, Richard Shelby, is taking such a hard look at Lake's nomination to be Director of Central Intelligence. His four-year record at the N.S.C. shows that his greatest weakness is the handling of intelligence.

Lake was uninformed about the China investigation because he created the atmosphere within his staff that there was much he did not want to know.

While Lake was national security adviser, White House clearance procedures were loosened in a way that made a mockery of security and cast a shadow over policy making. Later, when asked by another staffer about the propriety of scores of visits by Asians bearing money, Lake's key Asian aide identified a check-waving visitor as a "hustler" and then shrugged, "Who am I to complain?"

Because Tony Lake showed no interest in the Asian Connection, his staff took an F.B.I. security warning to mean he was out of the loop: why trouble the boss's head with intelligence that would make him uncomfortable?

Tony is an honorable, likable man. His abuse of Congressional trust in winking at Iranian arms to Bosnia and his sloppy stock dealings would not be enough to disqualify him if he were good at this line of work.

The problem is that he has just proved himself to be a colossal flop in the management of intelligence. The Senate must ask: Is Tony Lake, shown this week to have been the N.S.C.'s man in the dark, the best person to keep the President and Congress informed of all they need to know?

Senator KYL. Mr. Lake, you were introduced, among others, by Senator Rudman, and in light of his appearance in connection with his experience with the President's Foreign Intelligence Advisory Board, I think it's particularly appropriate to examine the nominee's—your role with respect to the so-called PFIAB—the President's Foreign Intelligence Advisory Board.

On March 10, the Washington Times revealed that two members were appointed to the board who were \$1 00,000-plus contributors to Democratic campaigns, and that they lacked the traditional backgrounds for appointment to the Board, the kind of background that would equip them to perform effective oversight of the U.S. Intelligence Community. As the Times noted, these appointments came against the backdrop of White House efforts to reward contributors with appointments on boards and commissions.

Now it is true that other presidents have appointed Americans to PFIAB who have come from outside the Intelligence Community. To my knowledge, however, there's never been a previous instance in which the appearance—let alone perhaps the reality—of selling seats on this important board has arisen. I believe it's the responsibility of the National Security Adviser to the President to insure that the Presidential board that oversees the considerable fine work and sometimes the shortcomings of the U.S. Intelligence Community is insulated to the maximum extent possible from politization.

What role did you play in vetting the appointments of the Clinton campaign contributors to the Foreign Intelligence Advisory Board?

Mr. LAKE. Senator, we on the NSC staff—my deputy and I—would make recommendations about the names of individuals that we knew that we thought would be good on the PFIAB. We would—although I frankly don't remember both of those gentlemen in this case—we would offer what we knew of other names that had been put into play. I don't believe, I'm sure, that I knew either of those gentlemen. I don't believe it should be the job of the National Security Council to conduct background investigations. I certainly had no knowledge of their political activities. In the end, then, the President decides who he wants on that board as is appropriate. I'm informed by both Chairman Foley and, I believe, Warren Rudman shares the view, that they have been doing good work, those two.

Senator KYL. The two people that I referred were Stanley Shuman and Richard Bloch.

Mr. LAKE. Yes, I read that.

Senator KYL. You did not recommend either of those two individuals?

Mr. LAKE. I didn't know either one of them.

Senator KYL. Although it was your practice to recommend individuals to the President for appointment to the board? Were these the only two individuals appointed to the board that were not recommended by you during your time as NSC adviser?

Mr. LAKE. I frankly can't remember, Senator. It doesn't mean I recommended against them. I just didn't know them as the President was making his decisions.

Senator KYL. Do you know whose idea it was to nominate these two people? Or to appoint these two people?

Mr. LAKE. No, I don't recall. I don't recall.

Senator KYL. Did you examine their backgrounds at all?

Mr. LAKE. As—and again, I cannot recall every action over the last 4 years in detail. As a matter of practice, we would look at the resumes of individuals. They—from what I have read recently—at least one of them, I know, has a strong background in business.

Senator KYL. Well, you—excuse me, you appear not to have familiarized yourself with their resumes prior to their appointment?

Mr. LAKE. Well, as I say, I assumed I looked at them. I just don't recall that particular process.

Senator KYL. Do you recall whether you expressed any opposition to appointing somebody like them?

Mr. LAKE. No, I don't.

Senator KYL. Did you know that they were contributors——

Mr. LAKE. No, absolutely——

Senator KYL [continuing]. To the magnitude that they were?

Mr. LAKE. No, absolutely not.

Senator KYL. You did not know they were contributors——

Mr. LAKE. No, sir.

Senator KYL [continuing]. At all?

Mr. LAKE. I think that would stick in my memory, certainly, if somebody had told me something like that.

Senator KYL. You don't think it would stick in your memory that people like this were being nominated without having come from you or somebody that you knew that they had come from, people without an intelligence background of one kind or another?

Mr. LAKE. As I think Chairman Foley and others have pointed out, this is a citizens' board, not an Intelligence Community board, so it was entirely appropriate to me that business people without a prior experience in intelligence work would be appointed to the board. It had happened on numerous occasions before, and I can think of individuals who have contributed greatly on citizens boards for the Intelligence Community who had no prior experience in intelligence.

Senator KYL. Now, this was relatively recently, yet you have no recollection of your reaction to either of these two people?

Mr. LAKE. No, Senator, I don't. I'm sorry.

Senator KYL. Do you think that it's appropriate to have political contributors, especially political contributors who do not have a specific intelligence background, either as consumers or producers of intelligence, serving on a sensitive panel like this?

Mr. LAKE. Senator, I don't think that making political contributions should be a disqualification. I do believe that anybody appointed to that board should be someone of high competence, intelligence, and able to contribute to it. I am told that they are doing so.

Senator KYL. Do you think that it is an improper—that it is improper to consider someone because of making a political contribution of that size?

Mr. LAKE. If that were the case, yes.

Senator KYL. Let me refer you to another Washington Times story, recent, March 10, that the President had personally intervened to encourage the leasing of one of the U.S. Navy's pre-eminent facilities on the West Coast—the Long Beach Naval Base—to the China Ocean Shipping Company known as COSCO. According to the story, the President involved himself on two occasions—one in 1995 and one in 1996—in meetings designed, and I'm quoting now, "to push forward a plan to secure the Chinese merchant marine as an anchor tenant of this facility after the Navy turns it over to the city of Long Beach." Again, according to the story, "Participants in one of those meetings said that Mr. Clinton encouraged his subordinates to do what they could to assist Long Beach in making these arrangements."

The story goes on to report that the Navy facility is to be converted to a state-of-the-art cargo terminal to receive ships bearing thousands of containers packed with products manufactured in China. Such a complex would afford the Chinese government an

unparalleled opportunity to engage in a number of activities inimical to U.S. interests. For example, it could enable Beijing to smuggle small arms and perhaps other weapons into the United States for sale to criminal gangs or drug lords or perhaps others. Of course, this is not an idle concern. Last year, Chinese officials tried to use COSCO ships to smuggle 2,000 automatic weapons into the United States. We recently saw on the streets of Los Angeles what a deadly effect weapons like that can have when in the hands of criminals.

It's my understanding that the Chinese merchant marine is an adjunct of the Chinese People's Liberation Army. If so, the practical effect of leasing the Long Beach Navy Base to a huge PLA operation could be to greatly enhance the activities of the Chinese military and intelligence services to penetrate this country and to work against its interests. We're learning more and more every day about such activities aimed at infiltrating or influencing the American government, stealing technology and other secrets, and otherwise undermining our security.

The prospect that we would turn over a premier military facility to China to me is quite astounding. What is even more extraordinary is the fact that there appears to have been no national security review of this initiative.

As National Security Adviser in 1995 and 1996, did you demand that the national security implications of the COSCO-Long Beach deal be explored?

Mr. LAKE. Senator, we were, and I was, very involved in the whole-base relocation process as policies were set in how to downsize our presence on bases here in the United States. That we were involved in, setting those policies, setting those priorities, worked very hard on them.

The implementation, then, of those policies, was a matter, essentially, for domestic agencies and for the Defense Department. I believe they were all involved in this. We were not involved ourselves. I would wish, in fact, that the NSC staff, if there was a foreign then component of that, had been consulted. I just saw the story this morning. I don't know all the facts yet about it.

But it would not be, I think, under this or any NSC staff, the job of that staff, to actually implement base relocation or downsizing.

Senator KYL. No, no. My question just was the national security review. I mean, this is—

Mr. LAKE. No. It was not, as far as I know, subject to such a review. But, again, I just saw the story this morning. I'd be glad to get—

Senator KYL. Will you go—I mean, I'm assuming you can, because of your prior position, can make a call to find out whether there was such a national security review, if you do not—

Mr. LAKE. I'll be glad to look into it, and I'll let you know, Senator.

Senator KYL. OK. You don't know now whether there was, but you will check it out for us?

Mr. LAKE. I believe that there was not, but I want to make sure. I'll check—I'll let—I'll be in touch with you afterwards.

Senator KYL. Well, if there was not, do you think that this initiative ought to be suspended until such a review is completed?

Mr. LAKE. Senator, I simply don't want to hypothesize when I don't know the facts. All I've seen is one article and your statement.

Senator KYL. Now this, unfortunately, and with all due respect, this seems to be another instance in which the National Security Adviser should have been given some information and for whatever reason was not. I can't believe that our government didn't somehow vet this from a security point of view.

Mr. LAKE. I believe, Senator, that the Department of Defense was involved. They are a security agency. Again, I don't know the facts.

Senator KYL. Would you agree that if it was not reviewed by some security agency, that it was a serious mistake?

Mr. LAKE. Senator, I just don't know the circumstances of what happened. As I said, when—as I said, I'm not trying to mince words here—when—

Senator KYL. No, no. I appreciate that. But you were the National Security Adviser when it happened, and you don't know—you knew because of the base closing process that this facility was there. I mean, doesn't somebody in your agency have the responsibility to follow through on this? Here's a Navy base. It's being leased to a Chinese government military operation, and nobody in your agency says, you know, we ought to check this out? I don't think it's an excuse, in other words, that you didn't know. There apparently is a lot that you didn't know. But it was your agency. You should have had the ethos and the system developed for people to tell you things that you should have known.

Mr. LAKE. Senator, as I said, this, or any other NSC staff is not charged with the implementation of decisions made in the base relocation process. We were intimately involved in that. We were not involved in implementation. I don't know the facts beyond that.

Senator KYL. But are you saying, then, that if there is—that regardless of the security implications of the implementation of the base closure process, you wouldn't be involved?

Mr. LAKE. No. I didn't say that, Senator.

Senator KYL. Exactly. In other words, even though you are not responsible for the Base Closure Commission effectuation, if there is a national security component, you ought to be involved, shouldn't you?

Mr. LAKE. If there is a national security component—

Senator KYL. Exactly. And—

Mr. LAKE. The staff—

Senator KYL. Go ahead. I'm sorry.

Mr. LAKE [continuing]. Should be consulted, and I don't know whether that took place or not.

Senator KYL. Well, I find this—

Mr. LAKE. But Senator, if I may say so, and you have said there's a lot that we didn't know—we are finding, during the course of this, a number of cases in which I was not informed of things. For the most part, we can argue later when we know the facts, whether it was appropriate I not be informed or not.

But the fact is, and I stand absolutely on this record, that for the last 4 years, the National Security Council staff has done a superb job in staffing through many, many very tough national security decisions on big issues per day—not just per week, per month, or per year. That staff has worked efficiently with extraordinary dedication every day on these issues, and vast quantities of information were flowing up.

So I just want to make it clear that while, hypothetically in this case, there should have been a consultation with the NSC staff—and this is not a case of the NSC staff not kicking something up—as people implemented a decision or decisions in which we participated, there should not be from that a perception that the NSC staff has not done superb work over the last 4 years because, I believe that it has.

Senator KYL. I want to make a statement that our intelligence officers—I include within that the people on your staff that you're referring to right now—are seldom recognized for all of the good work that they do. It is ordinarily only when a significant mistake has been made that there is any public discussion of it and there is a misimpression created that, by far and away, the vast majority of the work done by the DIA, the CIA, all of the different intelligence organizations as well as the National Security Agency, is very fine work done by very dedicated public servants. I grant you all of that, and I think all of us and you need to continue to repeat that because it's a very important—a very important, largely untold story.

Mr. LAKE. Thank you, Senator.

Senator KYL. But I make this further point. I take your point as a very valid one. But they're not before us here, and the question is not are they doing a good job, the best job they can do. The question is should you be appointed to the most sensitive position in the Government with regard to national intelligence. There seemed to be some recurring situations in which people don't tell you things even though it would appear to me that you ought to know them.

I wasn't going to read this, but because it's with respect to the Chinese covert campaign activities rather than this event, but Safire, William Safire in his column today, says, "Lake was uniformed about the China investigation," perhaps this matter as well, "because he created the atmosphere within his staff that there was much he did not want to know." Now I'm sure you would take umbrage at that. You'd disagree with it. That's just a man's opinion who is not nearly as informed about what you did as you are.

But notwithstanding that, there does seem to be this recurring theme that there was a lot that you should have known that you didn't know. You, I think correctly, say, don't blame it on my staff because I don't know exactly what happened there. But the fact that we don't know what happened, and that you don't know what happened is troubling. It is that kind of thing that I think we need to focus on here, and I'll have some more questions when my next round comes.

Mr. LAKE. May I reply, Mr. Chairman?

Chairman SHELBY. Go ahead.

Mr. LAKE. I'd certainly like to reply.

Chairman SHELBY. You go ahead and answer.

Mr. LAKE. Thank you, sir.

We have here, that I can recall, two cases in which I did not know things.

Senator KYL. OK. Well, I've got some more when my next time comes.

Mr. LAKE. We will come to them and we can talk about whether it was appropriate they be kicked up to me or not. I think we will see that in those cases where they were not kicked up to me, the staff did superb work on its own, as it should be.

The two cases are, first, a case in which—and I'm not clear because I've just read the article—but the domestic agencies and the Defense Department may or may not have referred something to the NSC staff. That has nothing to do with the management of the NSC staff itself. Second, the case of whether two officials on the NSC staff should or should not have kicked up information given them by the FBI.

Let me repeat, if I may, what I said before. We, and certainly I, am not going to, should not, sit in judgment on them now because we do not know the character of the information that they received, and we don't know the details about what they were told of how to handle that information. Until we know—and this is now being looked into—until we know whether or not they acted appropriately, we cannot know whether or what kind of mistakes are made, and we cannot know whether there was any systemic failure. I have not seen evidence that the system was broken. I, therefore, do not see evidence that the system needs to be repaired. I can flatly assure you, Senator, that there was an atmosphere in the NSC of sharing information and of working together.

As just one small example, I made it a practice not only to have people come into my office to tell me things, but I would go across West Executive Avenue, meet with them in their offices to send the message, symbolically and in practical terms, that I wanted to know what was going on, and to carry out the kind of hands-on management that I would intend to follow at the CIA.

Senator KYL. Mr. Chairman, and I've agreed that with regard to the second matter, we do have to wait and see what the facts were and then we'll judge it. As to the first matter, though, I think there is a question of whether or not your agency should have initiated the inquiry or whether it was good policy to simply be passive and assume that somebody else was doing it or that they would let you know if you needed to look into it.

Mr. LAKE. Oh, the center, we don't know whether they knew that this was happening or not.

Senator KYL. I'm talking about the port facility.

Mr. LAKE. No, that's what I mean. We don't know whether the NSC staff knew that that arrangement was being made.

Senator KYL. And again, I don't mean to take more time. My point is it doesn't matter. The NSC as the overall responsible agency, should have known, probably should have made sure that there was an investigation. You're suggesting, well, Defense should have done it. Maybe that's true. I don't know. But I'm a little astounded that NSC, basically, says we don't know anything about it, but hopefully Defense did it.

Mr. LAKE. I'm saying, Senator, we don't know the facts now.

Senator KYL. I know.

Mr. LAKE. I don't know whether the Defense Department had the responsibility. I don't know whether the NSC staff knew about this and, if they didn't know about it, I don't understand how they could have asked for an investigation of it.

Chairman SHELBY. Thank you, Senator Kyl.

Dr. Lake, I want to reiterate here, just for the record, and tell you, we're not assaulting here your integrity by asking if you can separate policy from intelligence, because you've been making that distinction. Have you not?

Mr. LAKE. Yes, sir.

Chairman SHELBY. But I believe that a lot of these questions are legitimate inquiry. We appreciate your word. I think you're a well-meaning, a decent man. But I believe we have an obligation, as members of this Committee, and ultimately as Members of the Senate, to look beyond just—not just you, but anybody here, not just what they would say, but look beyond what they've done in the past, look at the record, look at their decisions and so forth because I believe you would do the same. Would you not?

I'm troubled by some of the management decisions—I'd call them decisions—in the area Senator Baucus asked you earlier. I think he was a little troubled. But be that as it is, we'll have time to get into some of that later.

I want to follow up on some questions that Senator Kyl got into on the President's Advisory Board. Basically, how many people serve on that board? More or less?

Mr. LAKE. Approximately 15 now.

Chairman SHELBY. How many?

Mr. LAKE. Approximately 15.

Chairman SHELBY. Fifteen.

Do you yourself or your deputy—at that time, Mr. Berger—do you recommend people for this board? Or do people recommend them to you? Or if the President wanted somebody in there—

Mr. LAKE. Both.

Chairman SHELBY [continuing]. Would you get the word that he wanted Citizen Smith on there?

Mr. LAKE. When there are vacancies—

Chairman SHELBY. That's what I mean.

Mr. LAKE. It would be both.

Chairman SHELBY. Sure.

Mr. LAKE. We, my staff, I, my deputy, would recommend names. The other parts of the White House would come up with names because they know more citizens than we do who are outside the national security area. And then the names would be vetted through the White House personnel system—

Chairman SHELBY. Where did—

Mr. LAKE [continuing]. And they would go forward.

Chairman SHELBY. Excuse me.

Where did these two names come from that Senator Kyl was asking you about?

Mr. LAKE. As I said, I cannot recall who—

Chairman SHELBY. You don't recall?

Mr. LAKE [continuing]. Who recommended them.

Chairman SHELBY. Would you check your records because we're going to have some more hearings.

Mr. LAKE. We can try—we can try to do that, yes.

Chairman SHELBY. And find out did that—did the names come to your desk or come to your deputy, Mr. Berger's, desk? Did they come from the President or whatever? Would you do that, just for the record?

Mr. LAKE. [Nods in the affirmative.]

Chairman SHELBY. Do you—do you know, have you heard in the past if you gave a lot of money to the Democratic National Committee, or if it were Republicans down there, same thing, that that would get you on the inside of being appointed to the President's Advisory Board?

Mr. LAKE. The Foreign Intelligence Advisory Board?

Chairman SHELBY. Right. Foreign Intell, uh-huh.

Mr. LAKE. I'm sorry. Could you—I didn't understand the question.

Chairman SHELBY. The question is if someone had said so and so, Citizen Smith, just gave \$100,000 or \$200,000 to the, say Democratic National Committee, or if the Republicans were in control down at the White House, the Republican situation being the same, would that be the criteria to be placed on the foreign policy advisory board?

Mr. LAKE. If the individual were unqualified, that would be wrong. I'm informed that they are doing good work on the board.

Chairman SHELBY. Before these two gentlemen gave that money to the Democratic Party recently—big sums of money, according to the paper—were they considered for the foreign policy advisory board? To your knowledge?

Mr. LAKE. Senator, as I said, I don't know.

Chairman SHELBY. Will you check and see, for the record? See if they were being considered in 1995 for this board. Had anybody written a recommendation to you or Mr. Berger to be placed on the foreign policy advisory board of the President before the money came.

Mr. LAKE. I'll pass that request along.

Chairman SHELBY. For the record.

Mr. LAKE. Yes.

Chairman SHELBY. OK.

I want to also, Dr. Lake, follow up on Senator Inhofe's questions regarding statements on Iraq. Would you agree that supporting opponents of dictatorial regimes, such as Saddam Hussein's brutal regime in Iraq, is an important instrument of U.S. foreign policy?

Mr. LAKE. Yes, sir, I would.

Chairman SHELBY. And if the United States, our Government, sought to bolster opponents in Iraq, especially among the Kurds in northern Iraq, as a means of putting pressure on Baghdad, pressure on Saddam, would that be good policy?

Mr. LAKE. It not only would be good policy, it was policy.

Chairman SHELBY. OK.

Mr. LAKE. I'm—

Chairman SHELBY. Go ahead.

Mr. LAKE. I hope that we can go into this in some detail—

Chairman SHELBY. Get into more of this.

Mr. LAKE [continuing]. In closed session.

Chairman SHELBY. We will.

Mr. LAKE. But yes, that was the policy.

Chairman SHELBY. I don't want to get you to get into anything, and I know you wouldn't, in an open session that we don't need to discuss. If I can go a little further.

It's my understanding that, yet, despite all that, the Clinton administration, which you were the National Security Adviser for, for the most part, stood by when the very individuals in northern Iraq that we had sought and had supported, were attacked, captured, and in a lot of instances murdered by Saddam's forces last August. You're very familiar with that.

I understand that the—and I'm aware that the Administration did subsequently airlift several thousands Kurds out of Iraq to Guam. But even this response was undertaken belatedly, and only because, for the most part, the intervention of my colleague and Vice Chairman, Senator Kerrey and others on Capitol Hill.

To many people, Dr. Lake, this represents not only a failure of policy, because after all, this area was for years under the protection of the United States military, but it suggests to some of us that the United States, or at least this Administration, cannot be considered as a reliable partner in fighting dictatorial regimes.

So the question is, is helping to develop and sustain a credible opposition force to Saddam Hussein's, is it in America's strategic interest?

Mr. LAKE. Sir, it is in our interests.

Chairman SHELBY. OK.

Mr. LAKE. As you know, we did so.

Chairman SHELBY. I know.

Mr. LAKE. We can discuss this further in closed session.

Chairman SHELBY. We will.

Mr. LAKE. It is wrong, I believe, I know, to state that we merely stood by while Saddam Hussein carried out murders in the Kurdish areas.

Chairman SHELBY. I know you didn't stand by at all times, but did we—

Mr. LAKE. There was—

Chairman SHELBY [continuing]. Kind of forget them?

Mr. LAKE. No, sir, we most emphatically did not.

Chairman SHELBY. You didn't?

Mr. LAKE. America should never forget the people it works with. I feel very strongly about that. We did that at the end of the Vietnam War, and it was a shame on America that we did that.

In this case, there was no militarily feasible way to save those people's lives in the first days of Saddam Hussein's intervention into the Kurdish areas. I won't go into it in great lengths. We did take other military actions where we thought it was tactically best.

Chairman SHELBY. We can get into that in closed session. Sure.

Mr. LAKE. We did not then delay the evacuation of those Iraqis or Kurds. In fact, as we brought people out of the Kurdish areas, we gave first priority to those who had been members of the INF and who had been working with us. That was accomplished quite quickly and effectively. We then later, as a matter of priority, brought out people who had been working with humanitarian orga-

nizations and others. There, some weeks did pass while they made decisions about the continuing threat. But we gave first priority to these people. I admire very much Senator Kerrey's stand on this. But with respect, it was not because only of your position that we did these things. We did them because they were right. And we did them well.

Chairman SHELBY. Were you surprised about Saddam's incursion or the thrust into the Kurdish area in the north? Were you surprised when he undertook this?

Mr. LAKE. We had some warning. There was a tactical warning a day or two in advance and broader warning signs before that. I'd rather, again—

Chairman SHELBY. That's OK.

Mr. LAKE [continuing]. Go more into this in closed session. We immediately began discussing appropriate policy responses. Of course, we did not know exactly when he would go in. I remember vividly the day that it happened, because the day before or I think it was just the day before, maybe 1 or 2 days before, we had received intelligence about human rights violations in Haiti. So I immediately got on a plane to Haiti to go and see the President of Haiti about cleaning up their act there, while keeping the communications alive so that we could get word on Iraq. Flew back, got back, as I recall, in the evening. In a couple of hours Saddam went across and we started dealing with that over the weekend.

