

104  
DIRECTOR OF CENTRAL INTELLIGENCE  
30-DAY REPORT

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Y 4. IN 8/19: S. HRG. 104-156

Director of Central Intelligence 30...

HEARING  
BEFORE THE  
SELECT COMMITTEE ON INTELLIGENCE  
OF THE  
UNITED STATES SENATE  
ONE HUNDRED FOURTH CONGRESS  
FIRST SESSION  
ON  
DIRECTOR OF CENTRAL INTELLIGENCE 30-DAY REPORT

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WEDNESDAY, JUNE 21, 1995

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Printed for the use of the Select Committee on Intelligence



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# CONTENTS

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Hearing held in Washington, DC:	Page
Wednesday, June 21, 1995 .....	1
Statement of:	
Cohen, Hon. William S., a U.S. Senator from the State of Maine .....	15
Deutch, Hon. John M., Director of Central Intelligence .....	2
Glenn, Hon. John, a U.S. Senator from the State of Ohio .....	21
Graham, Hon. Bob, a U.S. Senator from the State of Florida .....	26
Kerrey, Hon. J. Robert, a U.S. Senator from the State of Nebraska .....	13
Lugar, Hon. Richard G., a U.S. Senator from the State of Indiana .....	20
Robb, Hon. Charles S., a U.S. Senator from the Commonwealth of Virginia .....	24
Shelby, Hon. Richard C., a U.S. Senator from the State of Alabama .....	23
Specter, Hon. Arlen, a U.S. Senator from the Commonwealth of Pennsylvania .....	1
Testimony of:	
Deutch, Hon. John M., Director of Central Intelligence .....	6
Supplemental materials, letters, articles, etc.:	
New York Times, article dated May 21, 1995 .....	17
Seattle Post Intelligencer, article dated June 15, 1995 .....	18
Boston Globe, article dated June 16, 1995 .....	18



## DCI'S 30-DAY REPORT

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WEDNESDAY, JUNE 21, 1995

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

The Select Committee met, pursuant to notice, at 2:32 p.m., in room SD-106, Dirksen Senate Office Building, the Honorable Arlen Specter (chairman of the committee) presiding.

Present: Senators Specter, Lugar, Shelby, Inhofe, Cohen, Kerrey of Nebraska, Glenn, Bryan, Graham of Florida and Robb.

Also present: Charles Battaglia, staff director; Chris Straub, minority staff director; Suzanne Spaulding, chief counsel; and Kathleen McGhee, chief clerk.

Chairman SPECTER. The hearing of the Senate Intelligence Committee will commence. We have been delayed slightly. The vote on Dr. Foster was delayed this morning and we have just finished a vote in the Senate, so we will proceed at this time with the first public report from the new Director of Central Intelligence, Mr. John Deutch.

We appreciate your coming in, Mr. Deutch, at a very early stage. Your confirmation occurred on May 3, so it is an early report, but the Committee felt it important to have some public comment on your progress to date. The Committee knows of your very extended activities because of matters which have come to our attention, but in light of the public concern over the reorganization and reconstitution of the Central Intelligence Agency, we thought it very useful to have your report at this time.

You have taken over at a time of real problems within the Agency, as all have recognized in the wake of the Aldrich Ames issue. You have moved with dispatch to proceed on personnel changes. When we concluded the hearings, we asked that you report on a number of specific items which I think it worthwhile to review briefly at this time to set the parameters for today's hearing.

First, to report on any needed changes to the DCI authorities.

Second, on improving the Intelligence Community's fulfillment of its obligations to keep Congress fully and currently informed.

Third, the need for reorganization within the Intelligence Community.

Fourth, proposed changes in personnel.

Fifth, the proposal for how to achieve downsizing in a way that creates headroom, weeds out poor performers and leaves the Intelligence Community with an appropriate mix of required skills.

Next, intelligence reassessment of the possibility that U.S. forces were exposed to chemical or biological agents during Desert Storm, if in fact there is any basis for that.

Next, actions taken in response to the events in Guatemala.

And finally, improving coordination with law enforcement.

And now I am delighted to yield to our distinguished Vice Chairman, Senator Kerrey.

Vice Chairman KERREY. Mr. Chairman, I have no opening remarks, I look forward to the testimony.

Chairman SPECTER. The floor is yours, Mr. Deutch.

Director DEUTCH. Thank you very much, Mr. Chairman.

I am pleased to be here to respond to the eight issues that the Committee raised at my confirmation hearing and that you have just summarized once again.

With your permission, what I would like to do is to submit my prepared statement for the record and briefly summarize the highlights.

Chairman SPECTER. It will be made a part of the record and we appreciate the summary so that we have the maximum time for dialogue.

[The prepared statement of Director Deutch follows:]

#### STATEMENT OF DIRECTOR OF CENTRAL INTELLIGENCE JOHN DEUTCH

Good afternoon Mr. Chairman and Members of the Committee. I appreciate this opportunity to appear before you today to report on a number of issues that you asked me to pursue subsequent to my confirmation.

I want to begin by stating that my general assessment of my first six weeks as DCI is positive. I believe we are well along in the process of installing the new leadership team for the Intelligence Community and CIA. I have also spent a good deal of time in the last month or so to begin the process of improving morale and meeting with as many people as possible in CIA and in the Intelligence Community. These meetings have helped me determine and put into place a series of actions to address important outstanding issues.

At my confirmation hearing, Mr. Chairman, you enumerated a list of key issues in your closing remarks, and asked that I report back to you in 30 days or so. With your concurrence, I would now propose simply to go down the list of topics and give you a status report on what I have learned, what I have decided, and what I am continuing to study.

#### DCI AUTHORITIES

The first issue you raised is the question of any needed changes to DCI authorities. This is, as you know, a complex topic—and one that engages the equities of a number of Executive Branch departments. To sort through these equities and to frame my study of this issue, I have settled on three questions that I believe encompass the significant points.

The first question centers on whether the DCI has sufficient budget authorities to assure the preparation and execution of an effective national intelligence program. In this regard, I have been struck by the relative lack of executive authority that the DCI has over the elements of the Intelligence Community and the budget for the National Foreign Intelligence Program (NFIP).

Existing statutes give the DCI the authority to develop and approve the budgets that make up the NFIP. In practice, though, the DCI shares these authorities with the Secretaries of the Departments that host intelligence programs. The DCI, in consequence, has great influence over the composition and execution of the NFIP, but little direct authority, except for the CIA Program and the Community Management Account. This is due in part to an inevitable tension between vesting authority in "line" managers of the various agencies as opposed to vesting authority in functional management of intelligence that cuts across Departments and disciplines. On this question, I would note, though, that the present process works fairly well with the Department of Defense, but not well with respect to other agencies that are part of the NFIP.

The second question in my analysis concerns the degree to which the DCI should have line authority over the NFIP's program managers. Among these managers, the DCI at present appoints only the Executive Director for CIA and the Executive Director for Intelligence Community Affairs (the DCI has a voice, but not appointment authority, for certain other positions). The fact is that most NFIP program managers wear dual organizational hats and report through dual chains of command. This situation is in some respects analogous to the budget relationship I just discussed.

The final question I have formulated is somewhat narrower and focuses on the issue of whether the DCI should have expanded authority to reprogram NFIP funds within and between programs. Current authorities enable such transfers, but only with approvals from the Office of Management and Budget, the Congressional oversight committees, and, notably, the Departments that are affected.

I am confident that my understanding of the authorities issue—as reflected in these three questions—is relatively complete. I am not prepared as yet, however, to recommend solutions or options to pursue. I will say that I believe that arguable options range from maintenance of the status quo through significant changes in existing authorities—with several middle avenues also possible. On the question of budget authorities, for example, a solution could range from keeping existing arrangements intact to requesting the creation of a separately appropriated intelligence budget. Options between these extremes might include ideas such as fencing the intelligence budget within the Defense appropriation.

I would note here that my experience as Deputy Secretary of Defense tells me that there are strong arguments against certain steps at the outer boundaries of change. For that reason, I do not advocate them now. I would want to consider very carefully the effects that any new budget arrangements would have on intelligence consumers—creation of a separate budget, for example, would place such consumers at a considerable distance from intelligence resource decisions, thereby decreasing their voice in intelligence investment strategies. I do think, though, that my analysis does illustrate that the authority of the DCI over intelligence is limited.

#### CONGRESSIONAL NOTIFICATION

I turn now to the second issue you asked me to address, which involves improvements in the Intelligence Community's fulfillment of its obligations to keep Congress fully and currently informed. Mr. Chairman, I want to begin by reiterating the commitment on this point that I made to the Congress in my confirmation hearing—a commitment echoed by George Tenet in his own confirmation hearing last week. Notification issues go to the heart of our relationship with the Congress and intelligence satisfaction of this obligation must be seen as a fundamental requirement. Both the Deputy Director of Central Intelligence and I want to be sure that this matter routinely receives management attention at the highest level.

There is no question in my mind that notification problems, as evidenced by the Guatemala case, demand such attention. It is clear to me that whatever action I take must affect both institutional understanding—culture or mindset, if you will—and institutional procedures. I have asked for, and will shortly receive, recommendations on steps to address shortcomings in both areas. I should say here that thinking on this problem has been greatly aided by work set in motion earlier this spring by Admiral Studeman in his capacity as Acting DCI.

On the basis of that work, I will issue a specific policy statement that underscores accountability and I will then follow that up with changes in education, training, and procedures. Those changes will certainly include a requirement for written regulations and instructions illustrated by example—was well as a clearly delineated process to identify notification issues. It is also evident to me that requirements for much better documentation—and far more easily retrievable records—will have to be a part of the solution to this problem.

I will act on the recommendations that reach my desk expeditiously. I do not mean to indicate, though, that nothing is being done pending my decisions. I can report, in fact, that improvement is already occurring. For the last two to three months, CIA has been carrying out an expanded notification process that has provided substantial information to the oversight committees through the staff directors. I believe this process has been valuable and has certainly given us a foundation on which to build. In sum, what's needed here is to establish procedures to follow the rules, not to change the rules.

#### REORGANIZATION

The third issue you asked me to address is the need for reorganization within the Intelligence Community. Again, this is an area where I have begun to lay out my

views, and have not reached final conclusions about what Community reorganization may be desirable. Nonetheless, I have taken initial steps that will lead to long term change that I believe will improve the performance and efficiency of the Community. I discussed some of my views with you during my confirmation hearings—particularly my intention to unify the management of imagery efforts and move towards integrating the management of Defense and intelligence space programs.

On the issue of imagery, in consultation with the Secretary of Defense I have settled on terms of reference for a study that will determine the most effective way to manage imagery collection, processing, exploitation, analysis, and distribution. A steering group for this study—led by Admiral Bill Owens, Vice Chairman of the Joint Chiefs of Staff and Keith Hall, my Executive Director for the Intelligence Community—has just begun its work and will provide material for decisions later this year that I will make in concert with the Secretary of Defense.

On the issue of integrating management of the Defense and Intelligence space programs, the Secretary of Defense and I will soon sign a directive establishing a Joint Space Management Board. The Board will be composed of Senior officials from the Defense and Intelligence Communities. It will be charged with coordinating the direction of military and intelligence space system acquisition efforts.

In addition to these steps, I am putting into place, as Co-chairman of the Security Policy Board, interagency working groups to examine questions related to "information warfare." I wish to better understand, for example, any organizational implications of measures needed to ensure the security of commercial and governmental telecommunications and computer networks.

