

NOMINATION OF JOHN M. DEUTCH

Y 4. IN 8/19: S. HRG. 104-160

Nomination of John M. Deutch, S.Hrg...

HEARINGS
BEFORE THE
SELECT COMMITTEE ON INTELLIGENCE
OF THE
UNITED STATES SENATE
ONE HUNDRED FOURTH CONGRESS
FIRST SESSION
ON
NOMINATION OF JOHN M. DEUTCH TO BE DIRECTOR OF CENTRAL
INTELLIGENCE

WEDNESDAY, APRIL 26 AND WEDNESDAY, MAY 3, 1995

Printed for the use of the Select Committee on Intelligence



OCT 25 1995

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CONTENTS

	Page
Hearing held in Washington, DC:	
Wednesday, April 26, 1995	1
Wednesday, May 3, 1995	143
Statement of:	
Baucus, Hon. Max, a U.S. Senator from the State of Montana	21
Bryan, Hon. Richard H., a U.S. Senator from the State of Nevada	56
Cohen, Hon. William S., a U.S. Senator from the State of Maine	29
Deutch, Hon. John M., nominee to be the Director of Central Intelligence	12
Domenici, Hon. Pete V., a U.S. Senator from the State of New Mexico	9
Glenn, Hon. John, a U.S. Senator from the State of Ohio	55
Hutchinson, Hon. Kay Bailey, a U.S. Senator from the State of Texas	47
Inhofe, Hon. James M., a U.S. Senator from the State of Oklahoma	50
Kennedy, Hon. Edward M., a U.S. Senator from the State of Massachusetts	8
Kerrey, Hon. J. Robert, a U.S. Senator from the State of Nebraska	6
Kerry, Hon. John F., a U.S. Senator from the Commonwealth of Massachusetts	10
Kyl, Hon. Jon, a U.S. Senator from the State of Arizona	35
Lugar, Hon. Richard G., a U.S. Senator from the State of Indiana	40
Nunn, Hon. Sam, a U.S. Senator from the State of Georgia	5
Mack, Hon. Connie, a U.S. Senator from the State of Florida	43
Shelby, Hon. Richard C., a U.S. Senator from the State of Alabama	38
Specter, Hon. Arlen, a U.S. Senator from the Commonwealth of Pennsylvania	3
Testimony of:	
Deutch, Hon. John M., nominee to be the Director of Central Intelligence	15
Supplemental materials, letters, articles, etc.:	
Financial Disclosure Statement	125
Holmes, David P., Deputy General Counsel, Designated Agency Ethics Official, CIA, letter dated March 30, 1995, to the Honorable Stephen D. Potts, Director, Office of Government Ethics	118
New York Times, article dated April 26, 1995	140
Potts, Steven D., Director, Office of Government Ethics, letter, dated April 3, 1995	117
Questions for the Record, dated April 27, 1995, submitted to the Honorable John M. Deutch from the Honorable Arlen Specter, Chairman, Senate Select Committee on Intelligence	76
Responses to Questions for the Record, dated May 2, 1995, from the Honorable John M. Deutch	88
Senate Select Committee on Intelligence Standard Questionnaire for Presidential Appointees	101
The Washington Post, article dated April 26, 1995	139
The Washington Times, article dated April 26, 1995	141
The Washington Times, article dated April 25, 1995	45

NOMINATION OF JOHN DEUTCH TO BE DIRECTOR OF CENTRAL INTELLIGENCE

WEDNESDAY, APRIL 26, 1995

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

The Select Committee met, pursuant to notice, at 10 a.m., in room SH-216, Hart Senate Office Building, the Honorable Arlen Specter (chairman of the committee) presiding.

Present: Senators Specter, Lugar, Shelby, DeWine, Kyl, Inhofe, Hutchison, Mack, Cohen, Kerrey of Nebraska, Bryan, Graham of Florida, Kerry of Massachusetts, Baucus, 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 hour of 10 o'clock having arrived, we will begin this hearing of the Senate Intelligence Committee on the confirmation of Mr. John Deutch to be the Director of Central Intelligence.

At 10:02 a.m. we are going to have a moment of silence joining nationally with the moment of silence to remember the Oklahoma City bombing victims and survivors. It is now 10:02. May we all rise and observe a moment of silence.

[A minute of silence was observed by all in the hearing room.]

Chairman SPECTER. In solidarity with the people of Oklahoma and across this country who have been deeply affected by the bombing in Oklahoma City, we are observing this national moment of silence to remember and honor the victims, the survivors and the families who suffered from the blast exactly one week ago today at this moment—10:02 Eastern Standard Time.

Thank you.

We convene this hearing for the confirmation of Mr. John Deutch to be Director of Central Intelligence on a day when many Senators are paying tribute to our departed colleague, Senator John Stennis, whose funeral is scheduled today in Mississippi. And many of us who are here had wanted to attend Senator Stennis' funeral but thought it important to proceed with this confirmation hearing because of the delays which have attended up to the present time and we did not want to have any further delays and I know from my own experience with Senator Stennis that he would have insisted that we proceed with our business at hand as the best way to remember his long and great service to the United States Senate and to his country.

We are convening this hearing at a time of unprecedented terrorism—both domestic and international. And there are new concerns which arise every day. In the wake of the Oklahoma City bombing we saw a new activity or an expanded activity on Internet as reported by the Los Angeles Times on April 23rd, only hours after the bomb that shook America—someone posted directions for a repeat performance on the Internet.

It was all there, even a diagram—mix two widely available chemicals, slap on a booster, attach a detonator and almost anyone can have a bomb like the one being called the deadliest in United States history. And the article goes on to point out the manuals for mayhem, which are available—discussion groups where information can be traded anonymously via e-mail, almost an on-line explosion side—a virtual manual—known as the Big Book of Mischief.

And we see the proliferation of the problem, and see the difficulties which we face in a free society with the information on Internet for example, being protected under the First Amendment, we see the enormous problems which we face and they are growing every day.

Mr. Deutch's confirmation hearing comes at a time when there is turmoil, really a crisis in the Central Intelligence Agency. We have seen the difficulties in the Aldrich Ames case, where our spy network could not even detect a spy within its own midst. And we saw the hearings on Guatemala where the Acting Director of the Central Intelligence Agency conceded in a public hearing that the CIA had not followed the law in reporting information to the Senate Intelligence Committee and the House Intelligence Committee on Guatemala and that was a subject where there was reason for grave concern and an investigation which this Committee is pursuing very intently right now. I met yesterday illustratively with Mrs. Harbury and a witness to some of the events there.

Mr. Deutch comes to these confirmation hearings with an outstanding record. An outstanding academic record as an honor student, a professor of chemistry, a chairman of the department, dean, provost of the Massachusetts Institute of Technology, extensive governmental work at the Department of Energy. And now a Deputy Secretary of Defense. A man whose work is well known on Capitol Hill and well respected.

But notwithstanding that, the procedures require a very thorough inquiry into Mr. Deutch's background and qualifications because the position of Director of Central Intelligence is a very, very important one.

We must note the delay in the process. We knew some four months ago that Director Woolsey would not be staying and there was the problem with one appointee, General Carns, but in this day and age with the importance of an agency like the CIA, it is my view the Administration almost has to have someone in line, almost in the bullpen, so that we do not have the kinds of delays which have been present for this confirmation process.

And the Committee has been willing ready and able to proceed as promptly as possible. We tried to schedule this before the recent recess, but and we scheduled it as soon as we could now, and we are proceeding, notwithstanding the funeral, as I said earlier, as to

Senator Stennis. And we will put this on a fast track, to the extent we can, consistent with what we learn here today.

We will be asking Mr. Deutch many questions about the future of the CIA. There are some who would like to dismantle the CIA. The FBI has had a spectacular record in its work on the Oklahoma City bombing. And there are some suggestions that it might be time to give the FBI greater authority on what the CIA is doing at the present time. And there are immediate reactions to that about concern about having too much power in any one agency. But as we take a look at what the CIA is doing today and what the FBI is doing today, there are considerable areas of overlap—in international drugs and international terrorism, international organized crime.

And the suggestion is at least worth pursuing as to whether the covert activities of the CIA might be directed to the Department of Defense and the intelligence gathering might be directed to the FBI or some other agency.

Beyond that is the mission we'll be pursuing the questions with Mr. Deutch beyond terrorism—how the CIA is to face up to the new dimensions of the post-Cold War era, where there are many changes necessary. The weapons of mass destruction, are now in the hands of some 23 countries. We have enormous problems with North Korea, even after the agreement that the Administration made. North Korea is balking at it. Many of us are concerned about the five year window of inspections, but now the future is now even more uncertain as to what is the capacity of the CIA to handle North Korea, the dealings with China, and Iran, Iraq, and Libya. And the issue as to whether the CIA ought to be involved in gathering information to promote trade. All of these matters are ones which we will be considering with Mr. Deutch.

I think it is plain that the CIA needs somebody who is strong and tough, stand-up and prepared to go into this agency in a very determined manner and do what is necessary to put the CIA on its feet—to restore the morale and the confidence of the agency where we still have many, many men and women who have done a conscientious job but the problems cannot be denied and that is going to take a tremendous amount of work and effort.

This Committee is prepared to cooperate with Mr. Deutch and the President in every way to try to strengthen the CIA, at the same time doing our job on examining Mr. Deutch's qualifications and our oversight responsibilities and the consideration, along with the House Committee and the Aspin Commission, as to what the role of the CIA is going to be in the future.

And I would ask unanimous consent that the prepared statement I have be inserted into the record at this point.

[The prepared statement of Senator Specter follows:]

PREPARED STATEMENT OF SENATOR ARLEN SPECTER

We are here today to consider the nomination of John Deutch to be the Director of Central Intelligence (DCI). In the process, we hope also to stimulate a vigorous and thoughtful public discussion about the appropriate role of the U.S. intelligence community in today's changed and changing world. The next DCI will come to the job at a time of exceptional promise and peril.

The peril is clear. It is now conventional wisdom that the euphoria which erupted after the fall of the Berlin Wall and the dissolution of the Soviet Empire was premature. While nostalgia for the balance of terror between the United States and the

Soviet Union is not in order, it is apparent that the post-Cold War world is not any less dangerous or unstable—as the bombing in Oklahoma City, the World Trade Center bombing, and the gas attack in the Tokyo subway have made shatteringly clear. Global threats from international terrorism, narcotics smuggling, the proliferation of weapons of mass destruction, and expanding organized crime networks present the intelligence community with targets far more dispersed and complicated than the traditional focus on Soviet military power. The role and the priorities of the intelligence community in the government's efforts against these and other threats—efforts which now have significant diplomatic, economic, and law enforcement implications—is very much in need of redefinition and reordering.

Moreover, a series of revelations have illuminated problems in the intelligence community that have severely damaged morale among the rank and file and have eroded the public confidence and trust that is essential for an intelligence apparatus operating in a democracy. From the abuses of power evident in Iran-Contra to the incompetence and lack of accountability that characterized the Aldrich Ames debacle, to charges of widespread sex discrimination, to the latest questions about policies and practices that resulted in, at the very least, an impression of culpability in murders in Central America, there is the sense of an intelligence bureaucracy that is not only incapable of meeting our national security needs but, instead, presents a recurring threat to our nation's credibility and legitimacy overseas through its frequent missteps, miscalculation, and mismanagement.

The American people are looking for a Director of Central Intelligence who will provide strong leadership, accountability, and a clearly defined mission. And therein lies the promise. There is growing support within the intelligence community, the Congress, and the public for significant change in the way we conduct intelligence. The end of the bipolar super power conflict that dominated the Cold War provides new opportunities to build coalitions and achieve consensus on international threats. And thoughtful application of continuing advances in technology can greatly enhance our efficiency and effectiveness.

This Committee, along with the House Permanent Select Committee on Intelligence and a congressionally-mandated commission chaired by Les Aspin and Warren Rudman, will be taking a hard look at the intelligence community—what its mission should be in the post Cold-War world and how it should be organized to accomplish that mission—with an eye to legislation early next year. This is an opportunity to look forward; to begin a new era and establish a new American model for foreign intelligence.

A key issue for that future involves the nature of the office that you—Dr. Deutch—seek to assume. The DCI must have the ear and the trust of the President. Yet he cannot allow his role as confidante in any way to corrupt the intelligence process or his role as intelligence advisor. This is the concern that underlies questions about the wisdom of giving the DCI Cabinet status.

It is my sense that the current dual-hatting of the DCI, along with his service at the pleasure of the President, greatly complicates this delicate balancing act. In an effort to address this dilemma, I am examining legislation to separate the two roles of the current DCI by creating a Director of the CIA to manage the CIA and a separate Director of National Intelligence, or "DNI", to manage the intelligence community. The DNI would serve at the pleasure of the President, but the Director of CIA would have a 10-year term, like the FBI Director, to stabilize that position. In the past ten years, we will have had 5 Directors. I strongly suspect that this high turnover has contributed to the problems the CIA faces today. A ten-year tenure should allow the CIA Director to enter the "unique culture" of the Agency, make it clear that he or she is going to be here a while, and demand and implement the needed reforms.

In the meantime, the next DCI will have to find a way to assert that kind of leadership and independence under the current structure. The issue for this Committee is, are you the right person to take on that critical mission at this time of transition?

Dr. Deutch, you are clearly no stranger to the confirmation process—having been confirmed as Under Secretary of Defense for Acquisition in 1993 and as Deputy Secretary of Defense just last year. You are also not a stranger to this Committee—having played a key role in assisting the Committee to negotiate its way through the technical labyrinth of the intelligence community as a member of the Committee's Technical Review Panel for nearly three years—from April 1990 until February 1993.

Nevertheless, you have now been nominated to be the Director of Central Intelligence—a very different role from those you have previously undertaken—and it is imperative that this Committee thoroughly explore your qualifications and suitability for this important position. We will ask you views on a number of critical

issues facing the intelligence community, seek assurances that your position as a member of the Cabinet would not politicize your office, and examine the potential impact of your earlier involvement with issues like the Persian Gulf syndrome on your new appointment. Our objective, once again, is to determine whether you can assert the strong and independent leadership that is so desperately needed. Can you put aside friendships and conceptions developed over the years and take a hard, objective look at the entire intelligence community and make the tough decisions? Can you shift from staunch policy advocate to neutral presenter of facts—even if those facts undermine those very policy positions you once advocated? These are some of the questions we will seek to resolve.

We are pleased to finally be able to proceed towards filling this critical position—it is my sense, as you know, that your nomination was awfully long in coming and that intelligence leadership and direction has suffered as a result.

Chairman SPECTER. So, not wishing to add to the delay, let me turn now to our distinguished Vice Chairman, Senator Kerrey.

Vice Chairman KERREY. I have a statement that Senator Nunn asked to be included—he did go to Senator Stennis' funeral and asked to include in the record.

Chairman SPECTER. Yes. I would amplify that by expressing Senator Nunn's regrets that he passed on to me as well and that will be included in the record.

Thank you.

[The statement of Senator Nunn follows:]

PREPARED STATEMENT OF SENATOR SAM NUNN

Mr. Chairman, Senator Kerrey, and Members of the Committee, I am pleased to introduce Deputy Secretary of Defense John M. Deutch, who has been nominated to be the Director of Central Intelligence.

I have had the opportunity to work closely with Secretary Deutch, both in my prior capacity as Chairman of the Armed Services Committee and in my current role as Ranking Minority Member. He has made an outstanding contribution at the Department of Defense, and is well-qualified to serve as the Director of Central Intelligence.

Secretary Deutch came to the Department of Defense following a long and distinguished academic and government career. His positions in academia included service as Provost and Institute Professor at the Massachusetts Institute of Technology. His prior government experience included service on the staff of the Office of the Secretary of Defense during the early 1960's, and as Under Secretary of Energy during the late 1970's. In addition, he served on the Defense Science Board and on many other advisory boards over the years.

In 1993, he was nominated by President Clinton and confirmed by the Senate to serve as the Under Secretary of Defense for Acquisition. When Bill Perry became the Secretary of Defense in 1994, Dr. Deutch was nominated and confirmed to his current position as Deputy Secretary of Defense.

I have known Secretary Deutch personally for many years, including the periods of his service in the Department of Energy and during his tenure at MIT. His entire career—both in academia and in government service—has been devoted to developing creative and thoughtful approaches to national defense and intelligence policy issues.

Secretary Deutch has compiled as solid record in the Department of Defense as a strong manager. He has served the Nation well, not only in the management of internal Department of Defense functions, but also as the DOD official with primary responsibility for interface with the intelligence community. He knows how to solve problems, make clear decisions, and address pressing issues. On the Armed Services Committee, we have appreciated his breadth of knowledge, his candor, and his willingness to engage in dialogue. He also has a good sense of humor, which he uses to put difficult issues in perspective—a quality that will be most useful in his new position.

The intelligence community faces many difficult challenges in the post-Cold War era, particularly in the aftermath of the Ames espionage matter. The Oklahoma City tragedy underscores the dangers of terrorism in the modern world. The tensions in the Persian Gulf and North Asia, as well as the problems faced by the states of the former Soviet Union, are but a few of the difficult challenges facing

the intelligence community. John Deutch has the experience and background to take on these challenges. I strongly urge the committee's support for this nomination.

Vice Chairman KERREY. Mr. Chairman, I would be pleased to hold my opening statement. I note that we have colleagues who have come to introduce Mr. Deutch and I'd be pleased to allow them to provide their introductions or—

Chairman SPECTER. Well, as you choose. My thought was that we would have a ten minute opening round and the opening statements would be made in the course of those rounds, except for the Chairman and Vice Chairman, which is the practice.

Vice Chairman KERREY. Okay, then I will go ahead and make an opening statement.

Secretary Deutch, I am delighted to see you here today. As you know, all of us have very high expectations of you, and I hope our confidence in your ability to reorder and lead the Intelligence Community will not be too great a burden upon you.

No single person can accomplish everything as DCI. And the experience of recent DCI's suggest that the President has offered you a particularly difficult and thankless job. But if anyone in this country is up to the task, it's you.

I am delighted that the President has chosen a scientist, because so much of the nation's intelligence capability rests on advanced technology. The occasional lapses in the human intelligence field may get all of the press attention, but you know the dominant role of technology. Today the community faces difficult choices: on research, development and acquisition; new technology, as well as decisions about making use of commercial information technologies; preserving the intelligence industrial base; and making intelligence technologies useful to all Americans.

I feel better, Secretary Deutch, knowing that a scientist like you who knows the system, will be making these decisions. A scientist who will be sizing tomorrow's intelligence technology requirements and a science professor from MIT will be available to explain them and to the lawyers and entrepreneurs who are arrayed before you this morning.

You also face a broad array of customers for intelligence. The President, the national security policymakers and the military top the list. But your product—unique and accurate information—is also needed by Congress, by diplomats and by at least two new categories of customer—those who defend America's interests in law enforcement and those who make economic policy.

I urge you to analyze intelligence support to law enforcement and ensure a passage of information between the intelligence community and law enforcement, which is as seamless and effortless as the law allows. Terrorism has killed Americans and has the potential to kill again. Drugs kill Americans every day. Any government worth the name fights these threats at home and abroad and your role in the fight will be crucial.

Intelligence information is also playing a growing role in support of our government's economic decisions and ensuring fair international trade. I applaud this role for the community, but ask you to maintain a firm, moral compass in collecting economic intelligence. The market gives us wonderful abundance. But it lacks a

conscience in collecting economic intelligence. And we ask you to be the conscience.

The Directorate of Operations at CIA has been a center of controversy over the years. Controversy comes with their mission, but the Ames' case and the recent revelations about Guatemala have hurt the DO's reputation. As you scrutinize the DO and work to make it more effective, please bear in mind the high quality and dedication of the people in the field.

I visited a group of them in the field recently and there are no braver and smarter people in this nations' service. How to retain those young people, how to move them to positions of greater responsibility, how to ensure high integrity and at the same time encourage and reward risk taking are the leadership challenges awaiting you in the DO.

In your position, I also would want to be updated periodically on every ongoing intelligence operation. For example, covert actions are periodically reviewed in the Oversight Committees and no great scandals arise from them. But unilateral operations, or operations with liaison services which are not reported to Congress, have been the source of problems.

I am not suggesting that Congress should review everything CIA does. We do not have the time for this and CIA's desire to take risks would drop to zero. I am suggesting you have your own periodic reviews. It should not be an elaborate process, but some type of tickler system by which you can quickly satisfy yourself that an operation is on track.

The problems posed by an operation gone bad are compounded by the unique characteristic of your business: secrecy. The Guatemala case poses the dilemma clearly. How can CIA deal with its mistake in the public arena without compromising sources and methods? Frankly, Mr. Secretary, I don't have an answer, but I do have a suggestion.

If secrecy is a major friction in the intelligence business, seek ways to limit the amount of secrecy. With so much information available from open sources, let us reserve secrecy for the truly precious facts whose source requires iron clad protection. At the same timely, narrowly control access to the remaining secrets. Far too many people in the Executive branch are privy to operational secrets of the Intelligence Community and consequently, some secrets are no longer secure. And the lives, as a consequence, of our sources are at risk.

Your tenure, Mr. Deutch, as DCI will be a period of great change if only because restructuring the Intelligence Community has replaced lobbying as Washington's leading industry. Something will come out of all this brain power. But no matter what others come up with, I expect you'll be an agent of change because it is in your nature and you see the need.

The Intelligence Community's role as an information provider is changing. We are in a new world in which information flows by us in rivers, and in which information and the ability to impede its flow have become potent weapons. As the government's provider of high value information, you should consider how the information you provide to your customers can also be provided to the 250 million citizens who are the nation's ultimate decisionmakers.