Chairman SHELBY. Do you consider the U.S. policy dealing with Iraq to be a success?

Mr. LAKE. The American policy toward Iraq will be a success when the Iraqi people live in freedom. But I believe that we have contained Saddam Hussein's influence within Iraq, including through military measures, successfully. We have maintained the sanctions in place successfully. I would intend, as DCI, successfully to get all of the intelligence we can on this issue so that we can continue to pursue—

Chairman SHELBY. Dr. Lake, how do our regional allies look at our policy toward Iraq? Hasn't it changed, in other words, their view or some of their views toward our policy, dealing with Iraq?

Mr. LAKE. Yes, I think it's accurate to say that they have. Especially with regard to the Kurdish areas, because the Kurds, I'm afraid, enjoy a mixed reputation in the area among them, which I think is not at all a good thing. And we work on that. Nonetheless, it has become harder to hold the coalition together within the Gulf, and more broadly with our allies. But it has held. Today, we are still flying the no-fly zones with the British and with one strip of territory together with the French from our regional allies' bases and territory.

Chairman SHELBY. Dr. Lake, getting back into management and management precepts. Do you basically believe in accountability as we talk about it as a manager, or the chairman, or if you were Director of Central Intelligence, you would be the leader?

Mr. LAKE. Absolutely.

Chairman SHELBY. And how you lead will say a lot and will resonate throughout an agency, will it not?

Mr. LAKE. Yes, of course.

Chairman SHELBY. And, I think you used the term leadership, is very important somewhere in your talks here in the last couple of days. But can you have leadership without accountability?

Mr. LAKE. No. Of course you need accountability, together with leadership.

Chairman SHELBY. If the Congress and the President and the American people held you to a high degree of accountability, shouldn't you, as the—in the case of the National Security Council or what, hold the same degree of accountability to your staff?

Mr. LAKE. Yes. And I believe I, as the record shows, have done so over the last 4 years.

Chairman SHELBY. Does the record really show what you just said? You know, you said earlier, and I don't want to quote you directly, but to paraphrase you, that these two senior staffers that we've been talking about that the FBI allegedly briefed, or said they briefed, dealing with some I'd call dynamite news, explosive news, why are they still at the National Security Council if you set the rule of accountability, the standard of accountability. Obviously, it is not there.

Mr. LAKE. Senator, again—

Chairman SHELBY. Go ahead.

Mr. LAKE [continuing]. Let me be very clear here.

Chairman SHELBY. I want you to be.

Mr. LAKE. Every official, from me on down, must be held accountable by their superiors, and on the big issues, as over the last 4 years on Bosnia or Haiti or whatever, by the American people, and always by the Congress as well. But they must be held accountable in fairness. We know that the FBI briefed these two officials. We do not know what they told these officials. We do not know whether it was nuclear information. Until we know what the information was, until we know exactly what the FBI said with regard to the dissemination of that information, it would be doing them an injustice to judge them now.

Together with accountability, together with great discipline, together with toughness and how you manage, comes fairness. You cannot get the loyalty of your subordinates without being fair as well as tough. Loyalty is one of the essential ingredients, loyalty up and loyalty down, if you are going to lead. That is why I am not here, on the basis of insufficient information, going to sit in judgment of those two fine career officials.

Chairman SHELBY. Mr. Lake, why don't you, Dr. Anthony Lake, get a briefing of the facts from the National Security Council staff that you hired, had in place and have defended up here before we come back to another hearing. Could you do that?

Mr. LAKE. Senator, the White House counsel is investigating this on behalf of Sandy Berger and the President, who will then take appropriate actions. I am no longer running the NSC staff. I have learned in Washington over the last year or two, a Washington of investigations, that it is improper for those not directly concerned to become involved in those investigations, because they could become accused then of trying to influence them. It would be highly improper, in my view, for me now to talk to those two staff members about what they did, because then I could appear to be trying

to influence their memories, because I, too, have a stake in what happened.

Chairman SHELBY. We'll take a couple of minutes, and I'll take it off my next round.

Dr. Lake, I'm concerned with what appears—appears—to be your reluctance to make definitive judgments on personnel. This has been raised by some other Senators on the Committee. Using the June 3, 1996, FBI briefing for the National Security Council as an example, is it your judgment Dr. Lake that it's acceptable for your staff to comply with requests not to inform you of information briefed to them. Would that be acceptable to you, if they were in fact told not to brief you on something, and you're the No. 1 adviser to the President of the United States on national security?

Mr. LAKE. Senator, let me state again, very plainly, that over the last 4 years I have hired, I have fired. I have held people accountable for their performance, and I have put together what is a very fine National Security Council staff that has managed very well major, major foreign policy, national security issues over the last 4 years, and I proud of their record.

I, as I've said before, do not agree that an outside agency should be able to direct members of the NSC staff not to inform me of things. But again, let me be very clear, there are two factors that they must have taken into account when they made these decisions. What's the nature of the information? How important is it? Does it seem to warrant sending it up? What strictures did they get? And if they did, did they have some sort of legal overtone that implied to them that they shouldn't kick it up, accurately or inaccurately? We don't know that. I don't know that. I don't think any of us do. Again, I am not going to sit in judgment of that decision until we know those facts.

Chairman SHELBY. If it were as serious as the FBI—even their press release, which did not enunciate details and shouldn't—or as serious as the newspapers and the TV's and the radio stations have carried in America, would that be different from hearing something about an ice cream bazaar or something? I mean, this is dynamite-type information it seems to the average person. Why didn't it seem that way to your so-called great staff? Go ahead.

Mr. LAKE. Senator, they are fine officers. Obviously, this is not ice cream, as you said; this is a very serious matter.

Chairman SHELBY. I know that.

Mr. LAKE. But again, we don't know the character of the information, and we could be doing a disservice to the reputations and careers of two people who have devoted their life to serving our country—career officials—if we now speculate about the nature of that information or what that judgment should have been.

Chairman SHELBY. Do you dispute the FBI statement at all?

Mr. LAKE. As I said this morning, Senator, and as I read in the paper, the staff members say that it does not accord with their recollection or their contemporaneous notes. That's what I've read in the newspapers, and beyond that, I don't know.

Chairman SHELBY. Dr. Lake, would you, under most circumstances, intentionally keep your staff in the dark? Or would you be—let them go their own way? In other words, are you a hands-on manager, I guess is what I mean?

Mr. LAKE. Yes, sir. And I would not keep them in the dark, and I would not let them go their own way. I would let them go my way.

Chairman SHELBY. But they didn't go your way on this information, according to what we're learning, did they?

Mr. LAKE. Senator, we just don't know.

Chairman SHELBY. OK. Senator Coats.

Senator COATS. Thank you, Mr. Chairman.

Dr. Lake, this morning I discussed with you the whole Iranian/Bosnia arms issue. I wasn't privileged to be on the Committee at the time that the investigation into that whole incident, and again, I apologize to my colleagues for probably going over ground that they've already gone over. I'll try to do this briefly.

Just to make sure I have my facts right in terms of the process that took place, I think in your statement you said that the suggestion for shipment of arms to Bosnia in contravention of the embargo currently in place came from President Tadjman. Is that correct? It was his initiation?

Mr. LAKE. Yes, that's right. President Tadjman came to us and asked for our view of his doing so.

Senator COATS. So there was no—there were no previous back and forth discussions between, say, Ambassador Galbraith and President Tadjman or anyone from our government to President Tadjman discussing the concept of doing this? This just came out of the blue. Tadjman came and said, what do you think, and then wanted some guidance on that.

Mr. LAKE. According to the—this is one of the questions that I was interested in, to find out whether there was anything that approached covert action that I asked the—or the White House counsel with my—at my request and in cooperation with me asked the IOB to look into. I have been told that this was not a question or idea that we placed with President Tadjman or encouraged him to pursue. That's what I have been told.

Senator COATS. Did you make an attempt independently verify that what you were told was correct?

Mr. LAKE. What I can do is to ask officials, which I had done, and most of all, to turn it over to the IOB, which is its purpose and has the resources to do that. And they did it, and that was their conclusion.

Senator COATS. And then—

Mr. LAKE. And I did it by the book.

Senator COATS. Ambassador Galbraith felt like he needed some guidance in terms of how he should respond, so he sent that up the chain. My understanding was he sent two cables, two separate cables, seeking instructions on how to proceed but didn't receive a response to those two cables. Is that a correct, factual statement?

Mr. LAKE. As my reading of the various pieces of this were to put together later, because I have seen since the reconstruction of the events, he did, after getting the first no-instruction instruction from the State Department, come back to Washington and say, so I need more instructions. And what I can recall myself is when I heard a few days later—and I can't remember exactly how many days; it was a while ago now—that there might be some question as to whether no instructions meant more than no instructions, I

was very vigorous, to put it mildly, in a conversation with my staff that no instructions meant no instructions, period.

Senator COATS. Could you understand why Ambassador Galbraith might have been confused as to what no instructions meant?

Mr. LAKE. I can't speak for Ambassador Galbraith. But obviously the State Department—

Senator COATS. But obviously, he wasn't satisfied. He was confused as to what it meant, or he wouldn't have come back and said you've got to tell me more about no instructions. I need more instructions than no instruction.

Mr. LAKE. Since it's all still under investigation, I prefer not to speculate about what was going through his mind when he came back to Washington for further instructions.

Senator COATS. Yes, I was asking what was going through your mind, not what was going through his.

Mr. LAKE. What was going through my mind, Senator, was it is important that everybody understand that no instructions means no instructions. Don't go beyond it. Just say no instructions. The U.S. Government is not taking a position in response to President Tudjman's request. I was very, very clear about that.

Senator COATS. Did it occur to you, or did you think that no instructions meant—what did you think no instructions meant? It had to have some meaning, right?

Mr. LAKE. What it meant was we were sending a message to President Tudjman that he could neither source us as an authority for the decisions he made, nor that we were telling him, don't do it. And as I said, very directly, our expectation was that he would let the arms flow through Croatia, because that was very important to maintaining the federation and to strengthening Bosnia's military position, despite our concerns about Iranian weapons.

Senator COATS. Well, that's my conclusion, too, that no instructions meant go ahead and ship the arms through, so—

Mr. LAKE. But not with our approval or permission.

Senator COATS. Nor your—nor your denial or lack of permission.

Mr. LAKE. No instructions meant no instructions.

Senator COATS. Was that decision, the no instruction decision, approved by the President? Or is that—was it presented to the President as an option or a recommendation, and then he approved it? Or did he initiate the—did he—

Mr. LAKE. It was presented to the President as a joint recommendation of the Acting Secretary of State and myself.

Senator COATS. So he said he would approve. Well, do you see how someone like me could come to the conclusion that this was an attempt at sending a message that changed policy without taking personal responsibility for the policy change?

Mr. LAKE. No, Senator, and—

Senator COATS. Because you knew it would change policy, right? I mean, you knew that the no instructions would be interpreted by Tudjman to go ahead and send arms to Bosnia. I mean the goal was to get arms to Bosnia, right? I think you just said that, even knowing it included Iranian arms, the goal was to get those things flowing to Bosnia.

So I mean, if that was the intent, I mean, why isn't that a policy change?

Mr. LAKE. Senator, this is not an effort to avoid taking responsibility. In fact, I took very strong responsibility for saying precisely what the decision was. And again, I think the decision, that it worked and that it allowed the maintenance of the federation, which led to Dayton, which led to peace in Bosnia and the erosion of Iranian influence there.

Senator COATS. So it was a change in policy?

Mr. LAKE. It was——

Senator COATS. From what the previous policy was.

Mr. LAKE. I'm not sure what all these words are being driven at, but in any case——

Senator COATS. Well——

Mr. LAKE [continuing]. It was a very important decision. It had policy implications. But it was clearly within the overarching strategy that we had been following all along over the past year and a half. It was an important decision.

Senator COATS. When you brought the recommendation to the President, were——had you indicated——had you done——gotten intelligence estimates or analysis or reactions from the Central Intelligence Agency or Defense Intelligence or DOD or any other sources to, in a sense, flesh out the request? I mean, what if the President had said, well, what does DOD think, or what does CIA think? Or how will this impact on our military on the ground?

Mr. LAKE. Senator, we were on an airplane. We had to get back to President Tudjman. He was asking for a response very quickly. I had been reading the intelligence every day about Bosnia for the previous, whatever it was, 2½ years. I would not have consulted the CIA for its policy view, of course. If we had needed more intelligence, I would have tried to call them from the airplane. We knew, in fact, that this meant Iranian, as well as other arms, and what the downside was. We knew what the situation was in Bosnia militarily on the ground at the time. And we did have a Principals Committee meeting, including the Defense Department, a few weeks later, at which we reviewed the question of whether we should be going to Tudjman and saying, block the Iranian arms. After some discussion, in which we all agreed that we didn't like the fact the arms were going through, that we should not go back to Tudjman and try to reverse the policy or take the——or reopen the issue with the President.

Senator COATS. I assume when the request came and you're on Air Force One, if you'd wanted, you could have——was Admiral Boorda then in charge in Naples at the time, in charge of the operation, the military operation?

Mr. LAKE. I think that's right.

Senator COATS. Did it occur to you to pick up the phone and call Admiral Boorda and say, you know, we're going to send——we're going to recommend to the President to do something that potentially will change the whole dynamic here. It might have a military implication. What do you think? Or I just want to give you a heads-up. Or even if you didn't want his opinion, maybe give him a heads-up, because clearly, arms in the hands of the Bosnians at that time could have changed the military equation for the United States and UNPROFOR.

Mr. LAKE. Senator, we have worked—I have worked, as General Shali would tell you, extremely closely with the Joint Chiefs who, in turn, then work with our CINCs on all matters. As I believe Senator McCain mentioned, to his knowledge, that we had been doing.

Senator COATS. Did you call General Shali then?

Mr. LAKE. In this case, we did not consult from the plane with the Defense Department or the JCS, because this struck us that while it had certainly larger implications, this was a diplomatic activity, and worked very closely with the State Department on it. As I said, there was a Principals Committee thereafter to see whether we would want to review it, the question of Iranian arms going through Croatia, at which were present the Defense Department and the JCS.

As it happens, I believe that the decision that allowed arms to flow into Bosnia, which did not have American troops there at the time—

Senator COATS. Well, we had air assets, right?

Mr. LAKE. That's right. Well, and we had a few, as I recall, a few people at Kselyak, maybe 10 or so, but there were not American troops there.

Senator COATS. No, we were participating—we were participating in air—DENY FLIGHT.

Mr. LAKE. Yes, we were.

Senator COATS. So we had airmen flying over.

Mr. LAKE. Yes, we—

Senator COATS. So some of those arms could have been missiles, right? So it could have impacted the American military.

Mr. LAKE. In any case, I think this was consistent with Admiral Boorda's view of the importance of strengthening Bosnia.

Senator COATS. But you didn't ask him.

Mr. LAKE. We don't know that.

Senator COATS. And you didn't contact the Joint Chiefs or anybody. How long—

Mr. LAKE. As I said, there was—

Senator COATS. How long was it before they knew that the arms were coming in? How long was it subsequent to the implementation of the—

Mr. LAKE. Oh, I think there was reporting right along that Iranian arms were flowing—

Senator COATS. No, but how long was it before you reported to them? Before they were officially informed? Not through their sources or what was heard on the street, but before the agency—

Mr. LAKE. As I said, there was a Principals Committee meeting at which we discussed the question of Croatian arms.

Senator COATS. And that was how long after?

Mr. LAKE. As I recall, it was a few weeks. I'd have to check the dates.

Senator COATS. OK.

So potentially, there could have been a few-week period of time when unknown quantities of arms were in the hands of the Bosnians that could have put U.S. military in—pilots in particular—in jeopardy, potentially, right?

Mr. LAKE. Senator—

Senator COATS. Or did we know what the arms were?

Mr. LAKE. That situation, in fact, was the situation for a year and a half then afterwards, pursuant both to our decision and then congressional legislation. Everybody knew that Iranian arms were going through, including our military. And there was not objection to it.

Senator COATS. Well, if everybody knew, what was the big secret? I mean, if everybody knew, why wouldn't you want to tell Congress? Why wouldn't you want to put instructions in writing? Why—

Mr. LAKE. Senator, what was secret was the no instructions policy, not the fact of Iranian arms flowing through. As I have said repeatedly, I wish that we had informed the Congress, and we should have.

Senator COATS. Why Iran? Why not, if you wanted to get arms in there, knowing the history of our problems, knowing our policy toward Iran, knowing the history of the whole Iran arms situation with the Contras, et cetera, et cetera, the volatility of that, why not say, OK, maybe it makes good policy sense to give Tadjman the green light to go ahead with arms in there, but not Iranian arms. I mean, let's use Saudi arms, Turkish arms, Malaysian arms, whatever. Why—why not draw the line at Iran, I mean?

Mr. LAKE. Because the Iranians, Senator, were the ones who were prepared to send the arms. There were some other arms, as I recall, but the Iranians were the ones who were prepared to send them.

Senator COATS. We couldn't persuade anybody else to send arms?

Mr. LAKE. To do so, Senator, would have gotten us then toward the line of a covert action that had bad memories from the past.

Senator COATS. So Iran was the major—the only major player, and it was either Iranian arms or no arms?

Mr. LAKE. As events showed, that seemed to be the case. It was unfortunate, but through the Dayton accords and our own insistence, we have fixed that.

Senator COATS. Was that the rationale behind the Iranian arms to the Contras? They were the only ones that wanted to be a player?

Mr. LAKE. I'm sorry, Senator. The Iranian arms to the Contras?

Senator COATS. To the Contras. Did we—to your knowledge, was that the rationale behind the—

Mr. LAKE. I wasn't involved.

Senator COATS. No, I know you weren't involved.

Mr. LAKE. And I don't remember, Senator, what happened.

Senator COATS. It didn't seem to strike you to raise questions with the President about the fact that these were Iranian arms, not—

Mr. LAKE. Oh, we did know, and I believe I mentioned to the President—

Senator COATS. But signed off on it anyway?

Mr. LAKE. With unhappiness, yes. As the Congress did then 4 months later. And I think it was again, despite this, the right policy, and it resulted in our severing military ties between the Bosnian government and Iran. And again, as I mentioned before, about 70 percent of the arms that went into Bosnia through Cro-

atia flowed not in those first few weeks, but in the second half of 1995, well after both the Administration and the Congress had acted.

Senator COATS. I guess that line, politics makes strange bed-fellows, applies in foreign affairs, as well as in the halls here.

Mr. LAKE. The thought of being in bed with Iran is extremely unattractive, Senator. We had no relationship with them of any kind during this period. We did, at the time, share one—I repeat, one—strategic objective, and that was the survival of the Bosnian government. I believe everybody on this Committee shared that same objective.

Senator COATS. So the end justified the means?

Mr. LAKE. I don't recommend that as a general principle, Senator. But in this case, the means that we pursued served a very principled end, and that was peace in Bosnia. I have no regrets for what we did.

Senator COATS. Other than not informing the Congress.

Mr. LAKE. Other than, Senator, of course.

Senator COATS. My time has passed. I appreciate the generosity of the Chair.

Chairman SHELBY. Thank you.

Senator Kerrey.

Vice Chairman KERREY. Mr. Lake, in October 1994, this Congress voted to end the—on the Armed Services—the Defense Authorization bill, voted to stop enforcing the arms embargo. The Iranians, among others, were shipping arms, and it was well known. It was in the NID, it was in the papers, they were shipping arms. Do you believe, as a consequence, that every Member of Congress who voted for that end of the enforcement voted knowingly that—that we were essentially saying that the ends justified the means as well? That we should have known that we were allowing, as a consequence of stopping the enforcement, the Iranians to ship arms to Bosnia?

Mr. LAKE. Senator, what I'm saying is, and again, I'm not particularly wedded to the notion of ends justifying means here—what I am saying is just stating a fact, which is that on—

Vice Chairman KERREY. Let me—

Mr. LAKE [continuing]. On many occasions, the intelligence documents and briefings being sent up to the Congress included—

Vice Chairman KERREY. Let me—let me—

Mr. LAKE [continuing]. The fact of Iranians arms shipments.

Vice Chairman KERREY. Let me intercept my own question. You're obviously too kind to answer it straight yes. I think the answer is yes. We had intelligence assessments at the time. It was well publicized at the time. This Congress changed the law to end enforcement of the arms embargo in October 1994. Now, I don't know what the vote was. I don't know if it was unanimous. I don't recall the debate. But I do know—and Armed Services Committee members who were on the Intelligence Committee that heard this testimony spoke very, very forcefully, that they knew that the law was being changed at the time—of what would happen. They understood the implications. They understood what was going on.

But the estimate that was provided at the time was that another winter would doom the Bosnians, that another winter might not—

might not see the Bosnians survive. Then, I mean, I just say that it wasn't just you changing the policy or giving a no instructions policy to Tudjman not to check out a few trucks that were going through Zagreb at the time. But it was also the Congress, in October 1994, that changed the law, stopped the enforcement. With the intelligence assessments and the public statements that were made at the time, I don't know how any member could say, gee, I didn't know what I was doing.

Mr. LAKE. That's not exactly the way I would have put it, Senator, but I can't disagree with anything that you said. It was the right decision, and I applaud the Congress for having done so.

Vice Chairman KERREY. You don't hold us in contempt.

Mr. LAKE. I applaud what the Congress did.

Vice Chairman KERREY. You'd be one of the few Americans who didn't these days.

The other day I received in my office a remarkable letter, not just for its content, but because it was signed by two individuals who oftentimes find themselves disagreeing—Senator Helms and Senator Moynihan. It was the results of the Secrecy Commission. I'd like to ask you, first of all, if you'd read that commission report or have been briefed on the contents of it?

Mr. LAKE. Senator, Senator Moynihan, who I have discussed this issue with on a number of occasions in the past, sent me a copy of it. I read the summary of it. I have not had time to read the report.

Vice Chairman KERREY. So you do have some summary knowledge of what was in it?

Mr. LAKE. Yes, I do, sir.

Vice Chairman KERREY. There were, of the recommendations, about 16 recommendations, and of the recommendations, 10 require administrative actions and 5 require changing of the law. I'd like to know, in general terms, whether or not you support the changes that are recommended in the—let me—let me phrase it somewhat different.

In his analysis, in the commission's analysis, I found most remarkable, and I think correct, an evaluation of secrecy guidelines that I had not thought of before, which is that you're basically imposing a regulatory cost on the system. I believe their estimate was \$340 million annually of regulatory costs that is imposed upon the system simply because of the requirements imposed both upon individuals and on processes regarding the classification of documents. Then, of course, the whole declassification effort is a separate project.

I just need to know, do you, in general terms, tend to support the recommendations that Senator Helms and Senator Moynihan and their entire group made unanimously in this commission report.

Mr. LAKE. In very general terms, because I have not read the 15 recommendations, I thought it was a very useful way to look at the problem. I agree, in general terms, with the approach. In fact, over the last few years, we have been making efforts to try to tighten up the classification system so that officials throughout the Government would act less out of a matter of habit as simply classifying every document secret. I think it's come to the point at which, I believe, that if you really want to keep a secret in Washington, you

ought to make it unclassified because then nobody will bother to leak it. The situation is out of control. We're making efforts to bring it under control. This is a very difficult issue, and my thinking is very much in accordance with the general thrust of their recommendations.

Vice Chairman KERREY. Well, let me read, of the areas—in the areas where congressional action would be required and get your response to them.

The commission recommends enactment of a statute establishing the principles on which Federal classification/declassification programs are to be based. Do you support that?

Mr. LAKE. Senator, I really would prefer to—I'm not conversant enough with all the legal structure here to commit myself to legislative questions here. I just don't think that would be prudent. Again, I agree with the thrust of what the commission recommended.

Vice Chairman KERREY. Do you think it's possible? I mean, I don't know what your time schedule is between now and the time this hits the floor—I mean, that could be whenever that happens—to get a little more up to speed on this thing and give me a response. I mean, there's—as I said, as I see it, about 10 administrative actions that are required and 5 legislative. I'm very much interested in your evaluation, particularly of the legislative action. Again, any time you get Senator Helms and Senator Moynihan having evaluated this thing—and it's a distinguished body of people—

Mr. LAKE. Absolutely.