I would also note that there are several external reviews underway that bear on intelligence mission, structure, and organization. We will cooperate with these efforts, including, for example, the work that this Committee is undertaking to examine the critical issues facing intelligence. We are also responding to IC 21—the similar inquiry being conducted by the Permanent Select Committee on Intelligence in the House. Finally on this point, we are continuing to stay in touch with the work of the Aspin Commission.

Mr. Chairman, I would pause here to note once again my sadness at the death of Chairman Aspin and to regret that the Commission can no longer benefit from his insights. I am convinced, though, that the Commission's report will prove to be a fitting memorial to Mr. Aspin and I will ensure that we continue to cooperate with its inquiries—I have made this a particular responsibility of Admiral Blair, the Associate DCI for Military Support. I expect, Mr. Chairman that our work with the Aspin Commission, as well as the various Congressional efforts, will lead to significant additional thinking and recommendations on organizational issues.

#### CHANGES IN PERSONNEL

The fourth issue you asked me to address concerns changes in personnel. My remarks on this point will be brief as I know that you are already aware of the senior appointments I made in my first days in office. Most of the changes I expected to make are now complete and, as I said at the beginning, I think the new team is functioning smoothly. With respect to additional changes that are forthcoming, I expect to appoint new Deputy Directors for Operations and Intelligence in the near future and a new Deputy for Science and Technology later in the year. I am not yet ready to announce these appointments, but I will say that I am pleased by the efforts of the search committee I asked to identify candidates for the DDO slot. I have spoken frequently with John McMahon, who is chairing this effort, and I expect the group to wrap up its work shortly. I will also say that what I have learned about counterintelligence in the course of my first month at the Agency has led me to conclude that greater managerial focus is needed in this area, and I will be back to report to you in short order on changes I propose to make.

#### PERSONNEL POLICIES AND PRACTICES

Personnel concerns are also the focus of the fifth issue you asked me to report on—specifically, the issue of how to manage personnel matters in this downsizing era in a way that leaves the Intelligence Community with the resources necessary to accomplish its mission.

In commenting on this issue, I would like to say that I believe that strengthening the personnel system in the Intelligence Community, and in CIA in particular, is perhaps the single most important action that can be taken to strengthen US intelligence capability in the long run. In strengthening this system, it is also vitally important that we ensure that the workplace permits every individual to advance according to performance without regard to gender or race. I have invested—and will continue to invest—a great deal of my time and effort in this area.

We need a modern personnel system focused on recruiting and retaining the most qualified individuals. This system must include all aspects of the personnel development process—from recruitment through professional development through retirement. It is also clear to me that downsizing will continue and we will need to make adjustments to our personnel policies to enable a system that will provide the mix of skills and head room required to accomplish the intelligence mission.

To deal with such issues at CIA, I have established a Human Resources Oversight Council that is chaired by Nora Slatkin, the Agency's Executive Director. This group, which also includes the Agency's senior managers, will oversee, integrate, and direct human resources planning, policies, and practices. I have given the Council a broad charter, but I anticipate in the near term that its work will focus on six key areas:

**Personnel Planning.**—Emphasizing how the Agency will reconcile workforce needs with changes in mission, structure, and organization.

**The Skills Mix.**—Focusing on a better understanding of the skills mix equation, which is quite complex and is directly related to the Agency's substantive missions.

**"Glass Ceiling" Issues.**—Overseeing efforts to expand and implement measures that will remove barriers to career advancement for women and minorities.

**Performance Management.**—Implementing changes in the areas of performance appraisal, compensation and promotion, training, screening, monitoring, and intervention.

**Career Development.**—Overseeing the design and implementation of assignment and selection processes that emphasize employee development in the context of fairness and equity.

**Accountability.**—Evaluating and implementing measures to ensure that managers are accountable for human resource decisions.

CIA, of course, is but one element of the Intelligence Community. Each of the Community's organizations faces similar issues of planning and personnel management. A Community task force led by Christopher Jehn, former Assistant Secretary of Defense, has been examining the matter of personnel reform since early spring, and is now finalizing its recommendations. These recommendations will address key elements of personnel and performance management and career development in the context of a revised human resource system—a system that applies common practices and policies—Community-wide where possible.

I look forward to receiving the task force's report and studying its recommendations. I expect that its work, together with the ongoing effort of CIA's Human Resources Council, will provide the basis for decisions that will increase personnel accountability at all levels of management and give us the tools and better understanding necessary to deal with skills and other problems.

#### CHEMICAL/BIOLOGICAL AGENT EXPOSURE IN DESERT STORM

The sixth issue you asked me to address concerns a reassessment of the possibility that US forces were exposed to chemical or biological agents during Desert Storm.

Since my confirmation hearings, both CIA and the Defense Department have continued their separate inquiries into this matter. To date, nothing has surfaced in CIA's independent review to change the view that there was no standard chemical or biological weapons use. However, CIA's Office of Scientific and Weapons Research is continuing to focus on intelligence data relevant to whether troops were exposed to chemical or biological weapons. Again, my understanding is that, to date, CIA has found no intelligence evidence of low-level exposure that is deemed convincing. On this point, I should also note that the Defense Department has been very cooperative with the Agency's analytic efforts. We are continuing those efforts, Mr. Chairman, and I remain aware that on this matter the absence of evidence cannot be accepted absolutely.

Although I have nothing new to report on this subject, I do want to say that we continue to look for information that will shed light on the cause of Gulf War illnesses that are afflicting some veterans of that conflict. I would also note that I welcome the establishment of an independent external advisory panel announced by the President to examine all aspects of the efforts the government is making to treat those individuals who are ill, and to examine all possible causes of their affliction.

#### GUATEMALA

The seventh issue you asked me to discuss involves actions taken in response to events in Guatemala. We have been seized by the issues raised by Guatemala and its implications, Mr. Chairman, but I ask that you allow me to defer a complete report pending completion of the review being carried out by CIA's Inspector General,

a report that I do not expect to receive for four to six weeks. In particular, I do not wish to reach conclusions or consider possible disciplinary action until I have studied the IG's report, which I am assured will be complete and thorough.

On the Guatemala case in general, I will say that I am especially concerned by the four following allegations:

Complicity in human rights abuses.

Payment to assets implicated in human rights abuses.

Actions in violation of government policy.

Failure to notify Congress of significant developments.

I will review these allegations in the light of CIA's IG report and in the light of similar reports being prepared by other elements of the Intelligence Community. In determining what transpired and what remedial action is warranted, I also expect to consider findings in the inquiry being conducted by the Office of the Secretary of Defense (that I commissioned when I was Deputy Secretary) as well as the inquiry being conducted by the Intelligence Oversight Board.

There are two broad areas on which I believe I can comment briefly. The first is the general issue of Congressional notification, and I have already discussed—earlier in this statement—steps to improve notification procedures and practices. The second area concerns the question of human rights abuses and guidelines for dealing with potential problems. Here, I can say that our policy is to carefully review and monitor operational relationships for potential human rights abuses and examine each on a case-by-case basis. We have undertaken a comprehensive review of existing guidelines that deal with assets who raise issues involving human rights. I have asked for new guidelines that offer clear guidance on this subject beyond previous directives. I will provide a copy of these guidelines to the Committee as soon as they are issued.

#### INTELLIGENCE AND LAW ENFORCEMENT

The final issue on which you asked for a report is the question of improving intelligence coordination with law enforcement.

To begin, I want to say that, as I indicated in my confirmation hearing, I consider this an extremely important issue and I am committed to improving coordination in the areas of international terrorism, drugs, and crime. To that end, I have met with the Attorney General, the Deputy Attorney General, and the Director of the FBI to discuss efforts underway to enhance cooperation between the Intelligence and Law Enforcement Communities. I will meet with the Attorney General monthly to continue that cooperation. In addition, several other steps are ongoing to improve coordination with law enforcement organizations. These include:

Biweekly meetings between the Deputy Attorney General and the Deputy Director of Central Intelligence.

The recent establishment of a Law Enforcement-Intelligence Board, which will meet bimonthly.

The creation of two working groups—the Joint Intelligence Community-Law Enforcement Working Group, and the Special Task Force on Overseas Coordination—to seek solutions to problems that impair coordination between the two communities.

I have also asked my General Counsel to serve as the focal point within the Intelligence Community on cooperation with law enforcement and, in particular, to assume responsibility for coordinating policy on this matter among the DCP's Crime and Narcotics Center, the Counterterrorist Center, the Nonproliferation Center, and the Counterintelligence Center.

I believe that these efforts will provide the mechanisms needed to address issues as they arise. I also believe that their combined effect will be a clearer understanding of the Intelligence Community's role and responsibilities with respect to law enforcement.

Mr. Chairman, this concludes my formal statement on the issues you asked me to address. I thank you for your time and I would be pleased to answer your questions.

#### STATEMENT OF JOHN DEUTCH, DIRECTOR OF CENTRAL INTELLIGENCE

Director DEUTCH. Thank you very much, Mr. Chairman.

Let me begin by saying that my own personal assessment of the results of the approximately 40 days that I have served as Director of Central Intelligence is quite positive. I believe we are well along

in the process of installing a new leadership team in the Intelligence Community and in the Central Intelligence Agency. I have made considerable effort to meet with as many people in the community as possible, especially in the CIA. And I have taken a sounding on morale and things which can be done to improve morale of the dedicated, loyal and effective workforce that make up our Intelligence Community.

In addition, the series of meetings that I have held has helped me put in place a series of actions to address important outstanding issues which confront the CIA and the Intelligence Community, some of which I will be reporting on to you here today.

Let me first of all start with your first question, DCI authorities. I have been struck by the relative lack of executive authority that the Director of Central Intelligence has over elements of the Intelligence Community budget and the National Foreign Intelligence budget, other than that of the CIA.

In part, this is due to an inevitable tension between vesting authority in line managers of the various agencies that are responsible for program execution and vesting authority in the functional management of the Director of Central Intelligence who has responsibilities that cut across departments and different departmental responsibilities.

I am not prepared here today to give you recommendations about how the authorities of the DCI might be strengthened, but I noticed some options. More authority for the Director over the National Foreign Intelligence Budget is a possibility. The present process works fairly well with the Department of Defense, but not at all with respect to other agencies that are part of the NFIP program.

Number two. Another possibility is to increase the authority of the Director of Central Intelligence to evaluate and appoint principal National Foreign Intelligence Program managers, such as the head of the National Reconnaissance Office, the Central Imagery Office, the Director of the Defense Intelligence Agency, or the Director of the National Security Agency.

Third, greater authority for the director to transfer funds and personnel between National Foreign Intelligence Programs. The Director of Central Intelligence could be given greater authority, subject to OMB and Congressional approval, but remove the requirement for agency concurrence to move personnel and funds between National Foreign Intelligence accounts.

There are strong arguments against each one of these proposals. I know from my own experience as Deputy Secretary of Defense the arguments against each of these steps, and that is why I do not advocate them now. But I do want to illustrate to the Committee the range of authority that the Director of Central Intelligence does and does not have over execution and executive authority for the intelligence programs of the country.

Perhaps the most important of the questions that I have been asked to address concerns the actions that have been taken to keep Congress fully and currently informed of all intelligence activities.

In my confirmation hearings and the confirmation hearings of George Tenet, nominee to be Deputy Director of Central Intelligence, we both committed to keeping Congress fully and currently

informed on all intelligence matters. We have several actions underway to assure that this will happen.