But as you consider your role in a changed world, I know you adhere to one constant—that today, right now, the President, our policymakers and our military be the best informed people on earth.

Mr. Chairman, I thank you.

Chairman SPECTER. Thank you very much, Senator Kerrey.

We'll now turn to the introductions of Mr. Deutch starting with, in line of seniority, Senator Kennedy.

**STATEMENT OF HON. EDWARD M. KENNEDY, A U.S. SENATOR
FROM THE COMMONWEALTH OF MASSACHUSETTS**

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

And I'll just take a very few moments of the Committee's time. The Senate and the country have waited for the President's nominee, but the President has selected wisely, and I think this country will be well-served with the leadership of John Deutch as head of the Central Intelligence Agency.

This is the third opportunity that I've had to present him to a Committee of Congress. Some would suggest that he has difficulty holding a job. Others would understand that in each and every occasion it is really a recognition of outstanding public service, competency, integrity and willingness to deal with tough public policy issues in a way which has advanced the country's interest.

This has been a lifetime of commitment to our nation. It's been a defense policy. It's been in scientific research. It has been in a number of Administrations—the Carter Administrations—the Defense Department under President Bush, under President Reagan, and the Energy Department still dealing with defense related and intelligence related issues, and now under President Clinton in the number two position in the Defense Department which has prime responsibilities in the areas of intelligence and defense intelligence. A remarkable career that suits him in a very special way to assume the responsibilities to help lead this country and help and assist the institutions of Congress and the President as the Director of Intelligence.

An outstanding record as a professor. An outstanding administrator at one of the great technical universities, MIT, in our state of Massachusetts. A real leader in the transition in the Defense Department from the Cold War confrontation into the new kinds of challenges that we face. He has thought about these matters. He has given the benefit of his judgment on these matters, and his work with the Armed Services Committee, of which I have been a Member, has been one of the truly outstanding, I think, examples of his willingness to work with the Congress on important defense and intelligence matters.

Finally, Mr. Chairman, John Deutch brings to the Agency a sound judgment and a firm set of values that are deeply rooted in terms of his own understanding of the issues of right and wrong—the issues of correctness and the issues of wrongness. He has over his lifetime with both in professional, public and private has been exemplary in terms of the type of the leadership that he has provided in so many different areas for this country. We, in Congress, the American people are fortunate in the selection by President Clinton of this nominee, and I urge this Committee to react favor-

ably and to pass him overwhelmingly and that the Senate approve his nomination.

I thank the Chair for the opportunity to add these few words.

Chairman SPECTER. Thank you very much, Senator Kennedy. Thank you.

We now we turn to Senator Domenici.

**STATEMENT OF THE HONORABLE PETE V. DOMENICI, A U.S.
SENATOR FROM THE STATE OF NEW MEXICO**

Senator DOMENICI. Thank you very much, Mr. Chairman and Members of the Committee.

Frankly, I feel very gratified today because, in a sense, with respect to the two Senators from Massachusetts, the new Director didn't have any choice. In my case, he chose me to come here today. That is not to say that he doesn't welcome them in every respect, but in a sense I'm a little bit different because about three or four weeks ago I got an urgent call from my friend, John Deutch, and there's many things going between the Department of Defense, the Department of Energy and my office—not only on the budget but a lot of other matters. And I wondered what in the world could be so urgent that he wanted to see me at 8:30 in the morning if that was possible. And of course I said I'll be there. All he wanted to know was whether I would come here today and introduce him and say a few words in his behalf.

And let me say to all of you I've known John Deutch since the Carter Administration. That's a long time ago. I'm looking around to see if any of the Members of this Committee were here then, but I was. He did a fantastic job in everything that he was assigned. Now we're here today talking about a Director of Central Intelligence and we ought to start off by saying you ought to have somebody in that position that's extremely intelligent. That goes with the title. He is extremely intelligent. That isn't the sole issue, but surely you should be very pleased that the President sent you a nominee that is capable of understanding almost anything that the human mind can understand.

Secondly, from my standpoint, I found that not only was he intelligent, but he was fair, he was honest, and he truly never tried to pull the wool over my eyes in many controversial issues that we've had. In a sense I think the most important thing about this position—most important characteristic—is that you have a real, bona fide person—well rounded, that understands what America is all about, understands our rights, and then that has the capabilities of applying modern science and technology to the intelligence gathering arena.

There is no question—and I repeat what the Chairman said—that the Central Intelligence Agency, as we define or redefine its role, clearly will be the caretaker and the promoter of gathering intelligence in ways that are not only human gathering but probably predominantly from science and technology. I can attest to the fact that there will be no proposals coming before the Central Intelligence Agency when he's the new Director that he won't understand and pass judgment on even of the highest scientific and technical of issues.

And last, let me just note in his important role in the Defense Department. Many have suggested that Secretary Perry is doing one of the best jobs of any modern Secretary of Defense. But I submit that for everybody who works with the Department of Defense, they truly consider the two a team. And I believe John Deutch has contributed immeasurably to the Defense Department being able to adjust to the extremely difficult and almost radically changing times. And I believe a substantial portion of that is because of John Deutch.

He has contributed immensely to the ability of that department, and he has been a rock solid pillar of strength and stability under circumstances where anyone else of less resolve would have faltered. Everyone that deals with him on matters of the Department of Defense conclude that he is absolutely special in terms of his understanding and his ability to handle matters, including getting along with Congress.

So I came here today willingly—didn't take a second after he asked me to say, of course I will be there. I am here today as a Republican. Obviously, it's strange for a Senator from New Mexico, I guess, to some it would be strange for me to be here seconding this nomination and urging its expeditious handling. But I believe I understand why the President nominated him. I commend the President, but I also urge that we get on with this business and as soon as you can, Mr. Chairman, that he be recommended to the Senate for conformation.

Thanks to all of you.

Chairman SPECTER. Thank you very much, Senator Domenici.

We will now I'll turn to Senator Kerry, also a member of his Committee.

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

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

Let me assure Senator Domenici on behalf of the two volunteer Senators from Massachusetts that there's nothing strange at all about his being here. I think it's a reflection of precisely why these two volunteers from Massachusetts are so proud of John Deutch and why he is such a good nominee for this position.

If I could take just a few moments, Mr. Chairman, you in your opening comments, said we need somebody who is tough and stand-up, and Mr. Vice Chairman, you said we need somebody who can act as the conscience of the country in this role. I don't think there's any question for those of you who have followed John Deutch's career, not just in his public life in Washington, but in his public life in Massachusetts within the community at MIT, and in his personal life, this is a stand-up, tough, smart individual who knows how to bring his conscience to the forefront of decisions.

And at a time when those of us on this Committee understand that the Intelligence Community is in need of leadership, he will be a leader. At a time when it is in need of innovation and creativity, he will be an innovative, creative leader. And at a time when someone needs to lift the morale of the Intelligence Community and quickly provide a strong hand to help define a new mission for

the post Cold War age, we really couldn't find somebody more qualified or capable of doing that.

His record in helping to plan for the new Defense Department is before all of us. His record at DOE through Senator Domenici and others is before us. And I think all of us ought to be grateful, and the country ought to be grateful that when it is so difficult to find people of this high quality to take high appointive positions in this country, and to find bipartisan support in doing so, we are very lucky indeed to have him to do it.

He understands—and I think this is on the minds of every member of the Committee—that there are very difficult, important questions for which we need answers and for which we must tailor the new intelligence mission. Regarding the new international cooperative effort that he will have to manage, he couldn't come to it with greater international skill or understanding to meld the law enforcement efforts with true intelligence gathering.

In addition, he is an expert on proliferation. He has a record on that issue. At the Defense Department he has worked with, been a leader in, and overseen already some 80 or 90 percent of those areas of technical concern and other areas of concern to the Intelligence Community—a large portion of whose budget falls, as we know, under the Defense Department.

So I think measuring each of those areas—economic intelligence, proliferation, the new threat of international organized crime, and, indeed, nationalism and ethnicity and the various ways in which the world is Balkanized and threatened—this is the person for the moment.

And we are all lucky I think, to have him here. He has the experience, the professionalism, the integrity, the intelligence, and the conscience to do the job, and I'm delighted to commend a neighbor and a friend to the Committee with confidence that he will lead the CIA into this modern era.

Thank you, Mr. Chairman.

Chairman SPECTER. Thank you very much, Senator Kerry.

As is the custom, introducing Senators obviously have other duties with the exception of Senator Kerry who will probably stay here with the Committee. We thank you Senator Kennedy and Senator Domenici for joining us.

Senator KENNEDY. Thank you.

Senator DOMENICI. Thank you.

Chairman SPECTER. At this time, I'm very pleased to introduce Mr. Deutch's family.

Mrs. Patricia Deutch, his wife. Mrs. Deutch.

Mr. Philip Deutch, his son.

Mr. Zachery Deutch, his son.

Miss Sara Shotland, his sister and Mr. Roy Shotland, brother-in-law.

Mr. Deutch, have we now introduced your entire family?

Mr. DEUTCH. Yes sir.

Chairman SPECTER. Well, all right. It's very nice to have you with us here today on this very auspicious occasion.

Mr. Deutch, we now turn to you for your opening statement.

**STATEMENT OF HON. JOHN DEUTCH, NOMINEE FOR THE
POSITION OF DIRECTOR OF CENTRAL INTELLIGENCE**

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

I am very pleased to be here this morning to appear as President Clinton's nominee to be Director of Central Intelligence.

I want to take some moments to lay out before you the ideas that I have in approaching this job, the points of view that I bring to it in order to give you the opportunity to understand my philosophy and my approach and examine my qualifications.

Chairman SPECTER. Mr. Deutch, your full statement will be admitted into the record and you may proceed as you choose.

[The statement of Mr. Deutch follows:]

STATEMENT OF JOHN DEUTCH

Mr. Chairman and Members of the Committee, my name is John Deutch and I am honored that President Clinton has nominated me to be Director of Central Intelligence. I am pleased to appear before you at this confirmation hearing to discuss my qualifications for this important office.

I am presently Deputy Secretary of the Department of Defense. From April 1, 1993 to March 11, 1994, I was Under Secretary of the Department of Defense for Acquisition and Technology. Before joining this Administration, I held a number of positions at the Massachusetts Institute of Technology, including Dean of Science, Provost, and most recently, Institute Professor; I am on leave from MIT during my period of government service.

During the period 1978 to 1980, I served in a number of positions in the Department of Energy, including Under Secretary. During this period of time, I had responsibility for managing the basic science, energy technology development, conservation, and nuclear weapons programs of the Department and its laboratory system.

I have had considerable experience with the Intelligence Community. In my present position, I am the senior Defense Department official responsible for intelligence matters, and I have worked closely with the Intelligence Community since coming to the Department of Defense. Previously, I have served on several intelligence advisory committees, including the Director of Central Intelligence's Science and Technology Advisory Committee, the National Security Agency's Science Advisory Board, and, for several years, the Technology Advisory Committee formed to advise this Committee. In addition, President Bush appointed me to the President's Foreign Intelligence Advisory Board, on which I served from 1991 to 1993.

In the early eighties, President Reagan appointed me to the President's Commission on Strategic Forces ("The Scowcroft Commission") and later to the White House Science Council.

I should like to make a few remarks about my philosophy on the need for, collection and use of, intelligence in a free society. These are the principles that would guide my actions as Director of Central Intelligence.

I believe the security of the nation requires that the President, his civilian and military advisors, and the Congress have the best information and the most objective assessments about the capabilities and intentions of foreign countries and entities that may threaten the interests of this country and its allies. I disagree with those who argue that with the end of the Cold War, clandestine collection of intelligence is no longer needed, because our most dangerous and formidable adversary, the Soviet Union, no longer exists.

At the same time, it is also true that changing intelligence priorities, as well as intelligence failures, dictate that we carefully reexamine the need for, and specific missions of, intelligence. Intelligence is no longer a Washington, DC issue. The attention of the American public has been drawn to intelligence in the last year, and the impressions formed have been negative ones.

So serious assessment is needed of the threats we face and of the intelligence capabilities we must employ to understand and help defeat them. I believe that significant changes are needed in management to assure these threats are met, and I will discuss some specifics in a moment.

There are significant dangers to our national security and the social and economic well being of our citizens:

First, there is the possibility of major regional conflicts with North Korea, Iraq or Iran, and the possibility of conflicts among these or other states in a politically

unstable Middle East—all of which would affect American interests, whether or not we become involved militarily. As we have seen in recent years, our military forces may be called to serve in lesser regional conflicts and in humanitarian missions around the world—as in Haiti, Rwanda, Somalia, or Bosnia.

Second, we face significant dangers from the spread of weapons of mass destruction and modern methods of delivery of these weapons to unstable states that are hostile to us and to their neighbors. We are all aware of nuclear development efforts in North Korea, Iraq, and Iran that could be directed against the United States, as well as attempts to market nuclear materials diverted from republics of the former Soviet Union. Increasingly, economic dislocation offers additional incentives in former communist nations for arms sales to rogue states, as long as these willing buyers offer cash.

Third, all evidence indicates that international terrorism, international crime and international drug trafficking will continue to grow and threaten our citizens. Most disturbingly, it seems clear that even more potent threats can be posed to our interests when elements of these separate threats combine—as, for example, when organized crime seeks to market nuclear or chemical weapons, or when narcotraffickers employ terrorist organizations to protect their operations. Major terrorist organizations inimical to the United States are remarkable nowadays for their global reach and fanaticism. Recent terrorist arrests such as those in the Philippines and Pakistan demonstrate that good intelligence on such threats can avert major attacks.

Finally, we must remember that Russia and other republics of the former Soviet Union are just beginning down the road to democracy and market economies. At best, we must expect progress along this path to be halting and sometimes inconsistent. Three of these former Soviet republics are currently in the process of denuclearizing, yet they could experience periods of political instability and, as the experience in Chechnya suggests, violence along the borders of the old Soviet empire is a serious possibility.

Russian ICBMs are no longer targeted at the United States, but thousands still remain in their silos and can be retargeted at any time to reach the United States. Nor can we be confident that China, the other potential superpower in Asia, will maintain peaceful relations with its neighbors or keep its promises to restrict missile sales.

In short, the post Cold War threats to our national security are significant and complex. Intelligence—properly collected, analyzed, and distributed—can play a vital role in meeting these threats. Timely intelligence can reveal information about the true intention of a foreign country that is threatening violence somewhere in the world, and thus support our foreign policy and military leadership. Timely intelligence can convince our allies to support U.S. policies, can assist our trade negotiators, and can protect us from a range of terrorist threats. Both our human assets and our highly capable technical intelligence systems can provide vital information to our senior policy makers about what our potential enemies are doing.

In sum, we need to employ intelligence to help protect ourselves from these threats. And, we should have no illusion that other nations do not employ intelligence to serve their interests in every way they find possible.

But espionage does not rest comfortably in a democracy. Secrecy which is essential to protect the sources and methods of intelligence is not welcome in an open society. Oversight and control are necessary to avoid the excesses that history, including recent history, shows can result from the secret activity of intelligence services. If our democracy is to support intelligence activities, the people must be confident that our law and rules will be respected. Accordingly, the Intelligence Community must scrupulously adhere to the rules established by the Executive and Legislative branches. I state unequivocally that if confirmed as Director of Central Intelligence, I will insist on adherence to the rules, and I will hold every person accountable for his or her actions. But, consistent with the traditions of this democracy, I will resist premature conclusions about the conduct or motives of any person who works in the Intelligence Community.

The Intelligence Community should direct its efforts to four principal purposes:

First, the Community must strive to assure that the President and other leaders of the nation have the best information available before making decisions—diplomatic, military, or economic—that influence our welfare. Providing these judgments requires both the collection and analysis of secret information, but also integration with increasingly available public information.

Second, intelligence must provide support to military operations. The future effectiveness of US military forces is critically dependent on our military commanders having dominant battlefield awareness. This dominant battlefield awareness comes from imagery, signals, and human intelligence, integrated and distributed in timely fashion to battlefield commanders. Sensible management requires close coordination

between the national and defense intelligence efforts. I have devoted considerable effort to the integration of these efforts during the time I have been in the Department of Defense, and I would continue to do so if confirmed as Director of Central Intelligence.

Third, Intelligence must address the growing problems of international terrorism, crime, and drugs. The sinister and growing interrelation of these phenomena pose genuinely grave threats to our security that rival those of many potential foreign enemies. Here also coordination is required among the various federal agencies that provide and use intelligence, as well as appropriate support to law enforcement.

Fourth, counter intelligence must assure that enemies of this country do not penetrate our National Security apparatus. The Ames case demonstrates the risk and the critical importance of an effective counterintelligence capability that includes rigorous adherence to high security standards, priority given to defensive counter intelligence and counter espionage, and full and early cooperation among all parts of the counter intelligence community.

The principal role of the Intelligence Community in pursuing these four objectives is to provide objective information and assessments to policy makers rather than to decide policy, take military actions, or make foreign policy decisions. As Director of Central Intelligence, I consider my primary duty would be to provide objective, unvarnished assessments about issues involving foreign events to the President and other senior policy makers. With the exception of policy that bears on the Intelligence Community, the Director of Central Intelligence should have no foreign policy making role. I believe this view is consistent with the intention of the National Security Act of 1947 that treats the Director of Central Intelligence, and I believe for similar reasons, the Chairman of the Joint Chiefs of Staff, as advisors rather than full members of the National Security Council.

I stress this point because the President's decision to name me to his Cabinet, if I am confirmed as Director of Central Intelligence, has led to some discussion of the appropriate policy making role of the Director of Central Intelligence. I believe the President's reason for asking me to serve in the Cabinet was to signal the importance he places on intelligence and the confidence he has in me. Neither he nor I intend for membership in the Cabinet to indicate inappropriate involvement of the Director of Central Intelligence in the policy making process.

However, if intelligence is to be heard, if intelligence is to be genuinely useful to the policy making process, it must be represented in the highest councils of state when policy issues are deliberated. It is both the President's intention and mine that the next Director of Central Intelligence will be present at these councils and that he will use this access to present objective assessments of alternative courses of action. And he will take away from those councils an understanding of the options being considered that will allow him to ensure that intelligence products are prepared to support informed decisions. I fully recognize that the Director cannot allow himself to stray into offering policy advice, but I am determined to bring the best analytic efforts of the Intelligence Community to bear in the national security policy process.

In my meetings in preparation for this confirmation hearing, several Members of the Committee expressed an interest in hearing specific actions that I would propose to take if confirmed. I believe that major changes are needed, and I would anticipate taking significant action immediately upon confirmation.

First, I believe that it is time for a new generation of leaders and managers at the CIA and in the Community. It would be my intention to bring in several new people to fill upper management positions. My intention is to make these personnel decisions promptly and to inform the Intelligence Committees of these changes. In making these changes, I intend to put major emphasis on joint operations of the various agencies of the Intelligence Community, because I believe that intelligence is most effective for the policy maker when the various collection techniques are synthesized for input into one high quality analytic product. And, we can no longer afford redundant capabilities in several different agencies. We should seek to provide unique information that comes from our secret techniques that will allow the US to make policy decisions that better serve the interests of this nation.

Second, I intend to review personally all aspects of the Directorate of Operations of the Central Intelligence Agency and to encourage changes in the culture and operation of this vital organization.

Third, I will move immediately to consolidate the management of all imagery collection, analysis, and distribution. In my judgment both effectiveness and economy can be improved by managing imagery in a manner similar to the National Security Agency's organization for signals intelligence.

Fourth, military and intelligence satellite acquisition should no longer be managed separately. I intend to move immediately—in coordination with the Secretary of

Defense—to a management structure that requires future systems to take account of the needs, costs, and acquisition of both military and classified satellite systems in an integrated way.

Fifth, I believe that the recent Presidential Decision Directive that establishes intelligence priorities by country and functional area is an important step forward in establishing the objectives for the Intelligence Community in the post Cold War era. Building on the work that has been done by the Community, I shall put in place a planning process for how the Intelligence Community would meet the priorities and goals established by the Presidential Decision Directive. I would expect to carry out work on this new road map for intelligence with strong participation by the agencies that are users of intelligence as well as in close cooperation with the Aspin Commission and with the Congress.

Finally, my first and most important challenge will be to improve the management—and thereby the morale—of the dedicated men and women who make up the Intelligence Community. They recognize better than anyone that intelligence is at a crossroads. I am certain they would welcome a public affirmation of the importance of their critical task and public recognition that the intelligence function, like all other functions of government, can be managed, with a system of accountability at all levels, so as to meet standards of propriety and legality. As I have said, this is not an easy task under the best of circumstances, when secret activities are involved in an open society, but my belief is that it can be done. If such accountability is established, I believe that it will go a long way towards restoring the esprit de corps so necessary to those who labor in difficult and often unappreciated ways to protect our country.

I want this Committee and the public to know that I will approach this problem in several basic ways. I will insist on clarity of intelligence priorities, clarity of mission, and clarity of standards of governing everything from human collection operations to independent analysis. I will insist equally strongly on accountability at all levels, from the Director on down to the newest trainee, for adherence to such standards and missions. I will, therefore, hold each manager responsible for his or her performance, and I will not hesitate to find favor or fault based on that record. At the same time, any decision I make about conduct will be fair.

I have no doubt whatsoever that such a policy will be welcomed most by those who will work under it. I also believe it is what the public expects and this Committee will demand.