Vice Chairman KERREY [continuing]. That have looked at this thing, it seems to me an important area. You may not be able—you know, we may not have the money to do it, I know it's an expensive proposition. But I do think it's a very important piece of work. I'd appreciate, to the extent possible, your detailed response to it.

Mr. LAKE. I'll do it as a matter of urgency. I would like, Senator, very much to agree with you that it's not only a distinguished group, but a very distinguished bipartisan group that came up with this.

Vice Chairman KERREY. On the flip side of the coin, the use of open sources in evaluating intelligence, it seems to me, is also very important. Again, the work of intelligence involves collection, it involves analyses, and it involves dissemination. Part of analyses and dissemination is the composition of the material. By that I mean, if I'm briefing you, it's possible for me to brief you like Professor Irwin Corey, and you won't understand a word I've said. Or it's possible for me, as a consequence of my having been trained in these sorts of things, to make a presentation to you that you'll understand. So there's a skill, in other words, in doing this.

I recall a briefing that we got not long ago on Iran where I said to the briefer, you need to understand that I read a piece in *The Times* not long ago by Elaine Sciolino, and I understood more in one article from her than I did from the entire hour-long briefing from the individual that came forward. That was not a rap on the individual. Just, it's an assessment that there's a skill here. There's a skill in the private sector in assembling the story. You heard ear-

lier Senator Kyl going through a story that was in The Washington Times. It's not uncommon for us these days—and indeed, in private session, I'd like to find out how much value added as a customer you think you got from a lot of these top secret efforts, these quite expensive efforts, that are presented to you as a customer, and how much of the decisions that you made as National Security Advisers were made simply as a consequence of what you got from the open source.

But in the public hearing, do you think that we're oriented too much to clandestine? Do you think, in general terms, that there's great value in open source information, and that we need to think through how to collect, how to analyze and how to disseminate open source information better than we're doing today?

Mr. LAKE. Yes, I do. I think we do a good job at it now—the Intelligence Community. I think they could do a much better job at it.

The purpose of the Intelligence Community is both to take open source materials for policymakers, but then to, in its own collection, bring value added, and to crack the hard targets that reporters and others cannot do, and then to bring finished analysis to it.

Analysts need to use open sources, then they need to use the value added they get from clandestine sources. I think both of them are very important. Of course, sometimes the newspaper articles that we read that are so valuable are leaks of—and very bad ones and damaging ones—but they are leaks of what the Intelligence Community has discovered through clandestine means.

Vice Chairman KERREY. Well, it does, you know, it does seem to me that these open source documents increasingly are valuable and important, as I listen to analysts, as they do their assessment of what's going on in various parts of the country and the world.

What do you make of the proposals that have been discussed by the Vice President? I disclosed to you that I like them, to create, as he calls it, a smart nation to harness the distributed intelligence of our country to the ultimate customer, the people themselves. I say, there have been times when I've been briefed on information that's classified that I've thought it would be easier to have a discussion about what we need to do if this information was disseminated more broadly than it typically is.

Mr. LAKE. I believe that we should do—the Intelligence Community should do more in the way of establishing links more broadly to our society and to the academic community and others in sharing assessments, working issues through. Those links should include very modern technology, so that analysts at the CIA, for example, could have instant access to the four or five best experts in the United States on an issue that they were working on.

On a related subject, I have welcomed the decision of the Agency to restore the FBI's dissemination, the Foreign Broadcast Information Service disseminations, to their previous levels after a temporary decision to cut back on it.

The way they're doing it through electronic means, I think, is good for the Intelligence Community, for the academic community and for the taxpayer. It is an efficient way to do it.

But let me raise one concern in all of this, as the networks all get smaller and as the information flows around more and more

quickly, and that is that there is a counterintelligence concern here. We have to be sure that as we do this, we are not offering hackers ways of breaking into our information circuits. Especially in the Intelligence Community, a hacker aims to do even more damage than Ames himself did. It's an appalling thought; we have to be on guard about it.

Vice Chairman KERREY. Well, again, I really, myself, I believe that these open sources can be enormously valuable for us as we try to assess. I appreciate very much your support of Foreign Broadcast Information Service. I think that, as well, is a tremendous asset. I've heard some talk of cutting back on it, and I appreciate your strong support of it.

Do you support as well that both the House Committee and this Committee have made recommendations regarding exploitation of commercial imagery. Do you have a view on commercial imagery?

Mr. LAKE. Insofar as cost effective, yes, we should exploit it.

Vice Chairman KERREY. Both of your predecessors, by the way, at DCI, have made a strong commitment to increase exploitation. As DCI, would you match, would you bring resources to bear upon that?

Mr. LAKE. As the resources are available, yes.

Vice Chairman KERREY. Let me get into a couple of other areas as well.

In the area of defense, one of the most difficult questions, it seems to me, to answer is how do we balance the customer need out there and how do we make sure that the customers know how to specify what their needs are, particularly technical needs.

But since the early 1980's, the bulk of our National Foreign Intelligence Program budgets do not receive OMB oversight, as you probably know. It's basically a gentlemen's agreement between the Department of Defense and you as to how much is allocated. Do you advocate continuing this practice of making the decision a gentlemen's agreement between the Department of Defense and DCI?

Mr. LAKE. My impression has been in recent years that there's been some hard negotiations going on, in fact, between the DCI and the Secretary of Defense, as they have worked this through.

Vice Chairman KERREY. Do you think OMB should have an increased role?

Mr. LAKE. My impression is that OMB has, at least within the last year, as I become more familiar with the intelligence budget process at that level, has been playing an appropriate role. I think the first thing is for the DCI and the Secretary of Defense to work through, in some detail, the most appropriate budgets. I intend very vigorously to assert the points of view of the Intelligence Community. They are mostly defense assets, and I intend to work very closely with OMB then in working that through.

Vice Chairman KERREY. Are you familiar with the JMIP program, the history of JMIP? I mean, it was basically an agreement between then Assistant Secretary of Defense Deutch and DCI Woolsey to pull from the national into this specific area. What's your view of that today? You have no authority over JMIP, as I understand it.

Mr. LAKE. No, but I do have influence, and I would exercise it with Secretary Cohen.

Vice Chairman KERREY. What kind of influence do you have in the exercise?

Mr. LAKE. Through Secretary Cohen.

Vice Chairman KERREY. But you have no legal authority over JMIP and the question is, do you think you should have some legal authority over JMIP?

Mr. LAKE. I've never resisted legal authorities or any authorities for any job I ever wanted to do. But I think in this case, it could lead to some very difficult issues to resolve, both within the Administration, between the Defense Department and the Intelligence Community, and here on the Hill among various Committees.

Before that fight was fought, I would like to see for myself how well the current division of responsibilities and authorities is working. In my initial conversations with the Secretary of Defense suggests that it can work.

Vice Chairman KERREY. I think it's too important a matter to leave to gentlemen's agreement, just disclose that to you. I think it's going to be very difficult for all customers to get, you know, their wedge in, in that kind of an environment.

I'm also skeptical about the continuation of your absence of any statutory authority over JMIP.

Mr. LAKE. I would like to pursue that further, if confirmed over the coming months.

If I may, Mr. Chairman.

Chairman SHELBY. Go ahead, Dr. Lake.

Mr. LAKE. There's one specific area, for example, where that becomes particularly pointed, and that is with NIMA and the joining together of the——

Vice Chairman KERREY. Do you want to explain for the record what NIMA is?

Mr. LAKE. Yes. When the imagery office and the mapping agency were joined together, it was a marriage of an organization that in many ways was primarily interested in foreign intelligence, i.e., non-strictly military intelligence, and it was a part of the CIA, and an organization that was doing primarily military intelligence, and it was coming from the Defense Department.

There were very appropriate concerns that this might mean that the military intelligence would begin to take priority over the national intelligence in its collection and emphasis. I have been very interested to explore whether that was in fact taking place. I have asked all of the consumers of their product whether they did believe, in fact, that we were diminishing the attention paid to national intelligence. So far, the answer is no, that the customers are satisfied. But that is something I would keep a very, very careful watch on.

Vice Chairman KERREY. Mr. Chairman, if I might just for the record.

Chairman SHELBY. You go ahead.

Vice Chairman KERREY. One thing I would like to make a statement on, and that's this whole FBI briefing about the activities of the Chinese government. Since I was then as now the Vice Chairman, I did receive this briefing. It's been very well-publicized that it's occurred. It was supposed to be a secret briefing. I can say to you, and I'll say for the record, though I think it's a significant

issue, if I had been a staffer for the NSC, I'm not sure I kicked it upstairs. At the time I received the briefing, I said this President of all Presidents ought to understand that foreign governments sometimes interfere with elections. John Major's government tried to interfere with his election in 1992. I mean, this does not come as a surprise to me that foreign governments try to influence U.S. elections. That we get all shocked and say, oh my God, this is a terrible thing—I think it's legitimate only insofar as we try to investigate and try to find out what happened in this particular case, but not as a brand new event. As I said, had I been on the NSC staff at the time, I'm not sure I'd have kicked it upstairs.

Chairman SHELBY. Thank you, Senator Kerrey. We're going to take a 10 minute break, and then we will start with Senator DeWine. We'll be in recess 10 minutes.

Mr. LAKE. Thank you, Mr. Chairman.

[A recess was taken from 4:30 p.m. until 4:52 p.m.]

Chairman SHELBY. The Committee will come to order.

Senator DeWine.

Senator DEWINE. Thank you, Mr. Chairman. Long day, Mr. Lake.

I want to get back to an issue that you've talked about several times during the hearing. We talked about it this morning with Senator Robb, and that has to do with recruitment guidelines for sources. We have talked in this hearing about the new world we live in. We've talked about the challenges that the CIA faces with international drug groups, with international terrorists. And it's obvious, I think, that the need for human sources is not going away, it's not gone away. It's still here, maybe even expanded.

I listened to your comments to Senator Robb, and what I heard you say was that as we recruit under the new guidelines, as our people overseas recruit sources, that it's a balancing test.

I was thinking back—we all relate everything to our own experiences—that I started my career a number of years ago as a county prosecuting attorney. We had to kind of balance things out, too, and the police have to balance things out. Many times, to solve a case, to get into a drug ring, to solve a major murder, you have to deal with what we then called informants. Sometimes you even had to pay them. Sometimes you had to make deals with them. These are scum. I mean, these just are not good people. You get into a balancing test of, you know, what's the information worth? What good is going to come of it? What are the downsides to dealing with people such as this?

Is that the type balancing test that we're talking about here?

Mr. LAKE. I think it's a perfect parallel, Senator. You, in this case, have to balance your judgment as to whether you want to have anything to do with somebody like that, compared to the value that that person could bring to a case you're making. Here we have to balance the advantage to our national interests by gaining this individual as an intelligence source versus the embarrassment or disrepute he could bring to our Government, especially at a time when these things can become such public issues, and make that judgment.

In each case, I think what's important here and what is a good thing about the reform that has been undertaken—I might add

both by Director Deutch and from within the Directorate of Operations—is that I don't believe you would have allowed some very junior attorney in your office to make that judgment if that attorney could then get—later have his or her career destroyed by guessing wrong. Under the new system, those decisions then will be brought back to Washington and the judgments made at higher levels. I think this will encourage officers then to become more aggressive in trying to recruit assets, because they know that their careers will not be destroyed if they guess wrong here.

This is, indeed, a situation in which you are dealing with people who have very, very checkered pasts. We need to make sure that we're not simply getting out of the business. At the same time, we have to be clear we make it right, get it right.

One point, though, on which I feel strongly and where, of course, there's been controversy in the past, and that is if that individual has taken actions that damaged Americans or were very damaging to American national interests, then I would strike the balance strongly in the direction of not going ahead and recruiting them.

Senator DEWINE. I wonder if you could—

Mr. LAKE. And thus far—and again, this would be better for closed hearings, but my impression is that the system is working very well now.

Senator DEWINE. Understanding that—and I appreciate that one example—understanding that you don't want to get too specific in an open hearing, though I wonder if you could discuss anything in any more detail what would go into that balancing test. I mean, for example, I just wrote a couple of things down there. I'll just submit them to you and get you to react.

You know, on the one hand, it would seem that you would have to look at is there any other way of getting the information we want? In other words, what's the difficulty of getting this information? Any other way of getting it?

How important is the information that we're trying to get? Put that on one side, and weigh that against, maybe on the other side, how bad a person is this? What have they done in the past? Maybe equally important or more so, what are they doing now? Is recruiting them as an asset going to in any way enhance what they might be doing now in their ability to do bad things?

These are just a few examples that I just wrote down off the top of my head, not being in the intelligence service but just trying to put some common sense, I think, to this. Is that the type thing that you would balance out? I mean, are those some of the criteria that you would use or some of the things that you would think would go into an evaluation?

Mr. LAKE. Absolutely, and again, I would add to it, importantly, whether the bad things that they have been doing had specific effect on Americans, Americans' lives and American national interests. If they did, I would weigh those all obviously, all the more heavily in the balance.

Senator DEWINE. Let me take that one step further, though, and you touched on this and you talked a little bit about it. You said you think it's working. But I want to talk about or discuss with you how these things work in the real world. I've been in government for over 20 years. I've seen it at all levels. And I have found that

there are certain common things at all levels of government in the bureaucracy. People who run things day to day. I had a person in government, a bureaucrat, one time tell me—and I'll never forget it, because I thought it summarized his views, and told me a lot. He said, you know, you just don't get it, Senator. He said: You just don't understand. If I don't make a decision, I don't get sued. If I make a decision, somebody's going to sue me.

Now, how does this work—you're out there, and you're in the Intelligence Community. Why doesn't this new emphasis have a natural tendency, or these new guidelines, have a natural tendency for me to avoid risk; to hunker down; to do a fair job; but anytime I see anything that looks like a risk, I'm just not going to do it? I mean, quite bluntly in government, there aren't too many people that get removed because they're doing a mediocre job. It happens once in a while, but not too often. Where people get in trouble is when they take risks, and they're wrong.

Now, how do you—how do you—what is the culture? I mean it seems to me there's a cultural problem. These new guidelines are not in a vacuum. They were put out there for reasons, and they were put out there because of criticism of the Intelligence Community. How does a person—how does someone who will be working for you under your direction—how do they get the right message? How do you do that? It seems to me that's a very daunting task for you?

Mr. LAKE. They can get that message partly, I hope, by listening to what I say next, and I will keep repeating it, if confirmed, for the following years. The message is this: It is deeply in the national interest that our people attack hard targets, and they run risks, including not only their careers, but even their lives sometimes, in attacking those hard targets. They will be supported as they do so even if they fail.

In doing that, they are going to have to make exactly the kinds of very difficult judgments that you have laid out so well here. In the current climate in Washington, in which middle-level officials are all-too-often attacked, sometimes for decisions beyond their control, there is a great danger that they could avoid those risks and not attack those targets that we need them to do.

The reason why I like the reform that the DO and Director Deutch have instituted—and when I say it's working, it's because my anecdotal impression is that it has not led to this kind of risk aversion—is that when in doubt, the very clear message is: Don't decide to do nothing. Refer it to Washington. In Washington, the message is: When in doubt, don't do nothing. If you are in doubt, if you're concerned about this, either in terms of what is right or wrong, or in terms of your own career, send it to your superiors. When the really tough judgments come, have to be made, I would like them to go all the way to me, if necessary. Then if somebody wants to criticize or then if somebody wants to sue, let them come to me, and I'll take the responsibility for that judgment.

Senator DEWINE. Well, I appreciate that answer, and I think it is clearly the right answer, at least as far as this Senator is concerned. I just think that as you look at your prospective tenure here, that this is going to be one of the main challenges you face. I think the pressure many times comes the other way. Maybe it is

the era we are in, and it's understandable. There have been some problems, there have been abuses, there have been mistakes that have been made. We had the pressure coming back.

I would add one additional thing, I'd like for you to comment on this. I think it's probably stating the obvious, but I don't think you did say it. I assume that one of the key considerations—and at least by reading some of the press accounts—one of the key considerations is accuracy or reliability. I got the impression, at least from reading the press accounts, that that has been a concern and that that is something that you, obviously, would re-emphasize.

Mr. LAKE. It has to be a concern every day. As a policy consumer, that is absolutely a concern. Again, though, let me emphasize that in my experience, the analysts at the CIA and in the Intelligence Community are dedicated professionals who do their best every day to wrestle with what is always a pull, on the one hand, of your personal beliefs—and everybody has personal beliefs—and on the other hand, your professional commitment to being absolutely as objective as possible. I will ask that of myself, and I will most definitely and firmly and clearly ask that of the analysts.

Senator DEWINE. I appreciate the answer. Let me just conclude this line of questioning and my time by saying that—again, maybe stating the obvious, but I think it has to be stated that just as it is true in law enforcement that sometimes you have to deal with some very bad people and you have to cut some deals that maybe you don't like to do and you despise, you have to do that. Sometimes you make the call that to save lives in the future, to get somebody off the street who needs to get off, if that's what you need to do.

So I think that is obviously true in the Intelligence Community as well. You know, there are going to be times when we're going to be dealing with people who we don't like and who we despise, and people who've done some bad, bad, rotten things. You are going to have to make judgments calls, or you're going to have to make judgment calls.

Mr. LAKE. Absolutely. It's in the nature of the business.

Senator DEWINE. And it is the nature of the business.

So I just, you know, don't think that we should—I think sometimes those of us in Congress who are critical—and I have been critical of some of the things that have been done—sometimes mislead the public a little bit. We mislead the public by what we don't say. I think what we have to say is this is a tough world, and it's a tough business, and it's a dangerous world. We have to deal with some people who are rotten, and we have to do some things sometimes in dealing with those people that we don't want to do. But we do it, and good people make the judgments that we have to do it, we hope for the right reasons.

Thank you. Thank you, Mr. Chairman.

Mr. LAKE. Thank you.

Chairman SHELBY. Thank you.

Senator Baucus, I believe you're—

Senator BAUCUS. I think I have already asked my second round of questions. That'll be my third.

Chairman SHELBY. OK.

You have not had a second round?

Senator Lautenberg.

Senator LAUTENBERG. Thank you, Senator Baucus. Thanks, Mr. Chairman.

I'm sorry that I didn't have a chance to go in order, Mr. Lake, but I understand that there was—that you weren't left with idle time on your hands.

Pursuing the question that Senator DeWine asked, just in another direction, if a relationship is entered with a contact, an asset, as they're typically described, and then it's discovered that they—there have been tactics used on the other side that violate what we would consider acceptable standards for our interests—Guatemala; the cover-up; the Guatemalan army's murder of American Michael Devine; death of the husband of American Jennifer Harbury, which got a fair amount of attention in my State. Ms. Harbury was there for some time. How do you then decide or expedite a termination of a relationship? What do you do? Do you go in and lecture the offending country and say, hey, that's not nice. Do you—you can't—you're in the middle of a flow of information, the contact has a degree of significant importance. What happens in a situation like that? How—is this strictly a subjective analysis, so you can't have a guidebook that says, OK, if they do six things under column A and we put it in the computer, the program says, "bad boy" or "bad country" or what have you? How do you deal with something like that?

Mr. LAKE. I don't believe most of these people are susceptible to verbal guidance, and their histories show that. I think that Senator DeWine got it exactly right in listing to some of the criteria used. Essentially, balancing the value of their information to the national interest and potentially to the lives of Americans against the degree to which they have behaved in ways that we find unacceptable. That is a judgment that is, in the end, I suppose, subjective, but we have very clear criteria in deciding each side of that ledger.

If in fact they have committed deeds or are committing deeds or we have reason to believe that they will commit deeds that we find intolerable, especially, as I said, if they are actions that damage our national interest or the lives of American citizens, the response is not to go and lecture them. The response is to terminate them forthwith.

Senator LAUTENBERG. These things don't always fit on a nice balance scale, obviously. There can't be some, to exaggerate a little bit, puritanical standard by which we measure. We're—I think it was said before, we're going to wind up doing business at times with people whose behavior we don't approve of. But I think it's important that people understand that. We, not being in an ideal world, we can't sit by and play by the Marquis of Queensberry and have everybody else doing other things. By the same token, we can't employ tactics that others will use. It offends us, our moral standard. It offends our human rights yardsticks. But there are those times, and if you suddenly find out that we've been funneling some funds to someone whose behavior suddenly becomes knowledgeable to us, then can we cutoff? How do you do it? I mean, do you just say: OK, that's the end of that; leave them with information about our contacts, leave them with information about what our pursuit's been,

and take the risk that we'll be exposed to some unpleasant publicity there?

Mr. LAKE. That has in fact been the case in some of the instances in which our relationship with foreign assets were terminated as a part of the scrub that we read about in the newspapers. Again—and let me be very clear about this—if that judgment, that balancing has taken place, and we have concluded, as I think generally we probably would—that it is important to have the information from that asset, once we have completed that process, I would have absolutely no apologies or embarrassment for having acted in a way that serves the American national interest and potentially saves the lives of American citizens on either strategic or moral grounds.

Senator LAUTENBERG. I think it's important that you understand that we all understand that some of these things have a sliding finish line, and you have to work with what you've got. I wanted to ask you, how—how seriously do you regard economic spying, espionage, et cetera, by other countries, some of whom might be friendly? In the case of France, in 1995, there was some friction between us. They—reports on the incident indicate that our goal was to uncover French positions on world trade talks. Is the economic information we'd obtain through clandestine activities targeting our allies worth—worth the friction that it causes? How serious is that assault on our well-being as a nation and as a society?

Mr. LAKE. Senator, let me speak in general terms in this hearing about economic intelligence. First of all, I think we need strong economic counterintelligence to find out when anybody, friend or adversary, is dealing American proprietary information at the disadvantage of American companies. We need to then put a stop to it, and there are various ways at our disposal: going directly to that government, releasing it publicly, going to the company to warn them, or whatever. That we need to do.

On the other hand, in terms of gaining our own economic intelligence abroad, we have to be very, very careful about how we do that. It is very useful when we can find out that foreign competitors are following unfair business practices, bribery or whatever, abroad; to be able to tell American companies that they are facing such challenges, that they need to take that into account as how they're proceeding, try to put a stop to it in various ways.

Or when we know about negotiating positions, that may not be a bad thing. Again, we always are balancing the risk of trying to gain that intelligence against the value of gaining it. Again, in the real world, that's the kind of balancing act we have to conduct. What we ought not to be doing ever is acting as the agents of American companies in which they could task us and say, go out and find out for us something so that we can compete better—and especially never, if it was to the advantage of one American company as against another.

We also need to make sure that within the Government, those who are authorized to call for efforts to gain economic intelligence are limited to a small number of responsible officials, so it doesn't get all out of hand. Director Deutch put in place a process of doing that, and I will of course review it to make sure that it's working.

Senator LAUTENBERG. That's a subject also that, I think, for the public at large, is not understood. But protecting our interests, our national interests, includes a whole array of things, even keeping an eye on business tactics, et cetera. Friend or traditional foe, it has to be done. I wanted to just talk for a moment about the Middle East, and the issue of terrorism has been a top priority for our Intelligence Community for lots of years. Yet, it seems as if we really haven't penetrated these foreign terrorist organizations. We know something about them. Their structure and organizations are often hazy to us. Why do you think we haven't been able to gather better information about these groups or individuals that pose such a major threat, frightening specter, for our citizens at large?

Mr. LAKE. Senator, this is a very tough target and a very, very high-priority target, and requires a coordinated effort using a variety of means, which we are doing. We could discuss this further in closed session. But the fact is that there have been real successes in this over the past years. Over the last 4 years, we have gained the rendition of foreign terrorists through foreign governments, more of them than in any similar period in the past. We have, the Intelligence Community, through excellent work, has uncovered terrorist plots that have saved American lives. For example, the plot to knock down one or more American aircraft over the Pacific. We will continue to give this an absolute high priority. It is an issue that I am extremely concerned about. And we have made a good start both—over the past years, both at the collection of the intelligence and through the Terrorism Center, at coordinating better within Washington how we then act on that intelligence, including coordination between the FBI and the CIA and other intelligence organizations.