First, we intend to issue a Director of Central Intelligence Policy Statement describing Agency notification obligation in simple and comprehensive terms to our entire field operation so that they know what their obligations are. Prior—many, many prior instructions have been issued to the field in the past. We believe that it is timely to have one simple comprehensive document which provides information and guidelines to the field.

We are preparing written procedures to describe the process that should be followed to identify and forward notification matters, so in addition to the general statement of obligations, there will be procedures to be followed when an item comes up for notification.

Third, we intend to document in each case those instances where notification has been made so a full and complete record is available.

I have asked the Deputy Director of Central Intelligence to be the principal focus for assuring that this notification process works well with Congress. Currently that responsibility is in Admiral Studeman's hands, and should George Tenet be confirmed by the Senate, I will ask him to pay particular attention and give priority to this important area.

What I believe needs to be done here is to establish procedures and follow the rules. I don't see that there is a need for brand new rules. It is that the rules must be understood and procedures must be put into place to assure that the rules are followed.

Let me next return to your third issue, Mr. Chairman, the need for reorganization within the Intelligence Community.

I have not reached final conclusions about the extent of reorganization within the Intelligence Community that may be desirable. However, I have put into place a number of study activities that will lead to organizational change that will improve both the performance and the efficiency of the Intelligence Community.

First, we have established a terms of reference for a study to design a new National Imagery Agency. This study will be co-chaired by Keith Hall, the Executive Director of the Community Management Staff, and Admiral Bill Owens, the Vice Chairman of the Joint Chiefs of Staff. The study terms of reference are available to the Committee for their comment and observation, but we have underway a study to—involving all elements of the community that have an interest in the National Imagery Agency to assure that this new agency will be designed so as to provide the customer with needed imagery intelligence in the most efficient way possible at the lowest possible cost.

Second, Bill Perry and I, I expect, will shortly sign a directive establishing a Joint Space Management Board, to assure that there is coordinated direction of both military and intelligence space system acquisition efforts.

Third, as co-chairman of the Security Policy Board, I am putting into place interagency working groups to examine the important area of information warfare. For example, to determine the measures that are needed to assure the security of both our commercial and governmental telecommunications and computer network systems.

Fourth. Through Admiral Denny Blair, we are staying in close touch with the work of the Aspin Commission and its work taking place to review the needs for roles and missions in the Intelligence Community in the future.

The fourth issue, Mr. Chairman, concerns personnel changes. I have reported to the Committee about the major personnel actions that I intended to make in both the Central Intelligence Agency and in the Intelligence Community. Most of these changes are already in place, and I believe the new team is functioning smoothly and in an effective manner.

As you know, I asked an external group be established to provide advice to me under the chairmanship of John McMahon to advise me on the selection of a new Deputy Director for Operations. This committee, chaired by John McMahon, includes Nora Slatkin, the Executive Director of Central Intelligence, Jim Lilley, Norbert Garrett and Brent Scowcroft. They are close to the end of their deliberations, and I hope to make an announcement about a new Deputy Director for Operations in the near future, including some changes in the organization of the Deputy Directorate of Operations to assure it is more accountable and effective in the future.

The positions of Deputy Director for Intelligence and Deputy Director for Science and Technology will be filled as soon as possible, but I would expect it no later than the next 60 days.

Fifth, I would like to make a few comments as you have asked about changes to the community personnel system.

Strengthening the personnel system in the CIA and in the Intelligence Community, in particular—Central Intelligence Agency in particular—is perhaps the single most important action that can be undertaken to strengthen the US intelligence capability in the long run. If I have been struck by one matter since I became Director of Central Intelligence, it is the need to put into place a modern personnel system which is focused on recruiting and retaining the most qualified individuals for a career of public service in the intelligence field. This new system must include all aspects of personnel development, from recruitment, through professional development, through assignment and promotion, all the way through to a retirement system.

While downsizing will continue, and we need to make adjustments to our personnel policies to permit a system that will provide for the mix in skills and the headroom required to accomplish the Intelligence Community mission in the future, I believe that the creation of a modern, effective personnel system is of critical importance for the community.

I have also asked the Executive Director of the Central Intelligence Agency, Nora Slatkin, to chair a new Human Resources Oversight Council, which includes membership of the leaders of all the directorates to give direction to all aspects of the CIA personnel system. An especially important responsibility of this council will be to assure that the CIA workplace permits every individual to advance according to performance without regard to gender or race.

The sixth issue you asked me to comment on, Mr. Chairman, concerned the possibility of whether US forces were exposed to chemical or biological agents during Desert Storm. I have nothing new to report on this subject. We continue to look for information

that will shed light on the cause of Gulf War illness that is afflicting some veterans of the Gulf War.

I note and welcome the establishment of an independent external advisory panel announced by the President to examine all aspects of the effort that has been underway to treat those individuals who are ill from their service in the Gulf, and to examine all possible causes for this affliction.

The seventh issue concerns the actions we have taken in response to events in Guatemala. Let me say that we are seized by the various aspects of this issue and the questions involving CIA in Guatemala. I am awaiting the report of CIA Inspector General Fred Hitz on Guatemala, which the IG, the Inspector General, assures me will be complete by the middle of next month before reaching any conclusions or taking disciplinary action.

I am especially concerned, in my review of this matter, with the following four allegations:

One. Knowledge and reporting on human rights abuses, whether that was handled in a proper manner.

Second. Imperfect evaluation of agent performance and conduct. Whether there was any imperfect evaluation of agent performance or conduct.

Third. Whether any actions taken by the CIA were in violation of government policy.

And fourth, whether there were failures to notify Congress of significant developments as they occurred in Guatemala.

I will await reaching final conclusions on this matter until I have the Inspector General's report available, which, as I mentioned, should be in the middle of next month.

At the same time, I will review the Inspector General reports from other aspects of the Community: the National Security Agency, the Army, the Department of State, and the Office of the Secretary of Defense, the review that I commissioned when I was Deputy Secretary of Defense, as well as the independent oversight board of the President which is undertaking, as you know, under the chairmanship of Tony Harrington, a review of this entire matter.

Finally, Mr. Chairman, the final issue you asked me to address is improving cooperation with law enforcement. I believe that this is an important and continuing subject. I am committed to improving coordination with the law enforcement community in the areas of international terrorism, drugs, and crime. Each one of these areas involved complex matters of Agency jurisdiction, and ways of designing effective programs and coordinating mechanisms.

I have met with Louis Freeh, the head of the FBI, Deputy Attorney General Jamie Gorelick, and Attorney General Janet Reno, to discuss how to proceed on these matters. We, Janet Reno and myself, intend to build on the Memorandum of Understanding that was signed between the Community and the Attorney General, describing how we intend to do our coordinating activities. There is a set of bi-weekly meetings which is taking place, co-chaired by the Deputy Director of Central Intelligence and the Deputy Attorney General, which will examine issues on an orderly basis, one by one, and resolve them as needed.

There will be established a law enforcement intelligence working group to do the staff work necessary to prepare these issues for resolution.

I believe that these groups will provide the mechanism to address issues as they arise. Janet Reno and I intend to deal—to meet monthly to deal with any matters that cannot be resolved.

In conclusion, Mr. Chairman, I believe that the first 40 days or so of my tour as Director of Central Intelligence has proceeded satisfactorily. This Committee, both corporately and individual Members, have been of tremendous help to me in these early days, and I want to thank Members for their support and for their interest. I continue to believe that we will make significant progress to strengthen the Intelligence Community of this nation.

Thank you very much for your attention, Mr. Chairman.

Chairman SPECTER. Thank you very much, Director Deutch.

If you would stand now, we would like to put you under oath before we begin the questions.

Will you stand please.

Do you solemnly swear that the testimony you will give here will be the truth, the whole truth, and nothing but the truth, so help you God?

Director DEUTCH. I do.

Chairman SPECTER. Thank you very much.

Director Deutch, with respect to the incident involving Captain O'Grady, the information received was to the effect that the Intelligence Community had provided information about the presence of missiles with the capability to down Captain O'Grady's plane, but that such information had not in fact been transmitted to Captain O'Grady.

Can you shed any light on precisely what happened in that situation?

Director DEUTCH. Mr. Chairman, we have a careful study underway which Bill Perry and I have asked be undertaken by both the Joint Chiefs of Staff and the Intelligence Community. We expect that a thorough reporting on the facts on all aspects of the intelligence and operational parts of the F-16 mission will be available by the end of this month.

My own view, having reviewed the preliminary assessments of the precise conduct of all the different systems involved in detecting the SA-6 radar and providing information to the pilot, the so to speak, the ultimate customer, is that when this is all looked at we will not find anything which could be called an intelligence failure in here. But we will find ways that matters could have gone better. That is what always happens in the unfortunate event that an airplane is shot down.

Chairman SPECTER. Well, Mr. Deutch, what is so complicated about it? Did Captain O'Grady know that there were missiles in the vicinity which could down his plane?

Director DEUTCH. I am not sure what Captain O'Grady knew. The point I want to make is, it is a tremendously complicated matter to find a mobile missile system which sets its radar up and searches only for a couple of minutes before it fires its missiles at an airplane. So it is a tremendously complicated matter. There are many different systems which are looking to detect the radar and

then there is the process of reporting it from national or tactical collection assets back through the air operations center and getting it into the cockpit so that the pilot can take appropriate action.

I—

Chairman SPECTER. Well, is it complicated to make a factual determination of what happened—

Director DEUTCH. It's not complicated—

Chairman SPECTER [continuing]. With Captain O'Grady, as to whether he should have known about the missile threat?

Director DEUTCH. No, it's not at all complicated. I think, though, that reconstructing, with precision and with accuracy, all the different matters that took place in those key 45 or so minutes while his airplane was up over southern Bosnia, and then eventually shot down, I think requires careful and prudent going through the record and establishing it so that the facts were all known and verifiable.

I am quite confident that when that comes down, when those facts are known, that we will see that while it was unfortunate that an interceptor was allowed to destroy a US airplane and bring down the pilot and put that pilot at risk, that the operational and intelligence matters were not negligent or did not involve any serious breach.

Of course it is always possible to imagine other circumstances where the pilot could have avoided being shot down, but that is always the case in matters where you go in harm's way.

Chairman SPECTER. When do you expect to have the final report so that the Committee will know what in fact did happen?

Director DEUTCH. End of June, sir. That is when General Shali has promised it to Secretary Perry and myself.

Chairman SPECTER. Mr. Deutch, the case involving Aldrich Ames, of course, is a matter which continues to overhang the Central Intelligence Agency and intelligence operations generally. What can you tell us, if anything, as to what has been accomplished during your tenure to date to prevent the recurrence of the Ames situation?

Director DEUTCH. Mr. Chairman, I have devoted considerable time to this particular matter. As you know there is a damage assessment being carried out by the community, not just the CIA, the community, on all adverse aspects that occurred as a result of the espionage carried out by Ames. I believe that that assessment will be carried out, will be completed towards the end of the summer, late August. As I have mentioned to you, sir, I intend to bring that to you. It will be a very, very complete and authoritative damage assessment. It will be accompanied by specific steps that I believe are necessary to put in place to assure that these events are not—that kind of damage is not sustained to the country in the future.

Chairman SPECTER. Mr. Deutch, since your confirmation hearing, there was a determination on June 9th by a Judge in the United States District Court for the Eastern District of Virginia, approving a settlement reached by the Central Intelligence Agency with a number of women in a class action suit. Among other things, the judge found that there were significant legal issues that may have jeopardized the plaintiffs prospects for success in the case. But the settlement was in fact made.