Mr. Chairman, I want to emphasize one point in closing: Significant change is needed in the Intelligence Community and I cannot accomplish this change without the strong support of this Committee, the House Intelligence Committee, and the Congress you serve. I want to develop a strong and close working relationship with you. I consider you my board of directors. I realize this means I must keep you fully and currently informed about the activities for which I would be responsible—both the good news and the bad news. I understand that I am accountable to you, and I expect you to hold me to a high standard of performance. I want you to know that I believe this oversight is essential. Why? Because U.S. intelligence cannot function without public and Congressional support such scrutiny engenders, as it continuously validates that intelligence is functioning in service to our national values and interests. I pledge to you that I will work to ensure that intelligence meets that test.

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

I am presently Deputy Secretary of the Department of Defense. From April 1, 1993 to March 11, 1994, I was Under Secretary of the Department of Defense for Acquisition and Technology. Before joining this Administration, I held a number of positions at the Massachusetts Institute of Technology, including Dean of Science, Provost, and most recently, Institute Professor; I am on leave from MIT during my period of government service.

During the period 1978 to 1980, I served in a number of positions in the Department of Energy, including Under Secretary. During this period of time, I had responsibility for managing the basic science, energy technology development, conservation, and nuclear weapons programs of the Department of Energy and its laboratory system.

I have had considerable experience with the intelligence Community. In my present capacity, I am the senior Defense Department

official responsible for intelligence matters, and I have worked closely with the Intelligence Community since coming to the Department of Defense. Previously, I have served on several intelligence advisory boards, including the Director of Central Intelligence's Science and Technology Advisory Committee, the National Security Agency's Science Advisory Board, and, for several years, on the Technology Advisory Committee that this particular Senate committee had. In addition, President Bush appointed me to be on the President's Foreign Intelligence Advisory Board, on which I served from 1991 to 1993.

In the early eighties, President Reagan appointed me to the President's Commission on Strategic Forces, "The Scowcroft Commission," and later to the White House Science Council.

I should like to make a few remarks about my philosophy on the need for, collection and use of, intelligence in a free society. These are the principles that would guide my actions as Director of Central Intelligence.

I believe the security of the nation requires that the President, his civilian and military advisors, and the Congress have the best information and the most objective assessments about the capabilities and intentions of foreign countries and entities that may threaten the interests of this country and its allies. I disagree with those who argue that with the end of the Cold War, clandestine collection of intelligence is no longer needed, because our most dangerous and formidable adversary, the Soviet Union, no longer exists.

At the same time, it is also true that changing intelligence priorities, as well as intelligence failures, dictate that we carefully reexamine the need for, and specific missions of, intelligence. Intelligence is no longer a Washington, D.C. issue. The attention of the American public has been drawn to intelligence in the last years, and the impressions formed have been negative ones.

So serious assessment is needed of the threats we face and of the intelligence capabilities we must employ to understand and defeat these threats. I believe that significant changes are needed in the management of the intelligence community to ensure that these threats are met, and I will discuss some specifics in a moment.

Let me begin by mentioning some of the significant dangers to our national security that exist today:

First, there is the possibility of major regional conflicts with North Korea, Iraq, Iran or other rogue states and the possibility of conflict among those states in a politically unstable Middle East—all of which would affect American interests, whether or not we become involved militarily. And, as we have seen in recent years, our military forces may be called upon to serve in lesser regional conflicts, in humanitarian missions around the world—as in Haiti, in Rwanda, Somalia, and perhaps Bosnia.

Second, we face significant dangers from the spread of weapons of mass destruction and modern methods of delivery of these weapons to unstable states that are hostile to us and to their neighbors. We are all aware of nuclear development efforts in North Korea, Iraq and Iran that could be directed against the United States, as well as attempts to market nuclear materials diverted from republics of the former Soviet Union. Increasingly, economic dislocation

offers additional incentives in former communist nations for arms sales to rogue states, as long as these willing buyers offer cash.

Third, all evidence indicates that international terrorism, international crime, and international drug trafficking will continue to grow and threaten our citizens. Most disturbingly, it seems clear that even more potent threats can be posed to our interests when elements of these separate threats combine—as, for example, when organized crime seeks to market nuclear or chemical weapons, or when narcotraffickers employ terrorist organizations to protect their operations somewhere in the world. Major terrorist organizations inimical to the United States are remarkable nowadays for their global reach and fanaticism. Recent terrorist arrests such as those in the Philippines and Pakistan demonstrate that good intelligence on these threats can avert major attacks.

Finally, we must remember that Russian and other republics of the Former Soviet Union are just beginning down the road of democracy and market economies. At best, we must expect progress along this path to be halting and sometimes inconsistent. Three of the former Soviet republics are currently in the process of denuclearizing, yet they could experience periods of political instability and, as the experience in Chechnya suggests, violence along the borders of the old Soviet empire is a possibility.

Russian ICBMs may no longer be targeted at the United States, but thousands still remain in their silos and can be retargetted at any time. Nor can we be confident that China, the other potential superpower in Asia, will maintain peaceful relations with its neighbors or keep its promises to restrict missile sales.

In short, the post Cold War threats to our national security are significant and complex. Intelligence—properly collected, analyzed, and distributed—can play a vital role in meeting these threats. Timely intelligence can reveal information about the true intention of a foreign country that is threatening violence somewhere in the world, and thus support our foreign policy and our military leadership. Timely intelligence can convince our allies to support U.S. policies, can assist our trade negotiators, and can protect us from a range of terrorist threats. Both our human assets and our highly capable technical intelligence systems can provide vital information to our senior policy makers about what our potential enemies are doing.

In sum, Mr. Chairman, we need to employ intelligence to help protect ourselves from these threats. And, we should have no illusion that other nations do not employ intelligence to serve their interests in every way possible.

But espionage does not rest comfortably in a democracy. Secrecy which is essential to protect the sources and the methods of intelligence is not welcome in an open society. Oversight and control are necessary to avoid the excesses that history, including recent history, shows can result from the secret activity of intelligence services. If our democracy is to support intelligence activities, the people must be confident that our rules and our regulations and our laws will be respected. Accordingly, the Intelligence Community must scrupulously adhere to the rules established by the Executive and Legislative branches. I state unequivocally that if confirmed as Director of Central Intelligence, I will insist on adherence to the

rules, and I will hold every person responsible for his or her actions and accountable for those actions. But, consistent with the traditions of this democracy, I will resist premature conclusions about the conduct or motives of any persons who works in the Intelligence Community.

In my view, the Intelligence Community should direct itself to four principal purposes:

First, the Community must strive to assure that the President and other leaders of the nation have the best information available before making decisions—diplomatic decisions, military decisions, or economic decisions—that influence the welfare of our citizens. Providing these judgments requires both the collection and the analysis of secret information, but also integration with increasingly public information.

Second, intelligence must provide support to military operations. Here, of course, I'm drawing on the experience that I've had for the past two years in the Department of Defense. In my view, and the view of the top leadership of the Department of Defense, the future effectiveness of US military forces is critically dependent on our military commanders having dominant battlefield awareness. This dominant awareness comes from imagery, signals, and human intelligence, integrated and distributed in timely fashion to battlefield commanders. Sensible management requires close coordination between the national and defense intelligence efforts. I have devoted considerable effort to the integration of these efforts during the time I have been in the Department of Defense, and I would continue to do so if confirmed as Director of Central Intelligence.

Third, intelligence must address the growing problems of international terrorism, crime and drugs. We all just need to see the example of Oklahoma City to know what could be in store if foreign entities began terrorist attacks against our allies or against ourselves. The sinister and growing interrelationship between these problems of terrorism, crime, and drugs, pose genuinely grave threats to our security that rival those of many potential enemy countries. Here also coordination is required among the various federal agencies that provide and use intelligence, as well as to provide appropriate support to law enforcement.

Fourth, counterintelligence must assure that enemies of this country do not penetrate our National Security apparatus. The Ames case demonstrates the risk and the critical importance of effective counterintelligence capability that includes rigorous adherence to high security standards, priority given to defensive counterintelligence and counterespionage, and full and early cooperation among all parts of the counterintelligence community.

The principal role of the Intelligence Community in pursuing these four objectives is to provide objective information and assessments to policymakers rather than to decide policy, rather than to take military action, or to make foreign policy decisions. As Director of Central Intelligence, I consider it my primary duty to provide objective, unvarnished assessments about issues involving foreign events to the President and other senior policymakers. With the exception of policy that bears on the Intelligence Community, the Director of Central Intelligence should have no foreign policymaking role. I believe this view is consistent with the intention of the Na-

tional Security Act of 1947 that treats the Director of Central Intelligence, and I believe for similar reasons, the Chairman of the Joint Chiefs of Staff, as advisors rather than as full members of the National Security Council.

I stress this point because the President's decision to name me to his Cabinet, if I am confirmed as Director of Central Intelligence, has led to some discussion of the appropriate role of the Director of Central Intelligence. I believe the President's reason for asking me to serve in the Cabinet was to signal the importance he places on intelligence and the confidence he has in me. Neither he nor I intend for membership in the Cabinet to indicate inappropriate involvement of the Director of Central Intelligence in the policymaking process.

However, if intelligence is to be heard, if intelligence is to be genuinely useful to the policymakers, it must be represented in the highest councils of state when policy issues are deliberated. It is both the President's intention and mine that the next Director of Central Intelligence will be present at these councils and that he will use this access to present objective assessments of alternative courses of action. And he will take away from those councils an understanding of the options being considered that will allow him to ensure that intelligence products are prepared to support informed decisions by the appropriate policymakers. I fully recognize that the Director cannot allow himself to stray into offering policy advice, but I am determined to bring the best analytic efforts of the Intelligence Community to bear on national security policy problems.

In my meetings in preparation for this confirmation hearing, several Members of the Committee expressed an interest in hearing specific actions that I would propose to take if confirmed by this Committee. I do believe that major changes are needed, and I would anticipate taking significant action immediately upon confirmation.

I would like, Mr. Chairman, to describe a few of those actions that I would consider taking immediately upon confirmation.

First, I believe that it is time for a new generation of leaders and managers at the CIA and in the Intelligence Community. It would be my intention to bring several new people to fill upper management positions in both the CIA and the Intelligence Community. My intention is to make these personnel decisions promptly and to inform the Intelligence Committees of these changes. In making these changes, I intend to put major emphasis on joint operations of the various agencies of the Intelligence Community, because I believe that intelligence is most effective for the policymaker when the various collection techniques are synthesized for input into one high quality analytical product. And, we can no longer afford redundant capabilities in several different agencies. We should seek to provide unique information that comes from our secret techniques that will allow the US to make policy decisions that best serve the interest of this nation.

Second, I intend to review personally all aspects of the Directorate of Operations of the Central Intelligence Agency and to encourage changes in the culture and operation of this vital organization.

Third, I will move immediately to consolidate the management of all imagery collection, analysis, and distribution. In my judgment both effectiveness and economy can be improved by managing imagery in a manner similar to the National Security Agency's organization for signals intelligence.

Fourth, military and intelligence satellite acquisition should no longer be managed separately. I intend to move immediately—in coordination with the Secretary of Defense—to a management structure that requires future systems to take into account the needs, costs, and acquisition of both military and classified satellite systems in an integrated way in order to achieve better effectiveness and greater economy.

Fifth, I believe that the recent Presidential Decision Directive that establishes intelligence priorities by country and functional area is an important step forward in establishing the objectives for the Intelligence Community in the post Cold War era. Building on the work that has been done by the Community, I shall put in place a planning process for how the Intelligence Community would meet the priorities and goals established by the Presidential Decision Directive. I would expect to carry out work on this new road map for intelligence with strong participation by the agencies that are users of the intelligence as well as in close cooperation with the Aspin Commission and with the Congress.

Finally, my first and most important challenge will be to improve the management—and thereby the morale—of the dedicated men and women who make up the Intelligence Community. They recognize better than anyone that intelligence is at a crossroads. I am certain they would welcome a public affirmation of the importance of their critical task and public recognition that the intelligence function, like all other functions of government, can be managed, with a system of accountability at all levels, so as to meet standards of priority and legality. As I have said, this is not an easy task under the best of circumstances, when secret activities are involved in an open society, but it is my belief that it can be done. If such accountability is established, I believe that it will go a long way towards restoring the esprit de corps so necessary to those who labor in difficult and often unappreciated ways to protect our country.

I want this Committee and the public to know that I will approach this problem in several basic ways. I will insist on clarity of intelligence priorities, clarity of mission, and clarity of standards governing everything from human collection operations to independent analysis. I will insist equally strongly on accountability at all levels, from the Director on down to the newest trainee, for adherence to such standards and missions. I will, therefore, hold each manager responsible for his or her performance, and I will not hesitate to find favor or fault based on that record. And at the same time, any decision that I make about such conduct will be fair.

I have no doubt that such a policy will be welcomed by those who work under it. I also believe it is what the public expects and what this Committee will demand.

Mr. Chairman, I want to emphasize one point in closing: Significant change, in my judgment, is needed in the Intelligence Community and I cannot accomplish this change without strong support from this Committee, the House Intelligence Committee, and the

Congress you serve. I want to say that again, sir. This job is a big job, it's an important job for the country, it is my view that it cannot be done without a partnership between the new Director and the Members of this Committee. It simply is undoable unless we work together on these strongest problems. I want to develop a strong and close working relationship with you. I consider you my board of directors. I realize this means I must keep you fully and currently informed about the activities for which I would be responsible—both the good news and the bad news. I understand that I am accountable to you, and I expect you to hold me to a high standard of performance. I want you to know that I believe that this oversight is essential. Why is this oversight essential? Because US intelligence cannot function without public and Congressional support which only such scrutiny engenders, and it must continuously validate that intelligence is functioning in service to our national values and interests. And I pledge to you that I will work to ensure that intelligence meets that test.

Thank you very much, Mr. Chairman, for this opportunity to express my philosophy and my approach as well as I am able.

Thank you, sir.

Chairman SPECTER. Thank you very much, Mr. Deutch.

We accept the formulation of your charter, to be your board of directors, and we think it appropriate to italicize your statement about keeping us fully informed. You will have the full backing of this Committee, and I'm sure, the House Committee and the Congress, if confirmed. And we do intend to hold you to the highest standards which you yourself have articulated on disclosure and performance.

Before proceeding to my round of questioning, I would like to note that any time we have these open hearings, there is a risk that sensitive national security information may inadvertently be exposed. So, I would like to remind the Members that we will go into Executive session immediately following this open hearing, and that any questions which involve classified information should be reserved for that forum.

Similarly, Mr. Deutch, I understand that there may be occasions when you will be unable to fully answer a question without revealing classified information, and those issues can also be addressed in Executive Session. And I read that standard admonition to remind everyone about that issue so we may observe it.

Senator BAUCUS. Mr. Chairman, if I might I see I'm pretty low in the order of asking questions. I have a prepared statement and questions I would like to submit to Mr. Deutch for him to answer at a later date.

Chairman SPECTER. Senator Baucus, of course you may do so. They will be submitted.

Senator BAUCUS. Thank you very much.

[The statement and questions of Senator Baucus follow:]

STATEMENT OF SENATOR MAX BAUCUS

Thank you Mr. Chairman. I would like to add my welcome this morning to Secretary Deutch. He and I go back many years, and I was pleased when the President announced John's nomination to be the next Director of Central Intelligence. The Intelligence Community—and the CIA—is facing some difficult times: the re-establishment of a sense of strategic purpose; a CIA Directorate of Operations that is in

disarray; a budget that will continue to be constrained as we refocus our national priorities. These kinds of issues require extraordinary leadership. In nominating Secretary Deutch, the President has placed his confidence in someone whom I believe is the right man to meet the challenges that lie ahead.

When the revelations about the NRO Headquarters Building appeared in the press last year and this Committee demanded a full explanation, Secretary Deutch stepped forward and promised a full and complete accounting of the decisions surrounding the project. He was instrumental in appointing a special task force to look into the matter, and their report reflected his goals of completeness and objectivity. I believe that it is this sort of attitude that Secretary Deutch brings to the Intelligence Community and which will help to restore public confidence in the Community and in the Central Intelligence Agency.

I keep mentioning the CIA, Mr. Secretary, because it may be in this area that you will find your most difficult decisions. We have all been astounded by the disclosures which have appeared in the wake of the Ames spy case: a mediocre performer was rewarded not only with continued employment but with promotions; a CIA upper level management which did not believe that it was accountable for most of the problems; and a "siege mentality" meaning that the CIA did not examine itself closely and which led to only superficial changes in the way they do business.

I want to be clear that I fully support the need for a Central Intelligence Agency. Obviously, we must have effective Human Intelligence. I also recognize that there is an important culture at CIA and that there is a requirement for it. But Mr. Secretary, I share the belief contained in your opening statement: "it is time for a new generation of leaders and managers at the CIA and in the Community."

Mr. Secretary, in your opening statement you stated your goals and the near-term actions you will be taking. I am encouraged by your desire to work closely with this Committee and the Congress.

Openness is extremely important. I hope that we can work together to continue this spirit of openness, both in your dealings with the Congress and in the continued declassification of information that no longer has national security implications. For example, I would hope that the first steps which have been taken to declassify imagery that can be of great use for environmental science will continue. This has not been easy change in attitude for the Community, and I predict that it will demand your personal attention. But the public's demand for more information can be met without jeopardizing our national security.

Moreover, I would like to add that I believe that as the Intelligence Community moves away from its focus on Cold War targets, it must continue to assist policymakers in new ways. Economic competitiveness remains an important part of the future well-being of all Americans.

The Intelligence Community has a role to play here, and I would hope that you would continue to push them in that direction. We certainly don't want to be engaged in industrial espionage, but we do want to know when we're confronted by predatory trade practices and hostile foreign intelligence efforts against our corporations.

So again, Mr. Secretary, welcome, and I have just a few questions for you in this open forum.

QUESTIONS FOR SECRETARY DEUTCH

Economic Intelligence

1. What is the dividing line between permissible economic intelligence and industrial espionage?
2. What are the issues on which the Intelligence Community will not collect economic information because it would not be appropriate?
3. What sorts of economic issues does the Intelligence Community have to be prepared to cover?
4. Is the Intelligence Community better at collecting and analyzing this sort of information than is the Department of Commerce or the Department of Treasury? Why or why not?
5. Since collection of this type of information will be competing with scarce resources needed to collect information for other purposes, how will you assess the value of economic intelligence relative to the more traditional intelligence collection and analysis?

Environmental Information

1. Are international environmental conditions of sufficient importance to warrant a U.S. response (i.e., is there an environmental "threat")?
2. If not, why not?

3. If so:

- a. What is the role of the Intelligence Community in collecting information in this area?
 - b. Should another Government agency do it?
4. What is your commitment in declassifying old intelligence information which may be of use in assessing the status of the global environment?

Senator KERRY of Massachusetts. Mr. Chairman could I just inquire how long the rounds will be?

Chairman SPECTER. The rounds will be ten minutes.

Mr. Deutch, I want to move relatively briefly to the Oklahoma City bombing incident, recognizing that that is a matter of domestic terrorism. In our discussions earlier I had told you that I would be raising this question with you and I understand that there may be some limits to what you want to comment about, but this is a matter that I think is very important and we will be addressing it in Judiciary hearings tomorrow on domestic intelligence, but I think it ought to be posed to you.

There is an issue raised about the authority of law enforcement officials to conduct investigations with the existing standards of the Department of Justice requiring an indication of a crime. And that is a policy judgment that has been made by the Administration. The Congress has the authority to modify that substantially, in my judgment, completely consistent with the Constitution. And it is my view that a great deal more can be done by way of law enforcement investigations constitutionally and take a back seat to no one on concerns for constitutional safeguards.

But if you take illustratively, the Michigan Militia and by using this as an illustration—I no way intend to suggest that they are involved in any way—but where you have a militia which does many things that are protected by the Constitution, bearing arms, Second Amendment, and the uniforms and the drilling, etc., there is nothing in the Constitution which would prevent law enforcement from having one of its members join. The military militia may decline to have that person join but there is nothing in the Constitution which would prevent surveillance, or having that person participate if the organization wishes to have them. That individual cannot engage in wiretapping without a court order, cannot enter into a private quarters for a search or seizure without a court order.

But to require that there be an indication of criminal conduct is a very high threshold, much higher than is required constitutionally. And to the extent you would want to comment, I would be interested in your view as to what the threshold of investigation ought to be. And this might well have been a matter involving international terrorism, so it's not totally a domestic issue as it appears now it is domestic. But it might well have been international.

Mr. DEUTCH. Mr. Chairman, I am neither qualified by office or by competence to speak to the issue of the rules for criminal investigation in the United States. I'm not an attorney and I have not been advised by attorneys on this subject.

I want to stress that the Intelligence Community's function is in foreign terrorism, not in terrorism that may come from US origin. And as I mentioned, I believe that is an extraordinarily important function for the Intelligence Community and it absolutely requires the strongest cooperation between the Community and the law en-

forcement, FBI and other law enforcement agencies. And I would dedicate myself to both that as a priority intelligence objective and working closely with the FBI, DEA, Drug Enforcement Administration and other pertinent domestic agencies.

Chairman SPECTER. Well, I would ask that if confirmed, you would familiarize yourself with the issue, because I think that it will bear directly on your responsibilities as Director. I can understand the response you've given so far, but I would ask you to formulate an informed judgment on that question.

Mr. DEUTCH. Yes, sir.

Chairman SPECTER. I now turn to a subject that you raised in your comments, and it is very much on my mind and I think on many minds, and that is the issue of Cabinet status. And it is a question which involves policymaking and my own view is that if you are in the Cabinet, you are much more likely to be a policymaker than if you are not in the Cabinet. And I would refer to the Congressional report on Iran-Contra to this effect: "Secretary Shultz asserted that in connection with the Iran initiative, the intelligence he, the President was getting was faulty about terrorism." The reason, according to Shultz, was that there was a problem in keeping "intelligence separated from policy and control over policy and was very much in play and the Director of CIA wanted to keep himself very heavily involved in this policy which he had been involved in apparently all along.