So I think it's a, in some ways, a good news story in the context of what is the bad news, and that is that terrorism is going to continue. This is a daily struggle for the coming years. If you look again, as we have discussed earlier, at the nexus of the proliferation of weapons of mass destruction, terrorism, the growth in international crime, and drug running, whose profits can fuel all of the others, this is, I think, the major new challenge before us, national security challenge, in the coming years. I would just use one image. I think we all recall the fellow who got up on the top of the Washington Monument—what, a decade or so ago. If we had put in his hand some kind of weapon of mass destruction, the most extraordinary tragedy could have taken place. We should be damn sure that 5 years from now, 10 years from now, whenever it is that something like that might still happen despite our best efforts, that we know we did everything in our power to prevent its having happened.

Senator LAUTENBERG. Is it the role of the CIA when we're engaged in conflict to try and ferret out information that might endanger our military personnel? Saudi Arabia, for instance. Is there a responsibility of the departments to be engaged in anticipating or trying to gauge what kinds of risks are being taken?

Mr. LAKE. Absolutely.

Senator LAUTENBERG. I recognize that in this open session we can't discuss things as freely as we'd like. What would you do as DCI to improve our ability to get a better handle on these terrorists

organizations, because though we talk about the development of weapons of mass mass destruction, the weapons that have been developed thus far, less than atomic or nuclear, have been very damaging. I use the case of Saudi Arabia and other attacks on Americans over the years.

How do you think we might be better able to protect ourselves against these groups? How can we penetrate their organizations? They're getting very, very sophisticated in the way they operate. They break up into cells, we know, eliminate a central office so that the tracing assignment is far more difficult. Is it a question of personnel, human intelligence, technology, what kinds of things?

Mr. LAKE. Senator, all of the above. It's an extremely important question. I would prefer to discuss in any detail in the closed session if you wished.

Senator LAUTENBERG. Thank you.

Thanks, Mr. Lake, and thank you, Mr. Chairman.

Chairman SHELBY. Senator Baucus.

Senator BAUCUS. Thank you, Mr. Chairman.

Mr. Lake, I first want to thank you for indulging me in our sort of seminar we had a little bit earlier today on Directorate of Operations and how to, help firm up reform. I very much appreciate your attention to that and look forward to following up with you once you're confirmed. I just want to make sure that this is not a lost issue. But I just want to thank you very much for your indulgence.

Mr. LAKE. I look forward to it, Senator.

Senator BAUCUS. I'd like to turn now to another question. That's the so-called information warfare. As you watch the way technology has advanced, including communications technologies, computer technologies, encryption, and so forth, what are the problems you see from a national security point of view and how we can together—the executive branch and the Congress—begin to deal with this, recognizing that by far most communications travels over private infrastructure. Someone once said that about 95 percent of DOD communications is over public systems. Where do you think we go from here?

Mr. LAKE. You raise an extraordinarily important question and what, I think, is one of the great new issues we have to address over the coming decade, and that frankly, we are still thinking through. We have established advisory committees. We are working very hard on this at the Defense Department, within the Intelligence Community. I know that, as I may have mentioned earlier, that the heads of a number of corporations that are in the communications business are thinking about this as a society. The Congress and the executive branch especially, we need to all pay attention, as you were saying, and work together on this. We face possible attacks on the infrastructure of our society as a whole. Since we are a free and open society, we may be somewhat more vulnerable to that than anybody else—and a more sophisticated society.

As the panel that advised the Department of Defense on this said, it is very unlikely that you can protect our whole society against such attacks. We already see them sometimes from within our society by hackers and others. But what we can do is layer defenses in those areas of our society that are the most important to

us and to our national security and to the functioning of our economy, et cetera. We need to think that through and then lay those defenses.

We also have then the information networks within our government, within our Intelligence Community, and between our Intelligence Community and consumers. As I said, one thing that has struck me repeatedly as I have been going around to the various Intelligence Community agencies talking to them about their plans is that I am not convinced that we're paying enough attention to counterintelligence concerns as we devise and put in place those intelligence networks.

Then there is the issue that Senator Kerrey raised about the question of encryption and how in the world at large we deal with the question of—as you, Senator, I believe, has pointed out I think very accurately—that on the one hand, we need international communications systems that can be secure and that that is a positive goal. We need to see that American companies are engaged in exporting such communications equipment. At the same time, our law enforcement agencies and our Intelligence Community do have equities at stake here and legitimate purposes in making sure that in the process, criminals and terrorists are—do not become still less visible. I think that the approach that the Administration achieved, primarily through Director Deutch's efforts at a key recovery system, is a good approach. I know that there is legislation now moving—I think it's very, very important—that the Administration and the Congress and especially this committee work together as we deal with that particular issue.

Senator BAUCUS. I think most agree those are all real problems. I wonder if you could prioritize some of those for us. What's your biggest nightmare in this area? Somebody breaking in? Some system crashing?

Mr. LAKE. My most immediate concern is that foreign agents, spies, could crack into the information networks of the intelligence community. And as I refer to them, I hope not in a frivolous way, a Hacker Ames, who could do incredible damage by getting information from—

Senator BAUCUS. Do you know enough right now to know how much of a possibility that might be?

Mr. LAKE. I'd rather not discuss it in an open session.

Senator BAUCUS. We're not asking you for the answer. But do you think you know enough about the problem to know the answer? That is my question.

Mr. LAKE. I think I'm starting to get a general handle on a problem that I don't like and intend to address.

Senator BAUCUS. Are you able to tell us now what your sort of timetable might be, your benchmarks, your decision points, so we're not only talking about this but doing something about it?

Mr. LAKE. This is an issue that I would begin to work on the day after I was confirmed, and it is an issue that will require constant attention, I think, for the next 4 years and on into the future.

Senator BAUCUS. I am a big believer in—

Mr. LAKE. Certainly, there will be specific decision points as we get into putting together new information networks within the Gov-

ernment. At each of those decision points, I intend to see to it that we're taking proper counterintelligence——

Senator BAUCUS. Right. I appreciate that. I'm a big believer in data and dates.

Mr. LAKE. Yes.

Senator BAUCUS. As you get a certain amount of something accomplished by a certain date, you may not achieve your objective, but at least you know to a degree what you have and what you haven't completed. At some appropriate point, I'm going to be pursuing this and asking you to tell this Committee, again, appropriately, what those benchmarks are, what those priorities are, and what those dates are.

Mr. LAKE. I hope so, Senator. And it is—the dates will be largely driven by the evolution of the information system, and we can work all that through as we go along.

Senator BAUCUS. I appreciate that. Very little will happen unless we set dates.

Mr. LAKE. But the first date is day one after my nomination.

Senator BAUCUS. I understand that.

Mr. LAKE. And on that day, I'll just——

Senator BAUCUS. I think you're going to be over there.

Mr. LAKE [continuing]. This concern is going to be voiced very clearly.

Senator BAUCUS. You're going to be over there. I'm just thinking down the road—thinking beyond that date. We want to get you thinking beyond that date.

Mr. LAKE. Oh, I am, sir.

Senator BAUCUS. OK, thank you. Thank you very much, Mr. Chairman.

Mr. LAKE. Thank you.

Chairman SHELBY. Senator Kyl.

Senator KYL. Thank you, Mr. Chairman.

Mr. Lake, just a series of specific items. Do you believe that the top line defense number for intelligence should be made public, in other words the amount of money that the Congress authorizes to be expended on all of the various intelligence activities, that the whole world should know that number?

Mr. LAKE. Senator, this is a joint decision between the Congress and the executive branch. My own view is that if the Congress saw fit to release that overall number, that the executive branch should have no objection to that, with the very strong caveat that together, we have to work through firebreaks so that the individual components of that budget do not become public. I think that would not serve our national interest.

Senator KYL. Would you recommend that that be the policy of the Congress and the Administration?

Mr. LAKE. I look forward to consulting with the Congress on it. I personally—yes, I believe that that should be done, partly because the estimates that I have seen are not necessarily accurate or helpful.

Senator KYL. If the Congress took a contrary position, you would live with that, but——

Mr. LAKE. Yes, sir.

Senator KYL [continuing]. You would urge that we change the position and allow the top line defense number—or intelligence number to be made public.

Mr. LAKE. I would certainly live with that, yes, sir.

Senator KYL. No, not live with it. That would be your recommendation is what I'm asking.

Mr. LAKE. Yes, as I said, I would—

Senator KYL. That would be your recommendation.

Mr. LAKE. It would be my view, recommendation, that that should happen. But if the Congress did not wish to do so, I would certainly live with that. Yes, sir.

Senator KYL. I appreciate your comments on encryption—on information warfare and would note that we passed a law last year to require the Administration to issue a report on the subject, to get going on it. That was not done, but the President did create an organization, as you know, to begin looking into it. It's very important that we pursue that because of the seriousness of it, that you discussed. Do you support the President's regulations, recent regulations, at the end of last year actually, on encryption and on the transfer of encrypted software abroad?

Mr. LAKE. Yes, sir, I do. Although I understand they are now under review to be updated and that should be completed, I believe—I may be misspeaking—but I believe in the very near future.

Senator KYL. We'll talk some more about that in classified session tomorrow.

One of the questions that's been of concern to many of us here in the Senate concerns a matter that I think you've had some input in the development of the Administration's policy, and that has to do with the Administration's reluctance, so far, to submit to the Senate for its ratification or its advice and consent, to quote the Constitution, changes in the ABM treaty that are even now being discussed with the Russians. As a matter of fact, I think that as head of the National Security Council, you have taken the position that the changes that are being discussed, if they are finalized, would not need to be submitted to the Senate for advice and consent. I want to have you clarify that that's not true.

Mr. LAKE. No, sir, that is not the case.

Senator KYL. What is your position with respect to that? Just so that we're clear on what it is, there are two basic sets of issues, one dealing with demarking the line between theater and strategic missiles, and second, the issue of the multilateralization of the treaty—that is to say going from a treaty with one nation—the Soviet Union, which is now no longer—to a treaty with three or four other countries.

Mr. LAKE. Let me address both. With regard to the former, the Administration's lawyers—all of them—have said that the kind of agreement that's being worked on in that demarcation would be a substantive change to the ABM treaty.

I have not disagreed with that. I know Senator Levin had another view. In fact, as you'll recall, in one of our conversations, I said, yes, that I believed it would be a substantive modification.

If that agreement is reached, then the Administration's lawyers also all agree that it would have to come back to the Congress, because it is a substantive modification, but that there are various

ways in which the Congress could offer its approval or rejection. The position of the lawyers and, I believe, of the Administration now—and I have not been involved in this issue over the last 2 months except to convey one message from you—their position is that until they see the actual agreement, they cannot judge as to which of these methods should be used to bring it back to the Congress for its approval. I have never disagreed with that in the past. The second issue on multilateralization, I think, has both a legal and a national security component. Legally, the lawyers all say—and I believe this is—I'm not a constitutional expert—that the recognition of foreign states is clearly within the President's authority. That—as I said, I'm not a constitutional expert. That's what they say. From a national security point of view, I think the essence of a very complicated problem is this: That after the Soviet Union broke up, the issue was, do we grant all of the former members of the Soviet Union equal legitimacy when it came to treaties with the Soviet Union itself, or do we give the Russians a priority over the others in saying that Russia is the successor state?

The decision was to give all of them equal legitimacy. I think that was very important from a national security point of view, both in terms of our ability to work with those nations, but perhaps more importantly, to send the right message to the Russians—that we consider Ukraine deserving of the same respect and sovereignty as we, for example, as we would give it to Russia. That was the basis on which, already, I believe, many treaties have been treated. We believe that all of those states inherited those treaties. And now, to treat the ABM treaty in a different way would send a very inconsistent message, and I think do damage—not irreparable damage, but damage to our approach to all of the former states of the—all the states of the former Soviet Union.

Senator KYL. If the—

Mr. LAKE. I'm sorry.

Senator KYL. If the objection, though, is treating them differently—if you treat them all the same and indicate that we'll have to approve—I mean, conditions have changed substantially. Not only is the cold war over, you have a totally different situation vis-à-vis each one of the four countries. If we were to require that a separate treaty or the same treaty be negotiated and entered into with each one of them individually, which recognizes their individuality and their sameness for this purpose, that would override the objective that you're treating one better than the other. But it would satisfy the Congress's desire, at least, a majority of us here, I think, that the Congress have the authority to approve a treaty, and that this is, in effect, a new treaty with different countries than the old treaty with the Soviet Union.

I don't want to argue the merits of the two cases. That would take us all day and probably not serve any purpose. My primary question here is to find out what advice you have given with regard to either of those. I gather, on the latter, you actually have taken an active role in urging that the treaty not be submitted, that the question of multilateralization not be submitted to the Senate? Is that correct?

Mr. LAKE. Senator—

Senator KYL. On policy grounds?

Mr. LAKE. No, I did not take a particularly active role in arguing that, because that was a consensus position among all the Administration's lawyers and a situation that we had inherited. I have been of the belief, as you know, that if there are substantive modifications to the treaty, as through the kind of agreement that we are talking about, it most definitely should go to the Congress—that, I believe, that I have stated to you previously. Certainly if confirmed in this position and certainly in my current status, I am not now involved in those debates and would not be as DCI.

Senator KYL. No, I appreciate that. I'm just trying to know what you did in the past to cause the Administration to come to the conclusion it's come to. I still don't have a clear idea of where you fitted into this. There were a bunch of lawyers; you didn't disagree with them. I'll just ask you to tell me anything else that would be helpful for me to know what role you played in the Administration's decisions to date or prior to the time you left with respect to the submission of those two issues to the Senate. That way, you've got total rein to tell me whatever the facts are.

Mr. LAKE. The facts, Senator, are that the lawyers—all of the lawyers in the Administration, I believe—arrived at this conclusion, working together with the NSC Directorate on defense and arms control policy, who are very, very good intelligent officers, as you know. I saw the legal opinions and the policy recommendations; reviewed them; thought they made sense from a national security point of view; was not in a position particularly to pick at the legal arguments, which I thought were very powerful; and so made those recommendations to the President, together with other—or with Cabinet officers. That became the Administration position.

I had the, then, difficult duty of arguing this with you, Senator, once or twice. We don't agree on the issue. I think the positions are—

Senator KYL. Well, again, I'm just interested in the role you played in formulating the Administration's policy.

Mr. LAKE. Those are mine, yes.

Senator KYL. So basically, you took advice from primarily the lawyers but also some policy people, considered it yourself, thought it was good advice, and forwarded it on as your advice as to the position of the Administration.

Mr. LAKE. Among others, yes.

Senator KYL. Based upon all of the information that had been given to you.

Mr. LAKE. Yes. I think the process was a clean and clear one.

Senator KYL. OK. Now, let me—before my time is up, I had—you and I had talked about another matter. And just to lay the groundwork on it, I said I didn't want to get into this without having talked to you about it before. But I told you when we met in my office that I would find it very difficult to support a nominee for Director of the CIA who did not believe that Alger Hiss was a spy. You explained the circumstances. And let me just reiterate that, and ask you if it's correct, and then ask you to go beyond that.

This came up after a November 24, 1996, appearance on the TV program, Meet the Press. You were asked the question, Do you believe Alger Hiss was a spy? You responded, "I've read a couple of

books that certainly offered a lot of evidence that he may have been. I don't think it's conclusive." You've indicated to me since then that you did think he was a spy, but that there was a reason you said what you said. And that rather than having me characterize that, why don't I ask you, do you think, in fact, that he was a spy? If so, why did you say what you said?

Mr. LAKE. Thank you, Senator. I welcome the opportunity to explain this to you again.

Senator KYL. I knew you would.

Mr. LAKE. Let me tell you precisely what was going through my mind. I appreciated the comments of a number of your colleagues who said they have experienced similar situations on television programs, as you were trying to think through responses. I do believe that Alger Hiss—believe that Alger Hiss was guilty. As we neared the end of an interview on Meet the Press. To my horror, there were 20 seconds left. The host of Meet the Press had to fill the time and asked me about Alger Hiss, who had died, I believe, the week previously—I can't remember exactly when. What went through my mind was that I had read a couple of books about it; that the most recent book I had read was Perjury, which was, I think, written in the late 1970's, but I had read in the mid-1980's.

That book had led me to believe that Alger Hiss was guilty of perjury and of spying, and both because of the evidence it laid out and because it made the point, which I think is an important one, that even if you did not agree with Senator McCarthy, you could still believe that Alger Hiss was a spy. I think many people from that era, because of their strong views about McCarthy, turned Hiss into a symbol then of McCarthy's excesses. This had some resonance with me. So I reached the belief that Hiss was a spy. When I was asked about this, I began by saying, yes, I've read a couple of books. There is, as you said, there is a lot of evidence. And then I thought to myself, I haven't read that book—I mean, I read it 10 years ago or more. I don't remember what that evidence is. And I'm very concerned that if I say it was conclusive, that I will go out, somebody will say: you have just stated that Alger Hiss was guilty. On what basis did you do that? And I couldn't tell them why I had done it.

Mr. LAKE. So I said, not conclusive. That was the end of the program. In fact, as has been written since, I believe by the author of Perjury, I do believe that Alger Hiss was guilty. If the point of all of this is what are my views on counterintelligence and spies, I think, over the course of the last day and a half, I have left absolutely no doubt whatsoever about what a high priority this is; how strongly I feel about one of the worst things a human being can possibly do; and how vigorous I intend to be in rooting them out and sending the message around the Intelligence Community and beyond that if you're tempted, we're going to catch you. Don't do it.

Senator KYL. Well, Mr. Chairman, I think the record will show—I haven't gone beyond my time before; might I just pursue this just to conclude this point?

Chairman SHELBY. If you have another question, go ahead. Go ahead.

Senator KYL. And I don't mean to wring it out.

Chairman SHELBY. Go ahead.

Senator KYL. But there are a couple of points and the reasons it's brought out. Obviously, temperament—one's actions are always formed by one's background and general philosophical view of things. Even when we try to be very objective, we're all influenced by our prejudices. I even think you made that point earlier. And it's true, in any event.

I think one of the questions is, with your background, you have a particular philosophical position. Throughout your career, you have expressed yourself on that position. It's not inconsistent with being much more skeptical about Hiss's background as a spy than perhaps mine would be. But you correctly note, or you note anyway, that you came to that conclusion, particularly after reading that book in the 1980's. I guess what concerns me is—is whether you really had reached the conclusion sufficiently to be firm in expressing a conviction. For the average citizen, that would not be important. But, A, this was the most—probably is the most celebrated spy case in the history of the United States. It's something that a person who wants to be director of the CIA certainly must have thought about pretty seriously in the past, particularly somebody such as yourself, who ran the National Security Agency.

The two reasons that you give me for not expressing your true feelings, I guess—and I want to put it that way, that you didn't express your true feelings—if you want to characterize it differently, do so, but I'm trying to do it in as kind a fashion as I can think—were, No. 1, a concern for the Hiss family, and No. 2, that you weren't sure you could back up your conclusion if you were asked outside—outside the studio by some reporter. Had you read the Venona papers, the articles that discussed the Venona papers prior to that TV interview? Do you recall?

Mr. LAKE. Senator, I read the Venona papers since then and not before that—

Senator KYL. Had you read anything about them before the interview, to your recollection?

Mr. LAKE. I'd seen a press report, as I recall, but just about their existence. They do offer one piece of additional evidence about the Hiss case that adds to the belief.

Senator, again, spying is serious business. I have, by the way, seen my philosophy, as you call it, caricatured into—

Senator KYL. I wasn't being pejorative in the least when I said that.

Mr. LAKE. I understand that. But I just want to say, I think everybody on this Committee has been caricatured at one point or another. It's an unpleasant phenomenon. My philosophy may—certainly is not what I have seen in the caricatures of me over the past few months. Certainly, my philosophy has never included anything close to any belief that spying is OK. I do believe it's serious business. It was not out of a concern for the Hiss family particularly.

Senator KYL. I'm sorry, but I thought you expressed that to me when you and I were in—when you were in my office. You said it was—

Mr. LAKE. No, I said he had just died previously.

Senator KYL. And you—well, why is that relevant? I am quite sure you said something to the effect out of deference to his family, or something.

Mr. LAKE. I'm sure, but that is not the reason why I did what I did. It was more my own credibility, again as I told you just now and in your office, of going out there and stating a position that I could not back up, especially on such an important matter as spying. As I said, I've welcomed the opportunity here to make it clear what my views are now that I have had an opportunity to look at the Venona papers and to review again, as I did, the Perjury book, so that I could refresh my recollections as to why I had been led to the belief—not passionate feelings, but belief—that Alger Hiss was in fact guilty.

Senator KYL. Well, I'll just conclude with this point. You—you have been the head of the National Security Agency, the President's National Security Adviser, the top national security position in the country. When you speak, you speak with authority on intelligence matters. On national television when the question is asked and you say, I don't know, or it's not conclusive, to be specific, I read a couple of books that have offered evidence that he may have been. I don't think it's conclusive. When you say, I don't think it's conclusive, you're expressing a judgment that a lot of people are going to pick up, because they figure you must know. You know more about intelligence than anybody else. You're the head of the National Security Agency. It seems to me your obligation there is to tell what you believe, and then if you're asked later to back it up, you can always do that. But I wouldn't be more concerned about how you're going to appear in an impromptu press conference following your TV performance and not be able to cite all of the evidence—that wouldn't be a fair question to you anyway—to be more concerned about that than expressing your true feelings, the truth, when you're on national television on a question that is so important.

Mr. LAKE. Senator, I have seldom been accused of not saying what I thought. In this case, with 10 seconds to go at the end of a television program and when I was interested in preserving my credibility—and I would suggest that one speaks with authority not simply because of the title you may have, but because you are prepared to back up with facts what your beliefs are. The Hiss case is not something, frankly, that the national security adviser deals with every day. The fact is that I had read that book 10 years earlier and therefore was not in a position then to back up an assertion that I was making. So I tried to hedge it. I didn't hedge it in exactly the words I should have. I should have said, yes, I read the two books, a lot of evidence, and let me consult the books again before I can—am in a position to tell you why I believe he was guilty.

Senator KYL. It doesn't sound like you were convinced. That's the problem.

Mr. LAKE. Senator, I believe it. Whether I am convinced or not would require—well, I am. I believe it. I could not now, even having reread the book, give you all of the evidence as if I was a prosecutor in a court of law. I like to be precise in my statements or in my assertions. I think if you go back and look at that Meet the Press interview, you would find probably 10 or 15 subjects on

which I was absolutely definite and clear. I wish it had ended 20 seconds earlier.

Senator KYL. Thank you, Mr. Chairman.

Chairman SHELBY. Dr. Lake, in this same context as Senator Kyl has brought up, I hope that your most recent statement here is not, really is not, what some people call a confirmation conversion. You know, you've heard the term always; and people, some people, do this. I want to ask you another question in this same context. Do you believe unequivocally that the Rosenbergs were guilty?

Mr. LAKE. No question about it, if you look at the—

Chairman SHELBY. OK. Sure.

Mr. LAKE. Even if you look at the Venona papers, you'll see why.

Chairman SHELBY. I know some people had tried to—to rehabilitate the Rosenbergs, who were executed for spying back in the 1950's. We know the story. That's all.

Senator Kerrey.

Vice Chairman KERREY. Thank you very much, Mr. Chairman.

Mr. Lake, on the encryption issue, I mean, we're heading, it seems to me, to a dangerous point where this thing could end up being debated on the floor, which I think would not be a good endgame. I'm wondering if you'd be open to a suggestion, and that is to do two things: First, rather than looking at it merely on the—looking at it on the encryption side, which gets convoluted and difficult in a hurry, but look at it from the other side of the transaction which, as you were describing earlier, which is to say: I've got to build—I've got to build an international communications network, both for commercial reasons and for government reasons. I need to build that network. I need to secure that network and approach it from that standpoint. Consider the commercial concerns that are being expressed, but bring both the public sector concerns—that is to say the FBI and the NSA concerns—and the private sector concerns into the debate from the standpoint, from the door of building this international network.