And my question to you is what impact has that litigation had on the practices within the Central Intelligence Agency and did that litigation indicate to you a real problem within the Agency on sex discrimination?

Director DEUTCH. Mr. Chairman, the Agency will absolutely abide by the—that agreement which was entered into—which was entered by the judge. We think that is an agreement that we will fulfill in all of its respects.

My own view is that the issues of fairness in the workplace, lack of sexual harassment, opportunity for women and others to advance according to their accomplishments, is a major challenge for the Agency, and we will be putting into place, myself, George Tenet if he is confirmed, Nora Slatkin, managerial procedures will assure and I believe will go beyond the requirements of that agreement in order to assure that there is opportunity for women who are performing for advancement in the Central Intelligence Agency.

Chairman SPECTER. Well, Mr. Deutch, I am not going to proceed, because the light went on in the middle of your answer, but I want to return to that. I don't think you have really dealt with the substance of my question as to whether that suit indicated the existence of sexual discrimination and what, if anything, have you learned about it.

Director DEUTCH. If I just may say, my information here comes from my own observation rather than from a study of the suit. I believe that there is significant progress that can be made for the opportunities for women in the Central Intelligence Agency. That comes from my own observation, not based on the suit, sir.

Chairman SPECTER. Well, I will come back to the suit in the second round, if we get that far.

The Director has a commitment at the White House at 4:30 and must leave at 4:15, so we will limit the opening round to five minutes.

Senator Kerrey.

Vice Chairman KERREY. Thank you, Mr. Chairman.

Dr. Deutch, I appreciate and I agree with the high priority that you're placing on personnel changes as well as personnel policies, from the impact that high personnel costs have on our R&D capacity all the way to the counterintelligence problems posed by an unhappy employee, through just the normal execution of the missions that we lay before men and women who sign up for us. I mean, I appreciate the attention that you place on that.

My own experience on the Committee thus far has taken me to visit a number of locations, remote to Washington. I am impressed by the quality of people that are out there in the field. And I am interested to know if you have got an evaluation of the kinds of people that you're looking for? What qualities do people need to possess in order to be candidates for hiring and what is there about our current personnel system that appears to be good? I mean, there must be something in our personnel system that is working to attract these kinds of individuals. And I am curious as to whether or not you have identified some things that need to be retained in the current personnel system in order to be able to continue to do that.

Director DEUTCH. Thank you very much, Senator. That is a very cogent observation.

This morning I had the opportunity to walk by the Bosnian Task Force, that is, the interagency group of people who have been in place for four years on a schedule that varies from 20 to 24 hours a day and rotating duty, to keep policymakers informed of all events that are known in Bosnia. Their capability and their dedication is just outstanding, and I was there not only to say thank you on behalf of their production of really quality intelligence analysis and information for policymakers—it doesn't make the policy choices easier. It does make it more secure that we have the kind of information in the hands of the policymakers that are needed, and also to tell them that they were actually working too hard. They are absolutely qualified, absolutely dedicated, come from all different possible backgrounds. The Intelligence Community is still finding tremendously qualified recruits, and the people who enter into the community are dedicated, capable, and very knowledgeable.

Our challenge is to provide a human resources structure which maximizes the potential of those individuals and assures that they are having the most professionally fulfilling and personally adequate life in what is a really challenging profession for them.

But I couldn't appreciate your remark more, sir, about their morale in the field is high, and their commitment.

Vice Chairman KERREY. I appreciate this is a brief moment to discuss this sort of thing. I know Senator Glenn has a long standing interest in it and I pledge to you my interest and willingness to work with you to make sure these personnel issues are addressed.

What's your initial sensing of R&D in intelligence?

Director DEUTCH. Well, throughout the whole community, as you know, there are significant differences between the National Security Agency—

Vice Chairman KERREY. Do you have a sense of the adequacy after 37 days?

Director DEUTCH. Quite frankly, I would say the status, the level of our technology and our ability to exploit it is not one of the main issues that I am concerned with. We do need to keep the funding to keep the programs in place that we have for the development of next generation systems, but generally speaking, technology is high.

I would like to exploit technology better in the backend process of intelligence, that is, in the analysis and distribution of signals intelligence and imagery—we can do more there—but generally speaking, the technology is high.

Vice Chairman KERREY. Have you seen the CDC report, preliminary report on research results showing significant higher incidence of physical problems with Gulf War veterans?

Director DEUTCH. I have not.

Vice Chairman KERREY. Have you seen that report?

Director DEUTCH. No, sir.

Vice Chairman KERREY. I would appreciate you looking at the report and commenting as to whether or not you believe that necessitates any kind of follow up. I mean, it is a preliminary report and

it seems to indicate substantially higher incidences of a variety of physical problems. All I have done thus far is seen a summary of that report. I have not—

Director DEUTCH. I will take a look at it, Senator.

Vice Chairman KERREY. Are you satisfied that our—that the Intelligence Community is playing an appropriate role in counternarcotics efforts?

Director DEUTCH. I think that what we are doing in counternarcotics is spectacularly successful on the supply side. I think the recent and publicly noted arrest of one of the Cali Cartel leaders in Colombia was due to cooperation between the Agency and DEA and Colombian authorities.

Vice Chairman KERREY. You disagree with those who are suggesting that DEA and Customs can handle this and that we should not be assisting—

Director DEUTCH. Well, I'm only involved with foreign intelligence aspects of this. And I would say that our challenge—we can do more, we will do more, and one of the matters that I have made very clear to Attorney General Reno is all that she or Louis Freeh or Constantine, the head of the DEA, have to do is to tell us what their foreign intelligence requirements are, and we will try and do better and devote more resources more intelligently to satisfying the foreign intelligence aspect of this mission. That's what we do.

Vice Chairman KERREY. If I can just pin you down on one point though. Some people have suggested that DEA and Customs and FBI—I'm talking about foreign now—that they should be only engaged in the intelligence effort and the Intelligence Community should be pulled out of that counternarcotics effort.

Director DEUTCH. I would—my general reaction to that would be negative. I would not think that would be a smart use of United States assets, investments.

Vice Chairman KERREY. Thank you.

Chairman SPECTER. Thank you, Senator Kerrey.

Senator Inhofe.

Senator Cohen.

Senator COHEN. Thank you, Mr. Chairman.

Mr. Director, can you tell us whether or not foreign governments have their intelligence services engaged in industrial espionage in the United States?

Director DEUTCH. Senator, that's a question that I would only wish to address in a closed session, sir.

Senator COHEN. Well, as you know, last year we passed an amendment to the Authorization Bill that requires a report of the extent to which foreign governments engage in industrial espionage here. That report was due in April and it's two months overdue at this point. Do you expect to have the full report before the Committee soon?

Director DEUTCH. Next week.

Senator COHEN. Next week?

And are you prepared to discuss it in a closed session prior to next week?

Director DEUTCH. I am prepared to discuss it in a closed session next week.

Senator COHEN. All right.

The second question I have is can you tell us whether or not Serbia has been supporting the Bosnian Serbs or the Krajina Serbs?

Director DEUTCH. That is another question that I would have to address with you in closed session, sir.

Senator COHEN. You've got information one way or the other on that?

Director DEUTCH. I would answer that question in closed session, too, sir.

Senator COHEN. So you can't tell us whether you have information that either supports or disagrees with that?

Director DEUTCH. I can tell you, but only in closed session.

Senator COHEN. I guess we'll have to stick around for the closed session. [General laughter.]

Am I correct in interpreting your response to Senator Specter that while the investigation has yet to be completed, it is your preliminary assessment that there was no intelligence failure as far as the shutdown of the F-16 over Bosnia?

Director DEUTCH. That's correct, sir.

Senator COHEN. Are you aware of the—by the way, with respect to the foreign governments using their services to conduct industrial espionage, I have a couple of articles, Mr. Chairman, I would like to submit for the record, that appeared in the New York Times.

Chairman SPECTER. They will be made a part of the record as requested, without objection.

[Copies of the articles referred to follow:]

New York Times  
5/27/75

## Engineer Says He Stole Secrets Of Chip Makers

By CALVIN SIMS

BUENOS AIRES, May 21 — In a bizarre tale of industrial espionage, an Argentine engineer says he stole a wide range of technical secrets from two leading computer chip makers in the United States and provided the information to China, Cuba and Iran.

The technical information, he said, included computer chip designs and step-by-step instructions on how to manufacture the 386, 486 and Pentium chips that power most of the personal computers in use today.

The engineer, Bill Gaede, said in an interview that he had taken the information from Advanced Micro Devices Inc. from 1983 to 1993 and from the Intel Corporation in 1993 and 1994, when he worked for the companies. He said he was initially motivated by a love of communism but that later he stole for personal gain.

Mr. Gaede said the data he provided to Cuban representatives was passed to the Soviet Union and East Germany in the last years of the cold war. He also said that at one point he had turned himself in to Federal authorities and cooperated with an investigation by the F.B.I.

Much of the detail that Mr. Gaede provides is corroborated, but his account of his involvement with foreign governments and the F.B.I. could not be confirmed.

Spokesman for the F.B.I. would say only that the bureau would have no comment on Mr. Gaede's story. Other law-enforcement officials said they were aware of Mr. Gaede and his activities but that he had not been a Government informant. Because none of the nations cited by Mr. Gaede (pronounced GAY-dee) have sophisticated chip-making operations, the stolen data would not damage the American companies any time soon. But experts said the information might reduce the time needed to become competitive.

If nothing else, Mr. Gaede's tale of high-tech robbery raises questions about the vulnerability of corporations to industrial espionage and theft and how adequate their safeguards are. Although Mr. Gaede lacked a valid visa to work in the United States, he obtained highly sensitive jobs at the nation's two leading semiconductor makers.

Mr. Gaede, 42, said he had decided to go public because his telephone was being tapped here, he is being followed and he is afraid of being hurt. No charges have been filed against him and he is not a fugitive.

At Advanced Micro Devices in Sunnyvale, Calif., Peter Costner, chief of security, said Mr. Gaede had stolen a "a significant amount of intellectual property" and given it to Cuba, which in turn passed the information to the Soviet Union and East Germany. Advanced Micro officials said they had not pressed charges against Mr. Gaede, who left the company voluntarily, because they have no corroborating evidence to prove that he stole the intellectual property. "He certainly was in a position to do it, and we believe what he says is true," said Charles Meloy, a company spokesman.

At Intel, John Thompson, a spokesman, confirmed that Mr. Gaede had worked for the company but declined to describe the circumstances of his departure. "We are not commenting at all on this issue," Mr. Thompson said. Mr. Gaede provided a copy of a letter to him on Intel stationery, dated May 31, 1994, saying his employment had been terminated "due to your refusal to cooperate in a reasonable security investigation." Intel declined to comment on the letter.

Mr. Gaede provided The New York Times with dates, times and places he says he met with Cuban representatives in Mexico, as well as what he says are tape recordings of conversations with F.B.I. agents and a list of the agents he says he spoke with. The F.B.I., provided with that list, declined to comment on it.

Technical experts said foreign competitors, particularly in Russia and China, might be able to use the chip designs and manufacturing techniques that Intel and A.M.D.

spent billions of dollars developing to begin producing chips, narrowing the technological lead of the United States. "The Chinese and Iranians are having a field day and are learning a lot about American manufacturing," Mr. Gaede said.

The experts said the benefits to foreign competitors would not be evident for many years because the technology of the semiconductor industry advances so rapidly that designs and manufacturing techniques quickly become outdated.