And then one of the conclusions of the Committee was that "the gathering, analysis, and recording of intelligence should be done in a way that there can be no question that the conclusions are driven by the actual facts rather than by what a policy advocate hopes these facts will be." So that there was grave concern that there not be cooking of the facts or cooking of the evidence to support a policy and that the greater distance the CIA Director be kept from the policy the better off our national interest would be.

The statute involving the National Security Council designates a number of people who shall be on the Council. The President, the Vice President, various Secretaries and so forth. And when it comes to the Director of Central Intelligence, it specifies that the Director may, at the direction of the President, attend and participate in meetings of the National Security Council. Now that's the Agency which customarily would be most directly involved, really, perhaps to the exclusion of the Cabinet, although the President could raise an issue in the Cabinet. But the Congressionally enacted statute signed by the President in 1947, makes it the National Security Council. And it's rather explicit that the CIA Director may attend and participate, but is not a member of the National Security Council.

Any my question to you is, wouldn't the objectives that the Congress articulated in the Iran-Contra report and the bad experience that we had when a CIA Director was too actively involved in policymaking, wouldn't those interests be best served by not having the CIA Director in the Cabinet?

Mr. DEUTCH. Mr. Chairman, I understand that this is a very important question and one that really deserves careful discussion.

Let me say that the bottom line judgment in my view is whether the Director of Central Intelligence that is confirmed by the Sen-

ate, whether that individual understands how to provide unvarnished objective assessments and not permit himself or herself to get involved in formulating policy, nor to permit policymakers to influence the formulation of the best objective assessments about foreign events. You must have confidence in the integrity of the individual.

The issue of formal membership, or membership in the President asking a Director of Central Intelligence or anyone else to serve in the Cabinet in my judgment is a secondary one. I think the motivation in this case is to demonstrate the President's, I believe, confidence in me and also the importance he places on intelligence and this process of reinvention that is going to have to take place in the Intelligence Community. And he wanted those who work in the community and the public to know the emphasis he places on that.

Chairman SPECTER. Well Mr. Deutch, I would suggest to you that there may well be a better way to evidence that confidence. The red light has gone one, so I will just finish my sentence because I want to observe the time meticulously myself, but I will finish the sentence. That there may be a better way for the President to emphasize his confidence in you and importance in intelligence by accessibility—which I understand has not been the case in the past—and by participation on these matters which are much more tangible and very well apparent, and not only to this Committee and to the public, and that a better signal might be given in the light of the experience of Iran-Contra if structurally and institutionally you are not a member of the Cabinet, and that your participation was limited as with the statute on the National Security Council to attendance and advice, but not membership.

Mr. DEUTCH. Mr. Chairman, all I can do is reiterate my own conviction that I know the difference between appropriate and inappropriate behavior. And that I would hold to that standard of proper conduct whether or not I was at any meeting, whether or not I was a member of the cabinet, whether or not I had been invited to a National Security Council meeting. The important point is that the standard is clear for me and it will govern my behavior. And that standard is, do not allow policy to influence intelligence judgments and contrary-wise do not allow intelligence to interfere in the policy process.

The importance is the standard of conduct, not the committee or the rooms of meetings that you may attend, sir.

Chairman SPECTER. I'll pursue that on the next round.

Senator Kerrey.

Vice Chairman KERREY. Thank you, Mr. Chairman.

I might say just for the record, Mr. Secretary, I don't understand why the administration wants to fight this battle. You don't have to be in the cabinet to be present at every significant meeting that the President has. And I wait for further rounds to have some discussions on that.

As I said in my opening statement, I think you are the right man for the job. However, this Committee has received significant input from Gulf War veterans. I want to give you an opportunity to respond to some of the things that have been said by them—and other concerned citizens—about your role in DOD concerning the so-called Gulf War Syndrome, particularly having to do with infor-

mation from logs, the standard for the burden of proof that you use as well as some comments you made on 60 Minutes during an interview on this same subject.

In January 1995, the Gulf War Veterans of Georgia received, as a consequence of a Freedom of Information Act request, eleven-pages of this so-called NBC log—with which I know you are familiar—representing 7 days of the 42 day Gulf War itself. The remaining pages, according to CENTCOM, contain classified material and information protected under privacy laws.

Secretary Deutch, can you reconcile this acknowledgement of classified materials in the NBC log with previous statements by DOD that there was not classified information indicating chemical-biological warfare use in the Persian Gulf?

Mr. DEUTCH. Thank you very much, Senator.

I wonder if I might go back and provide a little bit of context here. When the Gulf War Veterans issue first came up in the Department in March of 1993, then-Secretary Aspin came to me and he issued three instructions I would like to mention, because they are what have guided me in this whole matter and what continues to guide the Department today under Secretary Perry and myself.

The first was that every effort be made to provide full and caring medical attention to those Gulf War veterans—whether on active duty or veterans—for the illnesses that they faced. And that we had to make sure that every person who had given of their time and risked their lives for the country, that the best medical attention was provided for them, and that was of principal concern and we believe in cooperation with the Veterans—

Vice Chairman KERREY. With all respect—given that I have a ten minute round—I hope you are not giving a too lengthy background. Otherwise, both you and I are going to get wiped out.

Mr. DEUTCH. I am sorry. I apologize.

Vice Chairman KERREY. That's fine.

Mr. DEUTCH. The point is, we have done everything we can to collect every bit of information. We are still looking for information that will bear on the issue of whether chemicals and biologicals were used in the Persian Gulf.

Vice Chairman KERREY. "Used" as opposed to, present?

Mr. DEUTCH. Used or present. Used or present.

Vice Chairman KERREY: Used or Present?

Mr. DEUTCH. Yes, sir. And we are still looking. We are not at the end of that. We have an aggressive program underway that I would be happy to describe for the record on how we are declassifying and making as public as we can, as rapidly as we can, all of the information that bears on this.

Vice Chairman KERREY. Is it fair to say that DOD's test is that there must be verifiable conclusive proof that CBW was either present or used? Otherwise do they presume that it was not present or used?

Mr. DEUTCH. No, sir, I would say that our effort is to uncover any information that can bear on this question. Any information.

Vice Chairman KERREY. So you don't use a burden of proof which presumes that you have to have conclusive evidence—

Mr. DEUTCH. That is absolutely right, sir. The entire case—what we are trying to avoid here in the Department of Defense is what

happened in Agent Orange when people denied possibility. Here we are trying to as quickly as possible, be as open as possible on all information—that is the direction which has been given by Secretary Perry and Secretary Aspin—I strongly believe is the right way to go and it is the way that we have tried to proceed. And we will continue to proceed that way. We haven't satisfied all of our critics on this, but we share the view that all information on this issue should be made public.

It is also my judgment at present we have no compelling evidence of chemical or biological use in the Gulf War—

Vice Chairman KERREY. But again you said use.

Mr. DEUTCH. I am sorry. Presence or use; presence or use. But our minds are open. If information comes forward, it will be assessed and we are reviewing records now.

Vice Chairman KERREY. On the 60 Minutes program that I referenced, you are quoted as saying that US troops were not exposed to any, quote, "widespread use," end of quote. That leaves the impression that there might have been something short of widespread. Can you clarify this?

Mr. DEUTCH. Yes, the way the 60 Minutes program seems to function is they put together different sentences of questions and answers, so they happen to have put three times together that I used the word widespread. I attach no particular significance to the use of that word. No use would be equally accurate from my point of view.

My main point though is our minds are open. We should continue to look for information on this point. And let it carry where it goes. There is no reason for the Department of Defense or the Federal Government in any agency to resist pursuing this to its conclusion.

Vice Chairman KERREY. Has DOD supplied all classified, unclassified, conclusive, inconclusive information to the DCI in this situation?

Mr. DEUTCH. Well, most of the pertinent records are Department of Defense records. I understand that the CIA has a parallel activity going on of their own; from their own records on the Gulf, but most of this is really a Department of Defense issue, that is with the military units that were present during Desert Storm and Desert Shield.

But let me once again, Senator, say to you and to those individuals who are concerned on the subject, John Deutch and Bill Perry are perfectly insistent that we pursue this issue, we get all of the information in the public as rapidly as possible. We think it is very important to pursue this issue in a rapid way.

Vice Chairman KERREY. And your standard is, use or presence?

Mr. DEUTCH. Absolutely, sir. Use or presence.

Vice Chairman KERREY. Your standard is that the burden of proof does not require conclusive evidence that it was neither present nor used.

Mr. DEUTCH. That's correct. Separate—

Vice Chairman KERREY. Something short of absolute conclusive evidence is a sufficient standard of proof?

Mr. DEUTCH. Senator, our view is we are providing as rapidly as possible, information and data—not conclusions.

Vice Chairman KERREY. And you have no evidence at this point that there was any kind of use or presence of CBW during that 42-day period?

Mr. DEUTCH. That is correct. And I have also, with the help of an outside independent panel, examined those instances which there were allegations of use or presence and it is my judgment at the present time that there has been no use or presence, but that judgment is amenable to change if further information comes up.

Vice Chairman KERREY. Consistent both with your close working relationship with Secretary Perry and your testimony which indicated a desire, I think correctly, to consolidate some functions, do you think it is appropriate for the DCI and DOD to work together on this particular case?

Mr. DEUTCH. Absolutely. I think that is taking place. But the bulk of this information is in the Department of Defense. The bulk of the applicable information, I think is in the Department of Defense's hands.

Vice Chairman KERREY. A lot of good people have come and gone in this job of yours, Secretary Deutch. Is it too big for one person?

Mr. DEUTCH. If confirmed, I will let you know, sir. [General laughter.]

It is a very demanding job, sir.

Vice Chairman KERREY. Well, I will in fact hold you to that. I think that at an early date, we are going to get into evaluating that very question, and I would very much appreciate your considering it.

Should CIA continue to be the lead agency doing covert operations in your judgment?

Mr. DEUTCH. Covert operations, my answer to that would be, yes. Paramilitary operations would be a different question. Maybe that is something we should discuss in executive session.

Vice Chairman KERREY. There have been some recommendations, including some from former DCI Robert Gates who has indicated he believes that DOD should have the primary responsibility for covert operations. Do you disagree with that conclusion?

Mr. DEUTCH. I would make a distinction between paramilitary and covert operations and I would come to a—I guess a rather different middle ground on it, sir.

Vice Chairman KERREY. Thank you, Mr. Chairman.

Chairman SPECTER. Thank you very much, Senator Kerrey.

The custom of the Committee is to proceed on order of questioning by Senators in sequence of arrival, and staff has prepared the following sequence so that everyone can know.

Senator COHEN, Senator KERRY of Massachusetts, Senator KYL, Senator SHELBY, Senator LUGAR, Senator MACK, Senator DEWINE, Senator HUTCHISON, Senator INHOFE, Senator BAUCUS, Senator BRYAN, Senator GRAHAM, AND Senator ROBB.

So we turn at this point to Senator Cohen.

Senator COHEN. Thank you, Mr. Chairman, I have a prepared statement I would like to submit for the record.

Chairman SPECTER. It will be admitted for the record without objection.

[The statement of Senator Cohen follows:]

STATEMENT OF SENATOR WILLIAM S. COHEN

Mr. Chairman, I would like to join you and the other members of the committee in welcoming Secretary Deutch. I anticipate that Secretary Deutch will be confirmed by the Senate and invested with the very heavy responsibility of leading the U.S. Intelligence Community during a period of unprecedented global change. I would like to say a few words about the challenges he faces and some steps I believe he should consider as he moves into a critical position within the Administration.

Last February, the FBI arrested Aldrich Hazen Ames, a CIA employee who betrayed his country and caused unprecedented damage to the CIA's operations and reputation. Members of this committee were shocked not only by the extent of the damage, but the fact that it was inflicted by an individual who was less than clever; an employee who was in fact a poor performer, who had a drinking problem, who often violated agency security regulations, and flouted his ill gotten wealth. In the months since Mr. Ames' conviction, new controversies have arisen concerning alleged CIA activities in France and Guatemala.

Each of these controversies has raised fundamental questions about the management, mission, and organization of the US Intelligence Community, and the CIA in particular. I believe that the American people understand the need to secretly gather information regarding terrorism, proliferations, and the activities of rogue nations such as Iran, Iraq, and North Korea. Nevertheless, the Ames case, and the more recent allegations concerning France and Guatemala, have raised fundamental questions about performance and accountability at the CIA. This committee, and the people we represent across this country, want some assurance that the CIA will not tolerate individuals like Mr. Ames in its midst. They also expect the Administration and the members of this committee to ensure our government does not take secret actions that contradict the policies and values we espouse in public.

In order to help rectify public concerns, and improve the moral of the thousands of dedicated CIA employees whose agency has been unfairly tainted by the actions of a few, I would like to make some suggestions for you to consider as you approach this difficult assignment:

First, strengthen accountability at CIA. It is simply unacceptable for an employee such as Mr. Ames to manifest the symptoms of a serious drinking problem, flout security regulations and still receive highly sensitive assignments. I think you would agree that the military does not tolerate such behavior and the CIA should not either. There are plenty of rules and regulations governing such matters, but they have not been strictly enforced by CIA management. That needs to change.

Second, I recommend a review of CIA operations overseas to ensure that the targets are appropriate and the tradecraft is secure. Some information provided to this committee in recent months has raised new questions in my mind on both counts. We can pursue that further in closed session.

Third, I recommend that you review the chain of command at CIA headquarters. I believe that one of the reasons Mr. Ames went undetected for so long was because the Office of Security, the Counterintelligence Center, the Director of Operations, and the Office of Personal each had bits of information about Mr. Ames, but no individual was in charge or had the full picture. While steps have been taken to try to remedy counterintelligence coordination at the CIA, I think the Ames case was symptomatic of a wider organizational problem at CIA headquarters.

Finally, I believe it is essential to ensure that the oversight committee are kept "fully and currently informed" as required by law. There have been too many occasions over the years where CIA has suffered self-inflicted wounds because it failed to be forthright with those in Congress entrusted with intelligence oversight. Congress has every right to have access to intelligence information and an excellent record of protecting the sensitive information provided by the Executive Branch. We have a watchdog function to perform, but we can also be of assistance. We expect you to take risks, and we are willing to help you shoulder the burden. But we cannot fulfill our responsibilities to the public, or help to bear the political risks, if we are kept in the dark.

Intelligence is vital to US national security, and for the sake of all concerned, we need to ensure that the public will support and be proud of the intelligence Community. I believe that strict accountability, high-priority targets, a clear chain of command, and open lines of communications with the oversight committees will help to build consensus, avoid controversy, and ensure that we can obtain the public support we need to provide adequate intelligence capabilities for the nation.

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

Secretary Deutch, the Chairman raised a question which I am sure other members will raise in turn. It's an issue that perhaps

goes back to the days of Plato during one of the Socratic dialogues. Basically he asked, is beauty pleasing to the gods because its good, or is it good because it is pleasing to the gods.

The same question is now being raised with respect to you and intelligence. Is intelligence pleasing to the President because it is good, or is it good because it is pleasing to the President.

And I think from my purely academic point of view, it is preferable to keep intelligence as completely separate from policy making as conceivably possible. Policymaking and indeed, policy deliberations.

I also think it somewhat naive on our part to believe that a DCI is unaware of foreign policy deliberations and directions that occur during White House Cabinet deliberations. I don't think it would take more than a nanosecond for word to filter out to the CIA or any place else in this town about what the policy deliberations are and the direction the President is going to give as far as foreign policy is concerned.

As a matter of fact, I believe that if you were so inclined, you could probably attempt to shape intelligence analysis to conform to the policy or contradict that policy if you believed it was wrong, just sitting out at Langley. Never having to go through the East Wing of the White House to gain access to the President.

And I think I can also make the argument that your presence at White House meetings actually might prevent you from attempting to distort intelligence, if that were your inclination, or shaping it in a way to influence policy, because there would be the presence of others, namely the Secretary of Defense, namely the Secretary of State, namely the NSC. There would be others there to challenge your intelligence assessment or analysis if there was any suspicion that it was being shaped in a way to distort what the objective untainted analysis really was or if they felt that you were going beyond the bounds of simply presenting intelligence and getting into the policymaking deliberations themselves.

So I think those arguments can be advanced. The Chairman may have a better idea, as such, on ways in which you might have access and reaffirm to Central Intelligence Agency personnel that they are in fact being heard, that the work product they produce is being taken seriously and is being presented in a way in which the President can utilize it to formulate foreign policy.

But I believe that by virtue of your predecessor's lack of access, and the level of morale which could say is perhaps at ocean bottom levels out at the Agency, you were prompted to request the access and the President agreed to that level of access because he felt that the Agency was in such a state of either low morale, disarray or in need of that kind of leadership that he granted the request. Is that correct?

Mr. DEUTCH. Senator, you say it extremely well.

Senator COHEN. You need only say yes.

Mr. DEUTCH. Yes.

Senator COHEN. All right.

We'll let the second round of questioning go on to the further details of it. And as I said, perhaps the Chairman has a better way to demonstrate that level of access and level of commitment to the analytical process.

Number two, I'd like to look at the agency successes and failures. The successes of the CIA are rarely trumpeted. We rarely hear about the extraordinary work carried on by agency personnel—day in and day out—often in life threatening situations. We rarely hear about the technological marvels that we have at our disposal. The failures are routinely—and I would say in a good many cases—justifiably condemned. Those failures principally occur in two fields. One is counterintelligence, and the second is covert actions.

With respect to counterintelligence, we can look back at the decade of the spy, during the 80s. The Chairman has mentioned the Ames case as being the most flagrant example of recent days. I would venture to express a guess—I don't have any inside information—I would guess that there are other Ames's to be revealed in the future. Whether it would be at the Agency or throughout our Intelligence Community, I am satisfied that there are others lurking out there that will be forthcoming at some time in the future.

But the fact is, with respect to Ames, it's unacceptable to have any people like Mr. Ames who manifest serious drinking problems, who flout security regulations, and are still receiving sensitive assignments. And this simply has to be—a stop has to be put to this. And I think part of the problem lies in the chain of command. We have the Office of Security, the Counterintelligence Center, the Director of Operations, the Office of personnel—all of them in this particular Ames case had some pieces of information. None of these offices had the complete picture. I believe your management changes will have to take this into account to prevent this sort of Balkanization of information as such from taking place in the future to allow the Ames cases to continue to operate for so many years going undetected. There are other cases we can point to, but he is the most recent, and that is the case that perhaps should serve as the poster child so to speak of a lack of intelligent behavior on the part of the Agency.

With respect to covert action—you don't need to respond to that until the end if you have time—but with respect to covert action, there's an item in the New York Times today which caught my attention. It talks about the CIA facing Senate tests—by Tim Weiner. In the middle of the article it says one prominent intelligent official asked recently what he thought should be done at the Directorate of Operations where the spies work. He said simply, "blow it up." I think that choice of words is particularly unfortunate. Whether that individual was speaking metaphorically or not, the choice of words, particularly in view of the moment of silence observed by the Chairman of the Committee at the beginning of this hearing, makes such remarks, I think, particularly offensive. There is a desperate need of change, not doubt, in the Directorate of Operations. Blowing it up is not one of the answers.

I believe that we need covert action. I think we need that covert capability. I think it should be limited in use. I think there should be very strict guidelines, and there must be at all costs full and complete oversight responsibility.

The Chairman mentioned one of the difficulties we had with a past Director, William Casey, in terms of the relationship he had with President Reagan, the closeness of that relationship, the access that he had to the President, his presence at Cabinet level

meetings. Let me tell you what attitude was reflected during some of the statements made to this Committee. Back in 1986 he said, "We tell you everything we think you're interested in within the amount of time you make available." Apparently that did not include trading arms for hostages. During that same hearing, he said, "Well, those guys are under instructions to give you all the information they think you need." We also had one station chief who testified before the Committee in 1987 during the probe of the Iran-Contra affair who said, "I would submit to you that you do, in fact, know most of what you need to know."

Those are the kinds of attitudes and the kinds of statements that have to be eradicated. This is not a question of telling us what you or they think we need to know. It is what this Committee is obligated under its charter to receive. And I believe that your statement was put forth with great clarity and emphasis and passion, that those kind of sentiments will not reign under your leadership at the Agency. I assume I am correct in that.

Mr. DEUTCH. You're absolutely correct.

Senator COHEN. All right. We'll come to some of the questions during the second round, Mr. Deutch.

Chairman SPECTER. Thank you very much, Senator Cohen.

Senator Cohen is one of the most experienced members of this Committee, having served as the Vice Chairman for a considerable period of time, and he's a real professional as he asks questions. I was talking to the Vice Chairman about time of possession, and I thought it might be 9:40 and 20 seconds for you, but I don't think you got that much time. You might remain silent, Mr. Deutch, as anybody does. You also have a right to answer.

Senator COHEN. Mr. Chairman, you might indicate that Secretary Deutch was nodding in affirmation to most of what I was saying.

Senator SPECTER. Oh, I think what we'd have to do to make the record correct, Senator Cohen, is to go back to those spots where the witness nodded. In a trial we would always have to say, may the record show that the witness nodded at that. We don't know which point he nodded.

Senator COHEN. I think he nodded throughout.

Senator SPECTER. That's right. He did, and he should have. He's as professional a witness as you are a questioner, Senator Cohen.

Senator Kerry of Massachusetts.

Senator KERRY of Massachusetts. Thank you, Mr. Chairman.

Mr. Deutch, you also may be learning you have a right not to take this job and you may want to opt on that one.

If I could ask you, the aggregate budget has been a constant source of debate in the authorization process. Director Woolsey argued vehemently that that should not be made public. Do you have a view on that?