And then second, ask the President if he would designate with authority former DCI John Deutch to head up and—whether we can get a timeline on this thing, I don't know—but to head up an effort to do what he was doing at the tail end of his service, which is trying to resolve this conflict. He's got the technical skills and the familiarity with the people in the industry, as well as the people on the Government side. I think he's apt to be trusted as well by Members of Congress who have been paying attention to this. I'm wondering if you'd be open to those two suggestions.

Mr. LAKE. Yes, Senator, I—first of all, I think it's a useful way of looking at it. To go beyond that a little bit, in fact, I think that American companies have an interest both in this kind of secure communications and in doing it in a way that allows them to be secure within their companies, from people within their companies stealing stuff and moving it out. So I think all of that fits together very nicely.

On the second point—and I don't want to commit him here—I've taken the liberty of talking to John about whether he could play some kind of role in all this in the future. I know he's thinking about it. I have no idea where he'll come out.

Vice Chairman KERREY. Yes, I think he would need—he would need to have the President grant him or give him the authority. And certainly, he'd want the Vice President's either authority or consent, so people would understand that he would be speaking for both of those individuals.

Mr. LAKE. And my own view—and I can't speak with any authority on this, obviously, now—is that we need a coordination mechanism within the Government to accomplish this also.

Chairman SHELBY. I just want to take a second, if you'd yield to me, and associate myself with Senator Kerrey's remarks. This encryption issue, as you know, Dr. Lake, is very, very important—important to us, the Government, but important to the business community. I appreciate you, Senator Kerrey, bringing this up. Some of us also serve on the Banking Committee in addition to this Committee and others. It's something that we need to bring to closure, isn't it?

Vice Chairman KERREY. Yes, it sure is.

Mr. Lake, a couple of other management issues relating to the—again, way back there in the Aldrich Ames aftermath, when we formed, as I said, first the Aspin and then the Brown Commission, there was a lot of enthusiasm for reforming the agency and making change.

In addition to the ones I said earlier that you said you were going to look at for the next couple of months—and I appreciate that. I don't mean that facetiously. There were some other changes that were done in legislation. There were two committees that were created by statute. One was the Committee on Foreign Intelligence, and the second was the Transnational Threat Committee. Both have expressed purposes that have been related—referenced earlier, making sure that on the one hand, that there's an institutional mechanism to ensure very, very clear-cut policy guidance for all the customers. The other, the transnational threat, is an obvious one. It's a very difficult thing as the power moves away from governments, and you've got this asymmetrical threat out there. It seems to me both of those committees are important.

I'm wondering if you could advise as to the status of filling those slots.

Mr. LAKE. My understanding is that on the first committee, the Committee on Foreign Intelligence, there have been meetings now and discussions at the deputies level to prepare the way for a meeting of such a committee. I can't tell you when that will be scheduled, but I believe that process is moving.

On the transnational threats, there are committees now in place that are dealing with those issues. I can't tell you when that committee will be formed. I'll look into it in the coming days.

Vice Chairman KERREY. Another issue is this enhanced reprogramming authority that we tried to give to the DCI last year and we failed to get it. The Department of Defense opposed it, and we were unable to get it done. I believe it's very important for you to have it. It's very difficult—either that, or people need to understand that you've got a lot less authority and power than they imagine you to have. I mean, if you can't reallocate to a higher priority, it's going to be very difficult for you to do the job that people expect you to do when the balloon goes up and forces are deployed

or some emergency occurs. I mean, there's an expectation that you're going to be able to take care of that crisis. Right now, it seems to me, without that reprogramming authority, you really do not have, under statute, any authority to do that. I don't think, you know, in a difficult budget time that a gentleman's agreement is going to mean very much. So I just—you don't need to respond to that. I just—take it under your wing there. If—if—if you believe that it needs to be granted, I think you've got to start fighting that battle very, very early.

Thanks to Mary Sturtevant, our staff person on budget here, who has done the budget for a number of years here, we also put in the Intelligence Reauthorization Act a direction that the Intelligence Committee develop a data base that gives us detailed budget information not only for us, but also for you. I'm hopeful that—that your new comptroller out there will be able to get that thing up and running very, very quickly. I don't know if you have any idea when that—or when you expect that data base to be up and running. If you do, you can tell me. If not, the sooner the better, because we're going into the budget season in a hurry. I think it's a tremendous management tool that you're going to need. But it's very, very important for us, from the standpoint of oversight.

Mr. LAKE. I have inquired about that, Senator. I'm told they're working hard on it, but that—and please, somebody behind me, correct me if I'm wrong—that it will be a year or two before they'll have it all completely in place. But it's very, very important, I agree.

Vice Chairman KERREY. A couple of other things.

Again, earlier, I referenced this, but I want to reinforce it. You know, we all say over and over and over: you're the intelligence person, you don't set policy. But then, we very often get in a big debate about what your policy views are. So I'm just telling you that my—one of my policy interests is to make sure that the United States of America—as not only the pre-eminent power in the world, but I think, the pre-eminent nation to stand up for values—that we stand up to countries that are denying their citizens human rights, and we stand up to countries that are denying their citizens the chance to practice religion, whether it's in China or Vietnam or wherever it is, that I have an interest in that kind of intelligence. I think we should be providing, you know—if we're part of an international organization, and we support the Hague and the World Court, then I think we need to be making certain that those investigations and those prosecutions have the best intelligence possible—again, subject to protecting our own sources and methods. I would—I'm asking your view on supplying. Again, the policymakers say we're interested in this thing. You hear both Republicans and Democrats up here talking about it a lot. What's your view on providing intelligence just for those two narrow interests?

Mr. LAKE. Senator, we have to do it. And again, for example, with regard to the war crimes tribunals, we need to help supply it, although I would prefer to discuss that in a closed session tomorrow, if we could.

Vice Chairman KERREY. All right. One last—either of—

Mr. LAKE. On a related issue, I was—if I may, Senator, and I know time has run out—

Vice Chairman KERREY. Yes.

Mr. LAKE [continuing]. That you mentioned earlier—and I was glad that you did—that it was a very fine job by the Intelligence Community and the CIA and defense people in Uganda, keeping watch over eastern Zaire, tracking refugee flows. That allowed us then to have sufficient information that we said, no, there is not a need at that time to go in with international forces, including American forces, into eastern Zaire, and we got a lot of people home by Christmas.

Vice Chairman KERREY. Well, and there's a lot of areas where we could thank both you and the FBI for the obvious situation this country is, as open a society as we have; as wealthy as we are; as often as we take stands and positions in controversial and contentious areas of the world, either by voice or by physical presence, it's remarkable that this nation and our people are as safe as they are. And it comes in no small part because of your effort.

The Bosnian peacekeeping operation—I've got to urge you to look at some of the material that's been coming actually in unclassified form to us that tells us that we're short Balkan specialists to do the analyses. I say that because—and again I think it's connected back to my desire to come up with a mechanism for us to get you in a position where you have the independence to be able to come in and say to us, for example, great, we got peace going over there in Bosnia. But there are some internal conflicts in the agreement itself that's going to create problems for us down the road. We're short Balkan specialists here. It's going to be difficult for us to accomplish the mission. We need you in a position, independent enough for both of us and of the president, that you can come in, as you referenced earlier, and be the skunk of that party, and provide us with an honest evaluation so that we can make sure that we square our words with our intended outcome.

Chairman SHELBY. Thank you, Senator Kerrey.

We will stand in recess until 10 a.m. here, and we'll continue our open session. Tomorrow afternoon at 2:30, we'll go into the closed session. Is that OK with you, Dr. Lake?

Mr. LAKE. Yes.

Chairman SHELBY. Thank you. The Committee is adjourned.

[Thereupon, at 6:04 p.m., the Committee was adjourned.]

NOMINATION OF ANTHONY J. LAKE TO BE DIRECTOR OF CENTRAL INTELLIGENCE

THURSDAY, MARCH 13, 1997

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

The Select Committee met, pursuant to notice, in room SH-216, Hart Senate Office Building, the Honorable Richard Shelby (Chairman of Committee) presiding.

Present: Senators Shelby, Chafee, Kyl, Inhofe, Hatch, Kerrey of Nebraska, Graham of Florida, Bryan, and Baucus.

Also Present: Taylor Lawrence, Staff Director; Chris Straub, Minority Staff Director; Suzanne Spaulding, Chief Counsel; and Kathleen McGhee, Chief Clerk.

Chairman SHELBY. The Committee will come to order.

Senator Hatch.

Senator HATCH. Thank you, Mr. Chairman.

Mr. Lake, last June two senior FBI officials briefed two NSC officials about a possible People's Republic of China covert program to influence the U.S. political system and process. The NSC staffers were Randy Beers, the head of the NSC's intelligence programs office, and Edward Apple—am I pronouncing that right?

Mr. LAKE. No. Appel.

Senator HATCH. Appel? Edward Appel, an FBI special agent—who was an FBI special agent detailed to the NSC.

When this story broke, we had a very troubling situation where both the White House and the FBI gave differing views of the meetings. I know what you have said so far, that you were not aware of this meeting, but “would have liked to have been informed of this meeting.” The President has said the same.

Nonetheless, it appears that the FBI briefing in the NSC on a very important matter, and the information from that briefing, didn't appear to go anywhere.

Now, before I ask my questions, I want to stress that I, like you, have no desire to impugn the reputation of anyone. But this is a very troubling situation and we must get some answers here, because this has to do with how seriously the White House takes foreign intelligence threats and that is an issue central to your and our concerns here.

Now, I presume you agree that the topic of possible Chinese intelligence penetration is absolutely an important issue.

Mr. LAKE. Yes, sir.

Senator HATCH. What were the duties of Mr. Beers and Mr. Appel?

Mr. LAKE. Their duties are to monitor and manage the flow of intelligence information, to advise me and the on intelligence matters—

Senator HATCH. So they reported directly to you?

Mr. LAKE. Yes, sir. To act as—well, with my deputy.

Senator HATCH. To your deputy and to you.

Mr. LAKE. Yes.

To act as a daily liaison then with the CIA primarily and other intelligence agencies.

Senator HATCH. What would they normally do with counterintelligence information? To whom would they pass the information—to the deputy and then to you?

Mr. LAKE. Senator, in general, the process on counterintelligence matters, because they are so sensitive, has not been that they would come through that office and then to me, but that the DCI would raise them with me in our weekly meetings or sometimes through a secure phone call or in some other way if it was urgent. Those were generally handled directly between me and the Agency. But sometimes—

Senator HATCH. How often did you meet with these two gentlemen, either/or or both?

Mr. LAKE. I'd say I probably saw them every other day.

Senator HATCH. So every other day. So a number of times each week is what you're saying.

Mr. LAKE. Probably, yes.

Senator HATCH. OK.

Now, I have to tell you that I find it implausible that the FBI would ask to give a briefing on such a sensitive topic and request it only to go—that it should only go to the staffers to whom they presented it. Can you speculate any reason why the FBI might do something like that?

Mr. LAKE. Senator, all of this is being looked into by the White House counsel, and I think it would be inappropriate to speculate on why the FBI did what it did.

Senator HATCH. You just don't know.

We learned yesterday that Mr. Appel resigned his position. This also further troubles me. Do you have anything to add to that?

Mr. LAKE. I don't, Senator. I'm not sure whether he resigned or retired. I certainly do not know whether or not it was related in any way to this.

Senator HATCH. OK. How old is he? How old is Mr. Appel? Approximately.

Mr. LAKE. In his 40's, I would guess—perhaps more.

Senator HATCH. I see.

How do you view China today—

Mr. LAKE. Senator, if I may, again?

Senator HATCH. Sure, sure.

Mr. LAKE. I would not like to leave here the implication, which may or may not be true, I just don't know, that his leaving was related to this particular matter. I think that could be unfair to him.

Senator HATCH. Well, I think the nature of my question kind of leaves that implication, that there—that all of a sudden he quits

in the middle of this type of a disclosure. But I agree, you can't do that.

Mr. LAKE. I don't know when he made the decision, in fact, to retire.

Senator HATCH. How do you view China today, in terms of their capabilities for threatening our country?

Mr. LAKE. I think they are real. They have—certainly there is a missile threat from China. Certainly, while in some areas our interests are similar, in many areas they are not, and they work in ways that do not serve our interest. As we discussed over the last 2 days, and this is an extremely serious issue, some of their activities on the proliferation side are damaging to our interests abroad in the Middle East and south Asia.

Senator HATCH. OK.

In a recent book on Chinese intelligence operations by a DIA analysis Nicholas Eftimiades, I believe is his name, in 1994, he states, "The PRC does, however, aggressively conduct espionage against the United States and a number of other industrialized nations. The short-sighted allocation of America's intelligence resources has allowed the Chinese espionage apparatus to operate outside the focus of mainstream counterintelligence concerns. As a result, the United States and other Western industrialized nations are woefully unprepared to protect their national assets from Beijing's espionage efforts." Now, and he goes on to say, "China's intelligence-gathering operations have increased to the point where agencies with counterintelligence responsibilities are overwhelmed by the sheer number of cases." Do you agree with that statement?

Mr. LAKE. Senator, I think counterintelligence issues are best discussed in a closed session. I would agree with the statement that we have to be very alert to Chinese or any other countries' intelligence activities and efforts to gain agents in the United States. This is not by any means limited to Russia or even just China. There are many nations that are trying to do that here.

Senator HATCH. Do you know how many collectors at the CIA are fluent in Chinese?

Mr. LAKE. No, sir, I don't.

Senator HATCH. OK. Do you believe that China uses its intelligence services to seek U.S. political, military, and economic intelligence?

Mr. LAKE. I would certainly assume so. Like other nations.

Senator HATCH. In your view, is it imaginable that the Chinese would seek to influence our government through illegal contributions?

Mr. LAKE. It certainly is imaginable, again like other nations.

Senator HATCH. In our view, is it imaginable that the Chinese could use their influence—or would use their relations with friends of the administration to gain intelligence?

Mr. LAKE. Senator, all of these things, of course, are imaginable.

Senator HATCH. Are imaginable.

Are you aware of the close business relationships between companies owned by President Clinton's old friend James Riady and Chinese companies that serve as fronts for the PRC's intelligence services?

Mr. LAKE. I'm sorry?

Senator HATCH. Are you aware of the close business relationships between people like James Riady, President's Clinton's friend, and Chinese companies that serve as fronts for the PRC's intelligence services?

Mr. LAKE. I read press accounts in the last few weeks. I do not recall previous knowledge, no.

Senator HATCH. When you read those, did that concern you?

Mr. LAKE. Certainly it concerned me.

Senator HATCH. OK.

Mr. LAKE. But I can't confirm them, and I don't know the facts here.

Senator HATCH. Now, Mr. Lake, you've told us that you take counterintelligence very seriously. So do I. Can you guarantee us that your first counterintelligence review will be thorough, comprehensive—and this is very important—all counterintelligence failures will be reported, even if they involve the White House which you have served during the last 4 years?

Mr. LAKE. Without question.

Senator HATCH. Without question.

Mr. Lake, what would you do if you concluded that there had been counterintelligence breaches in the White House and the White House attempted to contain that information for political reasons?

Mr. LAKE. Senator, this is of course highly hypothetical, but it is—

Senator HATCH. It's hypothetical but it's one that's bothering a lot of people.

Mr. LAKE. If that were the case, I would take it to the White House, I would take it to—if I sensed any illegality of any kind, I would take it to legal authorities, and of course I would not keep it from the Hill.

Senator HATCH. If they tried to get you to cover this up or tried to get you to mealy mouth it, would you resign?

Mr. LAKE. Yes, sir.

Senator HATCH. You would. OK.

Well, I think, Mr. Chairman, that's all I care to ask at this particular time.

Thank you.

Chairman SHELBY. Mr. Inhofe. Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman.

Mr. Lake, after our recent interview, our session yesterday, I got to thinking on the way back that—on this whole issue, which we will not cover again, where you have stood by your statement that, as an absolute, that there are no Russian missiles aimed at America today. Since that couldn't be based on anything other than what the Russians are telling us, since we all agree we can retarget, we all agree that there's no verification, I started thinking that with all our efforts to try to balance the budget, why do we need an intelligence operation at all? We have \$30 billion, I guess, that's being spent on it. If we're going to take the word for, in this case Yeltsin, that they are not aiming at us, maybe we don't even need an intelligence operation.

Mr. LAKE. Senator, I assume you're making a—

Senator INHOFE. Just an observation.

Mr. LAKE [continuing]. A rhetorical point, not a——

Senator INHOFE. You can respond if you want to.

Mr. LAKE [continuing]. Real one.

Your summary of our conversation is not—or our exchanges yesterday is not exactly how I would frame our conclusions.

Senator INHOFE. Well, finally you said yes, when I asked over and over and over again, is this a statement that you feel is true and accurate, and you said yes. We also agreed that there's no verification. Shalikashvili, we quoted him and others. We agreed that retargeting can take place in a matter of seconds. I can only think of one thing that is left to use as an authority in coming to that conclusion, and that is, they're telling us that they're not aiming at us.

Mr. LAKE. Senator, as I said, I think that what we can verify and not verify with the Russians is best discussed in any detail in a closed session.

Senator INHOFE. Yeah, OK.

Mr. LAKE. I did agree that they—and we agreed that they are not at the moment targeting and we agreed that they could retarget——

Senator INHOFE. Wait a minute. We could? Who is we?

Mr. LAKE. I believe you and I. But that they could retarget very, very quickly.

Senator INHOFE. No, no. I had agreed that if they weren't at the beginning of this session, 10 minutes later they could be. I think that's what we agreed.

Mr. LAKE. Yes, that's exactly what we have agreed on.

Senator INHOFE. OK.

Well, let's—another thing I realized afterwards, why in the world would you have said that I was impugning your integrity when I merely talked about your long history of being proactive and promoting policies and I happen to disagree with all those policies. I said that I couldn't serve in a capacity where I had to be totally objective and independent because of my strong feelings, and you have equally strong feelings. All of a sudden you said I'm impugning your integrity. Can you explain that to me? I mean, I really think you have mastered the art of righteous indignation during the course of this hearing.

Do you think I impugned your integrity because I said that I didn't feel that you could be objective in your—in the things that you are saying and that your policies and your behavior in office, and should you be confirmed in this office, that you would not be able to be objective because of your long history dating all the way back to the early 1970's of being a policy activist? Is that impugning your integrity?

Mr. LAKE. Senator——

Senator INHOFE. If it is, aren't I also impugning mine, because I said I couldn't be objective?

Mr. LAKE. No, Senator, I believe neither you nor I am impugning your integrity. When you feel indignant about something, it doesn't require an art. What I am saying is that I do not believe I have, in my statements, deceived the American people. What I am assuring the Committee is that, to the best degree that any human

being can do it, and I think it is possible to do it, that I will be absolutely as objective in any intelligence analysis that I make.

It does go the issue of integrity. I will not violate what I have pledged to this Committee, and that is that I will not step over the bright line between intelligence and policy. I am putting my integrity on the line in saying that I will do that.

Senator INHOFE. OK.

Even though in the past you have been an outspoken advocate of various policy positions. You said in our session yesterday that you disagreed with almost everything that I read in the Reagan administration, agreed with—in fact I read a list of those policies that had been established in the Clinton administration and you agreed with all of them, starting with Somalia, Haiti and Bosnia and ending up with the Chemical Weapons Convention.

I would ask this question: Can you name one foreign policy or national security issue of this Administration with which you disagree?

Mr. LAKE. Senator, not all of my recommendations to the President have been accepted. I am not in an open session going to tell you—I have never told anybody that I'm aware of—what advice I have given the President on foreign policy issues. Nor will I tell you what other Cabinet officials' advice has been to the President on those matters. It is a long-established practice that Presidential policymaking meetings and decisions should remain——

Senator INHOFE. But the question——

Mr. LAKE [continuing]. Confidential——

Senator INHOFE [continuing]. Was, can you name one that you disagree with? If you can't, that's fine, because I want to get into another subject here.

Mr. LAKE. Please, Senator.

Senator INHOFE. Well, before leaving that, though I would say also that I mentioned during the course of yesterday's hearing, I asked about Morton Halperin, and some of the other people that you have brought along with you, and some of the extreme positions that he has taken publicly, and asked if you agreed, and you said you did not agree, and that the philosophy of those that you rely upon and you hold in high position and you surround yourself with is not significant. I think that is an accurate characterization of your feeling about those with whom you associate, and specifically Mr. Halperin. Is that correct?

Mr. LAKE. Senator, I hire people, as I said, on the basis of their competence. There are people on the staff who hold more conservative views than I; there are people on the staff who hold more liberal views——

Senator INHOFE. Well, we weren't talking about your pretty extreme views, Mr. Lake.

Mr. LAKE. Than I and——

Senator INHOFE. Well, let me ask you this question: If you found V.V. Zhirinovsky to be very competent in terms of being able to carry out the duties, regardless of his feelings and his beliefs, would you hire him?

Mr. LAKE. Of course not, Senator.

Senator INHOFE. All right.

I'd like to just for a minute get into—even though I would suggest that V.V. Zhirinovsky would probably agree with the man that you do bring with you, Mr. Halperin, when he talks about all U.S. covert activity should be illegal, there is nothing wrong with releasing the Pentagon Papers, etc., etc.

The National Intelligence estimate has been something that has been of great concern to me and several others who are around this table right now. In essence—first of all, do you agree with the conclusions of the NIE, the most recent one that has been disclosed, would have been 1995?

Mr. LAKE. Yes, sir, insofar as it went.

Senator INHOFE. Did you—were you participating in the development of that NIE?

Mr. LAKE. No, I was not, sir.

Senator INHOFE. You didn't have a role in it at all?—

Mr. LAKE. None.

Senator INHOFE. But you agree with it?

Mr. LAKE. Yes, sir, as did the Gates Panel.

Senator INHOFE. President Clinton's veto message of the 1996 Defense Authorization bill was based on this NIE estimate. I'll read this. "This bill requires deployment by 2003 of a costly missile defense system able to defend all 50 States from a long-range missile threat that our Intelligence Community does not foresee in the coming decade." Now, he actually vetoed the 1996 Defense Authorization bill, and he did so because it had money in it to complete our national missile defense system. This was based on the information that came from the NIE. So if I say that—if you say that you agree with the National Intelligence Estimate of 1995, you obviously agree with the veto of the 1996 Defense Authorization bill, too.

Mr. LAKE. Senator, it was not, as I recall, because there were funds in it to proceed on work on a National Missile Defense (NMD). The President's objection was on the way that we would go about developing such a missile defense and when the final decision would be made to deploy it. In fact, I believe we spend approximately, the Administration, \$500 million a year in developing those defenses.

Senator INHOFE. Well, right here in his message he says, "This bill requires deployment of a national missile defense system by 2003."

Mr. LAKE. Yes, sir.

Senator INHOFE. That's why he was vetoing it. So I have to come to the conclusion that he's doing it because he doesn't believe that there's any threat, and I would assume that he'd base that lack of a threat on the NIE.

Mr. LAKE. Senator, if you would allow me, perhaps I could describe very, very briefly, as I think you know, what the Administration policy is on this, which is that for the next 3 years there would be a program of approximately half a billion dollars a year in developing the technology for a national missile defense. Then in approximately the year 2000, a decision would be made as to the threat at that time and the state of the technology to then deploy, and the deployment, if that decision is made and when it is made, would take place in the year 2003, exactly the same year—

Senator INHOFE. Mr. Lake, we're operating with limited time here, and I'm fully familiar with the three-plus-three program. You don't have to tell me what it is. I know what it is. It's predicated on the assumption that we would have 3 years' advance notice before having to deploy a national missile defense system. You think that's good policy.

Mr. LAKE. Sir, the only—

Senator INHOFE. Or did you advise favorably for the adoption of the three-plus-three policy?

Mr. LAKE. Yes, I did.

Senator INHOFE. OK.

Mr. LAKE. Senator, the intelligence estimates are that there is only one possible threat between—ICBM threat that could reach western Alaska or the western Hawaiian islands by the year 2000.

Senator INHOFE. Mr. Lake, are you saying that in spite of the fact that two countries have missiles that can reach the United States today, as we speak, and there's no threat and we're going to have 3 years' notice?