Mr. Gaede, who had been working for Intel in Chandler, Ariz., said he returned to Argentina in September, after Intel uncovered the theft and dismissed him. He said he had used a computer Intel had given him to allow him to work from his home to get access to the company's data base. Using his video camera, he would then tape chip specifications from the computer screen.

"The technique allowed me to work undetected, store greater amounts of information in a smaller medium and make copies quicker for interested parties," he said. Michael Sletter, publisher of Microprocessor Report, an industry newsletter, said in a telephone inter-

view that he found that part of Mr. Gaede's story difficult to believe, because he doubted that Intel would allow an employee access to proprietary information about its latest chips through a home computer modem. "It sounds fishy to me because I suspect that Intel's security is a lot tighter than that," Mr. Sletter said.

Mr. Gaede said he had joined the Communist Party in Buenos Aires in 1973 and in the mid-70's was part of "a subversive cell" that opposed Argentina's repressive military regime. He and his wife, Vera, entered the United States with tourist visas in 1977, he said, and stayed 18 years. The couple settled in Rochelle, Ill., he said, where he worked with illegal aliens who taught him how to obtain false papers. He got a job at the Dukane Corporation, a communications equipment maker in St. Charles, Ill., while his wife obtained working papers using Mr. Gaede's mother's Social Security number. Mr. Gaede had lived in the United States from 1958 to 1965.

In 1978, Mr. Gaede and his wife moved to California, he said, where he began work for Advanced Micro Devices and took courses at Foothill College in Los Altos Hills.

"In 1988, we moved to Austin, Tex., where I continued to work as an engineer at Advanced Micro Devices," Mr. Gaede said in a written

### A chip-and-dagger plot that could give fledgling foreigners a head start.

account he provided to The Times. "I completed my B.A. in computer systems at Southwest Texas State in San Marcos and became an expert in computer systems." In July 1992, he said, he was "promoted from senior engineer to facilitator, where I was in charge of a whole staff of operators, maintenance techs and engineers."

He continued: "After the Cubans recruited me as an industrial spy in the mid-80's, I began to transfer A M D specs, designs, 'Blue Books,' masks, wafers and even small measurements" to Cuba.

Mr. Gaede said he sold some information directly to China and Iran for large sums, though he would not say how much. He also said he had regularly traveled to Mexico to hand information to Cuban representatives and was invited to Cuba to visit Fidel Castro.

"The visits to the island, however, served to destroy what little was left of my socialist dreams," he said.

At that point, Mr. Gaede said, he turned himself in to the Central Intelligence Agency, which put him in touch with the F.B.I., which encouraged him to maintain his contacts

with Cuban agents. Mr. Gaede gave The Times lengthy, detailed accounts of his meetings with various F.B.I. agents, whom he named.

Mr. Gaede said he resigned from Advanced Micro in 1993 after he realized that the company would eventually detect his theft.

Later that year, he joined Intel and again began stealing technical information, which he sold to China and Iran. He said he was being paid by the two countries to show them how to use the information in their semiconductor industries. "I did what I thought I had to do to survive in this world, and I don't feel bad selling this stuff to the Chinese or the Iranians," Mr. Gaede said.

Advanced Micro confirmed that Mr. Gaede had worked there 14 years, beginning in 1979, and had been considered an exemplary employee. It learned that Mr. Gaede was an industrial spy only after he and his wife, who also had worked for the company, did not show up for work for several weeks.

Colleagues asked the company to investigate. When investigators arrived at the Gaede home, they found two cars in the driveway and discovered he was possibly sleeping in the bedroom. The investigators uncovered, however, that the beds contained stuffing, and they learned that the Gaedes had taken a rental car to the airport for a flight to Mexico.

Asked how Mr. Gaede could be hired and promoted without anyone's checking his background and determining that he was an illegal alien, Mr. Malloy of Advanced Micro said: "He joined the company before these safeguards were put in place, and he was a good employee and we had no reason to suspect him." He added, "In the 18 years since Gaede joined the company, A.M.D. has taken extraordinary steps to do better background checks."

Mr. Gaede said he met with an Intel security investigator, Steve Lund, on May 14 in Buenos Aires to discuss his case, and he provided The Times with a photograph of himself and another man, whom he said was Mr. Lund, sitting in a restaurant. Intel declined to comment on whether Mr. Lund had flown to Buenos Aires, or to say whether the man in the photograph was Mr. Lund.

Mr. Gaede said he began acquiring Intel data after realizing that the F.B.I. "was not going to let me off the hook for my dealings with Cubans nor were they going to prosecute me. They just wanted to use me."

The trade secrets were a "security blanket," Mr. Gaede said, that allowed him to return to Argentina and still make a living.

Mr. Gaede said that his wife and two of their three children still live in the United States in an undisclosed location. His 16-year-old son lives with him in Buenos Aires.

"I'm just afraid now," Mr. Gaede said, "that the F.B.I. or the Argentine intelligence service might try to do something to me because of the way they keep harassing me."

Talks on Aline Est. Durant

MONDAY, June 19, 1995

## Former Ranger tells of raid to destroy terrorist camp

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By ED OFFLEY  
IN MILITARY REPORTS

The Air Force transport plane, its windows blacked out, landed hard on an unpaved runway somewhere in Central America after an eight-hour flight from the Yakima Training Center in central Washington state.

The C-130 taxied slowly back to the head of the airstrip and idled its engines as the rear cargo ramp came down. Heat, moisture and the exhaust of the four turbo-prop engines assailed the Fort Lewis Ranger squad as its members climbed down, primed for a secret battle in a secret war.

The Rangers were met by three member men in civilian clothes who prepared them for a combat assignment that the Pentagon has never publicly acknowledged.

This is the account of one ex-Ranger of the mission to destroy a terrorist training camp in the late summer of 1985. The retaliation was linked to the slaying of six Americans in El Salvador weeks earlier. Other sources also have confirmed the existence of this raid.

The soldier was one of a hand-picked group of Rangers from the Fort Lewis-based 2nd Ranger Battalion assigned to the mission.

Secrecy was the overriding factor as the 11-man unit prepared for the operation, he said. The men were separated from the battalion for weeks and were allowed to let their hair grow out enough to disguise the Rangers' tell-tale short haircuts.

"It's all 'need to know,'" the soldier said, referring to a security policy in which participants are given only enough information to allow them to carry out their task.

"We didn't talk. The only thing we were told was that this outfit had (been involved) against the United States. They didn't give us hard information."

"All of us were curious where we were going," the Ranger said, but no one ever told them. "We all had compasses, and we headed south for a good long while."

At the rough airstrip, the Rangers were given a briefing by the three civilians. "We didn't know where they came from, but they weren't part of the actual assault team," the soldier said.

The first order to the Rangers was to strip to the skin then to select new clothing from a pile of "sanitized" material, he said. The second order was to turn in their Army-issued weapons and to select from a cache of assault rifles and other light weapons.

Issued of rank or insignia, each soldier was given a bright purple cloth to wear as an identifying marker. "I had mine around my head to iden-

tify myself," the soldier said.

"It was really straightforward. They said: 'There's a target, approximately 75 to 85 personnel. There are to be no survivors,'" he said. The Rangers were told only that their target was a military encampment. They were not given the identity of the guerrilla force nor the reason for the raid. They knew only that they were at a base "somewhere in Central America" far from any inhabited area.

The soldiers didn't make the connection between their mission and the San Salvador attack until afterward, he said.

During the 24 hours before the attack, the soldiers rested, cleaned and rest-fired their weapons, and weaned.

At about 3 a.m. on the day following their arrival in Central America, a giant CH-53 transport helicopter appeared at the airstrip. Escorted by the three civilians, the troops climbed to and headed for a harrowing, low-level flight to the target. The pilot and co-pilot wore night-vision goggles.

The soldier said he watched the

SEATTLE POST -  
INTELLIGENCER  
June 15, 1995

dart jungle flooring past as they flew for nearly three hours.

The sky was just growing light when the Rangers got a five-minute warning from the flight deck.

Suddenly they were hovering over a clearing in the jungle, and the helicopter pilot was ordering them out of the copter.

The Rangers used a technique called "strapping" to disembark. A thick rope is attached to an overhead fixture just outside the rear fuselage door and dropped toward the ground as the helicopter hovers. Instead of controlling descent using a rappelling harness, soldiers descend on the ropes by simply holding on with their hands and aiding. Thick leather gloves protect them from friction burns.

"Fartooops happens to that, it's just sort of a free fall," the soldier said. "We dropped 90 feet right into the middle of the compound, which consisted of some crude huts surrounded by a barbed-wire fence."

Six camp guards were awoken as the Rangers slid down the ropes, and gunfire erupted immediately, the sol-

dier said. On the ground, the Rangers formed into small fire teams, with each team attacking a pre-selected area. The squad poured on a high volume of gunfire to prevent a counter-attack.

"I got pretty hairy for a while, but we didn't have any major casualties," the soldier said. When the shooting stopped about 12 minutes later there were 83 bodies strewn through the camp, including a dozen women.

One of the three civilians rushed around the camp gathering papers and documents and stuffing them into a large pouch. A group of Rangers collected all of the enemy weapons and explosives into a pile and blew them up. Another of the civilians supervised a grisly task that bespeaks the intelligence-gathering part of the mission: Each of the guerrilla corpses was carefully fingerprinted.

"The (fingerprinting) pads were large," the soldier said. "You put the whole hand on it. We did right hands only."

The raiding force left the ruined guerrilla camp on foot for about three miles. The CH-53 helicopter returned and took the soldiers back to their base camp. After 48 hours of debriefing and "chilling out" at the base camp, the Rangers got back on the C-130 and returned to Yakima.

BOSTON GLOBE

June 16, 1995

Pg. 13

## US reportedly killed 83 guerrillas in El Salvador in '85 retaliation

UNASSIGNED PRESS

SEATTLE — U.S. military commanders killed 83 leftist guerrillas in El Salvador in 1985 in a secret raid carried out in retaliation for the massacre of six Americans, the Seattle Post-Intelligencer reported yesterday.

The raid, carried out by 11 Rangers from Fort Lewis near Tacoma, was kept secret because the Reagan administration feared backlash at home and embarrassment for the Salvadoran government, the newspaper quoted sources as saying.

Asked about the story at a news briefing yesterday, Ken Bacon, chief Pentagon spokesman, said "We checked this allegation with the US Southern Command in Panama, with the Special Operations Command in Florida. We find no information to substantiate the report."

The newspaper said it based its report on accounts from a former Ranger who took part, a former Army special operations officer and a former government official in-

olved in establishing the military ability to counter terrorists.

The raid apparently was in response to a June 19, 1985, attack in which as many as 10 gunmen sprayed two sidewalk cafes in San Salvador, killing four off-duty US Marines and two US civilians.

Newspapers at the time said the massacre was committed by the Urban Guerrillas-Mardoqueo Cruz. That group was affiliated with the Revolutionary Party of Central American Workers, a splinter faction of the Farabundo Marti National Liberation Front, which was battling the Salvadoran government.

The Rangers were flown from Washington state to a Central American runway where they were briefed by three people in civilian clothes, the former Ranger said.

"We didn't know where they came from, but they weren't part of the actual assault team," he said. "It was really straightforward. They said: 'There's a target, approximately 75 to 85 personnel. There are to be no survivors.'"

A helicopter took them to the rebels' remote training camp, where the soldiers dropped down a rope into a compound of nine crude huts surrounded by a barbed-wire fence, the former Ranger said. Gunfire erupted immediately, he said.