Mr. DEUTCH. Senator, I guess I'm ambivalent on this question like many Members of the Committee are. I actually think that it would not be too serious to reveal the top line, provided that there could be a serious assurance that there would be no further devotion into the body of the budget itself. My concern is whether it's really realistic to start down that path and be able to hold the road. That is, once you reveal the top line, a colleague will say,

“Senator Kerry, why was there this move at the top line this year. What explains that move?” And you would be, it seems to me, difficult and hard pressed to begin to unravel what the moving parts are, what the——

Senator KERRY of Massachusetts. Why would that be difficult? I can't imagine you would have the capacity to do that in public.

Mr. DEUTCH. My question is the estimate on being able to stop at just revealing the top line. If there was confidence among Congress that that was possible, it would not at all bother me to reveal the top line. I just wonder whether it's possible.

Senator KERRY of Massachusetts. Let me say as I go further into the questioning that I was struck by your opening statement. I don't think I've ever heard a prospective nominee—and I've heard several from almost any department—but certainly from this Agency—set out as clear a set of moves that the nominee intended to make ahead of time. And so I commend you for what you've said today. I think it is rare that a nominee for anything comes here and tempts the Committee that might approve him with anything overly specific. And I think you've been extraordinarily specific today and set some very, very high standards that are appropriate to the circumstances in which we find ourselves. So I want to commend you for that. And I think it signals, indeed, a new day.

With respect to some of these issues you need to address. I asked Admiral Studeman when he appeared before us on the Guatemala issue about the contracting with employees around the world. We seem to do it almost to an excess, given the nature of change in the threat. And I wonder if you share that view. Without being overly specific about how we do it or where it might lead, is this an area that you intend to review and should we perhaps now consider whether we need contract employees to find what appears to be frequently New York Times information?

Mr. DEUTCH. I think both the procedures for doing it and the extent of it are a subject that I would take up in what I would call my second priority and that is reexamination and redesign of the Directorate of Operations.

Senator KERRY of Massachusetts. So you would envision in the near term a review of that particular process under the aegis of that department?

Mr. DEUTCH. Yes. Sir.

Senator KERRY of Massachusetts. With respect to the CIA culture, and others have referred to it, could you share with us a notion of how you go about changing it. First of all, maybe you might define the positive aspects of that culture, the negative aspects of the culture, and how you would direct your energies to deal with the negative.

Mr. DEUTCH. Let me just address the Directorate of Operations. Let me say that changing culture is an elusive subject. It must involve at least two things. One is a participation by the people who are actually going to be responsible for carrying out the functions. And the second is a process which allows a clear definition of priorities, of missions, of plans for execution, and what the rules and regulations are going to be.

It is my view from the very brief period of time that I've had to assess this rather intensely, that there is in the next generation

down those individuals who join the Central Intelligence Agency and its Directorate of Operations—let's say who haven't grown up fully in the Cold War—an intense desire to get on with it, an intense desire to reconfigure themselves, much as we found when we came to the Department of Defense with respect to the military. Their eagerness to get on with the next step in the evolution of this democracy. I believe that the next level in the Directorate of Operations, the next level in seniority in age are eager and enthusiastic to do what you say, to reinvent themselves and to function in a way which is different and more in tune with the current requirements and the times.

And I don't want to belittle the people who are there—the more senior levels and those who have been there in the past. But what we have here in my judgment in changing the culture is really to give the next generation an opportunity.

Senator KERRY of Massachusetts. Now, with respect to that issue of reinvention, that can carry with it a duality—a negative as well as a positive—and the negative can be that there is an effort to reinvent for the sake of it in order to create a purpose where there may not be one. Many people are suggesting that without a Soviet Union to focus on, without the kind of insurgences that were being spread throughout the world, and without the need to break codes and do the other things, that we really need to rein in and direct our intelligence gathering in a whole new way. I suppose less expensive is the bottom line. I mean, do you subscribe to that view?

Mr. DEUTCH. I certainly subscribe to the notion that the priorities today are entirely different, and we are on the road to redefining those new priorities in a systematic fashion to give guidance to people and to programs. I mentioned some of those priorities such as the possibility of conflict, major conflict, with Iran and North Korea, such as terrorism, international crime and drugs. This means that you have to have a complete redesign. Whether the absolute magnitude of the human intelligence effort is different, that's a second question that I—

Senator KERRY of Massachusetts. I think that in the Foreign Relation Committee we were the first people to begin hearings seven or eight or nine years ago on the subject of the linkage to international organized crime. And, I find now as the CIA begins to reach out into that arena, that there's a turf consciousness and even struggle going on with other law enforcement agencies. So the question is appropriately asked—since we have the FBI in other countries now, together with the CIA, are we duplicating effort? Is there a redundancy that is unnecessary and is it indeed appropriate for the CIA to be the agency of target with respect to those efforts?

Mr. DEUTCH. This, of course, is a question that has to be examined. The Chairman raised this question at the opening of the session. I think it's a perfectly legitimate question to debate and to come to some conclusion on.

My own view is that in terms of collecting foreign intelligence, the advantage of relying on the present CIA is that it is integrated into the foreign policy network. The whole CIA apparatus when it functions abroad, functions consistently, consistent with, and under the supervision of the—

Senator KERRY of Massachusetts. That is foreign policy. That's different from specific criminal activity.

Mr. DEUTCH. But the point is that you are in a foreign country and you have a whole U.S. presence there, your whole conduct has to be consistent with our foreign policy presence. That, I think, is accomplished now in the case of the CIA—

Senator KERRY of Massachusetts. What about economic—well, my time is up, but what about economic espionage? Does that fit under that new definition?

Mr. DEUTCH. I believe there's an appropriate role for the Agency in economic intelligence. Yes, Senator.

Senator KERRY of Massachusetts. Thank you, Mr. Chairman.

Senator SPECTER. Thank you very much, Senator Kerry.

Senator Kyl.

Senator KYL. Thank you, Mr. Chairman.

Secretary Deutch, I welcome you warmly to this hearing. I look forward to working with you in the future as we worked in the past. You bring to this position both an extensive knowledge of defense as well as intelligence in your background, and I know you clearly appreciate the relationship between the two.

In your statement you noted the threats from both the spread of weapons or mass destruction and delivery systems of those weapons, and the continued existence of Russian ICBMs. You indicated that you've committed to bring the best analytic efforts to national security issues. In fact, I think you used the word unvarnished a couple of times.

You and I have had many conversations about the security implications of constraints on U.S. ABM deployment and development.

Knowing what you do about the threats out there, and our potential capabilities, I'm interested in your best, unvarnished, analytical judgment about the following.

First, do you believe that the facts of which we have knowledge today would warrant the United States agreeing with Russia not to deploy TMDs to defend against one another's ballistic missiles? In other words, that the United States would have no TBM defense against Russian TBMs?

Mr. DEUTCH. I think that that is actually a policy judgment. I'm not sure, Senator, where you're reaching for in terms of the facts. We certainly know that the facts are that the Russians have extensive theater ballistic missile capability, and the decision to enter into an arrangement like the one you mentioned is a policy judgment. I mean the fact is they do have theater ballistic missiles, as do we, and the judgment about whether there should be a mutual agreement not to deploy theater ballistic missiles of either side against the other side's offensive missiles is a policy judgment. It's not a question of fact is the way I would view it, Sir.

Senator KYL. Is it a fact that there is a potential for the use of those systems against United States troops deployed abroad or our allies?

Mr. DEUTCH. Yes.

Senator KYL. Let me try to keep this on a factual basis, because I appreciate your point. Would the facts warrant negotiated limits between the United States and Russia on the scale of deployment of ABM systems, specifically as to the number and the location of

our ABMs. And we're not just talking about vis-a-vis Russia here. We're talking about a system that would defend, again, our allies or forces deployed abroad.

Mr. DEUTCH. Senator, are you speaking about theater ballistic missiles?

Senator KYL. Yes.

Mr. DEUTCH. This is a policy judgment again. The rationale for entering into such an agreement, as I understand it, would be that it provides consistency with the ABM Treaty. That is a policy judgment. It is not a question of fact.

Senator KYL. Let's try to keep to the facts.

Do we have adequate intelligence based upon on what you know to enable us to negotiate with Russia where and what kinds of US ATBM systems should be deployed to protect our troops and allies and other appropriate targets from attacks by other potentially hostile states.

Mr. DEUTCH. Yes.

Senator KYL. How could this be done with naval systems which might be deployed in the future which are clearly totally mobile?

Mr. DEUTCH. Well, we have techniques of course of tracking naval systems as to our adversaries. So we would have a way of always assessing what the nature of the threat was from naval systems.

Senator KYL. In the case of limits on the United States systems then, that would preclude us from putting certain kinds of ships in certain parts of the world.

Mr. DEUTCH. The issue about what is precluded and what is not precluded is the issue of a treaty not a question of a fact.

Senator KYL. I'm just asking, as a matter of fact, if such a treaty were negotiated, if such an agreement were reached, then there would be limits on the deployment of the ships that carried such—

Mr. DEUTCH. That is not my understanding. We don't have such a treaty or an agreement, but it is not—would not be my understanding that it would limit it.

Senator KYL. If an agreement were reached with Russia—

Mr. DEUTCH. Yes.

Senator KYL. That called a joint agreement on the scope of deployment of these systems, both with respect to the location and the size or the number of such systems, and the United States went forward with the development of an upper tier program, then it would, in fact, require the United States to limit the deployment, the places, where our ships would be located.

Mr. DEUTCH. I see. Consistent with the agreement that had been reached?

Senator KYL. Yes.

Mr. DEUTCH. Yes, Sir, it would.

Senator KYL. Given what we know and what we don't know about the capabilities and intentions of potentially hostile states, is it wise to subject our deployment of defenses to an agreement with Russia? That's a policy question. But it's based on what we know and what we don't know.

Mr. DEUTCH. I cannot answer that without looking at the specific detailed proposed agreement. I would know my own personal view,

my view as Deputy Secretary of Defense, the view of my department as Secretary of Defense and I, is that the ABM Treaty should not be used to limit theater ballistic missile defenses of this country. We've been very clear on that repeatedly.

I'm just trying very hard to distinguish policy judgments that are appropriate for me as a Deputy Secretary of Defense and as a candidate for Director of Central Intelligence.

I do believe that it is very important that we maintain knowledge about as best we can about what Russia and other countries are doing in this area. That I think is very important and that would be something that I would pledge to do.

Senator KYL. And is it also the case that there are a lot of systems that are either being developed or intelligence suggests will be developed soon—in the next few years—that are not Russian systems, that could pose a threat to the United States or troops deployed or allies.

Mr. DEUTCH. Certainly theater ballistic missiles, yes.

Senator KYL. From other countries.

Mr. DEUTCH. Absolutely, yes Sir. Absolutely.

Senator KYL. So a treaty with Russia or an agreement with Russia relating to a deployment to protect against those threats, if such a treaty were entered into it would clearly have to take into account the nature of those threats in addition to any Russian interests.

Mr. DEUTCH. That's absolutely right.

Senator KYL. Let me change subjects.

In your statement on page eight of the copy I have—I think you refer to this earlier—you said, I intend to review personally all aspects of the Directorate of Operations of the Central Intelligence Agency and to encourage changes in the culture and operation of this vital organization. You just responded to one of Senator Kerry's questions relating to the same subject.

Can you describe for us today some of the specific changes in the culture and operation of the organization that you have in mind?

Mr. DEUTCH. Well, let me mention two and then add a process point.

The first is I think that there has to be, with due procedure, there has to be a change in the generation of managers throughout the Directorate of Operations. There has to be some opportunity, greater opportunity for a newer generation of people who will—who I believe are interested and have a different attitude towards the current dangers the country faces. Again not to belittle the current generation, I just think it's time for a generational shift.

Second, I've tried to be quite clear about a quality of reasoning about how the operations would go. Intelligence priorities, plans, mission statements, execution, all taking place with a set of clear understanding of what the rules are, the regulations, and holding people accountable for that. That's the second point I want to make. That's the—what any design which has an operation must satisfy those goals that it can follow that sequence and be accountable.

And finally, Sir, I think it's very important that in this process that we develop a process that as we formulate that redesign, I think some of that is going on now, I think it's going to be very

welcome. I don't think it's going to be resisted—that it's done with the people who have dedicated their lives professionally to this very dangerous and demanding profession.

Senator KYL. Thank you very much.

Chairman SPECTER. Thank you, Senator Kyl.

Senator Shelby.

Secretary SHELBY. Thank you, Mr. Chairman.

Secretary Deutch, I have worked with you a number of years here in the Senate and I believe, as has been pointed out, that you will bring great analytical skills to the CIA. But I also believe from my working with you—although we might differ at times—that you will bring something just as important, and that's integrity. We've got to have someone at the CIA that's going to bring confidence back to the Agency—not only run it well, but at the top you've got to have integrity. I believe you possess that. And I look forward to supporting your nomination.

I also think that your goals that you set out before the Committee are explicit, and I commend you for that. Some people come before Committees and they don't have the vaguest idea of what they're going to do, where they want to go. But I commend you again for setting your goals out in an explicit manner here today. And I hope and pray that you'll be able to accomplish those goals. You're going to have to redefine some things at Langley, and you know it better than I do. And you're going to have to make some tough decisions which you're capable of doing because I have seen that happen in your previous roles.

Mr. DEUTCH. Senator, may I say something?

Senator SHELBY. Yes, Sir.

Mr. DEUTCH. My father always said to me that the most important thing that you could have is somebody who says something good about your integrity. It doesn't matter if you're smart. It doesn't matter if you're capable. But if they say something—so I thank you for that very much. Thank you, Sir.

Senator SHELBY. Well, I believe that.

But I believe also, Secretary Deutch, that the very future—maybe existence—of the CIA will depend on what you do there. How long it takes you to accomplish these goals that you've set out, because there's a lot of questions about what's going on at Langley, not just in the Senate, but in America, and you know that.

I would like to get into several things with you here. We made reference earlier to the Oklahoma terrorism which is despicable—it's terrible. We know what happened in New York several years ago. Could you briefly and generally share with us, not specific threats, but general threats of international terrorism because of our open society and everything that we have in America?

Mr. DEUTCH. Well, I think there's no question about the fact that radical Islamic movements throughout the world of a variety of kinds have been creating both here, in the case of New York, and elsewhere major bomb threats.

Senator SHELBY. Sure.

Mr. DEUTCH. I think what we see also, which is particularly important here, is the global reach of these organizations—their function in more than one area.

And secondly, as I alluded to, the connection between terrorism and drugs, for example—or certainly between drugs and crime.

Senator SHELBY. There's a strong correlation there domestically and internationally, isn't it?

Mr. DEUTCH. That's correct. That's correct.

Senator SHELBY. And you'll be operating in an international intelligence environment?

Mr. DEUTCH. That's exactly right, Sir. Yes, Sir. And cooperating wherever it's appropriate with the domestic agencies on terrorism against U.S. citizens here at home.

Senator SHELBY. Let me ask you about the Gulf War veterans. When I was on the Armed Services Committee, I worked with you and Secretary Aspin and then Secretary Perry and others regarding the possible exposure to low level chemical agents by a lot of our troops that served in the Gulf War. You'll recall that I, as a Chairman of the Subcommittee on Force Requirements and Personnel on the Armed Services Committee, went to Saudi Arabia, went to the Czech Republic, went to France and some other countries, and was told by the Czechs that they detected low level chemical agents on more than one occasion. I believe it was three occasions.

Mr. DEUTCH. That's correct.

Senator SHELBY. You're familiar with that.

Mr. DEUTCH. Yes, Sir, I am.

Senator SHELBY. Now, they didn't say widespread use of chemicals, but low level detections of chemicals.

Also, you'll recall, and I shared this with you, that the French also verified this. I mean, had a detection of low level chemical agents that they shared with us.

I don't believe myself that there was widespread use of chemical agents in the Gulf. But why would the Czechs on three occasions and the French on at least one occasion, maybe two, detect low level chemicals—report them as they said to the command in Saudi Arabia. And I believe there is some information at the Pentagon maybe that this was logged. Why would they do that if it were not true? I know you have not verified the detections independently. I don't know how you can because time and motion is gone. Do you want to comment on that?

Mr. DEUTCH. First of all, you know, what this leads you to do is use the word widespread.

Senator SHELBY. Yes sir.

Mr. DEUTCH. And the minute you use the word widespread, people think you—of course we don't have perfect knowledge.

Senator SHELBY. No, I know.

Mr. DEUTCH. And that means foremost—and I tried to stress this early—we have to keep an open mind here and try to collect.

But just let me take the Czech case, which is a very important case because we did have the advantage of the analytical equipment that was used by the Czech vans and there I think the appropriate thing to say is when we looked at their analytical procedures, that there was nothing faulty about them. However, when we looked for confirmation, any kind of confirmation, we could not find it. The possibility exists that that was, first of all, a localized use by some agent that we don't understand or alternatively that there was some interferant—

Senator SHELBY. Could some of those low-level detections have been caused by the winds blowing, coming from somewhere else?

Mr. DEUTCH. I don't think so, sir, no.

Senator SHELBY. You don't think so.

Mr. DEUTCH. No, sir. I don't think technically—that's not possible.

Senator SHELBY. You don't think that is technically possible?

Mr. DEUTCH. No sir. Especially in one of the Czech cases, you will recall, Senator, it was mustard, it is liquid, which was found in the sand.

Senator SHELBY. That was on January the 24th.

Mr. DEUTCH. 24th, sir, that's correct.

Senator SHELBY. What about January the 19th when they claimed the G-series nerve gas was detected?

Mr. DEUTCH. I think those were serin detections.

Senator SHELBY. One of the most lethal chemicals, right?

Mr. DEUTCH. Absolutely lethal, sir. The fact is that that is an agent which dissolves very rapidly and therefore they had the detection, their detection gear works well, we have looked at that. But the fact is that it happened in two places, nothing was going on around it, not clear how it got there and it left with a puzzle, and that means you have to keep an open mind. You can only give your best judgment on it.

Senator SHELBY. Absolutely. Do you have an open mind on this?

Mr. DEUTCH. Yes, sir. Absolutely. This is a very serious matter—the use of biological and chemical agents in any warfare.

Senator SHELBY. What about the French detection January the 23rd or 24th, which they said was nerve agent?

Mr. DEUTCH. I have to go back and refresh my memory.

Senator SHELBY. Would you go back and verify that?

Mr. DEUTCH. Yes, sir.

Senator SHELBY. I have just a minute or so left in this round.

Senator Kyl talked about the missile threat and the need for threat assessment, of course. We've had just about every commander that has come before the Defense Appropriation Subcommittee that I serve on to talk about theater missile defense, the protection of the troops and so forth. Do you believe that it is very important that we develop protection for our troops, theater missile defense?

Mr. DEUTCH. I have to start out by saying this is a question which is important—I could answer as a Deputy Secretary of Defense—

Senator SHELBY. I know.

Mr. DEUTCH. Would not be an appropriate question for me to—the answer is as Deputy Secretary of Defense, as John Deutch, yes.

Senator SHELBY. My time is up. My timing, Mr. Chairman is good, too.

Chairman SPECTER. Thank you, Senator Shelby.

Senator Lugar.

Senator LUGAR. Mr. Chairman, thank you.

I want to commend you again, Mr. Deutch, for a remarkable statement. I thought the policies you set out and the procedures to achieve them really offer a guide for us to judge your success and judge our success as an Intelligence Oversight Committee.

I have problems with two organizational situations. Your relationship to the President and your relationship to this Committee.

Historically, things have not worked out well for many CIA directors in either of these relationships. With respect to the DCI relationship to the President, a number of Members of the Committee met a while back, informally, with previous directors of the CIA and, out of curiosity, asked them how much time the President gave them, or how much attention he gave to their work. Almost invariably they felt not enough time was given them and in some cases a President, who shall not be named, was not interested at all. Some Presidents go through fairly long stretches without visible interest in the Director or in the CIA.

This is why I find your idea today of elevating the DCI to Cabinet rank to be interesting. My feeling is that organizationally and as a matter of law, this is not a good idea and I have said that publicly. But what you are asserting really is that this President wants to demonstrate his interest in intelligence and you want to make sure you are available on those occasions. Thus, your participation in Cabinet meetings may be a novel way of getting you together. I think that Senator Specter and Senator Kerrey have already indicated that you and the President could get together at other times and you could be very effective on these other occasions without raising the question of political advocacy. You are a strong person. You are likely to have recommendations that are better informed than many who are sitting around the cabinet table. The temptation to take part in policymaking is likely to be severe. And maybe history will record that you participated without crossing the line between analysis and advocacy. But I am not persuaded of this and that is why I want to underline it. In the case of Iran-Contra, our worst fears were realized.

Let me make the point another way. In that particular instance, the relationship of the Director to the Congress or the Intelligence Committees did not work out particularly well either. I was among those who were summoned to the basement of the White House for an explanation of sorts before President Reagan went on television at 7:30 to try to explain to the American people what had happened nearly a year earlier. And the Director and others tried to explain to us what had happened—for the first time.

Now this was a problem that the President and Vice President Mondale, and Chairman Bayh faced back in the Carter Administration. It has always been a question. Are there times in which the President decides simply, in the national interest, that he will inform no one—neither the majority leader, the minority leader, quite apart from the Chairman of the Intelligence Committee or the Ranking Member? Most Presidents said yes, there are such times. Then the question is how soon after the fact do you inform? What is a “timely manner?”