Mr. LAKE. If I could complete my thought, Senator.

Senator INHOFE. Yeah.

Mr. LAKE. Thank you.

That is—additional threat—is the TAEPO DONG II missile in—

Senator INHOFE. In North Korea.

Mr. LAKE [continuing]. North Korea, which could come into play sometime between the year 2000 and 2005. I have talked to analysts and to others, and they assure me that if the threat were to come, that threat were to come in the period between 2000 and 2003, that there are other means that we could use to deal with that threat to those areas of the United States.

Senator INHOFE. Mr. Lake, I'm not interrupting you, but I'm not going to let you use up all my time here. I'm not talking about the TAEPO DONG II that is going to come on line or is expected to come on line in North Korea. I'm talking about existing technology, existing systems, which we talked about 2 days ago that are out there today. That's what—you answered my question. You don't feel—you think that it's adequate and it's good policy to say that we're going to have a 3-year warning before we have to deploy a national missile defense system. This is what you're saying, isn't it?

Mr. LAKE. Senator, with regard to China and Russia—

Senator INHOFE. Yeah, China and Russia.

Mr. LAKE [continuing]. We have been in a position of deterrence since the dawn of the nuclear era, and that position has not changed, will not change over the next 3 years. The purpose, as you'll recall, of the NIE was to address emerging missile threats to the United States. That is what I have been talking about.

Senator INHOFE. Well, I'm not going to go back and read the NIE, but it clearly says that the threat is not there for 15 more years. We've covered this subject enough, and I appreciate it. I do want to—I don't have a lot more time, but I need to get into another area, and that is your—the contempt that you apparently have for Congress. We've talked about this before. I read one of your statements from one of your books where you called Congress irresponsible. "We have an irresponsible Congress which often in

the last two decades has posed obstacles," et cetera. But we've already read that and that's in the record.

I'd like to address a letter that was sent to you—actually, sent to the Chairman of this Committee by Senator Helms, who is the Chairman of the Foreign Relations Committee of the U.S. Senate. In this letter, there are three things—I could name several more, but I'd like to get a response into the record from you, and it doesn't have to be a long response.

First, "I wrote to the President"—this is in a letter that was written to the Chairman of this Committee, Senator Shelby, on February 25 of this year, just a few weeks ago. He said, "I wrote to the President respectfully requesting answers to 10 specific questions about this policy,"—and this was on the shipment of arms to Bosnia, the Bosnia Muslims, from Iran—"this policy, under the direction of Anthony Lake. The answer arrived in my office on June 18, 9 weeks after my original request." "The conclusion is inescapable"—I'm skipping down now a little bit and just giving you some highlighted parts here. "The conclusion is inescapable that the NSC deliberately delayed responding to the Committee, hoping to defuse a thorough examination of this policy. The Administration deliberately chose to conceal this decision from Congress."

Now—why don't you give me a reaction to those statements concerning that part of the letter, which I'm sure you've read.

Mr. LAKE. As I recall the whole back-and-forth on all that, that review required the review of very, very large numbers of documents. I can tell you, Senator, that I did not sit on any letter to Chairman Helms on this or on other issues.

Senator INHOFE. The next page—

Mr. LAKE. Letters go through my office very quickly.

Senator INHOFE [continuing]. Of the letter, he says, "The epitome of Mr. Lake's views toward the Senate are best demonstrated by the Administration's untimely, incomplete and inconsistent responses to questions posed by the distinguished majority leader and me regarding the Chemical Weapons Convention." He goes on to say that on June 21, 1996, "I wrote the President asking eight questions," and then we go through the same thing. A month later, July 26, he hadn't received a response. Again he wrote to the President. Finally he said, "The Administration delayed its response to my June 21 letter until after the Senate had recessed for the month of August. I'm convinced that this was done knowing that, with the floor debate on the Chemical Weapons Convention scheduled for September 14, the Senate would be unable to analyze adequately the Administration's response to a vote on the treaty."

Mr. LAKE. Senator, I think if you review the dates of the various letters, you will find that the first letter—and there was a delay of about a month, as I recall, because we were in the midst of—or some people in the Administration were in the midst of discussions with the Russians on the matter and they wanted to make that letter complete. The letter was replied to before the Chairman's second letter.

The second letter was replied to within, I believe, a couple of weeks, including a reply from the President, who was on vacation.

A third letter then from the Majority Leader was replied to in September, within, as I recall, 4 or 5 days.

Senator INHOFE. Then third—and I'm out of time now; I would just mention that on February 8, 1996, I wrote to President Clinton urging that he no longer tolerate Chinese-Iranian missile cooperation and transfers. We go through the same thing, and I'm sure you could give the same answer.

But I would just say that if you were confirmed as Director of the intelligence system for all this country, would you continue to be as responsive as you have been in the past to Senator Helms and to the rest of us and to our Majority Leader?

Mr. LAKE. Senator, we will be, as I have repeatedly said, very, very responsive, and we will answer our mail.

Senator INHOFE. You will continue with your past behavior of response then.

Mr. LAKE. We will answer the letters absolutely as quickly as we can, consistent with their being thorough. Any delay here was unfortunate. I've given the reasons for the one delay. The others were answered quickly. I can assure you that we will work hard at the Agency, as they do now, in responding to the mail very quickly.

Senator INHOFE. Thank you, Mr. Chairman.

Chairman SHELBY. Senator Graham.

Senator GRAHAM of Florida. Mr. Chairman, I have some questions to ask of the nominee, but I'd like to make some preliminary comments.

When I made my opening statement as we began these hearings, I said that this Committee was being tested as much as the nominee was being tested. The first test was whether we could conduct a bipartisan, rational hearing on the qualifications of this nominee for the office that the President has selected him for. I'm afraid that we are not distinguishing ourselves on that first test. One fundamental part of that is the manner in which these hearings are being conducted.

After having twice canceled hearings and long delays, now we're going the opposite way by scheduling meetings on less than 24 hours' notice, and therefore contributing to the fact that many members are unable to attend. I personally have three other Committee meetings which are meeting at this time. One of them is marking up a very important piece of legislation in which I have had an active involvement. This is a very important hearing and the schedule should be such that all the members can fully participate.

I would urge—

Chairman SHELBY. If the Senator would yield just a second—Senator GRAHAM of Florida. No. I would like to conclude that first comment by saying I would hope that for next week we would get a schedule that would be sufficiently aggressive that we would be able to complete the questioning of this nominee and be able to take a vote of the Committee before the end of next week but that it would be a schedule that we could also rely upon and be able to make those necessary adjustments in our other obligations to be able to be here.

Chairman SHELBY. I'd like to respond to that.

First of all, Senator Graham, we laid out, started Tuesday, as you'll recall here. We notified the members of the Committee.

There's been great participation. I know you have other conflicts, but everybody on this Committee does.

Senator GRAHAM of Florida. Would someone tell me, when was this meeting, that we are presently participating, scheduled?

Chairman SHELBY. Yesterday, because there were a lot of people—

Senator GRAHAM of Florida. Could you tell me what time yesterday?

Chairman SHELBY. I don't know the exact time.

Senator GRAHAM of Florida. Would somebody—would the staff please indicate the hour—

Chairman SHELBY. If the Senator—

Senator GRAHAM of Florida [continuing]. When this Committee meeting was scheduled?

Chairman SHELBY. Senator Graham, the reason we had—we had an open morning here. There were a number of people who had not had a round three, including you. That's why I was asked by a number of people on the Committee, could they question Mr. Lake in the open session. I saw nothing wrong with that because they have an opportunity to do what somebody else has already done on the Committee.

Senator GRAHAM of Florida. Would someone answer the question? When was this committee meeting called?

Chairman SHELBY. For this morning?

Senator GRAHAM of Florida. For this morning.

Dr. LAWRENCE. About 5 o'clock.

Chairman SHELBY. About 5 o'clock yesterday.

Senator GRAHAM of Florida. Well, I think that is outrageous and I request in the strongest terms that our schedule for the week of March 17 be established before the end of this week and that we all be given an opportunity to know what that schedule is, be able to place it on our weekly calendar so that we can all participate.

The second concern I have—

Senator COATS. Mr. Chairman, on that point—

Chairman SHELBY. I will recognize Senator Coats. Let him respond.

Senator COATS [continuing]. Could I just address that? As you can see, I'm the last on the Committee. The first day I waited patiently for 3 hours to have an opportunity to speak and it never got to me because we had a vote finally at 6:30 or something like that and it was too late for members to come back. So I didn't even get to my first round. I asked the Chairman if I could work the schedule, if he could extend the schedule so that I would have an opportunity just to get my first round in.

Now, I haven't gotten to my third round either. Now, if we had stuck to the schedule you're asking the Chairman to stick to, I wouldn't even have gotten to my second round. So he's just doing a favor to all of us on the Committee who haven't had a chance to ask. If he followed your rule, we wouldn't have the opportunity to have an open hearing with Mr. Lake and it wouldn't be fairly distributed among the members that are here. So I think what you're asking the chairman is unfair to the rest of us, who haven't even had—down the line here who haven't had an opportunity to question him.

Senator KERREY. I must say, Senator, it's not uncommon for Committees of confirmation for all members not to get second, third, fourth, fifth rounds. I mean, it's not uncommon. I sit junior on many Committees and have struggled to get questions asked, and the Chairman has made a determination, in the interest of making certain that the hearings are conducted in an expeditious fashion, that there is some limitation.

So it does seem to me as well that at some point you've plowed the ground so far. I respect very much what you're saying, but at some point, you know, if you're concerned about ballistic missile defense, if you're concerned about a particular issue, at some point the ground gets plowed to an extent that you've got a sufficient amount of information and make a decision about whether or not you're going to vote to confirm. One of the things that troubles me thus far is all the objection about whether or not Mr. Lake can move from the NSC over to be DCI because he's been an advocate of policy, the only thing—a lot of interest has been paid to what his policies are, almost as if we're confirming him to be National Security Council adviser as opposed to DCI.

Senator COATS. Well, Senator, that response is because what we're attempting to do is judge Mr. Lake's judgment. We're trying to utilize the decisions that he's made and the experience that he's had to make a determination on his ability to provide sound judgment. That goes to the character of the individual.

Senator GRAHAM of Florida. Mr. Chairman, I assume that this discussion is not coming out of my time.

Chairman SHELBY. It's certainly not going to come out of your time. You're entitled to your time.

Senator COATS. But just a final response and then I'll stop talking.

Chairman SHELBY. Go ahead.

Senator COATS. What the Vice Chairman is suggesting is that for the convenience of the senior members of the panel, there will be one set of rules, but for those that are junior members of the panel if it doesn't fit in the prescribed time that the Chairman has set—

Chairman SHELBY. I can tell—

Senator COATS [continuing]. That we simply don't have enough—

Chairman SHELBY. No, wait a minute; no, no, you wait.—

Vice Chairman KERREY. Senator, he's asking—

Chairman SHELBY. No, I'm going to tell—

Vice Chairman KERREY. I presume that you've been in the Senate long enough to know that seniority counts.

Chairman SHELBY. Wait a minute. First of all, I want to say this—

Senator COATS. I presume, Senator, that you've been in the Senate—

Chairman SHELBY. Everybody on this Committee—

Senator COATS [continuing]. Long enough to know that there ought to be some sense of fairness between members in terms of having an opportunity—

Chairman SHELBY. Would you yield to me?

Senator COATS [continuing]. To question the witness.

Chairman SHELBY. Senator Coats, would you yield?

Everyone on this Committee, junior or senior, is going to have the same rights and the same opportunities, period.

Senator COATS. I thank the Chairman for that ruling.

Chairman SHELBY. The Senator from Florida.

Senator GRAHAM of Florida. Do you want me to announce the schedule?

Senator COATS. Yes.

Senator GRAHAM of Florida. Or would you do it after I have used my time?

Chairman SHELBY. Absolutely. If you need some time, I'll give you more.

Senator GRAHAM of Florida. My second point—my second point in my opening statement as to how this Committee was going to be judged was whether there would be a balance between looking in the rear-view mirror, what has happened in the past, and looking out the windshield of what was going to happen in the future.

Chairman SHELBY. Sometimes you have to look in the rear-view mirror to keep from being run over by a truck, Senator Graham, as you know—

Vice Chairman KERREY. Mr. Chairman—

Senator GRAHAM of Florida. But you don't—

Vice Chairman KERREY. Mr. Chairman, I have to object. Look, I have not interrupted Senator Inhofe earlier—

Chairman SHELBY. You've interrupted everybody here.

Vice Chairman KERREY. No, sir, I have not! I have never interrupted another Senator when he is asking a question, and I object. I think it's inappropriate if Senator Graham is making a statement for us to interrupt him.

Senator GRAHAM of Florida. Well, I would—I don't think it's necessary to be run over several times by the truck in order to appreciate what it's like to be run over by the truck. I also, frankly, find it rather disingenuous—I happened to have been on the Armed Services Committee in 1993 and 1994, as were a number of the members of this Committee. Anybody who was on that Committee and breathing knew what was happening in Bosnia during that time period. I would submit as the evidence of that, (A), the conference report on the Defense Authorization bill of 1994; (B), the 7 months of study which this committee has done and the very extensive report that has been issued. Anyone who wants to know about that issue who was not breathing at the time and didn't get it can have access to that information. We don't have to continue to repeat it.

I would like therefore to use my remaining time to look out the front windshield at some of what I think are the issues that are going to be significant to the future of this agency. First, there has been a statement that the CIA has had a tradition of being excessively narrow in its personnel, that we have had difficulty having people who had linguistic and cultural affinity with the diversity of countries with which we are now dealing. I'd be interested in Mr. Lake's comments as to whether he thinks that is a valid critique of the agency history; and, if so, what recommendations he would have to make the agency have a greater capacity to respond to the challenges and information needs that we will have in the future.

Mr. LAKE. Senator, I think it's a very valid—extremely valid concern. It is one that managers in the agency have themselves raised with me in a number of my meetings with them. We are very concerned not only on the operational side but on the analytical side, especially that it is getting very thin, that the next generation of analysts may not have the background or specially the language skills, as I think Senator Hatch was implicitly pointing out, that we're going to need to deal with an increasingly complex world.

I think it's also related to a structural problem that we face now, which is, we need to focus on the central priorities that most affect our national interests and the welfare of our American citizens, the kinds of priorities that we have been discussing over the last 2 days. As we put more resources into that area, we are getting increasingly thin in other areas that could explode and require the attention of policymakers, as we have seen in Central Africa for example over the previous years.

So we are struggling with a way in which to make sure that we are good and deep and solid and well staffed on the central issues, and then figure out how through surge capabilities and other ways that we can deal with those other potential crises before they explode into crises, and we might be caught blind on them. So this is an extremely important issue.

One of the reasons why I intend to be out there more speaking about the agency, as I have been trying to do over the last 2 days, and build more public support, working with this Committee, is so that our recruiting can improve. I think it's turned around, according to the inspector general. We're doing better on retention rates. The recruiting is looking a little up now, but this is something that we really have to pay attention to.

Senator GRAHAM of Florida. A second issue is that of the Intelligence Community's cooperation with other members of the Federal family. A specific area of this concern has been expressed in the counternarcotics field, whether the Intelligence Community relations with the Drug Enforcement Agency, the FBI, the State Department, embassies, et cetera, has been optimum. I would appreciate your comment on that criticism, and if you think it has validity what steps you would take.

Mr. LAKE. As you know, this has an unhappy history. The relationship between the Intelligence Community and law enforcement generally has not been a good one over the years. One of the things that I personally have worked on, and both Director Freeh and Director Deutch have worked hard on, as well as our drug enforcement people and others, is increasing our coordination both at the top levels, but also through exchanges of personnel at the various centers who are trying to attack these problems.

I visited the folks working on drugs, talked to them at some length; and I got both from what they were saying, and also simply from the sense of the place, that there is a lot more team work than there ought to be—more to come.

One general point about this. I have heard from those who have retired from law enforcement and those who have retired from the agency—more than I've heard it from people within—that it is a bad thing for law enforcement agency personnel to be serving abroad—that they ought to stay out of the hair of the Intelligence

Community. I think that's just dead solid wrong, and that what we need is to have more people from law enforcement agencies out there working on drugs and crime—good, solid Intelligence Community representation there. Then when we have to make choices as to whether a particular item is a law enforcement item issue primarily or an Intelligence Community issue primarily, then let's judge that case by case. But we are going to be blindsided and not be effective abroad if we have a turf battle—a continuing turf battle—on personnel abroad between law enforcement and the Intelligence Community. That is going to stop. It's going to stop, and I know that Director Freeh and I have the same view on this matter.

Senator GRAHAM of Florida. A third issue of concern about the Agency is the phrase, "risk adverse," that in light of some of the recent activities—instances in Central America are especially pointed to, that there has been a reticence of the Agency to be adequately robust in pursuing some of its covert activities. Again, do you think that is a valid critique of the Agency as it is today? If so, what would be your thoughts as to how you keep that kind of aggressiveness that is necessary for effective intelligence gathering?

Mr. LAKE. I think it's a real danger. The more we—as we should—go over past mistakes—and we should do that and learn from those mistakes—the more there is a potential that especially younger officers could think their career was at risk if they took risks. But I had a very interesting discussion of this, I thought, with Senator DeWine, who had some very interesting points on this yesterday. There is now in place—and I think it needs to be nurtured, and I intend to follow it very strongly—a system in place in which personnel in the field refer back to Washington when they have questions about striking the essential balance between the importance to our national interests of gaining certain intelligence, and the potential embarrassment because of the nature of what will be inevitably sources who have checkered backgrounds. That's in the nature of the business.

If they are in any doubt about that judgment, they go to Washington. If at any level in Washington there are doubts about that judgment, they should kick it up, and the buck should ultimately stop with me, if confirmed. I believe that that system is a good system for getting it right, and it's a good system for telling officers in the field, you're not going to get hung out to dry if you make that decision in the future. If we get it wrong, ultimately that responsibility will be mine. It's the right way to do it. I think it's a good system, and I intend to follow it.

Senator GRAHAM of Florida. To pursue that, that's then going to shift the relative degree of entrepreneurial spirit as opposed to reluctance to act from the field to the central office. What would be your directives to the people in the central office as to how they would assess recommendations for field activities, and what would be their standards for when to approve and when to terminate a proposal?

Mr. LAKE. Well, the standard would be we need intelligence, and the whole purpose of the system is to do that in a way that removes rather than encourages risk aversion to the degree it exists now. I think that in fact so far the—and I prefer not to discuss this

in detail—but the way the system is working is having precisely that effect. The message is not, don't go out and find assets. The message is, go and find them, and if you're in doubt, check with us if you have questions on how to strike the balance yourself, and we will, by participating in that decision, making that decision, then be in a position absolutely to support you in the future. I think that's going to encourage entrepreneurial activity in the field rather than discourage it.

Right now, given the history of the last few years, I don't think any officer in the field would be human if he were not to say, wait a minute, this person I'm dealing with here who knows something about terrorists or other thugs may have a checkered background—so I better stay away, because that could hurt me. This way they're covered, and this way I think they'll proceed in a way that can serve the national interest and yet not get us into improper areas.

Senator GRAHAM of Florida. A final question under this set of questions is economic intelligence. What is your feeling as to the appropriate role of the Intelligence Community in economic intelligence?

Mr. LAKE. I think, to put it succinctly, that we need to be in that business—not as a central priority, but as one that does make a difference to American business people, workers and others—but we have to do it very carefully. We should be conducting economic counterintelligence. We should be looking for practices abroad that can make it harder for American companies to compete. We should be, however, not acting in effect as the agents of American companies, especially when they are in competition with each other. Director Deutch has put in place a very good system of limiting more tightly than had previously been the case those who within our government, who could order up economic intelligence or task the community to do it. It's a much more limited circle now that can do it.

So I think it has to be very carefully managed, will be very carefully managed, but we shouldn't abandon it altogether, because it does make a difference to the lives of our people.

Senator GRAHAM of Florida. Thank you, Mr. Chairman. I'll yield back whatever time I have.

Chairman SHELBY. Sure.

Senator GRAHAM of Florida. I would be interested in getting that schedule.

Chairman SHELBY. Senator Graham, I'm going to announce it right now, and I thank you for bringing it up.

Tuesday, March 18, open hearing here, right here in this room, 216, 10 o'clock. Wednesday, March 19, open hearing 10 o'clock right here. Thursday, March 20, we have not decided at the moment. Senator Kerrey and I will talk about this—the time and location will be announced, but we will have a hearing. Some of it might be closed, but we'll give you more than 24-hour notice on that.

Vice Chairman KERREY. Mr. Chairman, I wonder—

Chairman SHELBY. We do have—if you let me finish I'll yield to you, Senator Kerrey. We have the closed hearing starting at 2:30 this afternoon. I'd be glad to yield.

Vice Chairman KERREY. Mr. Chairman, I know there's lots of questions, and I appreciate junior or senior members trying to get

plenty of time to be able to ask them. I also am aware that, I think in the spirit of fairness, if there is an interest in trying to wrap these things up there is going to be a great debate on the floor. This is not one that is going to go 99 to nothing—

Chairman SHELBY. Absolutely.

Vice Chairman KERREY [continuing]. I suspect. Once it hits the floor I suspect there's going to be plenty of opportunity to raise many of the things that have been raised right now thus far. I'm hopeful that we would be able to wrap this thing up next week and give the Committee an opportunity to vote on this nominee. Do you see that being possible next week?

Chairman SHELBY. I hope so. That's why I've set the schedule. We have talked about this. I would like to conclude, if at all possible, and the longer we meet—and we have met some long hours this week already—Mr. Lake, Dr. Lake knows that—to try to expedite this hearing process. We've got the rest of the day. We've got next week. I'd like to wrap it up. You're right, it's not going to end here.

Senator KYL. Mr. Chairman.

Chairman SHELBY. Yes Senator Kyl.

Senator KYL. If I could just note in that regard, we still have outstanding requests for information—

Chairman SHELBY. Absolutely, and we need some cooperation.

Senator KYL [continuing]. Which will have to be satisfied before we can wrap it up.

Chairman SHELBY. We certainly do.

Senator Allard.

Senator ALLARD. Thank you, Mr. Chairman.

I for one would like to thank your leadership on this Committee. I have not had an opportunity to follow up on some of my questions because of my schedule. I view this just as an extension of yesterday's meeting, and very much appreciate your opportunity to give me this time to ask a few questions.

Chairman SHELBY. Thank you.

Senator ALLARD. Mr. Lake, I am—as you know, I've been pursuing this issue with the Iranian-Bosnian arms sales, and your viewed relationship with this Committee and this Congress. I have a few more questions that I'd just like to put on the record, and then from here I'd like to move to—if I have time—I mean, I can get all my questions in but I'll accept that—about your role in some of the counterespionage, the narcotics issues. Let me make a statement here, and you can correct me if you disagree with that.

You mentioned in previous testimony that the no-instructions policy was a diplomatic exchange and not an intelligence matter. You further state that it was not a covert action. Yet you also state that there were enough doubts about certain aspects of the policy that the matter was sent to the Intelligence Oversight Board to evaluate whether there had been any covert action. I think we're together so far.

I want to read from a final report of the Select Subcommittee to Investigate the United States role in Iranian arms transfers to Croatia and Bosnia, the Iranian Green Light Subcommittee. This report was prepared by the Committee on International Relations, the House of Representatives. I just want to read from page 11,

what they said about this oversight board. They said the President's Intelligence Oversight Board was secretly commissioned on November 29, 1994, to investigate the green light policy and to determine if covert action laws were violated. The IOB, meaning the Intelligence Oversight Board, classified report sharply criticized the Administration for excessive secrecy, but determined that notification of Congress was not necessary. The Administration's actions, according to the IOB, fell within a category of traditional diplomatic activity exempt from U.S. covert action laws.

Now, the—it goes on further to state the IOB investigation had the potential to put the matter to rest, but raised questions of its own. Moreover, the White House, even after receiving the report, failed to advise Congress of the green light policy. What made the situation worse in the minds of many in the Congress was the decision by the Administration, April 1996, after the story was out, to bar the IOB chairman, Anthony Harrington, from sharing the report with Congress, or testifying about it under oath.