"I got pretty hairy for a while but we didn't have any major casualties," he said.

After less than 15 minutes, the camp was strewn with 83 bodies, including a dozen women clad in the same uniforms as the male guerrillas, he said.

The three civilians, who had accompanied the Rangers, gathered documents and supervised the soldiers as they fingerprinted the corpses, he said.

On July 31, 1985, Defense Secretary Caspar W. Weinberger said to Salvadoran government, "with our assistance, has taken care of — in one way or another, taken prisoner or killed — a number of the people who participated in the San Salvador attack."

Senator COHEN. Are you familiar with the story about a former Ranger who allegedly was part of an Army Ranger team that went into El Salvador in 1985 and attacked a guerrilla encampment allegedly resulting in the death of some 85 Salvadorans?

Director DEUTCH. I am not.

Senator COHEN. You have not seen any of the reporting?

Director DEUTCH. No, sir.

Senator COHEN. All right.

Well, I am going to give you copies of several articles that appeared that indicated that this individual claimed to be part of an 11 man unit that was dropped in by helicopter to take out some 85 individuals. I think that we need to have some examination of this as to whether or not it would have been a paramilitary operation, if it in fact occurred, or something under the aegis of the Agency, and if so, whether a report would have been required to have been filed pursuant to the covert action notification requirement.

Director DEUTCH. If you will provide me with the information, Senator, I will be glad to look into it and report back to you and the Committee.

Senator COHEN. All right.

Can you tell us what the CIA policy is regarding background briefings for members of the press? How many do you give, who gives them?

Director DEUTCH. I think generally speaking we are—we have, for some period of time the Agency has tried, and I certainly would encourage the sensible background briefings to the press for major international events, especially when this country is involved in an international meeting or something. So I would think that there are reasonable background briefings that should be presented to the press, not as a way of introducing specific points of view, but essentially help the press fulfill their job.

Senator COHEN. Yes. My understanding is that the CIA does about, I think about 200 briefings per year, DIA about 100, and my understanding also is that obviously these are at the unclassified level. The DIA briefings are approved by President's appointees in OSD. Does that sound right?

Director DEUTCH. I don't—I—that would surprise me a bit about DIA. But I would think the 200 and 100 would not be unreasonable over a whole year period.

Senator COHEN. Okay.

Final question. The House Intelligence Bill includes a provision to waive the 2% penalty for early retirement for NSA employees in order to accelerate their attrition rate, avoiding the necessity of RIFs. What is your view of the House proposal?

Director DEUTCH. I believe I am for it, sir. [General laughter.]

Senator COHEN. Is there a reason why you turned around to look at the first echelon behind you?

Director DEUTCH. I won't—but I think—I am quite sure I am for it, sir. I may get in trouble for having said that; that's what bothers me.

Senator COHEN. We'll take it up in a classified session. [General laughter.]

Director DEUTCH. No, no, no, no. This is a question about—but I am quite sure I am for it, sir.

Senator COHEN. That's all I have, Mr. Chairman.

Chairman SPECTER. Thank you very much, Senator Cohen.

Senator LUGAR.

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

Mr. Deutch, at the time of your confirmation hearing I commented that the scope of your presentation was very impressive in trying to build confidence in the Intelligence Community and in laying out a plan of action to guide your activities as DCI. I really commend you, as others have, on the answers to the eight questions we presented to you for this hearing.

Your answer to the eighth question leads me to ask you to think through with us the issue of intelligence coordination with law enforcement activities in a broader context.

There are many who believe that the narcotics problem and the terrorism problem, when combined with the proliferation difficulties occasioned by the residue of nuclear, biological, chemical weapons, after the end of the Cold War, are problems for which our government is not well prepared to deal. On occasion we have defined the drug problem as a law enforcement problem, as a problem of crime in our cities, or with state authorities, or even the FBI. Obviously working the narcotics issue through the Upper Huallaga Valley in Peru is a foreign problem. We coordinate what is occurring abroad with law enforcement at home, but some would say, and I tend to agree, that we are not organized in a sufficient fashion to meet the literal armies of people who are arrayed against governments in the narcotics war.

That may be true increasingly with terrorism as well; nation states are not necessarily the perpetrators of these deeds, but rather small sects of people with religious and political agendas. Some may be domestic, some may be foreign in origin, we don't know which groups may strike or with what materials. And increasingly those materials are more dangerous and disastrous.

Now the coordination you have described here today is very encouraging. But have you ever tried to think through the overall problem. If we were really serious about a war on drugs, in a comprehensive way—internationally, domestic, locally, how would we organize our government for that fight? Or increasingly, if we are serious about acts of terrorism that might take out a good number of American buildings and people and involve extraordinarily dangerous and volatile material, how do we organize to fight that menace? It just occurs to me that the demarcation lines between law enforcement and intelligence, between domestic and foreign activities, between vigilance on behalf of and defense of civil liberties for Americans, between the roles of the military and police forces in combatting these problems, may not be appropriate given the enormity of these dilemmas.

Director DEUTCH. Well, Senator, I think that that is a tremendously astute observation. If I was to lay down for you the real things that bothered me conceptually since I have been Director of Central Intelligence, the first one I'd mention is this personnel system. The second one is the boundary line on how to think about law enforcement and foreign intelligence, and I might add, diplo-

macy as well, because there is a very important role in these foreign activities of the Department of State that has traditionally been the authority who was responsible for coordinating all of our foreign activities in a foreign country. And I do have some initial views about it.

First of all, I don't believe that we can find a single organization system that will optimize for addressing the drug problem or optimize for addressing the terrorism problem or the still considerable problem of countries which have inimical interests to the United States. So we have to develop greater flexibility to use pieces of each one of our departments to address questions in a problem solving, directed way, in order to get the best out of the assets that we have.

I also want to say that technology has something to do with this, because the distinction, the historical distinction between domestic and foreign is just going away, it is just disappearing before your own eyes. So I believe that all of these push for reassessment.

But we should never confuse the difference between who the customer is here and who the performer is. I am a performer of foreign intelligence for a customer. The customer that I work for is either the Attorney General, or the head of the FBI or the head of the Drug Enforcement Agency, who needs to have foreign intelligence for a purpose that they are going to have in law enforcement or something else. And I really in this way want to distinguish between saying we have to do a better job of organizing the customer to say what they need and organizing performers to do the work that is required. It is a very complicated subject, much more complicated than when we talk about imagery or SIGINT or things like that. This is one of the key intelligence issues for the future. Not many of the others that are discussed much more extensively.

And I thank you for the question, it's a very good one. I hope I haven't gone on too long about this.

Senator LUGAR. Are you working—you are working on it?

Director DEUTCH. Yes, I am; yes, I am.

Senator LUGAR. And will share with us the evolution of your planning?

Director DEUTCH. Absolutely, sir.

Senator LUGAR. I thank you.

Chairman SPECTER. Thank you, Senator Lugar.

Senator Bryan.

Senator Glenn.

Senator GLENN. Thank you. Mr. Chairman.

We have talked before about the greater importance of HUMINT, human intelligence, because some of the problems we face internationally these days involve terrorists, religious groups, and ethnic groups that that aren't easily surveilled by satellites. Which means then that we have a greater personnel problem than we've had in the past in recruiting people for that purpose. That's tough and it takes years to develop human assets—it's not like just putting up a new satellite and getting your answers a week or so later.

Do these human assets come under NFIP, National Foreign Intelligence Program?

Director DEUTCH. They do.

Senator GLENN. Okay.

Well then, that gives me a lot of concern, because on page one of your statement, you addressed three questions with regard to NFIP in particular. First was that you don't have adequate control over the budget on the NFIP programs. You have little direct authority over NFIP directly. The present process works fairly well within the Department of Defense but not with respect to other agencies that are part of NFIP.

Another is on the issue of whether the DCI should have expanded authority to reprogram NFIP funds within the program. This would indicate that maybe the DCI does not have the authority you should have to manage what I think is going to be one of the major thrusts in the whole intelligence effort for the coming years. Am I wrong to be so concerned or are you concerned, too?

Director DEUTCH. Well, if I had not been concerned, I wouldn't have written it. But let me give you two points that should make you feel better. The first is that with respect to the CIA human intelligence function, I do have complete authority and executive control, because it's in CIA and CIA is part of the NFIP program. But other human intelligence activities, for example, those run by the Department of Defense, I do it really at the sufferance of the Secretary of Defense, or if I may say, the Deputy Secretary.

Senator GLENN. Would you say you are one among equals, then, rather than the one running the program, is that correct?

Director DEUTCH. No. They control the purse strings.

Now while I say that, I want to say that having been Deputy Secretary of Defense I can promptly give you the answers, the arguments why that's a good way of doing it. They have responsibility for these agencies, the Defense Intelligence Agency, the Army and the Navy and the Air Force. So there is a reason why matters are as they are, and I can defend them eloquently having been on the other side of the fence as Deputy Secretary.

The point I want to make is, you cannot look to a Director of Central Intelligence as being an executive with executive management control over these programs. There are certain other departments which have NFIP dollars that don't even bother to check in with me, or any Director of Central Intelligence.

Senator GLENN. Well, I know you say in a subsequent paragraph, "I am not prepared as yet, however, to recommend solutions or options to pursue." But I would think this is something we ought to get ironed out pretty quick as to the increasing importance of HUMINT, whether we have direct enough control, and who's going to control. Is it going to be run by a committee or is it going to be somebody really in tight control? Because we're not going to have unlimited resources, and this is going to be one of the most important parts of the budget.

Director DEUTCH. That's correct, and it's a similar question can be said about international terrorism, drugs, and the like. And these are issues that are of concern to me and that is why I have put them out. But I am not prepared to say you ought to do it a different way, because I know the argument on the side of the agency that is responsible for—

Senator GLENN. Okay.

Back to the Gulf War syndrome. I was talking with some of the veterans from the war the other day, and they said they are con-

vinced it all came from the shots they got before they went, it wasn't something they got over there. Has anybody looked into that?

Director DEUTCH. There were different kinds of medication given to those veterans. Incidentally, I must say, Mr. Chairman, I have to be—this is not a DCI responsibility, I am going back now to my other world—there were different medications given and in each one of those cases, pyridostigmine being one of the principal candidates, there are medical studies under way to determine whether there is any possibility of these being side effects or in combination with other matters having led to the Gulf War illnesses.

Senator GLENN. From the shots there were given before?

Director DEUTCH. That's correct, yes sir.

Senator GLENN. Okay, thank you. My time is almost up.

Let me ask one more question here.

Maybe you can't answer this in open session, but I'll ask it anyway. Can you give us any information on the press reports that the M-11 missile or technology is being given to Iran by the People's Republic of China?

Director DEUTCH. Can't do it in open session, Senator.

Senator GLENN. Okay thank you.

Chairman SPECTER. Thank you very much, Senator Glenn.

Senator Shelby.

Senator SHELBY. Thank you, Mr. Chairman.

Dr. Deutch, we're glad to have you here. As you said, you would come back, and we all appreciate your candor and your insightfulness.

You mentioned changes in personnel in your opening statement. You said, "most of the changes," and I am quoting you here in the record, "are now complete." And as I said at the beginning, I think the new team is functioning smoothly and so forth.

Now, aren't you going to have to get into the depth, into the structure of the Central Intelligence Agency when dealing in personnel changes? I assume you were referring to changes at the top that you work with to give leadership in certain areas.