In the case of the Iran-Contra affair, the “timely manner” was a few minutes before the television explanation of something that was already a national disaster, something that had occurred nine months earlier. We were never able to come to closure on this. And Vice President Mondale tried to negotiate back and forth with Senator Bayh as to whether even two people on the Intelligence Com-

mittee would be made privy at a fairly early time, even if not instantly, even if not before.

So I would encourage you to work with the Chairman and the Ranking member—maybe with more Members of the Committee—on this question. But I have a feeling that this is an issue that has never been quite resolved. The Intelligence Committees haven't been in existence that long—just since 1977. And good working relationships between the Director and the President or the Director and the Congress in each case have finally come down to either the good will of the persons involved, the sense of patriotism or the desire of the President to share with the Congress, or the disposition of the Director. I hope that you will do better.

And having laid out that predicate, what are your reactions?

Mr. DEUTCH. Well Senator, I am aware of some of the history, not as closely as you are, that you mentioned, and I really agree with what you say. I hope I have made it clear and would like to underline it again. I do not see my conduct as being one which either allows policy to influence the intelligence judgment or which reaches to have intelligence carry out policymaking roles. I intend to hold myself to that standard and I would expect to be held to that standard.

Secondly, I believe it is very important to keep this Committee fully and currently informed of all intelligence activities—good news and bad. If you all are going to give me the support that I believe the Director of Central Intelligence needs for carrying out this job, there has to be that sense of trust and I intend to work for it.

The one difference between those times and today is there is an enormous morale problem in the Intelligence Community. I have never in my whole career seen individuals as disheartened—people who have given their whole lives to serving their country. They are under the perception that they are abused and that they are undervalued. And I think it is important on an occasion like that to look at a different way to show importance in value and I think that that was done, it was more of a symbolic issue than one which was raising questions of policymaking and I hope that I have reassured the many members of this Committee that I know where the appropriate line is there, sir.

Senator LUGAR. Let me ask a question now about the objectives of intelligence. There are countries you mentioned in your testimony—North Korea, Iran and Iraq—that appear to be outlaws among nation states. Are you confident that the Intelligence Community of the United States of America can finally come to grips with what is actually going on in North Korea, for example?

We have some idea of what is going on in Iraq because we have inspectors still from the United Nations and others going through there. Iran is somewhat more open. But North Korea is a situation where we are led to believe that those high in our government were very much in doubt as to what the North Korean leadership's intentions were a while back and still are, for that matter. You have been involved in another aspect of our Korean policy from the defense side. Does it give you concern that our intelligence here appears to be so deficient?

Mr. DEUTCH. Senator, it is a subject I studied as an intelligence customer, and it is a subject I would rather address in closed session, if I may, sir.

Senator LUGAR. Very well. You said in your testimony that the Intelligence Committees are your board of directors in a way. But that is not entirely true. We cannot discharge you. You serve at the appointment of the President. But what happens if the President tells you that he would prefer that you not share things with us, that essentially you are his appointee, in fact a cabinet member, and his advisor, and that he would prefer you leave rather than carrying out those responsibilities as DCI?

Mr. DEUTCH. I can't imagine that happening. But if it did I'd go happily back to Massachusetts.

Senator LUGAR. You would leave?

Mr. DEUTCH. Yes, sir.

Or maybe New Mexico, it depends.

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

Chairman SPECTER. Thank you very much, Senator Lugar.

Senator MACK.

Senator MACK. Thank you, Mr. Chairman.

And Secretary Deutch, welcome.

I have a prepared opening statement that I would ask be admitted to the record.

Chairman SPECTER. It will be admitted to the record in full, Senator Mack.

[The prepared statement of Senator Mack follows:]

PREPARED STATEMENT OF SENATOR CONNIE MACK

Mr. Secretary, I would like to join my colleagues in welcoming you here today. It has been nearly four months since Director Woolsey's resignation, and although Admiral Studeman has been an able caretaker and Deputy, it is important to get a new team in place as soon as possible to provide a clear sense of direction and repair the damage caused by the Ames case and other recent controversies that have beset the Intelligence Community.

Secretary Deutch, as the second highest official in the Pentagon, you clearly appreciate the importance of intelligence support to the US military and to our Command-in-Chief and other policymakers. You are well aware that our national and tactical intelligence programs are overwhelmingly paid for by the Department of Defense. Further, I am sure you would agree that military requirements are the key factors determining the size and structure of the US intelligence apparatus. This is a fact that often seems lost on the critics of intelligence spending, many of whom claim to support our men and women in uniform, but at the same time want to slash the intelligence budget. I don't think you can have it both ways. The military is the primary customer of intelligence, and the military wants more intelligence support, not less. In fact, as you know, the military departments have protected intelligence from proportionate reductions in defense spending and are shouldering the bill for some programs, such as the U-2, which your predecessor found it hard to support. This is an indication to me, one of many, that this committee needs to be very concerned about the adequacy of the intelligence budget submitted by the Administration. The members of this committee hear a lot of rhetoric about intelligence support for the military and the threats posed by terrorism and weapons of mass destruction, but I am not sure that the budget the Administration has submitted is consistent with that rhetoric. When we get to the closed session I will pursue some of the details of these programs with you in greater detail.

There is only one intelligence organization that is not a designated combat support agency, and that is the Central Intelligence Agency. I would like to point out that it is among the smallest of the intelligence agencies, and has a budget that is tiny compared to domestic agencies such as the Department of Agriculture or the Department of Health and Human Services. I think the public would be surprised

to find that it has fewer resources than the Environmental Protection Agency. And the CIA is far ahead of its domestic counterparts in terms of reducing the size of its staff and its budget. In fact, I believe the American people would be incredulous to see how seriously underfunded some critical counterterrorist and counterproliferation activities are within the CIA budget. I plan to pursue that further during the closed session.

I look forward to working with you Mr. Secretary, to ensure that our country has the intelligence capabilities it needs. We need strong leadership in the Intelligence Community, but we also need the resources to gather the information that is critically needed by the President, the military, and civilian policymakers. I hope that you will not be timid in arguing for the resources necessary to support our troops and protect our country in the uncertain and dangerous world that we live in.

Senator MACK. First let me say, I look forward to supporting your nomination. My discussions and my working with you over the past few years have convinced me beyond a shadow of a doubt that you are the right person at the right time for this position, so I want to say in advance that I plan to support your nomination wholeheartedly.

Mr. DEUTCH. Thank you, sir

Senator MACK. I want to get you to elaborate though on your statement concerning the significant dangers to our national security. And I am specifically relating now or want you to focus on one of the points that you made, which is international drug trafficking.

I'd like to get some kind of a sense about how major a threat you think that is to our society, and whether you believe that in fact that we are doing enough to combat international drug trafficking.

Mr. DEUTCH. Let me be unequivocal about the first point. I think it is one of the major threats to the US society.

Senator MACK. Do you think that the resources of the agency reflect that?

Mr. DEUTCH. I would have to reserve on a judgment about the resources of any one of the intelligence community agencies, but it permits me to make a point which I think is important. The Director of Central Intelligence should be concerned with all of the different intelligence agencies in part of my effort would be to improve the working relationships between defense, DEA, FBI, and the CIA on working this problem on drugs. It is a very important objective, one which is important for our country.

Senator MACK. Well, I somehow want to get a little bit further into this discussion because I think the potential—and of course you did in fact tie it together with international terrorist organizations—when you combine those two with the financial capability or the capability of drug traffickers to develop huge amounts of cash resources, is rather terrifying. And what I would like to do at this point, is put into the record, Mr. Chairman, an article “Why Aren't We Attacking the Supply of Drugs” which I believe was in the Washington Times in February, written by William J. Bennett and John P. Walters. And in the article, they pointed out that in 1990 when spending on interdiction programs had risen by several hundred dollars over 1988 levels, the retail price of cocaine increased by over 20% and the emergency room cases related to cocaine overdoses dropped by over 25%. The article goes on to say that these promising trends dropped off when DOD assets were diverted by operation Desert Storm and the interdiction coverage was not replaced after the war.

[A copy of the newspaper article referred to follows:]

04/25/95 TUE 09:30 FAX 202 822 8325

NEW CITIZEN PROJ

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Why aren't we attacking the supply of drugs?

By William J. Bennett
and John P. Walters

In August, 1989, the Medellín Cartel, led by Pablo Escobar, assassinated Colombian presidential candidate, Carlos Galán and publicly declared war on the Colombian government. In response, Colombian President Virgilio Barco launched an intense attack on the cocaine cartels. Shortly after that crackdown began, the U.S. military deployed the most extensive detection, tracking, and interdiction effort ever mounted against cocaine transit from the Andean countries north.

These events produced a substantial disruption in the cocaine supply to the U.S. from 1989 to 1991, with striking consequences for cocaine and crack addicts. For example, during the fall of 1989 and well into 1991, federal law enforcement agencies reported that cocaine trafficking groups were experiencing problems securing cocaine, or securing it in a timely manner, even at a higher price.

Reductions in the supply of cocaine to the U.S. market are reflected at the retail level by an increase in street prices, a decline in purity, or both, or by a scarcity of the drug, or a large and sudden change. The Drug Enforcement Administration (DEA) compiles data on cocaine prices throughout the nation and issues quarterly and annual reports. The data reveal that in gram amounts (the accepted retail measure), a downward trend in prices and upward trend in purity abruptly reversed in late 1989.

The magnitude of the change in availability is best represented by using a standardized price, that is, a price that reflects both price and purity changes by calculating the cost of a 100-percent-pure gram of cocaine for each year. Not surprisingly, the reduction in the availability of cocaine coincided with a 27-percent reduction in cocaine emergency room cases between 1989 and 1990.

Medical examiner reports of deaths related to cocaine use during this period also declined. Analysis initiated by the White House drug office and released in the publication "Price and Purity of Cocaine: The Relationship to Emergency Room Visits and Deaths, and to Drug Use Among Arrestees," found a decline in cocaine emergency room cases, deaths, and cocaine use among arrestees for the 17 U.S. cities for which data are available. In addition, cocaine prices increased and purity decreased.

Further, the cocaine supply reduction also coincides with a decline in the estimated number of heavy cocaine users (i.e., cocaine and crack

addicts) throughout the country.

Even though the data are limited, the forced reduction in cocaine availability between the latter part of 1989 and the first half of 1991 seems beyond question. That it was a key causal factor in the decline of cocaine use, particularly heavy use, is the most obvious and reasonable conclusion in light of all the evidence.

In addition, we know from the National House-

hold Survey on Drug Abuse that immediately prior to and during this period casual or non-addictive use of cocaine dropped dramatically. While non-addictive users consume a much smaller quantity of cocaine than heavy or addicted users, an almost 80 percent drop in non-addictive users between 1985 and 1992 certainly reduced demand significantly (this cannot be measured by existing surveys and analyses). In order to increase cocaine retail prices and reduce purity, supply reduction efforts would have to cut supply beyond the surplus supply resulting from reduced demand by casual users. So the actual supply reduction was probably even greater in magnitude than the visible change reflected in the price and purity data.

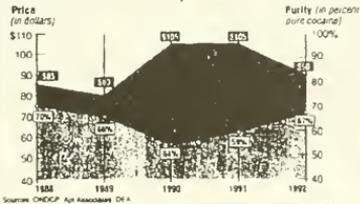
The cost of the entire international drug control effort for programs and assistance to foreign countries rose from \$209 million in fiscal year 1985 to \$460 million in 1992 (its peak). It moved from 4.4 percent to 5.6 percent of the federal drug control budget. Interdiction costs increased between 1988 and 1992, but almost that entire increase involved the extraordinary cost of Department of Defense (DDI) activities in support of the anti-drug effort. And even with this increase in interdiction costs as a percentage of the federal drug control budget, declined between FY 89 and FY 92.

If measured strictly by results, prevention efforts—assisted by President Reagan and Bush but primarily those carried out by parents, teachers, young people and communities throughout the nation—made unprecedented progress in combating drug use in particular, casual cocaine use, declined dramatically. But contrary to what is viewed as settled fact by many in Washington, interdictions and overseas source country programs seem to have been the crucial cause of the only reductions in heavy or addictive cocaine use in the past decade. The most intelligent approach to drug policy, then, is to work both the prevention and interdiction fronts, to make greater efforts instead of passing it over to other agencies.

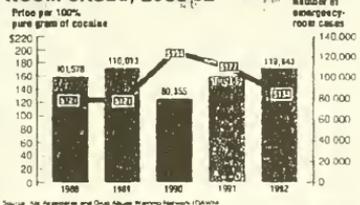
The obvious question to ask is, why didn't the reduction in cocaine supply continue throughout 1991 and beyond? The movement to the summer of 1991 of U.S. military resources to the Persian Gulf for Desert Storm, and, later, Desert Storm, reduced interdiction coverage, particularly in regard to some of the most powerful airborne and surface naval systems.

Those resources were never returned. Today, all of the source country governments are reducing efforts against the cocaine trade. And unfortunately there is no visible effort by the Clinton administration to prevent the complete disintegration of foreign supply control. This is an unconscionable abdication. A face the real prospect of foreign nations permitting the unchallengeable production and shipment of illegal drugs to the U.S. and throughout the world, which is a prescription for uncontrollable supplies of a "hard" drug. Which in turn is a prescription for a new generation of social chaos.

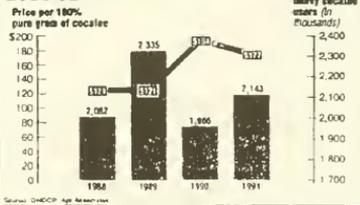
RETAIL COCAINE PRICE AND PURITY IN THE U.S., 1988-92



STANDARDIZED RETAIL COCAINE PRICE AND COCAINE EMERGENCY ROOM CASES, 1988-92



STANDARDIZED RETAIL COCAINE PRICE AND ESTIMATED NUMBER OF HEAVY COCAINE USERS, 1988-91



William J. Bennett is co-director of Empower America and former White House drug policy director during the Bush Administration. John P. Walters is president of the New Citizenship Project and former deputy director of drug policy during the Bush administration. This is the third of four articles.

The Washington Times

THURSDAY, FEBRUARY 9 1995

Mr. DEUTCH. I am very clear on the assets which the Department of Defense has now contributed in the counterdrug war. And I want to tell you I think they're going to become even more effective at collecting intelligence for the counterdrug war. The Department of Defense assets.

Senator MACK. Well, let me—that seems to—I understand. Are you recognizing that there was then a period of time in which the assets were diverted?

Mr. DEUTCH. No. I'm saying that the more recent technical efforts that have been put into place are really quite stunning in this regard. They're just new, is what I'm pointing out to you.

And I must say Senator, just so there is no misunderstanding, I agree with your point, that here is a place that deserves more resources generally by the Intelligence Community, not less. So I just can't give you a precise number, but I share the view and I want to make it very clear that this issue of counterdrug, international crime, terrorism, I think is something which deserves significantly more resources of the Intelligence Community. I just can't give you a precise figure.

Senator MACK. All right. I just want you to know that I look forward to working with you in particular in this particular area.

And just to make one last point on it. The concern, one of the concerns that I have again, is that this tremendous of influence that drug cartels can have in the politics and governments of countries around the world is terrifying. I think the potential is dramatic for greater impact on our society from drug trafficking.

If I could I'll move on to another area. Over the next few months this Committee will be marking up the fiscal year 1996 Intelligence Authorization bill and bringing it to the floor of the Senate. If the practice of recent years is any indication some Senators are likely to offer amendments to make unallocated reductions of hundreds of millions of dollars to the Intelligence Authorization bill.

Do you believe that there are hundreds of millions of dollars that we can squeeze out of the National Foreign Intelligence Program without affecting military readiness?

Mr. DEUTCH. No.

Senator MACK. During the last Congress, a number of major collection systems suffered funding reductions and had to be stretched out. What is the risk for the remainder of this decade that collection gaps will develop with regard to sensors that the military relies on for combat operations?

Mr. DEUTCH. I think that's a subject that is best discussed in Executive Session, sir.

Senator MACK. All right.

Then moving on to another area, information warfare.

Mr. DEUTCH. Yes.

Senator MACK. When we think of terrorism we normally think of bombings, hijackings or hostages. But there is also the possibility that terrorists could attack the electronic infrastructure of this country, wreaking havoc on the banking system or the government. And in a letter provided to the Committee earlier this year, Admiral McConnell stated the following: and I quote from that, "In its current stage of development the defense information infrastructure offers minimal defense against unauthorized access and use,

leaving DoD vulnerable as never before to theft of information and to new forms of warfare and terrorism that achieve large-scale disruptions through the alteration or destruction of data. The penetration of at least 250 DoD support and sustainment data systems during 1994 clearly demonstrates the risk to DoD readiness. The level of resources specified is the minimum required to allow some progress in meeting security challenges." Do you agree with this assessment?

Mr. DEUTCH. Yes.

Senator MACK. Is the Defense Department moving too quickly to increase its reliance on modern computer systems, which in wartime could be vulnerable to disruptions or alteration?

Mr. DEUTCH. I don't think so. No. This is a very complicated subject. I think understanding that we have a vulnerability and knowing what to do about it—this is whether you're in the defense business or in the banking business are two different things. So I think this is a very important subject which we don't really have a crisp answer to anywhere. A difficult technical subject as well. A very important subject.

Senator MACK. Are you satisfied with the requests contained in the President's budget for information systems security?

Mr. DEUTCH. I think I'm compelled to say yes, I am.

Senator MACK. I kind of figured you were.

Mr. DEUTCH. I don't know whether that's a policy or an intelligence question, but the answer is yes.

Senator MACK. I think its both.

Mr. DEUTCH. Yes, sir.

Senator MACK. Again I will pursue those with you at a later time.

Mr. Chairman.

Chairman SPECTER. Thank you very much, Senator Mack.

Senator Hutchinson.

Senator HUTCHINSON. Thank you, Mr. Chairman.

Secretary Deutch, I think your father would have said you have integrity and you're also smart, and I have enjoyed working with you in your role as Deputy Secretary, and I look forward to working with you in the Intelligence Community because I think that your role is going to be even more important for the issues facing our country as the head of our intelligence gathering operations. And I'm pleased to hear you say that you are not going to wait for the Commission report but that you will feel free to go forward and look for the opportunities to streamline, make more efficient, and make more productive our intelligence gathering capabilities.

I would like to talk to you about a couple of issues. I think you have addressed what you are going to do very well. There is one area that is of concern to me that I have not heard yet talked about this morning. And that is the President's Executive Order on access to classified information. As currently written, I believe this Order gives great discretion to agency heads about who will be deemed necessary to give personal financial information. I am told that the Defense Department argued strongly for this discretion on the theory that it would be very cost prohibitive to get information on everyone who might have access to restricted information.

After I have stated some of my other areas of concern I would like to ask you to address what you think we ought to have in the way of disclosure by people who will be having access to classified information.

Another area that I want to mention, because I think it's so important because of the nature of intelligence gathering, and that it is covert and must be covert, that we have strong communications. You have dealt with several members of this Committee on the issue of Cabinet rank and being a part of the President's cabinet. You know, because of conversations that we have had, that that is a great concern to me. The issue of being a policymaker as well as an intelligence gatherer is one, but I think Senator Lugar's point is a different point. And that is that if you, because of your sitting in the Cabinet and being part of that policymaking team, would be reluctant to give information to members of Congress about intelligence that has been gathered, that we should know about for our policymaking role.

And I would say that in your four principle purposes that were laid out in your opening statement, you did not mention as one of your four principle purposes, working with Congress. You did mention it later but you did not put it in your four principle purposes. You mentioned assuring that the President and other leaders of the nation have the best information available to make decisions. I would like for you at an appropriate time, once more state that Congress as well as the President is your board of directors, and we also have to make key decisions, sometimes in judgment of the President, and we must have the information.

And the third area that I want to mention is once again, because of the covert nature of intelligence gathering operations, I think it is even more important that you have fair personnel policies and accountability. The Jane Doe Thompson case certainly showed that there have been problems in our intelligence gathering in that regard. And secondly the Ames case certainly showed that accountability was really not present in the aftermath of that. And I think because of the covert nature of this operation, accountability for violations of procedures must be very high on your agenda.

So I would like to ask you, if you would, to respond first to your not mentioning in your four principle purposes a relationship with Congress.

Mr. DEUTCH. Senator, I think it's just a question about the way I organized my statement. I thought it would be most effective, strongest, if I concluded my statement by pointing first to my commitment to keep Congress fully and currently informed in every way and secondly to indicate how much I had to rely on the support of this Committee and the House Committee on getting the job done, which I think has to be done here. So it was a way of trying to get more emphasis to the responsibility I feel on keeping Congress fully and currently informed. It's the way I've operated in the past. It's the way I would intend to operate in the future. I think it's even more important in this position than in other positions in the government. So you have my absolute reassurance on this point.

I think that it is absolutely essential for the Director of Central Intelligence to keep Congress fully and currently informed on all

intelligence activities, to inform Congress on covert action before it happens, to inform Congress about intelligence failures, to inform Congress in every way possible in order to gain, as I said in my statement, the confidence of this body and the people that the intelligence functions are being carried out in a responsible manner.

Senator HUTCHISON. Mr. Secretary, I know that several of us have mentioned this point and I hope you understand how strongly we feel about the disagreement with the Cabinet position and that you will remember that and go overboard in making sure that we feel that your position is not being compromised.

And further, that if you feel that there is, at some point, a pull, that rather than go back to MIT, perhaps that you would yourself decide it was not appropriate for you to be in the Cabinet.

Mr. DEUTCH. Senator, thank you.

I want to say that I've profited a lot from our conversations on this matter. It's helped me clarify my own thinking. I want to again say that the judgment that you have to make is whether I have the character to carry out this function properly, both not interfering in policy and also not letting policy determine the intelligence judgments and the reporting to this Committee. You have to make that judgment and I hope I will be up to your judgment on it.