I guess this leads to my question: Why didn't concern over a possible covert action that resulted in the IOB investigation lead to the notification of the Committee at the time the investigation was initiated?

Mr. LAKE. Senator, I had seen myself no indication that there was a covert action. When Director Woolsey came to me and said that there was a question about had there been anything that could look like a covert action, I said to him I wasn't aware of any. If he wasn't aware of any, we could be damned sure there wasn't any between the two of us. I absolutely—I am being facetious here. We agreed, no, there had been no authorized covert action.

I then wanted to do it by the book, make absolutely certain that no government official it had done anything that could look like covert action. So I went to the IOB. There was no evidence out there in fact that it had taken place, and the IOB confirmed that.

To be precise then, once the IOB had completed its investigation, they then went to the White House counsel for the legal reading as to whether or not anything they had discovered would be a covert action, and counsel said no there had not, as a number of witnesses before this Committee also argued. So it was doing it by the book. I think it would trivialize practically our covert action reporting if we were to come to the Committee and say somebody has alleged somewhere that there might be a covert action before we know what we are talking about. Again, there was no evidence that there was, and it turns out that there wasn't.

Senator ALLARD. I just don't understand the refusal to even allow the Committee to review this after it had been made public and after the OMB investigation had been completed. Now, you have sort of hidden behind some of the legal arguments. I would like to know your personal view of that situation.

Mr. LAKE. Senator, my personal view at the time was because there was a good story to tell, that we needed to get that story to the Congress. But—and that truly was, I can remember some meetings—but that it had to be consistent with—and this is not hiding behind legalisms; this is an important deal—consistent with the prerogatives of the Executive branch.

There are practical reasons for that. If the IOB's work were always then going to be shared with the Congress, it would make it harder for the IOB to do that work, because people might be less willing to cooperate with it or whatever. In this case, as I recall, to try to get out of that dilemma—and it was a dilemma for us, because we wanted—I wanted certainly the Congress to know. I personally went to this Committee to its leadership, to staff members, told them everything I knew in as much detail as I could recall. After members had left, stayed on with the staff although it was beyond the agreed time period, told them everything I could. Did the same thing with the House Committee. As you know, the Justice Department has said I spoke truth to them.

We did, as a way of getting out of this dilemma then say—but even though we cannot share the written work here, we made available to the Congress Mr. Harrington himself to answer every question that was put to him, and he did it.

Senator ALLARD. Well, so, you are of the view that the IOB Board has some functions there that prohibit it even from sharing with the Intelligence Committee that meets in closed session some of their investigations?

Mr. LAKE. No, sir, not the information, but the way it was communicated. Now, there may be cases in which, when it is clear from the start that the IOB's work is going to be shared publicly; then I think it's fair enough to share the written work with the Congress and the public. But when people have discussed issues on a basis of confidentiality, and then to change the rules and say, OK, an IOB investigation will be handled in a different way, I think is inappropriate.

Senator ALLARD. See, we have the——

Mr. LAKE. But I——

Senator ALLARD [continuing]. The Intelligence Oversight Board and we have our function here as the Intelligence Committee, we have an oversight function also. Somehow or the other this needs to be brought to the light of the Congress—not maybe in a public way, but at least I feel a certain responsibility to my colleagues in the Senate when I get asked these questions, if it is something that's available we can give them a little bit of background, that, yes, you know, we are adequately overseeing this and don't worry about it. I want to be able to say that.

But if there is a board out here that is making these decisions and it's under your Administration, I would like to be able to feel that they are willing to share with us what is going on. That's why we exist as a Committee.

Mr. LAKE. I could not agree more strongly, Senator. I agree you have a right to the information. That is why we made Chairman Harrington available to you to share that information. As I said, I tried to get all the information I knew to the Committee at whatever length the Committee wanted. But these are traditional positions with regard to how that information is conveyed.

Again, I could not agree more strongly with you though that this Committee needs that information to conduct its oversight just as we need the information the IOB found ourselves.

Senator ALLARD. You have testified in some previous testimony, the representative from the Congressional Affairs Office was in on your daily staff meetings. And——

Mr. LAKE. Yes, almost invariably.

Senator ALLARD [continuing]. Did you ever mention the no instructions decision at a staff meeting?

Mr. LAKE. No, sir, I don't believe I did.

Senator ALLARD. Did the congressional affairs representative ever raise the issue of notifying Congress?

Mr. LAKE. No, sir, not that I can recall. Again, all of this——

Senator ALLARD. Do you agree, again, that he or you should have had that discussion?

Mr. LAKE. Yes, sir, I have said so.

Senator ALLARD. OK. Did you ever raise that serious lapse as an issue in any of your meetings?

Mr. LAKE. No, sir. As I said, we—I don't recall any discussion of notifying the Congress. Our concern was on secrecy within the Administration, which is why I would not have raised it at a staff meeting and it turned out badly.

Senator ALLARD. I just needed to get some of this on the record.

Mr. LAKE. Yes, sir.

Senator ALLARD. The failure to fully inform the Director of Central Intelligence led to a difficult situation in which CIA officials suspected the State Department of mounting an illegal covert action to aid the Bosnian Muslims. Do you think it was wise not to be up front with the Director of Central Intelligence?

Mr. LAKE. No, sir. I wish there had been a direct conversation with him. As I noted, I think, yesterday——

Senator ALLARD. No, you said, no, sir. I mean, actually I think——OK, so you're saying it was not wise——

Mr. LAKE. Was it wise not to, and I said——

Senator ALLARD. OK, very good.

Mr. LAKE [continuing]. No, sir, it was not wise. As I said, there was a discussion between him and the Deputy Secretary of State of which there is apparently just a misunderstanding on. But I wish I had had that direct conversation with him, yes.

Senator ALLARD. Now, in its report on the Bosnian arms issue, this Committee recommended that the Executive branch inform Congress of significant secret changes in U.S. foreign policy. Do you agree with that recommendation?

Mr. LAKE. I'm sorry, could you——

Senator ALLARD. In its report on the Bosnian arms issue, this Committee recommended that the Executive branch inform Congress of significant secret changes in U.S. foreign policy. Do you agree with that recommendation?

Mr. LAKE. Yes, sir, I do.

Senator ALLARD. Do you have any thoughts regarding the best way to implement it?

Mr. LAKE. I think it depends on the policy itself and the degree of secrecy required. Not for a second—if I may say so—that I believe that the Congress is less concerned with keeping secrets than the Administration, I don't think there are any more leaks up here than there are down there.

But what I am saying is that if a matter is extremely secret, I think that probably the appropriate way would be to go to the leadership of the Congress and say we need to consult on how best now to convey this to the appropriate leaders of the appropriate Committees.

Senator ALLARD. Which would mean the Chairman and the Minority Leader of a Committee, I would assume basically——

Mr. LAKE. No, sir, I mean of the Senate and the House.

Senator ALLARD. I see.

If you should learn that the Congress is not informed, as Director of Central Intelligence, of a significant secret change in U.S. policy, then I'd assume your response would be to go to the leadership and discuss that. Or would—is there more to it that you would do?

Mr. LAKE. I think that would not be the first step for me. It's not——

Senator ALLARD. Uh-huh. What would be your—give me your outline——

Mr. LAKE. Let me give you—because I thought about this.

Senator ALLARD. Yeah, give me an outline.

Mr. LAKE. Yes, I've thought about this. Yes, I've thought about this, it's an important question. I'm glad you asked it.

It's not the job of the Central Intelligence Agency to inform the Congress of policy matters, or certainly to consult with the Congress on the policy matters, because I feel very strongly that we don't cross that bright line. If I knew that there were a policy change that the Congress did not know of, I would go then to the policy departments, either to the State Department or to the National Security Adviser, or if I thought it important enough, to the President, and say, look, you—you're not doing something you ought to be doing, and urge them to do it.

Senator ALLARD. I'm running out of time, I just want to——

Mr. LAKE. Yes, sir, I'm sorry.

Senator ALLARD. You see, this—the previous situation was whether this is truly a policy matter, that's where there's disagreement in the Oversight Board apparently as well as members of this Committee and the Executive branch. When we get into these gray areas—and you suspect that there's maybe a very—you just get out from under it because you say it's a policy. I just want to make sure that we clearly understand what's going to be your view in these gray areas with the oversight function of this Committee.

Mr. LAKE. When Director Woolsey thought this, he appropriately went to me when I was National Security Adviser and said, are we in a gray area here? Then we briefed the Congress on it when we knew what we were talking about. I can promise you, Senator, that if I think this could be a significant intelligence activity, I'll be here right away.

I'm phrasing that broadly to try to encompass the gray area——

Senator ALLARD. The policy—questionable policy.

Mr. LAKE. Yes. But if I think it could be an intelligence activity. If it's a policy matter, then it would be inappropriate for me to, in the first case, to come to you.

Senator ALLARD. But, you see, my question is——

Mr. LAKE. No, I understand it.

Senator ALLARD [continuing]. It may not be clearly a policy or intelligence matter, and I would like to know how you're going to handle those.

Mr. LAKE. If it's not—if I think it could be an intelligence activity, I would talk to the Committee, yes, sir.

Senator ALLARD. I see my time's expired.

Thank you, Mr. Chairman.

Chairman SHELBY. Senator Bryan.

Senator BRYAN. Thank you, Mr. Chairman.

Mr. Lake, I have a confession to make, that after 7 months of an investigation by this Committee in the previous year and a bipartisan report and perhaps two or three other investigations, I do not have any further questions that I can conceive of to ask about the Bosnian situation.

So let me shift the focus of this a bit and ask you some things about the Agency itself. There's been a downsizing in the Intelligence Community as well as the Government generally. Without getting into the numbers, because they are classified in terms of the budget, let me ask you if you have been able to make an assessment as to whether or not there are adequate financial resources and an appropriate allocation of those resources. We talked a little bit about this earlier in the week, but let me give you an opportunity to expand upon your views on those questions.

Mr. LAKE. Thank you, Senator.

As I noted in my opening statement, there has been about a 20 percent cut in the personnel of the Agency over the past few years mandated by the Congress. Again, I don't want to go too far in an open session, but there will be further reductions, also mandated by the Congress.

As I have talked to the managers, naturally any manager doesn't like it when he's losing resources, but they have said that they think that they can pull this off, that they can live with it, that they can order the priorities properly to live within the resources that are now laid out into the foreseeable future.

I would of course reserve the right to ask for more if we don't think we can get the job done within those resources. One way of getting that job done is to bring greater order to our financial management across the community. The Community Management Staff that reports to the director of Central Intelligence has made, as far as I can tell so far, based on the briefings I've gotten, a good start at mission-based budgeting, which is, I think as I mentioned, one of the central priorities that we have on the management side for the next few years, because through that we cannot only remove redundancies but—in terms of money being spent, but we can also sharpen up our analysis of what kinds of collection contribute best to our various intelligence targets and analysis.

There's two things we've got to do here—one not that hard, that we're making a good start on; the other that's very difficult. The first is simply by looking at the budget across the Intelligence Community, you can see where people are doing approximately the same thing and try to go after redundancies that way. That's not that hard. I think maybe it should have been done more during the days when there were more resources. But that can be done.

What's harder is to say if you're attacking a single target, does technical collection make a bigger difference or does human intelligence make a bigger difference in attacking that target? That's very complicated because in the end it depends on the judgment of the analyst as to whether he or she is finding the technical or the human more useful, and then you have to do that across the board for every target. Very complicated. It would take some years to set in place. But I think very important if we're really going to find out the true value of the various things the Intelligence Community is doing.

Senator BRYAN. You mentioned the word redundancy. Let me preface my comment by saying that I believe that there's a vital, very critical mission for the intelligence services to perform. The fact that the threat assessment may have changed and the world in which we live may have not changed does not in any way argue, in my judgment, that there is a less important or less significant role that your agency and the other intelligence-gathering agencies perform.

But having said that and recognizing that we are increasingly aware of the finite resources—and I'm talking about financial resources—the President, the Congress, the Democrats and Republicans, we've all announced our support for balancing the Federal budget by the year 2002. We're all committed to that. I guess my question is, as you look at the intelligence services there is obviously a good bit of redundancy. I don't know if you're comfortable in commenting as to whether or not you feel that it is justified to continue the level of redundancy. Or do you have any comment generally that you could share with us in terms of your observation about that redundancy? I offer that in the context, not that it's not important work, but is it something that we need? Can we afford it? Is it something that we ought to be taking a look at? Not that the information is not important, but does everybody have to be collecting that information, so that each agency says, here's what my people tell me, and the other agencies, and yes, we've been looking at that, too, and here's what we're told, and there's an awful, awful lot of time and effort expended in that collection process. Let me toss the ball to you.

Mr. LAKE. Senator, you don't need 35 years of experience in working in the Government or looking at it to know that in any Federal agency there are redundancies. I look forward to finding them and removing them. I might note, the NSC staff was reduced in size when I came in, as was the White House generally. We need, through mission-based budgeting, as I said, to go after the redundancies. But I would intend very vigorously to do that. I would do one caution, though. When the stakes are so high, it is sometimes useful, as I said I think yesterday, to get more than one analyst on a problem—so that you precisely—so that you can hear more than one view, because no analyst can have a monopoly on—

Senator BRYAN. From a different intelligence agency.

Mr. LAKE. Yes. Yes.

Senator BRYAN. OK.

Mr. LAKE. Or, as with the National Intelligence Estimate on missile threats, to get more outsiders to take a look at it, as the Gates

panel suggested. So those kinds of redundancies are useful. It may be that sometimes you want to have more than one group, if they have different expertise or means of support, going after targets with human intelligence. But there, you have to be very clear and very careful to make sure they're not stepping on each other, that they are not being not merely redundant but dangerous to each other. Specifically, between the DIA and the Directorate of Operations there has been, I am told, progress in that kind of coordination, and I would intend to look at that very carefully to make sure that that continues.

Senator BRYAN. Mr. Lake, if you are confirmed, and I believe that you will be, you'll share that candidly, your assessment in terms of where you look at the broad framework of intelligence-gathering and where you think we as a Congress can make some improvements.

Mr. LAKE. Senator, that's exactly the kind of issue that I think a monthly meeting would be very useful in discussing, so we can step back—rather than dealing with the current crises and current issues, step back a little and take broader looks at broader management issues, resource questions, et cetera, because I know that the members of this Committee are very concerned about all of our accountability to the taxpayer, in the end.

Senator BRYAN. You made reference to the fact that you don't have to be involved with government for 35 years to recognize that there are some redundancies. Even as a very, very junior second lieutenant on active duty in 1959, I became aware of the classification process and the great tendency to classify everything. I would not suggest to you as a very junior member that I would have the ability as a second lieutenant to determine, what ought to be classified, and what ought not be. But some of the things that were classified clearly struck me as being unnecessary.

My view has not changed over the intervening years, that there's just a propensity, not with any intent to withhold information, nothing diabolical, nothing to conceal wrongdoing, not with a view of covering up, but this inexorable tide to classify. So my question really is the reverse of this proposition. We have a tremendous amount of documents that are classified, over decades. Previous Directors have indicated their commitment to openness, their willingness to take a look at declassifying these documents.

I must say, I thought to some extent, as we concluded the anniversaries of the great epic events of World War II, ending in 1995, that I thought perhaps that period of our history was behind us. That's obviously not the case. We're involved and learn almost daily of some declassified information as it relates to the Holocaust and what occurred with respect to the assets of those who were victims of that Holocaust. That issue is reopened, and we now are once again exposed to the horrors of more than a half a century ago.

So my question really in the broad sense is, looking at all of these documents that we have, not necessarily related to the Holocaust but just generally, what is your thought about a declassification process that could at least in no way compromise our national security—that has to be paramount—and there may indeed be things that are half a century old that there may be some rel-

evance, I don't know and I don't express myself in a categorical sense, but God, we have a lot of stuff that could be declassified. It seems to me that this information ought to be made available to the American public, ought to be made available to scholars and others who critically examine our process and our decisionmaking process in decades past. Your own thoughts on that, Mr. Lake.

Mr. LAKE. It's a huge problem. As we speak, we're creating, by classifying probably in the last 10 minutes, God knows how many thousands of documents that may have—that will have to be looked at and declassified down the road. We—the Administration did change the regulations for all this and shorten the period of time going back on declassification, tried to liberalize the declassification procedures.

I think the main problem here is not so much the regulations, although we should keep working at reforming that because what you say, Senator, I think is absolutely right, but there's a question of resources and personnel. There are a lot of people out there in all agencies working on declassification right now, and it's just a lengthy, time-consuming, difficult process.

It's especially hard at the agency where compartmentation over the past, necessary compartmentation, has made it, I believe, harder to access some of the documents, when you know if you want one particular subject you may have to go into a lot of pockets, whereas in some agencies you may just have to go into one to find them.

But it's a huge issue. As you say, while we should not only be putting all the effort we can, responsibly, given the resources that we have, into declassifying, we have to find ways to change the culture. Because we have changed the regulations to make it harder to classify. But as you point out, I mean, when I came in as a junior Foreign Service officer it was exactly the same as when you came in as a junior officer in the Navy, the routine was classify it. That's easier. If you un-classify and if you don't classify it, and then it gets old or it's embarrassing or anything, your boss is going to get you for it. So I think there's just a routine tendency to go ahead and do it. We have to change the culture as well as the regulations.

Senator BRYAN. Mr. Chairman, that's all that I have to ask in this round.

I must say that Mr. Lake is a man of extraordinary patience. I greatly admire the way you've handled this hearing, Mr. Lake.

Mr. LAKE. Thank you, Senator.

Chairman SHELBY. Thank you, Senator Bryan.

Senator Coats.

Senator COATS. Thank you, Mr. Chairman.

Mr. Chairman and Vice Chairman, first of all, I want to say I appreciate the acknowledgment that even when you're way down at the end of the line, junior members have the right to ask as many questions and satisfy themselves as to the questions that they have, as any other member. I appreciate both of you expressing that.

I also want to address this question, both to Mr. Lake and—not the question, but the question that has arisen and been raised by some members on the panel that this whole Iranian arms thing to

Bosnia is old news, it's been investigated, we've been over it and so forth, and even if you weren't on the Committee, like I wasn't, you should have known all of this and we're wasting our time.

But I need to state, and I thought I had stated this, but I need to state for the record that my questions to you, and I pressed you pretty hard on it yesterday, my questions are not for the purpose of rehashing old issues just for the sake of argument or even to argue with policy decisions, even though I don't agree with your policy decision. But what I'm trying to do is—this whole issue, is to—it—it disturbs me because it—to me, it goes to the question of how you make your decisions, what you—how you view yourself—how you viewed yourself as National Security Adviser to the President, in relation to the Department of Defense, in relation to the Director of Central Intelligence, in relation to the Congress. The process that we—that you went through and others went through in the Administration to make this decision, I think gives, at least me, an insight into how you think and how you make decisions and how you view us and how you view your role. I think those are relevant questions. Those are questions that are more relevant to me than the facts of any one particular situation.

Now, one of our members said, well, you know, we should focus on the future, not the past. But I don't know what your future decisions are going to be. The best indicator of what they are going to be is your past decisions. I think past is clearly a way we make judgments about what's going to—what people are going to do in the future. So I'm trying to get to the why of your decisions, not the what of your decisions, but the why of your decisions.

Why would you, as National Security Adviser, when you were recommending to the President a critical matter, the question of whether we would allow Iranian arms to go to the Bosnians or make a decision that—whose consequences would be that arms would go, in violation of an agreement that we had agreed to clearly different than our public statements as to policy, why you didn't, first of all, check with the Joint Chiefs, because it clearly, I think, would have—is something the military ought to know. If arms are going to one of the adversaries in a conflict, and we've got pilots flying over that area and so forth, I mean, I just think that's something you would—if I were the President, I would say, have you talked to the—you know, what's the reaction of General Shali, what do the Joint Chiefs say about this? Can they—are they aware of it? They at least need to be aware of it. That might change the way in which we deploy our planes, that might—we had some people on the ground, they ought to be aware of that kind of thing.

Why wouldn't you inform the DCI? I would think, as DCI and something like this happened, you would want to be informed, because of the implications there. Why wouldn't you want to at least advise the Chairman and Vice Chairman of the Intelligence Committee? I can see why you wouldn't want to convene the whole Congress. A lot of loose lips around here. But I would think that the Chairman and Vice Chairman of the Intelligence Committee and the Majority Leader and Minority Leader ought to be advised, particularly when the issue is on the floor of the Senate being hotly debated over whether we ought to enforce the arms embargo,

whether we ought to maintain the arms embargo or not maintain the arms embargo.

Then why not address the issue in a way that I think all people ought to address issues—yes or no? I mean, this idea of no instruction; now, maybe that's the way things are done in the Intelligence Community. Maybe that's the way things are done in foreign policy. I'm not an expert in either one of those. But this idea of no instruction to me just seems—to me, I think to the average person just seems like a deception. It's sort of like, we don't want to take responsibility for stating what our true position is, so we're going to finesse it. We're going to finesse it with a term of art called no instruction, so, you know, if it doesn't work out right, we can say, well, no, we didn't change policy, and if it does work out, we can take credit for it or whatever.

Mr. Lake, it just seems to me that you are too bright of a person, too experienced of an individual, and too savvy—at least I hope you are, because I think as DCI you're going to have to be, to be effective—not to understand the implications and the consequences of a no instruction order to President Tudjman regarding Iranian arms, not to want to at least advise the Chairman of the Intelligence Committee and the leaders of the Senate and the House that the Administration had made a decision impacting on something they were right in the middle of, from a policy standpoint, debating on the floor. I can't believe that you were so naive or so uninformed as to tell us that this was just an oversight and mistakes were made. There had to be—in my mind, there had to be some deliberation on this decision, a conscious decision to keep it secret. Otherwise, why would you issue the order not to write anything down and put the decision in writing?

Now, you know, I guess this whole episode and how you handle it goes to the way I think that you make decisions to your view of how you relate to other agencies, how you relate to the Congress, how you formulate information in terms of advice to the President. In response to Senator Allard's question, you said, well, it wasn't a wise decision. Well, I'm surprised you didn't have that degree of wisdom 2 years ago as National Security Adviser to the President to understand these things.

So, again, I'm not trying to pursue the what. I'm trying to pursue the why, and I'm trying to do that so that I can get an idea of your qualifications, how you think and how you make decisions. Now, I've said enough. I think, rather than press you with questions or whatever, I just ought to sit back, listen, and let you respond.

Mr. LAKE. Senator, rather than—

Senator COATS. I won't interrupt.

Mr. LAKE. Please do if something is unclear—

Senator COATS. No, I won't interrupt.

Mr. LAKE [continuing]. I will be very clear about this. I will not run through all the answers I gave to the same points yesterday, except to note that this was an exceptional circumstance. We were on an airplane. There was not time to have the usual meetings.

I want to begin by noting that this is an exception to a rule, and the rule for the last 4 years has been an orderly national security policymaking process. It has been meetings of working groups, deputies' committees, principal committee meetings. I would note that

for at least the last 2 or 3 years, every principals' committee meeting that we have had has finished with a section on the Congress and how do we inform the Congress, when do we inform the Congress of the matter that we had been discussing. That is on the agenda of those meetings, precisely so that we could do it right. I won't go on and on, but I would say, first of all, bottom line, this was an exception to a rule, and the rule was in place.

Second bottom line on the policy decisions. Again, I stand by the results. The results of the decisions made in this case by both the Executive branch and then the Congress worked. There is peace in Bosnia, and the Iranian presence has been greatly reduced and the ties, military and intelligence ties between the Bosnian government and Iran, have been severed. So it worked, and that's the bottom line that all American people are looking to when we make decisions.

I'm not going to—I don't want to debate all of our foreign policy decisions, because I'm trying to get away from that and into an intelligence role where I don't have to and won't do that anymore. But I am telling you that what matters is what happened, and what happened was a good thing for the Bosnian people and for the American people.