Director DEUTCH. That's exactly right sir. I think that there was a concern that a new Director would come in and, as happens sometimes in the past with other Directors, would fire, terminate, hundreds of people. That is not my way of doing things and not what I intended to do.

Senator SHELBY. Probably would not be wise. You have got to do it in a systematic, knowledgeable way, haven't you?

Director DEUTCH. I think the approach that I am trying to take is there have been a few changes, they have been announced, maybe one more. But what is really important is to go through the hard work of putting in place a personnel system that will, in orderly fashion, evaluate, promote and assign people according to their performance and according to the needs of the country. And that is not going to happen in a day or two. It is a long process.

Senator SHELBY. But it is important that that does happen, though.

Director DEUTCH. I believe that if there is anything that I can accomplish as Director of Central Intelligence, it is carrying out that task.

Senator SHELBY. And perhaps focusing in new directions, looking at the 21st Century and our needs of intelligence as they change.

Director DEUTCH. The issue of priorities and how we allocate our intelligence capabilities to different areas is a second question. But unless you have the people, unless you have the motivated people who are properly harnessed and properly developed throughout their careers, you are not going to be as effective in the second part of that unless you have the right personnel system.

Senator SHELBY. Dr. Deutch, I want to get into something else. On June the 20th I wrote you a letter. The inquiry dealt with the killing, the murdering in 1985 of four Marine embassy guards and two American businessmen in San Salvador. I understand that several weeks ago CBS aired a segment that said that the leader of the assassination squad, the murder squad, is now living in San Francisco, that he was on television—I haven't seen this program—and I was asking in the letter and I will ask you publicly now, to furnish any information that you might have, the CIA dealing with this Gilberto Asario—I'll give you a copy of this in a few minutes—and his entry into the United States. Does the Intelligence Community have any information regarding this man, who, I understand, said he planned the killing of these unarmed Marines and two American businessmen in 1985, and if he is in fact living in the United States, how did he get in the US, when did he get in, did the Intelligence Committee have anything to do with bringing him into the US, and can you dig up any information that would be helpful to this community and this country regarding his presence here. I think it's very important.

There've been some allegations made by some of the surviving family members, including the mother of one of the Marines from my home state of Alabama, that the CIA knew about this and helped him get into the US. I don't know that at all. I am not saying you, but when we let, under some kind of a program, immigration or otherwise, a known murderer, who admits on television that he did, in fact, kill four Marines, legally in the United States, something is wrong with our immigration policy and something is wrong with our Justice Department not to seize this man and to prosecute him.

Director DEUTCH. Senator, I will look into the matter. I do not know the case.

Senator SHELBY. I know you don't.

Director DEUTCH. And I will report back to you as soon as we have a—

Senator SHELBY. Do you think this is an important matter?

Director DEUTCH. Yes, sir.

Senator SHELBY. I do, too.

Thank you, Mr. Chairman.

Chairman SPECTER. Thank you, Senator Shelby.

Senator Robb.

Senator ROBB. Thank you, Mr. Chairman.

I think as the Director has recognized the questions from Senator Cohen and Senator Shelby related to the same series of events, they have been widely publicized in the regular press, and I think that some of the information might be available.

I recognize the difficulty in pursuing questions that would be better handled in closed session. Some of the things I wanted to ask, I think particularly in view of your earlier responses I will save until such time as we have that type of an opportunity.

One of the questions, though, that is appropriate I think for open session, has to do with personnel policies, not at the levels that you were suggesting a few moments ago when you talked about some of the changes you made, but for people who are career personnel in the intelligence field, particularly for those who might be members of the Directorate of Operations, and in terms of the promotion policies, if you will. In the military and the Foreign Service there is an up or out policy that is pretty widely used to make sure that you continue to turn over and that we make additional career advancement opportunities available and there is also some special retirement benefit that is available to those who do not happen to be promoted at a particular time.

The intelligence service, obviously, has some special difficulties. Indeed the people involved would not even be permitted to tell a future employer what they did, much less describe anything that related to it. And it might be quite difficult in several other areas.

I wonder if you could comment on that particular element of personnel policy, whether or not any attempt is being made to utilize an up or out policy and if so, are there any special applications or special concessions that might have to be made for intelligence personnel given the very specialized nature of their work.

Director DEUTCH. Senator, you make the case very well. All organizations, as they become—as people spend a greater deal of time and get to higher seniority, will get to a situation where the funnel gets smaller and individuals have got to leave the system and a method has to be found for dealing with them fairly and in confidence with the very special circumstances in which they work. And I am not familiar with whether specific provisions exist today for that purpose, but I will say to you that it is very much on our mind as we move towards a, what I would call a more effective and focused personnel system, to look at techniques for fairly developing a sequence of progression of promotions and thereby some people who would not get promoted, and giving those who want to exit the system the kind of reasonable retirement support, if you like, and pay support, so that they can go on to alternative careers consistent with the fact that they have served in the intelligence service. Separation from an intelligence service is something which has to be done carefully and with a knowledge of the specific—the very special requirements of what that career service has been.

So the kind of issue that you raise is precisely the sort of elements that have to be part of a more comprehensive personnel system that I was advocating in my earlier remarks here today, sir.

Senator ROBB. Thank you.

Let me just ask one other general question. When George Tenet—and I think he met with every Member of the Committee individually and had a very good confirmation hearing, as you could probably realize simply from the unanimous vote for this approval here a few minutes ago—he seemed to be a little bit cautious in projecting a complete turn around for some of the challenges that the Agency and the Intelligence Community in general

face in the near term. He spoke in terms of several years to completely reposition—I don't remember the precise words—so that we would be in position to provide all of the kinds of intelligence that we believe that we are going to need in the end of this Century and the beginning of the 21st Century.

Do you have some sense of a time line as to when you would be able to say that under new management, if you will, and cognizant of the difficulties that the Agency has encountered in recent years in each of the areas that have been discussed as part of your confirmation process, and the questions to date, when we could say that we are—when we expect to be as sufficiently changed or modified so that we are operating with an effective new team that is fully capable?

Director DEUTCH. I think years is the right time scale for things like putting in a personnel system that will work with the confidence of all the people who are involved. So I do not think that some of these subjects—working out, for example, the issue with respect to law enforcement is going to be done in weeks or months, but it is going to take a great deal of time. Very important issues, putting in a planning system that assures that resources are allocated to intelligence priorities, is not something that can be done overnight. It can be started this year. But some of these are tasks that are going to take something on the order years, not on the order of weeks of months.

Senator ROBB. Thank you, Dr. Deutch.

Mr. Chairman, my time has expired, and I thank you.

Chairman SPECTER. Thank you, Senator Robb.

Senator Graham.

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

Welcome.

John, a few days ago I was listening to National Public Radio and I heard you from, I believe, Amherst, in your reunion, and you were commenting during the segment of the program that I heard, about some of the culture that you had experienced in the Defense Department and its degree of professionalism and its heavy commitment to maintaining the growth of its personnel. And you went on to observe that you felt that it was because of that that the Defense Department was able, culturally, to make a relatively smooth transition from a Cold War to a post-Cold War mentality. I hope I have properly—

Director DEUTCH. The uniformed military.

Senator GRAHAM of Florida. The uniformed military.

One of the concerns that many of us have had has been the issue of the culture of the Intelligence Community. In areas such as the Aldrich Ames case and Guatemala, there seemed to be a culture of, you know, close ranks around a difficult situation, and a reticence to disclose and to deal with issues that were unpleasant.

I wonder if you could comment about some of the transferability of the experience of the uniformed personnel and what that has meant in terms of the adaptability of the military to new conditions to dealing with the cultural circumstances within the Intelligence Community.

Director DEUTCH. Senator, first of all, I would like to go back to the comment--the question and the answer that I gave to Senator Kerrey earlier.

In addition to problems, there is a remarkable degree of competence and dedication of individuals in this organization. I mentioned individuals working in the Bosnian Task Force which they have been doing for four years, they've been doing it a system of 20 hours a day, with incredibly high performance and I might say, tremendously high morale. So I have found no--no unwillingness to share with me the operations of the Agency. There's been tremendous forthcoming about the most awkward kinds of problems that exist. There has not been what I had heard, that, you know, it would be hard to get the Directorate of Operations people to talk to you. They love talking to you.

So I think the problem is not a culture which says we're not going to tell you what's going on. What the problem is, is to put into place, through hard work and long time, a new approach to what has been a system which, in the personnel area, why there have been some modifications, obviously needs some--needs some major readjustment in the planning area with respect to resource allocation.

So the point I would like to make is when we talk about changing the culture, I don't think that this is a set of people who are either unmotivated or not capable of, resistant to talking about what they are doing. They are very open. What is important is to put into place those mechanisms, and it takes time in a large organization to do that, a new personnel system which over time will allow the employees themselves, these dedicated professionals, to be empowered to change the culture themselves and adapt to new circumstances.

So the important point is that putting in a new personnel system that goes from recruiting all the way through to retirement, if it is done right, will allow professionals to adapt to changes as they are called upon and it will lead to the change in culture that we are seeking.

Senator GRAHAM of Florida. I would like to ask a second area of concern which also relates to some of the changes that have occurred in the last half dozen or so years. And that is the relationship between public information and clandestine information. We now have much greater access to and capability of processing publicly available information.

To what degree is that going to affect the priorities for clandestine information? As clandestine information, it would seem to me, becomes more a filling in smaller blanks as we are able to fill in the larger picture with properly processed information that is available to the general public.

Director DEUTCH. I think you are exactly right. There is an explosion of public information and also with the techniques to analyze it. And so the collection problem and the analyst's problem is to use clandestinely collected information selectively. You don't have to cover everything if you can read it in the newspaper in some foreign capital. And it is much easier to deal with open sources, open reporting, and I think that we are doing much better--the community is doing much better--of analysts understand-

ing and of the requirements system being cognizant of selective information that is needed of a clandestine nature and making use of open source material.

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

Chairman SPECTER. Thank you, Senator Graham.

Director Deutch, on a second round, I would like to inquire on some broader issues of interest.

The recent events in Russia raise many material questions as to the military strength, the capability of Russia, and how we assess the future as to our defense budget, which we are looking at, and an evaluation of Russian leadership as well as materiel capability. I would be interested in your assessment, to the extent you can give it in an open session, as to what light, if any, the recent events in Russia, the hostage taking and the concession by the Russian national government, what implications there are or indicators there are of basic Russian military strength.

Director DEUTCH. I am not sure that I can provide any significant new information here, except to say that both the political developments in Russia and states of the Former Soviet Union, and the military strength of Russia and its performance, its potential for its capabilities, remain a very high priority for both our collection and our analysis.

Chairman SPECTER. Were you surprised by the recent events which suggest real weakness in the Russian military establishment?

Director DEUTCH. I was not surprised by it, no, sir.

Chairman SPECTER. Since you testified last, there have been a series of reports publicly disclosed about US negotiations with North Korea on the so-called Statement of Agreed Principles. We talked a bit about whether it really is an Executive agreement or whether it really is a treaty which requires ratification by the Senate. It appears that those discussions are now more on track.

Are you able to comment as to the security issue as to what is happening with North Korea or whether the window of lack of inspection raises any significant security problem for the United States?

Director DEUTCH. Well, let me first of all say that the community has an estimate which I think I signed out yesterday on just this subject, and I will make sure that you get a copy of it, which gives our best judgment on this issue of developments in North Korea.

If I could give you two summary remarks about it. We don't know as much as we should to make fully informed judgments. That won't be a surprise. And that it was—

Chairman SPECTER. That's a pretty good generalized answer.