Senator HUTCHISON. Mr. Secretary, the second area that I would like to discuss is who has the responsibility in the intelligence community to give full financial and personal disclosure, and what is your philosophy on a person's right when they go into the arena of having classified information?

Mr. DEUTCH. I thought—I am a Co-Chairman of the Security Policy Board, as Deputy Secretary, and so I have paid some attention to this and I thought that we had adopted a policy which did indeed require, and certainly the Department of Defense will require for sensitive positions, annual submission of financial statements and examination of them.

Now I will go back, Senator, and check whether that is uniform among the agencies. But I think that that is a lesson of the Ames case and one that I thought that we had put into place and I will inform myself on it, including the uniformity between agencies.

Senator HUTCHISON. Mr. Secretary, my time is up but I just want to say that I have tried desperately to get information from the CIA about the depth to which this policy in the CIA and it is my impression that they have been waiting for direction from the President and I have not been able to satisfy myself that everyone in the CIA has certain responsibilities in disclosing financial information.

Mr. DEUTCH. I will make sure that you have information on it as soon as I can, Senator.

Senator HUTCHISON. Thank you.

Chairman SPECTER. Thank you very much, Senator Hutchison.

Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman.

And first, Dr. Deutch, let me echo the statement that was made by Ms. Hutchison. I've enjoyed working with you and the relationship, you have always been responsive and easy to get along with, and I've enjoyed that relationship.

Mr. Chairman, I have an opening statement and in deference to time, I would like to ask unanimous consent that it be included in the record at this point.

[The statement of Senator Inhofe follows:]

PREPARED STATEMENT OF SENATOR JAMES INHOFE

The United States has a number of extremely dangerous, cunning, and deadly enemies which threaten our national security and way of life. At times, many of us in this country have felt isolated from these threats, but last week's tragedy in my own state of Oklahoma is a cruel reminder that we need to be ever vigilant in protecting our security and our freedom. International threats such as terrorism, worldwide proliferation of weapons of mass destruction, and narcotics trafficking are just a few of the very real, very serious threats to the national security of the United States for which current and accurate intelligence is critical.

Our intelligence community, which has served this country valiantly in the past, has been challenged in recent years because the threats we face are less focussed and more insidious than the over-arching Soviet threat of years past; and because of government-wide budget and personnel reductions. In order to adjust to these changes, the intelligence agencies have initiated some significant modifications to the methods and targets of intelligence collection, and to the resources and organization of the agencies themselves. However, in light of recent events, such as the Ames espionage case, and the allegations regarding CIA complicity in the murder of an American citizen living in Guatemala, a more comprehensive consideration of all aspects of intelligence collection and priorities, which is currently going on within this Committee, and with the Aspen Commission, seems both appropriate and timely. We want to work with the President and the new Director of Central Intelligence to ensure that the United States gets what it needs and deserves: the most effective, focussed, and professional intelligence capability in the world.

Dr. Deutch, in our consideration of whether you are the right man at the right time to lead the Intelligence Community into the future, we must consider your experience and views on the changing international environment and the changing threat to our national security. Thank you for sharing many of your views with us in your opening statement.

Senator INHOFE. I have just a few questions I'd like to pose. Dr. Deutch, on October—there was an apparent inconsistency that I know that you've dealt with, and I had to go and preside for an hour, so you may have already addressed this and if you did, just go ahead and stop me. But on October 13, 1994, during a DOD press briefing, you made a statement concerning troop readiness, and this is a quote, our troop readiness is, quote, "high as they have ever been, higher in my judgment than they were in 1991 when we were," then you corrected it to 1990, "worrying about Iraq for the first time. So I would say to you that the practical measures of seeing what our troops are doing on the ground argues that these forces are ready and more ready and capable than they have ever been."

Then shortly after that, a couple of infantry divisions—one in Kansas, one in Colorado and then an armed division in, I believe in Texas—Fort Hood, I believe—failed to meet the standards.

Then also, almost a month to the day after that, Secretary Perry sent a letter to the Chairman, Chairman Murtha of the House Subcommittee on Defense Appropriations stating that not all of the forces were combat ready. Do you consider that your comments were in error at the time that you made them in October?

Mr. DEUTCH. Senator Inhofe, I have publicly said in the past how much I regret the formulation of that comment. I regret it because first of all, it suggested that readiness was something that was invented today and was not true for some period of time. I know what was on my mind at the time. In point of fact in the 90's, there

was a much larger force structure, and if you look across the whole force structure, there were units which were not as ready as they should be.

But what I should have said at that time was the importance of maintaining readiness in the forces. That's been a principle objective both of Secretary Perry and General Shalikashvili and in Congress—very important to maintain the readiness of the forces. And we have tried to put maximum emphasis on it, as Congress has wanted us to, and I really wish—it was one of those sentences that happens which you wish you could—

Senator INHOFE. Dr. Deutch, I have made some of those remarks myself that I wish I had said differently.

It seemed to me when you made somewhat of a retraction or clarification, that it may have indicated a lack of communication with the staff and I would wonder if you felt that you would have a problem communicating in this new relationship with the new staff?

Mr. DEUTCH. Staff where, sir?

Senator INHOFE. I'm sorry. The staff if you are appointed to this position rather, whether you have a communication problem with your subordinates?

Mr. DEUTCH. No, I think this was a communication problem in my head. I knew all the facts that were there. The facts that you mentioned were well known to me, sir. I may not have known at that time about the army divisions, but it was an unfortunate remark, sir.

Senator INHOFE. In your statement you made a comment about the upper level management, you are going to make some major changes and add some people. I assume that it would not be a net increase or there would be changes—dramatic changes in personnel? Is that what you were saying?

Mr. DEUTCH. Yes, sir. That's correct, Senator.

Senator INHOFE. Okay.

When Senator Domenici was introducing you, he acknowledged this very close relationship between the CIA and its activities and the Department of Defense intelligence, perhaps those that are some overlapping. In view of the budget constraints, in view of the changes that are taking place right now, some have suggested that perhaps the CIA should be downsized and the scope of the Defense Intelligence be expanded somewhat. Do you have any thoughts along those lines?

Mr. DEUTCH. I don't have any immediate reaction. I do think that it is important for the Director of Central Intelligence to consider the entire budget for intelligence, including those that are in other agencies, not just CIA. And I would intend to assess the intelligence capability of the country by looking at all the agencies, not just CIA.

Senator INHOFE. In your written statement, which I read, and then your statement on the floor, you made only one reference to our tragedy in my state of Oklahoma, and of course I appreciate the reference. But it is the most significant terrorist activity in the history in America that has taken place here on our soil.

And in light of that there has been suggestions of legislation that would make some changes. Our Chairman, Senator Specter, and

Senator Biden and others have suggested giving the Intelligence Community, the FBI and the law enforcement in general expanded opportunity in the area of surveillance, wiretapping, and this type of thing. Have you read the initial legislation that was proposed by Senator Specter, and if so, do you feel that would make our system more capable in handling potential terrorist problems?

Mr. DEUTCH. There is no question about the fact that we have to devote more attention to terrorism. The particular responsibility of the Intelligence Community is foreign terrorism and origin of foreign terrorism, and I don't think—I am not able now to comment on provisions that would have to do with domestic activity against terrorists which comes from extremist US groups, criminal groups, because that is really responsibility for the FBI. But I certainly believe that we should have a much greater emphasis on foreign terrorism, as I have mentioned earlier, and where appropriate, when it involves foreign activities, better cooperation, coordination. I do think it is getting better with the FBI and the other law enforcement—

Senator INHOFE. Yes, sir, I understand that distinction. But it's so—it is very thin line as to foreign and domestic. In the case of Oklahoma, even today with what has been uncovered so far, this could be connected with some type of foreign involvement. There is no way to know and certainly not in advance, at the time a week ago today at this very moment we didn't have any idea whether this was something that was caused more from within or from without. And I contend that perhaps we still may not know for sure.

Mr. DEUTCH. There's no question a week ago we were doing everything we could to determine whether there was any foreign involvement and that effort continues. I was speaking to legislation involving domestic.

Senator INHOFE. Yes, sir.

Mr. DEUTCH. But I agree with you that more has got to be done to guard the American people against the kinds of catastrophe that occurred in Oklahoma City last week or earlier in New York.

Senator INHOFE. And I have to say that I compliment everyone from the President on down for the work that has been done.

I am going to give you a last question which will be a rather uncomfortable one and one that you may—I'm hoping that you'll answer either yes or no. Because as you pointed out, when a disaster like this happens, there are many people who will say things that are unfounded. In fact there was a statement made that alleged that this was tied to a certain Islamic group. We found out later it wasn't. I think a disservice takes place when this happens. I think also that many times, people try to politically exploit these things. So I am going to ask you a question that I hope that you would answer, and I've written it down so I don't misstate my question.

I think we all understand that some radical militia groups were somehow involved in what happened in Oklahoma. So if you let me ask my last question, Mr. Chairman?

Chairman SPECTER. We'll all be in suspense, Senator Inhofe.

Senator INHOFE. Drawing upon all of your experience, do you have any knowledge of any connection or relationship between the

so-called conservative agenda as articulated throughout the media, including talk radio, and the apparent milita activity that is alleged to have been involved in the Oklahoma disaster.

Mr. DEUTCH. No.

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

Chairman SPECTER. For scheduling purposes, I intend to follow up on a few questions which Senator Inhofe has raised. And I think after the next ten minutes will be a good idea to break for lunch, and we will resume at 1:45, if anyone wishes to have a little longer lunch break.

Mr. Deutch, pursuing questions which Senator Inhofe has raised, pointing out the interconnection between investigations that are terrorism domestically and internationally, I would like to pursue with you the suggestion that has been made by some that this is a rather far reaching and perhaps drastic suggestion, but I think we ought to consider many possibilities, that the FBI take over on the functions of the CIA as they relate to international intelligence, and that the Department of Defense take over covert activities, although there may be some division between paramilitary and other facets of covert activities.

The issue has already been noted, the overlap on terrorism between domestic and international. We know that the FBI is moving—has moved into a great many international areas on information on drugs which the CIA also has. The FBI is active on organized crime and has had its Director in Moscow in setting up offices other places outside the continental United States. The FBI currently works in terrorism on the international level on gathering materials which are related to prosecution. So you have the FBI in quite a number of the areas where the CIA operates now.

There is a search for a mission for the CIA with the demise of the Soviet Union and a reshuffling of priorities. The FBI has done a spectacular job in the week since the Oklahoma bombing in moving ahead with its investigation and with two warrants of arrest and one apprehension and two held as material witnesses. And that is in rather sharp contrast, Mr. Deutch, to what the CIA has done.

Now, as Senator Cohen has pointed out, we don't trumpet the CIA successes. But there is considerable concern about the Aldrich Ames case which I am going to get to in a bit. And we have Guatemala which is before us, and it is a startling disclosure when the Acting Director of CIA comes forward regarding Guatemala and says we didn't let you know what we should have let you know under the existing law, and that is a matter to be pursued in some detail at another time. But again, Senator Cohen was very blunt in his thinking that there had been deliberate lying to the Committee, withholding of information.

Now, in the face of some who call for the abolition of the CIA, and in the face of the CIA track record, I would be interested in your judgment now, or perhaps you want to reflect on it and give us your views at a later time, to reorganization. But what do you think of the idea suggested by some that the FBI ought to have the intelligence gathering function internationally which the CIA has? And even in raising this issue, I am well aware, as I said earlier, of the antipathy in the United States of giving too much authority

to any one agency, and of the problems which the FBI has had in its own time on inappropriate conduct, and questions which have been raised about the FBI. They are not immune either.

What is your thinking?

Mr. DEUTCH. Well, Mr. Chairman, let me begin by saying I think now is the correct time to be asking these questions. We are obviously at a point where major change is being considered, and I think it is a very reasonable time to raise these kinds of questions. They ought to be looked out without too much—being too defensive about them on the part of any agency.

Let me say that there are other possibilities. One is considering giving responsibility for international crime, drugs, and terrorism just—that part of the international intelligence collection activity, foreign intelligence activity responsibility, to the FBI. I think that that would create some difficulties. It might work better. One of the issues would have to be, as I mentioned earlier briefly, was the reconciliation of that activity with the greater foreign policy practices of the department.

In my view the notion of giving all foreign intelligence activity to the FBI, including support to military operations and the like, it strikes me would be very difficult indeed. Many of our support to military operations consist of fusing technical intelligence with human intelligence and when that occurs, it is better to have them in the same organization rather than—or in the same community rather than in a domestic law enforcement.

So, I think there are difficulties in accomplishing this, but it's certainly—there may be proposals here which would lead to improvement and ought to be considered.

Chairman SPECTER. With respect to information which has been public about the conflicts between the CIA and the FBI in the Ames case, is there a real risk that where you have the FBI investigating domestic terrorism and in the field of international terrorism, at least to the point of prosecutions, with the CIA gathering intelligence on international terrorism, that these are inherent conflicts which are realistically unavoidable, to have a strong suggestion that it be under one unified head?

Mr. DEUTCH. I don't think it has to be, sir. I think that there has been a lot of progress made since the regrettable example of Ames in improving the relationship in both counterespionage and counterterrorism with the FBI—between the FBI and CIA. I don't think it necessarily has to be that way, no, sir.

Chairman SPECTER. Well, it may not have to be that way, but our experience has been wherever you have two agencies, you have a difficulty.

And may the record show an affirmative nod from Mr. Deutch.

Let me move—at least open another subject before my ten minutes expires. And that is the question of the Ames situation. And I intend to ask you in a specific way on specific disciplinary action taken by Director Woosley, whether you agree with that, and just test how tough you'd be on some of these matters had they been with you, where you know this Committee disagreed very sharply with what Director Woolsey did.

But on the very important subject about how a Director is going to keep track of people in the Agency, you have the statements of

former Director Gates, and this comes from a transcript on Nightline where Director Gates said that he had been advised, by 1987, only of about 4 or 5 compromises of US assets, at a time when there were 40 or more compromised operations and, quote, "nobody bothered to share that information with Judge Webster, my predecessor, or with me," who was his Deputy at the time.

And then he also said that by the end of 1992 they had a pretty good idea that he, referring to Ames, was the mole, even though they didn't have a court case. They knew about the travel and they knew about the money and so on, yet no one bothered to tell me that they thought they had found him.

Now, two questions. The red light is now on.

Number one—and this has to be speculation, or maybe you know more—but how is it conceivable that the Director of CIA does not know, is not told by mid-level operators, and the obvious follow on is, how are you going to prevent that from happening to you, if confirmed?

MR. DEUTCH. The answer, Mr. Chairman, I think, lies in two words. One is management and the second is accountability. No single individual can know everything. That individual has to rely on a management team that understands what the rules are and understands their responsibilities for bringing forward what obviously unacceptable behavior in the case of Ames, and therefore stressing the building of a management team that will bring forward bad news and holding people accountable and saying that is the responsibility of managers is the only way to address that question, in my judgment.

CHAIRMAN SPECTER. Well we are going to come back to a little more amplification on management. I would like to hear how you are going to do that. It looks like a pretty tough nut to me.

VICE CHAIRMAN KERREY. Mr. Chairman, before we break for lunch, Senator Glenn and Senator Bryan had asked me to put into the record their opening statements for this confirmation hearing.

CHAIRMAN SPECTER. Without objection, we will include them in the record at this point.

[The statements of Senator Glenn and Senator Bryan follows:]

STATEMENT OF U.S. SENATOR JOHN GLENN

The Committee meets today to begin the confirmation process of John Deutch to become Director of Central Intelligence (DCI). I join my colleagues in welcoming Dr. Deutch to the Committee, and I look forward to hearing his views on the wide range of challenges facing the U.S. Intelligence Community in the future. As a long-time member of the Senate Armed Services Committee, I have enjoyed working with him in his various roles at the Department of Defense—and I look forward to working with him as DCI.

This confirmation hearing comes at an important time for the U.S. Intelligence Community. For almost half a century, the Intelligence Community—indeed our nation's entire national security infrastructure—has been focused primarily on the Soviet threat. And during the Cold War period, our government viewed most national security issues—justifiably or not—through the prism of the U.S.-Soviet competition.

Obviously, this is no longer the case as America is coming to terms with a rapidly changing world. And having a robust and effective Intelligence Community is an indispensable means to that end. Timely and accurate intelligence forms the foundation of our foreign policy and defines the threat to U.S. national security that is—or should be—the basis of our defense spending.

Yet with the end of the Cold War, some have argued that the CIA is a relic which has outlived its usefulness, and we should do away with it. I strongly disagree with such views. In this unprecedented time of enormous change and uncertainty in the

world—as the on-going problem of the proliferation of weapons of mass destruction and recent acts of terrorism at home and around the world clearly demonstrate, our need for the Intelligence Community and a robust intelligence budget is greater than ever before.

The requirement for an intelligence capability is by no means a Cold War aberration. This year, we are celebrating the 50th anniversary of the end of World War II. And history has ultimately revealed to the public the important role of intelligence in that war.

Like all veterans of that conflict, the 50th anniversary commemorations of specific events of World War II have special meaning to me. One of the most moving ceremonies I have ever attended was last June's ceremony in France commemorating the D-Day invasion of Normandy.

And unsurprisingly, intelligence made an extraordinary contribution to the success of D-Day's planning and implementation. Intelligence agents acquired an accurate map of the German Atlantic Wall fortifications, and an intelligence deception operation code-named BODY GUARD used German spies captured in England as double agents who sent false messages to the Nazis regarding the precise location of the planned invasion of Europe. This latter operation also successfully passed along false information regarding the location of Allied invasion forces in England.

Intelligence played a decisive role in Allied victory in World War II in many ways. Signals intelligence (SIGINT), for example, played an instrumental role in winning World War II as Allied intelligence successfully broke German and Japanese codes.

And as we enter one of the most unpredictable and dangerous periods in world history, we must insure that our SIGINT as well as human intelligence (HUMINT) and other intelligence capabilities will be able to meet the intelligence challenges of tomorrow.

Dr. Deutch, I am anxious to hear your views on the importance of intelligence and its role in the post-Cold War era, as well as learning where you intend to lead the U.S. Intelligence Community.

In addition to the other recommendations being made to you, I would like to add one more.

Next March, the Commission on the Roles and Capabilities of the United States Intelligence Community—which was initiated by this Committee last year—will issue its report, including recommendations to reorganize the Intelligence Community in the post-Cold War era. While I look forward to reviewing the Commission's report, I must admit that I have been somewhat skeptical over the years about the utility of government by "Blue Ribbon Panel"—and have sought to reduce the number of such commissions on the Senate Governmental Affairs Committee, where I am now the Ranking Member.

Dr. Deutch, as you assume your duties as DCI and you perceive significant problems—organizational and otherwise—that are impeding the Intelligence Community's ability to meet its requirements, I sincerely hope that you will act expeditiously to remedy these problems and not wait for the Commission's report next March.

Thank you, Mr. Chairman.

STATEMENT OF SENATOR RICHARD H. BRYAN

Mr. Chairman, I appreciate the opportunity to have this hearing on the nomination of John Deutch to be Director of Central Intelligence. Secretary Deutch, as a member of the Senate Armed Services Committee, I have had the privilege of working with you in your current capacity as Deputy Secretary of Defense. Although your move to the DCI position does represent a great loss to the Pentagon, I believe President Clinton has made a wise choice, and I look forward to your speedy confirmation and working with you on the many significant challenges facing the Intelligence Community.

The current difficulties at the CIA are well known. While I do not agree with those calling for the complete dismantlement of the CIA, I do believe, in many ways, the CIA has lost the trust and confidence of the American people. To address this situation, I would like to highlight a few areas where I believe is vast room for improvement in the CIA, and areas that I hope you will address as soon as possible.

I am disturbed by the lack of management accountability for past mistakes at the CIA. The Ames case caused unprecedented damage to the Intelligence Community, and yet no employee of the CIA received more than a letter of reprimand. Examples such as this lead the public to conclude the CIA is out of control. I am encouraged by your opening statement, in which you stress that you will insist on accountability

at all levels of the CIA, and I feel this will go a long way in restoring the credibility of the CIA among the public.

A second area of concern is the excessive amount of classified information. There are certainly legitimate reasons for keeping information, sources, and methods secret. Unfortunately, in the past, material has been stamped classified, not because its disclosure threatened national security, but to avoid embarrassment or accountability. Furthermore, the excessive amount of classified information poses an enormous expense due to the resulting security measures required. We must be more open with the public, or the public's image of the Intelligence Community will continue to decline.

Finally, I have continuing concerns regarding redundancy in intelligence systems and collection. In this time of severe budgetary constraints we must be vigilant to ensure that our intelligence community is at its most efficient. There must be close coordination between the various sectors of the Intelligence Community to ensure that we are getting the best intelligence information possible for the least amount of taxpayers' dollars.

We must find solutions to these issues, as well as the many other challenges the CIA faces in the coming years and into the next century. This is critical to restore the public's trust and confidence in the important mission of our Intelligence Community. I look forward to working with you in achieving these important goals.

Chairman SPECTER. We will return at 1:45. Our open afternoon session will be, I think, fairly limited, and then we will move into closed session.

Thank you very much, Mr. Deutch.

Mr. DEUTCH. Thank you Mr. Chairman.

[Whereupon, at 12:43 o'clock p.m., the Committee was recessed, to reconvene at 1:45 o'clock p.m.]

AFTERNOON SESSION

Chairman SPECTER. We will resume the hearing of the Intelligence Committee on the confirmation proceedings as to Mr. John Deutch, and we now come to Senator Cohen for his second round.