As to why it was secret, again—and I think this is very clear, and I have stated it repeatedly—we were keeping the secrecy within the Executive branch. We made no explicit decision that I can recall—I can't speak for everybody in the government—I cannot recall any explicit decision as to whether or not to inform the Congress. That was a result of the pattern of secrecy within the Executive branch, not for the first time. My previous tour on the NSC staff, as I recall, there were a number of fairly secret times, including a secret negotiation with the North Vietnamese that I was working on with Dr. Kissinger, which was told to almost nobody, I think for valid reasons.

The secrecy, again, was within the Executive branch. That led us not to asking the question we do at the end of every orderly principals' committee meeting: How do we tell the Congress? It was a mistake. I say once again it was a mistake. Again, as I said yesterday, I believe to Senator Roberts, there is nobody in this world who wishes more than I do, sitting in this chair right now, that we had not made that mistake.

Thank you, Senator.

Senator COATS. Well, thank you.

Let me just ask one question and then I'll turn back my time.

If you're confirmed as Director of Central Intelligence and a similar situation happens and a no instruction, would you want to be informed of a no instruction decision, knowing the implications of that?

Mr. LAKE. Of course. As I said, there was a meeting between the Deputy Secretary of State and the Director of Central Intelligence which apparently the one thought he had informed him and the other thought he had not been informed. I wasn't there and I can't tell you what happened. But I sure as hell would want to be informed, yes, sir.

Senator COATS. I think you'd want to be informed directly, wouldn't you?

Mr. LAKE. The Deputy Secretary of State, who is charged with implementation of activities like this—and it was the State Department that was conveying the instruction—I think is a direct channel of communication, yes, sir.

Senator COATS. Thank you, Mr. Chairman.

Chairman SHELBY. Senator Roberts.

Senator ROBERTS. Thank you, Mr. Chairman.

Dr. Lake, I'd like to go over a line of questioning to lay to rest some concerns in farm country that was brought up yesterday by Senator Chafee, and it goes to the central authority of the CIA and your more traditional roles and limited dollars that we have, and basically how those dollars are allocated to now public health, the problem of drugs. Then you mentioned the environment. We talked about this just a little bit when you were kind enough to come by for a courtesy call. I think yesterday you mentioned the criteria for CIA involvement was to save lives, and I think you cited the problems of oil spills, nuclear leakage and flood damage. You mentioned what you're doing in behalf of the people of Ohio with the tragedy that they're experiencing.

What I want to know is when you mention the environment—and that appears in the press—we have several very important but yet controversial basic issues that we face in the agriculture community and in the environmental community in regards to wetlands and endangered species, the Clean Air Act, the fine particle proposal by the EPA. Please reaffirm the position, I think, that the CIA will be involved in providing technical information, not into the advice-and-consent business or the advice-and-counseling business in regards to what the Administration might propose in regards to wetlands or endangered species or things of this nature. I think some of our farmers actually expected some CIA personnel out there with the Soil Conservation Service determining whether Nebraska has potholes or wetlands. That's not the case.

Mr. LAKE. If there were good trade craft, they would never know whether the CIA is there. But we don't do that kind of stuff.

Senator ROBERTS. So it is merely technical information to provide to a community or a State—say, for instance, if the Governor requests that through FEMA, I would understand, I guess that would be—

Mr. LAKE. In this case it is, as I understand it, through FEMA.

Senator ROBERTS. I see.

Mr. LAKE. Senator, this has not been a central focus of my preparations in understanding exactly the structure, but I do understand that there is an organization—and I've forgotten both the acronym and the name of the organization—that would become, in effect, the funnel for information that the Intelligence Community collects, not by targeting on America but picking it up in the normal course of collection, that would then go to civilian agencies so that they can use it in local areas for the benefit of Americans.

Senator ROBERTS. So if it would be NOM or the USDA or NASA or EPA or Commerce or whatever it is—

Mr. LAKE. That's right.

Senator ROBERTS [continuing]. If they have a need for that, that's the structure of the program.

Mr. LAKE. Yes, that's right.

Senator ROBERTS. You indicated to me or Senator Chafee that it was a very modest amount.

Mr. LAKE. Yes, sir.

Senator ROBERTS. Our worry is or my worry would be that we have very limited dollars and we have a very strong and traditional role of the CIA, and to get a little far afield over here would be the concern.

Let me ask you another question that tends to be a little parochial, and it goes back to some degree. You mentioned Afghanistan yesterday and working within the Carter administration. All of a sudden it occurred to me that there was an event that took place where we canceled our participation in the Olympics and we imposed a grain embargo on the Soviet Union. If there was any one thing that happened in farm country or in terms of agriculture program policy that ended up in shattered glass in reference to our export policies and the entire farm program policy, it was that decision. Not one Russian troop ever left Afghanistan, but the farmers of this country paid very dearly and the taxpayers eventually paid dearly. As I recall, in 1985-86 we spent \$26 billion in part because of the recession all throughout farm country because we were not exporting grain. We lost market share. Our competitors stepped in. At that time I considered it to be perception foreign policy and basically using agriculture as a foreign policy tool, which I'm very much opposed to. I would like to learn your thinking about those kinds of decisions. Were you involved in that decision, or—

Mr. LAKE. Yes, sir, I was, not at a policymaking level but as an adviser in the State Department at the time. I recall two concerns that I had about it, while believing very strongly that we should sanction the Russians—excuse me, a long morning already—that we should sanction the Russians for an invasion of Afghanistan and find other ways to make life as difficult for them as we could.

At the same time, I recall two concerns, just off the top of my head. I haven't thought about this for 20 years. One was that we make sure that any sanctions we put in place have such a definite purpose and a time line for them that we would know how to get them off. I think it's similar to one of the concerns you had there, that if you just place the sanction on and then the Russians stay there for a long time, American farmers or others, because it would have costs for us, could be hurt with no end in sight.

Second, I didn't like the sanctions on the Olympics, I remember clearly, because I thought that was a terrible precedent about the Olympics. So I had some practical questions about it, including the grain embargo. I recall that the incoming Administration then reversed the grain embargo.

Senator ROBERTS. Well, they did and they didn't. As a matter of fact, it took the Reagan administration 2 years to declare specifically and describe what contract sanctity was. So there was sort of a *de facto* embargo there, and we really didn't get to the business of being or standing behind contract sanctity, and other countries came in and took our market share. I think the point I tried to make at the time with Secretary Weinberger, as a matter of fact, Secretary of Defense, was that the Russian government at that time could force their people to go through whatever deprivation they wanted, *i.e.*, they were going to spend as much on the military

as they would have or, say, could have. On the other side of it, we were improving the Russian diet by leaps and bounds in terms of a high-protein diet. They became more dependent on us, and that's where you want them.

In addition, we had a situation where only the American farmer was paying for this. It would be one thing if all taxpayers would pay for it under the umbrella of foreign policy, but that was not the case. And I cannot tell you what—well, for 10 years we paid for that. I don't want to go back down that road. So I guess you've already answered my question, and I certainly appreciate that.

What are you going to do about leaks? I'm an old journalist. If you look in the biography, it says I'm a journalist. That's an unemployed newspaperman. And as I said before, a leak in this town is not a leak until somebody gets wet. And in this business, it seems to me you said the other day that there is always something in the newspaper, about one-third of which is wrong, or I don't know if you put a percentage on it. How are you going to handle this?

Mr. LAKE. Senator, I laugh, but I consider leaks not simply a question of disloyalty to an institution or an unauthorized disclosure. I consider it as being very clearly in the same category as spying. Whether things—if highly classified information goes out to a newspaper and it is published—and I don't blame reporters ever for publishing the stuff; the people I blame are the leakers—or almost never. If it's in the newspaper in the United States, foreigners can read, and that could have the same national security implications as a spy stealing that classified information and sending it directly to that foreign government.

As I have met with people in the agency over the past few months, I remember clearly one case in which an important operation that was very much in the American national interest had to be delayed because of a leak. And I intend to—and it's very, very difficult—I intend to try to find the leakers just as I intend to try to find the spies, because the consequences in both cases can be extremely damaging to the American national security. And it comes back to a point Senator Bryan was making. I think the flip side is that one of the reasons why sometimes people are not as responsible as they ought to be about classified information is that so much information is classified, that they get used to treating it with a kind of contempt. That can't happen, because this can make a big difference to the welfare and maybe the lives of American citizens. And I intend to be very tough on it.

Senator ROBERTS: You had told me in your conversation with me that you have spent a great deal of time with what I would call the regular troops at the CIA. It seems to me also that in most cases where you have a leak, well, somebody has an agenda and they're upset. And so consequently, if we have strong leadership and they feel like the *esprit de corps* is such that they are headed in a proper direction and basically have strong leadership, that perhaps this problem will not be as great as it has been in the past. And I applaud your statement.

One other question. President Clinton's decision 3 years ago—I'm talking about a directive, I think it's No. 8; it was issued by the NSC in June 1993—it directed the implementation of Executive Order 12812. That would have required the declassification and

public release of documents pertaining to POWs and MIAs. To my knowledge, this directive has never been in the Federal Register, and my concern is that then it is not available for compliance, guidance, or reference by other Executive agencies or others. What is the status of that? Why has it never been in the Federal Register?

Mr. LAKE. Senator, I'll have to get back to you. I don't recall its dissemination.

Senator ROBERTS. There is a great deal of concern on the part of many POW-MIA families as to why that has not been implemented. If you could get back to us, I'd appreciate it.

I yield back, Mr. Chairman.

Mr. LAKE. Senator, if I could just have one word on that.

Senator ROBERTS. Yes, sir.

Mr. LAKE. The issue of POW-MIAs has been a matter of great concern to me, as I think Senator John Kerry mentioned when he and Senator McCain were coming to the Administration and saying, move more quickly. I was indeed the one who was saying, wait a minute. We want to make sure that we're getting the most possible—the fullest possible accounting for this. I know that the League of Families, who I have worked with very closely, know of my concern on this issue, both that we do it right in terms of our Vietnam policy and that we get any information that we can out to the families. I think that is almost a sacred obligation to the people who have lost loved ones there.

Senator ROBERTS. I certainly appreciate that comment, and we look forward to your response.

Thank you, Mr. Chairman.

Chairman SHELBY. We'll now go into round four, and we're going to limit it to 10 minutes.

I'm going to yield my 10 minutes to Senator Kyl.

Senator KYL. Thank you, Mr. Chairman. Since I will have to leave for a meeting, I appreciate that very much.

Mr. Lake, just as a follow-up to the penultimate question asked by Senator Roberts, I take it you are prepared to assure us today that you never have and never would leak classified information.

Mr. LAKE. That is accurate, Senator. I think I am known for that.

Senator KYL. Now, I want to go back to a matter that we discussed yesterday and set the stage for it just a little bit, because I think it's one of the most important recent stories about the Central Intelligence Agency and troubles all of us greatly, and that is the spying within the agency that had, in several cases, horrific consequences. In fact, people died as a result; the Aldrich Ames case being the most significant, but others—Nicholson, Walker, Pollard, and there were others. This has not been a good time for the Agency in this respect.

In the case of the Ames case in particular, because, as it now turns out, there were so many signs that pointed to—pointed suspicions at Ames that people did not consider conclusive enough to proceed against him. That problem the Agency has tried to take steps to correct, but it still is a matter of great concern to us.

As the DCI, your threshold of suspicion and belief in this regard, of course, would be critical, because you would be the top man, having to evaluate information that came to you in this regard.

That's why very frankly—and, again, as Senator Coats said, with all due respect, I found your answers relative to the matter of Alger Hiss disquieting. The impression I have is that your unrehearsed answers on the Meet the Press TV program are closer to your real views than the rationalizations you have provided us. I believe there are three. You mentioned to me, and to other Senators, I now confirm, that one of the reasons was you were concerned about hurting the family—the feelings of his family. In fact in response to my question yesterday you specifically noted this came about a week after Hiss's death.

Second, you said you only had 20 seconds to go, and therefore you couldn't explore it fully.

Third, that you were concerned you wouldn't be able to back up what you said. It related I guess to the other matter.

My own view is that none of these rationalizations justify an answer that is almost 180 degrees from what you believe or what you said you believe. Since unvarnished truth is your credo—you have discussed it several times here—it is distressing to me, because I think while you have given several excuses, you didn't give the American people the unvarnished truth in that television interview.

I want to give you a chance to discuss this again. What—let's say you had more time—take the matter that the interview or the question came 20 seconds from the end of the interview, as you have said. What would you have said if you had had more time to explain your real beliefs?

Mr. LAKE. Senator, first of all, my answer was not 180 degrees away. I said there is a lot of evidence, and I tried to explain what was going through my mind, in absolute candor, during a maybe not even 20-second segment on a television program. The flat-out truth, as I said yesterday, is that after I read the book entitled "Perjury," I came to the belief that Alger Hiss was guilty. I remember that clearly. That is what I have thought. Yes, I was—he had died a week or whatever it was before. I don't know whether the family was specifically in my mind, or simply the man had just died. What was most in my mind was I cannot back up right now a flat conclusion that he was guilty. I can assure you and the other members of the Committee that when I give you a conclusion, I will be able to back it up. I am not going to give you opinions. I am not going to give you beliefs. I am going to be able to tell you why I and the Intelligence Community have arrived at a conclusion. That's too important in our work. It would be too important I think when you are making comments on national television. That is why I hedged it. But I didn't hedge it 180 degrees.

What I would say, I suppose, if I were caught—and if I had time to think about it in advance—I would have simply said—and I didn't think enough before I started into this sentence—I simply would have said, yes, I believe he was guilty, but I can't remember now what the evidence was that led me to that. That would have been a better answer, Senator.

Senator KYL. Or you could have simply said, yes, I think he's guilty. If Russert had said, well, why, you'd say, I've got to go back and read the books again for all the evidence, but I remember having been pretty convinced when I read about it.

Mr. LAKE. I rather be more honest in the initial statement than explain why I couldn't go beyond it then.

Senator KYL. Wouldn't that have been much better?

Mr. LAKE. We could do it either way.

Senator KYL. Well, I mean, because what you said was, "I don't think it's conclusive."

Mr. LAKE. That's after I said there's a lot of evidence.

Senator KYL. Yeah, you said, I've read a couple of books that certainly offered a lot of evidence that he may have been. I don't think it's conclusive. That's an opinion. I don't think it's conclusive. Not, I think it's conclusive, but I'll have to go back and review the information to tell you all about it, if you want all the details.

Mr. LAKE. Frankly, Senator, I can't remember how conclusive I thought it was. I do——

Senator KYL. I think that may be the problem.

Mr. LAKE. I do remember it led me to the belief that he was guilty. I continue to hold that belief. Again, Senator, if the issue here is my view of spies and counterintelligence——

Senator KYL. No, that's not the issue.

Mr. LAKE [continuing]. I stand by my record of the last 4 years——

Senator KYL. I have no doubt that——

Mr. LAKE. I am passionate about this.

Senator KYL. I have no doubt that you and I are just as passionate about spying.

Mr. LAKE. But when I——

Senator KYL. The question is, if I can just—the question is your threshold of belief that someone is a spy.

Now, let me just go on here, because I just checked with NBC News this morning. This did not come 20 seconds from the end of the interview, as you said yesterday. The interview lasted 14 minutes and 35 seconds, according to NBC. This question was asked 8 minutes into the interview. There were about 6 minutes and 40 seconds left at the end of your answer to this question. You were in no way inhibited from fully explaining your answer. As a matter of fact, I have the transcript here of your interview, and you go on at great length right after this to go into other questions and your reasons for the beliefs that you expressed to Mr. Russert with respect to other questions.

Mr. LAKE. Well, then, Senator, my memory failed me. I would have no reason to say otherwise.

Senator KYL. I'd be——

Mr. LAKE. Senator, was there a break then for commercial or something?

Senator KYL. Nope, no break at all at this point. That's why it seems to me that the notion that you didn't have time to explain, and that's why you had to give an inaccurate answer or incomplete answer, frankly doesn't hold water.

Mr. LAKE. Senator, did Mr. Russert then ask a follow-up question, or was he moving right along——

Senator KYL. I'll just do two or three questions here and I'll give you the transcript so you can read it.

Mr. LAKE. I wish, Senator, perhaps——

Senator KYL. I'll be happy to give it to you.

Mr. LAKE [continuing]. Perhaps we could review the tape to see the tempo of the show. My memory clearly is this was a sudden question. Mr. Russert had to move on. My memory was that it was either the end of a segment or the end of the interview. I apologize if I have misremembered it. That is what I recall. That is honestly what I recall. That is all I can tell you.

Senator KYL. I don't have any doubt that—I mean, my recollection sometimes fails me too, and I certainly don't fault you for having a faulty recollection of this matter or anything else—

Mr. LAKE. Thank you, Senator.

Senator KYL [continuing]. Believe me. But I do think that it demonstrates that there was no pressure on you at the time to give an answer that was clearly inaccurate. I mean, I think you'd at least go that far to say that you did not provide an accurate statement of your views. Would you say that? When you said it is not—

Mr. LAKE. Sure.

Senator KYL [continuing]. I do not believe it is conclusive? I mean, that was not accurate.

Mr. LAKE. Well, no, Senator, I again—what was going through my mind is I don't remember the evidence. I don't recall how it led me to that belief. I should have said in my own memory, it is not conclusive—I don't know exactly how I should have—your formula would have been an excellent way to get through that 20 seconds or whatever it is. Do you have the time that it took to answer the question? I think probably less than 20 seconds.

Senator KYL. Well, I don't know how long it took you to answer the question, but—

Mr. LAKE. And, Senator, believe me—

Senator KYL. But the point is you were not constrained in the time according to—

Mr. LAKE. My memory—

Senator KYL [continuing]. According to the transcript.

Mr. LAKE. My memory is that I was. Perhaps we could look at the video to see what Mr. Russert's body language was, as he was moving on to the next question or the break or whatever.

Senator KYL. Well, I would—since my time is up, let me just say that I don't think—you know, you're National Security Adviser and he had just asked you, by the way, whether you would like to be the CIA Director, and you said, oh, it's a little premature for that. But he said, well, but would you, and you said, yes. Which is fine.

Mr. LAKE. Senator—

Senator KYL. Well, here, I'll give it to you directly.

Mr. LAKE. Senator, that was also an incomplete answer. While we're at it. I definitely did want to be Director of Central Intelligence, as I do now—

Senator KYL. Well, no, it's—I mean, you were not—

Mr. LAKE. I wasn't about to announce that on national television.

Senator KYL. No, no, no. He said, would you enjoy the job, and you said, well, I'm certainly not going to speculate on that. He said, well, it's only national television—just between you—and right between the two of us—he was—obviously this was in a humorous vein. You said, just between you and me and the TV viewers, yes—which is fine. There is nothing wrong with that. Then he said, let me ask you a question. In our Meet the Press minute we have

Whitaker Chambers on this program talking about Alger Hiss. You're a student of history. Do you believe Alger Hiss was a spy? Mr. Lake: I've read a couple of books that certainly offered a lot of evidence that he may have been. I don't think it's conclusive. Tim Russert: Russia: How sick is Boris Yeltsin? Your answer, He's better. All of our reports are that he is better. The operation was a success. He has moved to a clinic and out of the hospital. He's doing business. He's been appearing on television, and we are very encouraged. A much longer answer than to the first question. Then he said, what's the biggest problem we have with the Russians? The nuclear arms question? I won't read your whole answer, but it's a lengthy answer.

Mr. LAKE. Senator, I think if you review the tapes, you will see that Russert was moving right along there. My memory failed me in thinking he was moving right along to a commercial or the end of the program. But he was certainly moving right along. You can see Russia afterwards. Again, I didn't put it properly. The—but I think that what you read me, which I have not read for a while, confirms my memory of what was going through my mind, because I begin with the word certainly—certainly there is a lot of evidence, and then—and I got it wrong. I wish I hadn't. I got it wrong. But I was thinking to myself then, wait a minute—I don't remember the evidence. Said, not conclusive. Your formula would have been better.

What I am telling you is that that was my belief after reading that book, and that I was not misstating 180 degrees my view there. I was trying to avoid getting caught in something else that goes to my credibility, and that is making statements on national television, or anywhere else, which I can't back up, and that's what happened.

Senator KYL. My time has again expired.

Mr. LAKE. Thank you, Senator.

Chairman SHELBY. Senator Kerrey.

Vice Chairman KERREY. Mr. Lake, I have a series of questions that I'd like to ask. In the interest of time, as I indicated yesterday, I'll just submit those to you in writing and I'll yield my time for a closing statement.

Mr. LAKE. Thank you, Senator.

Chairman SHELBY. Senator Inhofe.

Senator INHOFE. Yes, and I'll be very brief.

Mr. Lake, I guess it'd be safe and accurate for me to say that you are the one, more than anyone else, responsible for the strategy in the Bosnian conflict, for the Bosnian policy.

Mr. LAKE. Thank you, Senator.

Senator INHOFE. Is that correct?

Mr. LAKE. I—

Senator INHOFE. Is it safe for me to say that?

Mr. LAKE. I would be proud if it were true, yes, sir.

Senator INHOFE. Well, the President said it was true, and so I would assume that it is.

Mr. LAKE. I welcomed his remark.

Senator INHOFE. Let me ask you—that means—were you also involved because the key—one of the key elements of the strategy of

the Bosnian policy was the 12-month exit strategy. Were you responsible for that?

Mr. LAKE. I participated in that decision, certainly. The recommendation of—let me back up for a moment. The first stage, when we commit American troops, is to set a clear mission. That mission was clearly set in the terms of the Dayton Accords. I also believe very strongly that has to be an achievable military mission for our troops before we should send them in.

The Joint Chiefs then made a recommendation, as others did, as to time periods. I thought based on what they were saying and others were saying, that 12 months was appropriate. The principals committee met, and there was a joint recommendation of 12 months, and the President approved it.

Senator INHOFE. Well, 12 months, I think now in retrospect, you can look back and say that we were talking about military versus other operations in all this. But I'm on the Senate Armed Services Committee, and everyone from Holbrook to Shalikashvili to the Secretary of Defense all stated unequivocally that the troops would be out in 12 months.

This is what I am getting at. Did you ever believe that the troops would be out in 12 months?

Mr. LAKE. Yes, I did, Senator. I thought that they would. I was quite confident that they could complete their mission as it was laid out at the time, and in fact they did complete that mission, and they did it brilliantly in terms of—

Senator INHOFE. No, I'm talking about the troops out in 12 months. Are the troops still there?

Mr. LAKE. Yes, sir, they are.

Senator INHOFE. Has it been more than 12 months?

Mr. LAKE. Well, different troops. Yes, sir, they are.

Senator INHOFE. So it—oh, different troops? Would they then have been more accurate to say, well, we are going to have the troops in there for 12 months, and then we're going to rotate them out and rotate more troops in. I guess that would have been a more accurate characterization of what we anticipated?

Mr. LAKE. No, sir. What we anticipated was that they would complete the mission that they had gone out there to do—separation of forces, maintaining the cease-fire, et cetera. As I said, they did complete that mission. I don't want to try to pretend for a second that because they're somewhat different troops, therefore history is starting over again. But I would tell you that the mission now that they are undertaking under SFOR is different in important respects from the mission that they were doing before, and they did complete their mission, and they did it very well.

Senator INHOFE. Mr. Lake, when—I could name any of them—General John Shalikashvili or Secretary of Defense Perry—

Chairman SHELBY. Senator Inhofe, if you'll yield to me, I've just been informed that according to the Senate rules a unanimous consent is required for the Committees of the Senate to hold meetings to conduct business 2 hours after the Senate goes into session. I am told that there is an objection on the floor to our meeting, so we will have to stand in recess until such time as this objection is cleared.

Senator INHOFE. Thank you, Mr. Chairman. We'll pursue this——

Chairman SHELBY. I have no other choice. The Committee is in recess.

Senator INHOFE. May I ask, Mr. Chairman, are we going to be coming back in at 2:30?

Chairman SHELBY. Yes, we plan to. We want to keep moving. We have got to get the objection removed. Senator Kerrey and I will work on that.

Vice Chairman KERREY. In a closed session.

Mr. LAKE. In a closed session?

Chairman SHELBY. Closed session, at 2:30.

The Committee is adjourned.

[Thereupon, at 12:07 p.m., the Committee was adjourned.]