Director DEUTCH. No, no. It's also a statement of importance, it seems to me. This is a society—let me leave aside the issue of the nuclear weapons program where we are, in my mind, remarkably ill informed and it is important for us as a country to be better informed about what is going on there. But secondly, I would say to you that North Korea remains one of the really tremendously major security challenges for the country. That is the second point I would leave with you.

Chairman SPECTER. Are you confident that we are on track about being able to accurately assess that security threat?

Director DEUTCH. On the military security side, I am fairly confident, yes, sir.

Chairman SPECTER. How about on the intelligence side?

Director DEUTCH. Well, I meant on intelligence on military matters, the answer is yes, sir.

Chairman SPECTER. My orange light is on, so I will ask only one more question.

There have been some recent public disclosures about greater capability of Iraq on weapons of mass destruction, and my question to you, to the extent you can comment publicly, what is going on in Iraq at the present time with respect to their capability with weapons of mass destruction and the reports we hear about internal dissension and Saddam Hussein again apparently successfully quelling internal dissension.

Director DEUTCH. I cannot comment on these matters in public, sir. It's because both I am not in a position either to reveal my wisdom or my ignorance on them, but—

Chairman SPECTER. Is that an "I don't know?"

Director DEUTCH. No, no. I would be happy to discuss these matters with you.

Chairman SPECTER. Well, all right.

I raise those questions and I know that there is a limited amount that can be commented upon, but there is enormous public interest and concern about the three subjects that I just broached and I broach them in a context fully understanding the limitations as to what the Director of Central Intelligence can comment in public, and perhaps it would be a good idea if we confer privately about what might be said, because there is a great deal of public concern about what is happening in Russia, what's happening in North Korea, what's happening in Iraq, and many other places.

But when we're buffeted at all times by media reports which may be accurate or may leave some points untouched, and the extent to which there could be some comment by the CIA on those subjects, I think it would be very good for the public to have whatever assurances or information could be provided in an official way.

Director DEUTCH. Yes, Mr. Chairman.

Chairman SPECTER. Senator Kerrey.

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

Mr. Deutch, I was either impressively inattentive or sufficiently bored that I, too, listened to the radio address at Amherst, and I guess it was an honest mistake rather than a Freudian slip when you said that your job was to produce secrets rather than to protect them.

But there is a suspicion in the land that that is part of our business, to protect and sometimes produce secrets. And I think that comes, if I was to guess, comes as a consequence of the political tendency of us—we elected politicians, to get drug along in the dumb current of whatever it is at the moment that's of interest to cameras or whatever is of interest at the moment to the media and the American people as a consequence of that attention. And I know that you understand that I feel very strongly that we have to be very careful that if the threat is a negative editorial to a politician versus the threat of sending somebody in harm's way, that to address a threat that in fact isn't a threat to the United States,

or at least isn't on our priorities, that we must have the strength of character to resist and perhaps suffer the negative editorials as a consequence.

What I am very impressed with, Director Deutch, is your willingness early on in this window of infancy that you have as the Director of the Central Intelligence Agency, to take a clean slate approach, to say, I know this is the way it's always been done, but we need to do it differently. I am very impressed with your dedication to that task.

And I am interested to know if you feel as if you have the liberty to do and perform in a similar fashion when it comes to fundamental policy, where we may in fact be in a tunnel of no return, I mean, where we may have made a political decision which is essentially what the intelligence is all about. It is very easy for us with Captain O'Grady to see what good intelligence both does for us and may not do for us if it is missing. It is very impressive in a military situation, the intelligence—I marvel at the kind of technology and the human support for our warfighters in preparing them. But when you are dealing with a political threat, such as the one Senator Lugar was referencing earlier, with narcotics, or the ones that the Chairman was referencing earlier with Russian and North Korea and Iraq, you are talking about a human judgment being made by we policymakers, and there is sometimes, it seems to me, a tunnel that we get into.

And I am thinking, for example, of Iran. I mean, I read the last couple of days accounts that we basically got slam dunked at the G-7. None of the G-7, our G-7 colleagues are supporting our policy in Iran. OPEC is going to stiff us on a policy in Iran. Shell is going to pick up where Conoco left off. The question is, did it produce anything.

I could just as easily use other examples where we politicians make a decision and say this is the way we want to go and you may, in your own intelligence evaluations, say geez, I hate to embarrass you, Senator Kerrey, but it isn't working. What you have decided was a good decision based upon what we knew at the time, but we are now looking at the impact of that decision and we don't really see that it has accomplished what it is that you stated that you're trying to accomplish.

Do you feel at liberty, Dr. Deutch, to bring to the attention of the Commander in Chief or to this Committee, conclusions that might be at odds with decisions that we have previously made?

Director DEUTCH. Very much so. I understand exactly the point that you're making and one of the matters which I am quite comfortable on is that the top policymakers of the country, the President, the Vice President, the Secretary of Defense, Secretary of State, have the opportunity to hear from me when I think the intelligence estimates are, to the best of the ability of what we know and the best of our judgment, what things work and don't work, including some of the examples that you have mentioned, sir.

Vice Chairman KERREY. Well, let me give you a specific example.

I recently took a tour starting in Panama, to Colombia, Peru and to Bolivia and one of the questions I had in that whole tour began in Panama and ended in Panama and that was whether or not SOUTHCOM's authority is sufficient to be able to control the entire

area. They do not appear to have, for example, control over the Naval forces. And I am wondering, is that the kind of situation—you may not be aware of that particular situation, but is that the kind of situation where you would not feel any shyness in getting involved if you decided that General McCaffrey needed the authority to—and that authority needed to be modified, you wouldn't be shy in making that recommendation.

Director DEUTCH. First of all, I guess I wouldn't be shy in that case because I was Deputy Secretary of Defense and know it well. But the fact of the matter is, that's not a good example. I don't think the chief intelligence officer of this country should be talking about General McCaffrey and how we do the AOR's between him and USACOM and lots of other people, although I know the problem very well, but that's because I was Deputy Secretary of Defense and have a good deal of sympathy with General McCaffrey.

Where I do think that I have the responsibility that you mentioned is where I see some policy taking place in a foreign country, whether it's our policy or someone else's policy, and the results are going in a certain direction which are not what's intended, that has to be brought to light. And it is not so to speak, talking about the—

Vice Chairman KERREY. So if your intelligence causes you to conclude that our policy towards Cuba was wrong, you would not feel shy in bringing the information to our attention that in spite of the interest of Jorge Mas Canosa, you would not be shy in bringing us an evaluation that perhaps we ought to change course. I am not suggesting that that is the situation. I am just picking a very controversial political issue to make the point.

Director DEUTCH. In that particular case, it wouldn't be that I would say it's right or wrong, I would say that our intelligence tells us that the policy that we have adopted is not leading to the results we intended it to have—slightly different point, but that's the way I would express it, and have done so.

Vice Chairman KERREY. Thank you.

Chairman SPECTER. Thank you very much, Senator Kerrey. Senator Graham.

A vote has been started, so we do have a time limitation.

Senator GRAHAM of Florida. Thank you very much, Mr. Chairman. I am pleased that Senator Kerrey concluded with that last question, because that is where I would like to start, and that is to ask some questions about Cuba.

Mr. Deutch, what is your assessment of our intelligence capabilities to understand what is happening inside Cuba and what those events might mean in terms of US policy?

Director DEUTCH. If I could address this in a slightly oblique way, let me just say that I think that we—that Cuba is a tremendously important intelligence priority for a variety of reasons, and that it needs more attention by the community, if I could answer it a little bit elliptically in that way, Senator. You know better than anyone else that there's many different ways we can use to gather information about the developments in Cuba, and I have already taken some steps to assure that we focus more effort on Cuba.

Senator GRAHAM of Florida. You mentioned in some of your earlier questions about the changed circumstances in the world are re-

quiring a reprioritization of the activities of the Intelligence Community and the types of resources that the community needs and will apply to those new priorities. Is Cuba an example of such an area?

Director DEUTCH. Yes, it is. And it follows, also, from the President's directive on what our intelligence priorities are as well. So this isn't just one agency doing it, this is part of a reassessment of what our priorities are generally, and Cuba is certainly higher on the list.

Senator GRAHAM of Florida. If I could ask about three specific Cuba related items.

One, the economy. There have been reports within the last few days that the sugar crop in Cuba this year will be one of the lowest in the last half century. There are reports about large numbers of lay offs in the publicly owned enterprises. Are you able to comment about what the community feels the impact of those and other economic factors might be on the future, the stability of the government of Cuba?

Director DEUTCH. I am not informed on the issue. I would have to go back and inform myself, Senator. I will be happy to do that and get back to you, sir.

Senator GRAHAM of Florida. The same answer may apply to the next two questions.

The next one relates to Mr. Vesco. There was a lot of speculation when Mr. Vesco was arrested that that might represent a change in Cuban policy relative to harboring fugitives and extradition. Now it appears as if the Cuban government is not going to extradite Mr. Vesco, at least that is what CNN was told. Do you have any assessment of what this series of actions relative to Vesco means in terms of Cuban policy?

Director DEUTCH. I do not, Senator.

Senator GRAHAM of Florida. And the third question relates to the nuclear power plant in Cuba which has caused a considerable amount—

Director DEUTCH. Yes.

Senator GRAHAM of Florida. Of concern and apprehension. What are you able to say about that?

Director DEUTCH. Senator, the last time I looked, I don't think there was any significant activity going on there. That is my current impression. But I can get back to you on it if there is any change in that.

Senator GRAHAM of Florida. Finally, I understand tomorrow there is going to be a report delivered to the Defense department which the Defense Department had requested and funded on the security status of Cuba, such as what is the capability of its current military. I'd be interested if you could have that reviewed from the perspective of your insights on Cuba and comment at an appropriate time and under appropriate circumstances as to what your assessment is of the security capabilities of Cuba.

Director DEUTCH. I will be happy to do that, Senator.

Senator GRAHAM of Florida. Good; fine. Thank you.

Thank you, Mr. Chairman.

Chairman SPECTER. Mr. Deutch, we are very close to being out of time on the vote, but I want to ask you one more question, and

we'll have to pick this up at a later time, and just about time for you to have to go, too. And this is on Guatemala and I understand that you are awaiting the Inspector General's report. But this question relates to some action that perhaps should be taken in advance of the Inspector General's report. And one of the factors that made the failure to inform Congress on the events in Guatemala so troubling was that it involved the Congressionally directed semi-annual human rights reports.

Now, other than the on-going development of guidelines for recruitment of assets, what steps have you taken or do you intend to take to emphasize to the Intelligence Community, particularly the Directorate of Operations, the importance of the requirement that our activities are fully consistent with protection of human rights and that we don't sanction or become involved, directly or indirectly, with any people who there is reason to believe are involved in violating human rights. Because that is an issue which requires action, if not yesterday, at least by this afternoon.

Director DEUTCH. We are carefully going through a procedure to make sure that every station understands that they are there, especially in Latin America, working on improving human rights and democratization in that area. So we try to make sure that that message gets through as a high priority and I think there is some success on that.

Chairman SPECTER. And you are pushing that message at the present time.

Director DEUTCH. Yes, I think even some of our critics would argue that in certain places we are a force in that direction today. And it is a very important point and we should continue to be pressed on it, sir.

Chairman SPECTER. Well, thank you very much, Director Deutch. This has been very informative. We will be returning to some of these questions again.

That concludes the hearing.

[Thereupon, at 4:01 o'clock p.m., the hearing was concluded.]



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