Senator COHEN. Isn't that Senator Kerrey?

Chairman SPECTER. Pardon me.

Senator Kerrey, we now come to you for your second round.

Senator COHEN. You'll notice the deference I paid on that.

Vice Chairman KERREY. I appreciate that.

Secretary Deutch, I have just a couple of lines of inquiry. One is not really a line of inquiry, but I have a great deal of respect for the issue of whether or not the intelligence budget should be open and in public. I just want to indicate for the record my own observation that for years our decision not to make it public was a consequence of not wanting to disclose to the Soviet Union how much we are spending. That reason obviously has been completely obliterated—or nearly so, I would say. And I would just say for the record that I don't share the concern about our being on a slippery slope if the total budget is revealed. In fact, I think we need to consider whether or not we need to take it and go down that road as well.

As you know, we face tremendous problems with the National Security Agency and their need to invest in R&D. We've got personnel problems across the board. We've got things that we almost of necessity need to disclose to the American people, at least on some level, given the fact that they need to know why we are asking for so much money. Now if you don't want to get into a situation where we are going to be avoiding these investments, at some point we need to have an honest conversation with the American

people and that's very difficult to do when the total budget number is not disclosed.

I have a great deal of respect for the reason for not disclosing it. I'm not anxious to press forward in any reckless fashion. But I wanted to disclose to you—and for the record—that my own concern that this situation is producing a condition that makes it difficult for us to go to the citizens and explain why it is that we need some of their income in order to be able to make these investments in intelligence to protect them.

Secondly, in the process of listening to some of my colleagues, I hear an assessment of the threat that frankly doesn't seem to track with me, at least as I assess reality. I mean if you look at the weapons delivery vehicle of choice today, it is not an ICBM. It is a Ryder truck. And if you look for the demolition of choice, it's not some nuclear weapon. It's a fertilizer—ammonium nitrate—mixed with fuel oil, packed in some unidentifiable, easy to access container. I presume it would have an over-the-counter fuse. I presume it would have an over-the-counter detonator. It's pretty easy to package it all together. It's pretty easy to drop it off at a federal building or any other site.

Today the weapon of choice is used by this Unabom character whom you probably have met—I presume that as a scientist, you are aware that he is targeting American scientists and people who are involved in technology. I say he, but we don't know the sex of the individual. Nonetheless, we find ourselves being terrified and terrorized by those kinds of weapons systems.

In Washington, D.C., today, there are federal employees who have been given the news that dogs are going in to sniff for explosives prior to them being able to send their children to day care centers. I presume this is a consequence of the recent killing of the person in California who opened up a package, and which means that scientists all across the country are terrified and disabused of the idea that they could even open up their mail.

It seems to me this is where the threat is. If you are concerned about Americans not just being afraid but being terrified to go about their normal daily activities—which is seems to me what we are dealing with here—that's where the threat lies. And I am wondering, given the fact that you will have responsibility not just to provide our military with intelligence—which is the first order of business—but you also have the responsibility to provide national intelligence to the President, to the policymakers downtown, and to the Congress. I am just wondering, sir, you must look at the world as well and say, you know, is it theater ballistic missiles that endanger America's security or is it Ryder trucks packed with fertilizer and fuel oil?

Mr. DEUTCH. Senator, it is of course both, but I agree with you that—and I think it is a view not only expressed by myself this morning, but several others, that the attention to terrorism is something which has not been receiving the attention that it should, and as far as foreign terrorism goes, that is going to be a matter of high priority for me.

Vice Chairman KERREY. Well, I still don't have the sense that we are organizing effectively. I, like many other Members of this Committee, were very impressed with the organization and specificity

of your testimony. Your presentation to us, at least in my experience with nominees, is uncharacteristically frank, bold, and specific as to what it is that needs to be done, particularly in the areas of categorizing threats.

But again I say that if I were to categorize the threats that concern me and affect my behavior in America, it's Ryder trucks with explosives. It's people sending packages in the mail that could either maim me or end my life. It's the presence of narcotrafficking in New York City and other major cities throughout this country, including Omaha, Nebraska. It seems to me that if we really did a scrub of this whole thing—start with a clean slate—and said okay, what is terrifying Americans and what puts our lives at risk, we may in fact find we have our priorities a bit off. And I just want to make sure that I say that to you in case it, sir, is your conclusion as well. I want to make sure that you understand that I am prepared to give you both the resources and the change in law necessary to be able to carry out your mission and reduce the terror that Americans are increasingly feeling from the threats inside of this country.

Mr. DEUTCH. I appreciate that Senator, and we will move in that direction, sir.

Vice Chairman KERREY. Thank you.

Chairman SPECTER. Thank you very much Senator Kerrey.

Now, Senator Cohen.

Senator COHEN. Thank you, Mr. Chairman.

Secretary Deutch, when you responded to Senator Lugar about your reaction in the event that a proposal was submitted by the President in the way of a Finding—I believe that is what he was referring to—that in the event that the President failed to allow you to notify the Oversight Committees or the big four, the big eight, so-called, that you would head for MIT or possibly New Mexico. That's admirable, but it doesn't really clarify the situation. You might decide to leave for MIT or New Mexico without the President not advising congress of any particular finding. Whether he serves for another 18 months or 4 years—that would not be sufficient for example if you were simply to depart as the head of the CIA and go back into academia, that wouldn't tell us much of anything unless you were explicit about the reasons why you were resigning.

So what I would like to do is to at least clarify exactly your understanding of the law as it currently is written. Number one it required prior notification of a Presidential Finding before it is initiated, if at all possible. Correct?

Mr. DEUTCH. That's correct.

Senator COHEN. And in the event that it is not possible or feasible, then it requires timely notification.

Mr. DEUTCH. That is correct.

Senator COHEN. Is it your understanding that timely notification means within 48 hours?

Mr. DEUTCH. Yes.

Senator COHEN. And in the event you found a situation in which the President refused for whatever reason to notify the Congressional leaders or the big 8, you would feel compelled not simply to leave your office, but I would assume you would feel some obligation to come to the Committees to advise them of the reason for

your decision to leave. Otherwise, would could have a Presidential Finding being carried out with no director in place and the Committees never understanding the reason for your departure.

Mr. DEUTCH. Senator, of course this is a very hypothetical set of circumstances, but if it came to that before I departed, I would come up here and inform congress that the reason I was departing was because I did not believe that there had been a timely notification of a covert action.

Senator COHEN. Okay, so we have your assurance then that the 48 hour rule, even though it is not explicitly written into statutory law is in fact your interpretation of what timely notification means.

Because you understand there is a Justice Department opinion which was cited during the Iran-Contra affair that timely notification means whatever the President declares it to mean. And since that time there have been efforts made to put in statutory language a 48-hour rule. That has not been successful, but there has been an implicit understanding nonetheless that those who head the agency would feel compelled to notify us within that time frame.

Mr. DEUTCH. That's precisely my understanding. I think that in all situations there should be prior notification. There may be remote instances where that is not possible and very, very tiny percentage of the cases then 48-hours is what I see as the measure of timely notification.

Senator COHEN. Thank you.

I recently had occasion to go on a program where we had a fairly aggressive moderator who will go un-named, but nonetheless, he asked me and another participant—the Secretary of Energy—on a scale of 1 to 10 what is the likelihood that there will be nuclear weapons or technology falling into the hands of terrorists within the next 25 years? My response was 8 or 9 on a scale of 1 to 10. I perhaps erred on the side of caution because I think it is closer to 9 or 10. But as Senator Kerry just pointed out, and I would add by the way, it is not necessary to have a nuclear catastrophe to have nuclear weapons, you can have nuclear materials and still wreak havoc with a conventional explosion as I think you of all people are well aware of.

But nonetheless, that is not the most likely type of threat we are to face in the next 25 years. We have seen examples of terrorism in Japan as far as chemical weapons are concerned, and in all likelihood biologicals will assume a higher priority in the hands of terrorists. And I want to read a quote as taken from a recent issue of the New Republic, it is written by Robert Wright and the title is "Be Very Afraid". And the author really is pointing out, not only Oklahoma, the things in Oklahoma and Japan, and the World Trade Center, but an Office of Technology Assessment report on Weapons of Mass Destruction, and the author states the following:

A small private airplane with 220 pounds of anthrax spores could fly over Washington on a north-south route, exhibit no notably odd behavior and by OTA reckoning trail an invisible mist that would kill a million people on a day with moderate wind. Anthrax takes days to kick in, the pilot could be vacationing in the Caribbean before anyone noticed something was amiss.

Is this sort of a statement hyperbole do you think, or is this something that is real?

Mr. DEUTCH. No. No.

Senator COHEN. Are you aware that there are critical unfunded programs designed to deal with anti-terrorist activities? It is something I will explore with you in the private session/executive session, but I believe we should state openly that the concern expressed on the part of our intelligence agencies about counterterrorism and the need for counterterrorism funding is not matched with the reality. The resources have not been allocated to deal with the magnitude of the threat and I think that even you sir are going to be surprised when you look at the charts and see how much is allocated to combat this particular threat. That is something we will explore when we go into executive session.

Then finally, as I said in my opening statement, which I entered into the record, I hope that you will conduct a review of CIA operations overseas to ensure that the targets are appropriate and the tradecraft is secure. There has been some information provided to the Committee in recent months that has raised serious questions in my mind on both counts. Again that is something we will have to pursue in greater detail in the closed session.

With that Mr. Chairman, I will yield back the balance of my time.

Chairman SPECTER. Thank you very much, Senator Cohen, Senator Hutchison.

Senator HUTCHISON. Thank you, Mr. Chairman.

I wanted to go back to the issue of financial disclosure. You said earlier today that you thought it would be the policy of the Administration to require personnel with access to government secrets to file annual financial disclosure reports. I agree with you, but my understanding is that the proposed Executive Order on this subject would give individual agency heads the discretion to make that decision. So I wanted to ask you as DCI—you're certainly going to be responsible for protecting intelligence sources and methods—will you, as DCI, require all CIA employees to file annual financial reports?

Mr. DEUTCH. Senator, I'm not sure I want to use the word all here, but I certainly will use the word all CIA employees who hold sensitive positions will file annual financial reports.

Now, I just don't think that it is helpful to the security process to put too large a burden on the whole system in order to provide the security that we need for the sensitive activities. And I'd have to inform myself more about the practicality and the wisdom of selecting out of some set of the employees, but in my judgment there should be annual financial disclosure and it should be specially for those employees who fill sensitive functions. I'm not sure I'd go so far as to say all, but that's a subject I would take under advisement.

The Department of Defense, for example, where I think our view is we also want to require annual financial statements from employees who serve in sensitive positions. Now, of course, the Department of Defense is a much different percentage of people so I would stop short today of saying all, but I certainly would say all who are in sensitive positions.

Senator HUTCHISON. Well, let me say that first of all the Department of Defense is very different from the CIA. I believe it is said

to have been the policy of CIA to have been considering requiring all employees of the CIA and I would ask you to report back if you are considering allowing anyone who works at CIA not to file annual financial disclosure forms.

Mr. DEUTCH. Senator, I don't want to be misunderstood. It may be that doing all is the right thing to do. I just don't want to say that to you for sure here now. I'll be happy to come back to you and tell you whether it's all or just some but whatever I recommend, but I will be absolutely sure to come back to you on it. All may be the right answer. I just don't know that right this minute.

Senator HUTCHISON. Well, let me say that only speaking for myself, I believe that all CIA employees, as well as all employees of the National Security Agency, the National Reconnaissance Office, and the Defense Intelligence Agency, and other intelligence components should be required to file financial forms. This does not mean that you will necessarily review all of them—

Mr. DEUTCH. Right.

Senator HUTCHISON [continuing]. But it does mean that you will have access to them if you do decide that you need to review them. And I believe that having learned from the Aldrich Ames case that we did not have information that could have been pertinent here—that there's a very different standard for someone who voluntarily becomes an employee of an agency which is going to be per se handling classified information.

So, I am very concerned about this, and I want to know what your view is, and if you feel that you need time to come back and tell us, I want to be able to flesh this out because I am very much of the opinion that you have the choice of going to work for the CIA or other defense agencies—intelligence agencies—but that you should be willing to fully disclose if you are in those agencies, because it doesn't matter to me if someone is just in the agency, they have access to secrets that the lives and deaths of people who are trying to do the job for our country that is a very difficult one.

Mr. DEUTCH. I'll be happy to report back to you very promptly on it. I just want to inform myself of what the practicalities are. There's no question, Senator, that one of the main lessons of the Ames case was the requirement for this kind of financial reporting. So I will promptly report back to you.

Senator HUTCHISON. And I would also like for you to report back if you feel that you have all of the legal authority that you need to do this if you decide that that is what you should do, which is I hope what you decide.

Mr. DEUTCH. Senator, I'm almost certain that the DCI does have the authority to do this. I don't think that there's a legal probation to this at all.

Senator HUTCHISON. And then I would go one step further and ask if you also will look at every person who would be able to receive intelligence reports or would be exposed to sensitive intelligence capabilities who are not with those specific agencies but are in the State Department, the Commerce Department, and the Department of Defense. Now there I do think discretion is certainly warranted, but I would ask you if you are going to also pursue everyone who would actually have access for financial disclosures.

Mr. DEUTCH. I'd be happy to do that, Senator.

Senator HUTCHISON. All right.

The second area that I would like to pursue is the one that I mentioned in my opening statement and that is personnel procedures to make sure that there is a level playing field for all people who are a part of the agency regarding the Jane Doe Thompson case and other reports that I'm sure you have heard that have certainly come forth. What is your view of that, and what do you intend to do to make sure that we do have that level playing field?

Mr. DEUTCH. Well, first, I think it's a very important matter. I believe that at the Department of Defense, both Bill Perry and I have been insistent on the fact that we establish a work place where there's no discrimination based on race or on gender and that everybody's treated in a humane fashion and a tolerant fashion and that advancement is based on ability and there's no discrimination or harassment of any kind. It's very important for all workplaces in this country, and we certainly have worked hard on that. I have personally worked hard on that in the Department of Defense. It is my impression looking at a distance at this that there has not been as much attention to these kind of human resource issues at the Central Intelligence Agency as perhaps there should be. And it would be my intent, if I am confirmed, to devote a considerable amount of effort to the entire issue of what I would call issues involving human resources in their development and especially with respect to assuring level playing fields for all parts of our population.

Very important for the Agency in completing its mission, that it is able to attract and retain the most outstanding cross section of Americans, women, minorities, that's part of making a successful agency, and I would work towards that end.

Senator HUTCHISON. Last question, Mr. Secretary.

In of course, the Oklahoma City bombing and the World Trade Center bombing, we have begun to ask questions about whether the CIA and the FBI do have enough coordination of information. Obviously there are many issues of individual rights here, but in general, do you feel that the FBI and the CIA need to look at the relationship and the focuses that each have and do you think that it would be beneficial for them to have other capabilities in which they can work together for the mutual benefit?

Mr. DEUTCH. I have been enormously impressed how all the government agencies have cooperated on Oklahoma City, this tragedy in Oklahoma. Impressed with every agency's worked fantastically well in this response to what is an enormous tragedy. It is also my impression that the cooperation and coordination between the FBI and the Central Intelligence Agency both in the area of counterterrorism and in the area of counterintelligence has improved immeasurably in the last two or three years. Doesn't mean that more can't be done. But I think a good record is there of progress to an integrated and coordinated approach between law enforcement and foreign intelligence.

So I am optimistic that this can be done. I think that the recent letter of cooperation between the Acting Director of Central Intelligence and the Deputy Attorney General is a step in the right di-

rection. And generally I believe that a good deal of progress has been made and can continue to be made in this area.

Senator HUTCHISON. Thank you.

Thank you, Mr. Chairman.

Chairman SPECTER. Thank you, Senator Hutchison.

Mr. Deutch, coming back to the question on how you deal with the problems within the CIA, I had asked you questions before the break that focused on what former Director Gates had said, that there had been 40 or more compromised operations and he had been advised only of about 4 or 5 of those. And as he put it, quote, "nobody bothered to share that information with Judge Webster, my predecessor, or with me," when Mr. Gates was his Deputy.

And then he had said that by the end of 1992 they had a pretty good idea that he was a mole, even though they didn't have a court case yet, "they" referring to people in the Agency, and "he" was Aldrich Ames.

Now, when my last round ended, you talked about a management style. Just how do you propose to get at that? If you identified the person that knew, that they had a pretty good idea that Aldrich Ames was a mole but didn't pass it on up the chain of command to the Director, what disciplinary action would you take?

Mr. DEUTCH. I would terminate the individual if those are the circumstances, sir.

Chairman SPECTER. And how about this superior?

Mr. DEUTCH. Sorry?

Chairman SPECTER. How about his superior? Suppose—assume, and I do not know—we do not know everybody who had knowledge, but assume that the superior denied knowledge, but his immediate subordinate had knowledge and you terminated him, what would you do with the superior?

Mr. DEUTCH. It becomes progressively more difficult to answer a hypothetical in a circumstance like this.

Chairman SPECTER. I appreciate that.

Mr. DEUTCH. But I expect the superior to have knowledge of the activities under his or her area of responsibility. And if it happened in a way the superior was not apprised of that, I would be concerned about those individuals carrying out their management responsibility. Whether I would terminate them or replace them or not would depend upon the specifics of the case, sir.

Chairman SPECTER. And how about that superior, the Deputy? Or how about that superior, the Director? What about a Director who runs an agency, manager of the agency, that doesn't know that his agency has identified Aldrich Ames as a mole, runs an agency that has 40 or more compromised assets and he is only told about 4 or 5, what about that kind of a director?

Mr. DEUTCH. There is a rule here of reasonableness. I think one has to look at the case specifically. But I think you get the biggest positive effect here by making sure that you have communicated at all levels of the management structure what you expect in accountability and in reporting. And you will develop a functioning organization, an effective organization if you make that clear, and should you discover a place where it has not happened, take prompt action. I think it will lead to positive results. I am not sure that in

the past years that that has actually taken place. What we have—

Chairman SPECTER. Go ahead.

Mr. DEUTCH. I'm sorry, Mr. Chairman.

Chairman SPECTER. No, you go ahead.

Mr. DEUTCH. No, I think in the case of Ames, and I have not studied the Ames case in detail, but my impression is that we have a case here where a chronic professional weakness in an individual, chronic professional weakness in Mr. Ames, was tolerated by his coworkers and his superiors in a way which is just inconsistent with sound management practice.

Chairman SPECTER. Well, the staff has provided this kind of a summary. A former—an Ames supervisor observed that Ames had a known alcohol dependency, that his colleagues reported that he was known to become drunk over lunch about three times a week. On one occasion Ames became drunk at an embassy reception where he got into an argument with a foreign official, left, passed out in the street, and woke up in a local hospital where the supervisor came to pick him up. And the supervisor, when asked to recommend Ames for a future assignment reported that Ames, quote, "is highly regarded by the division management, a lucid thinker, and a highly articulate briefer and writer, made a positive impact on division operational planning and decisions." Now, this is a summary which staff has provided.

Now, that's an easy case. What do you do with that supervisor?

Mr. DEUTCH. If the facts are as represented here, sir, and I don't mean to doubt the staff, I am just saying on that case, that person would be gone.

Chairman SPECTER. I have a problem accepting the facts myself. That is why I say they are reported by staff. It is hard to accept these facts and having a supervisor recommend the man and say he was a lucid thinker—

Mr. DEUTCH. That's correct.

Chairman SPECTER [continuing]. And made a contribution.

Mr. DEUTCH. That's exactly—as represented, that supervisor should not be there.

Chairman SPECTER. Well, are you saying, Mr. Deutch, that your standard is if somebody had knowledge and didn't act in an appropriate manner to discipline or fire a subordinate, that that managerial person would be fired?

Mr. DEUTCH. Absolutely. If it was chronically done, sir. One occasion is another story, but absolutely.

Chairman SPECTER. Well, how about one occasion? One occasion with Ames? This is one occasion. One occasion when he said he was lucid thinker and recommended him. Why would you have a doubt about firing him?

Mr. DEUTCH. I'm sorry, I was back to the one occasion of drunkenness as opposed to chronic—I'm sorry.

Chairman SPECTER. Well, I'm not talking about Ames. We're not only firing him, we're prosecuting him. I want to know about his supervisor. Any doubt about firing him?

Mr. DEUTCH. No, sir.

Chairman SPECTER. And the supervisor's supervisor? Would you accept the standard, if he knew, he's fired, we've already covered

that. If he should have known, would you fire him? Now there, of course, the question is evaluating should have known.

Mr. DEUTCH. Yes, sir.

Chairman SPECTER. Would you fire him if you conclude that the manager should have known?

Mr. DEUTCH. Yes.

Chairman SPECTER. Now what standards would you apply, to the extent you can generalize, on whether a person should have known?

Mr. DEUTCH. Well, you have to look a little bit at the performance of that individual in other areas, and whether this is habitual or in one case. It has been my experience when a supervisor at any level doesn't perform in one area, it is unlikely to be unique. There may be other areas as well. And so there is a little requirement to do an evaluation of the overall performance of that person.

But you will rarely find a person who cuts corners in one place wasn't cutting corners in another as well.

Chairman SPECTER. Well, I am asking you about a supervisor who knew on one occasion of a performance like Ames and he didn't fire Ames or act against Ames. You said you would fire that supervisor.

Mr. DEUTCH. Yes, sir.

Chairman SPECTER. Now I am asking you the follow-up question, if you conclude that the supervisor's supervisor should have known about it, are you going to fire the supervisor's supervisor on one occasion, or are you going to wait for a pattern of other conduct by the supervisor's supervisor?

Mr. DEUTCH. As you phrased it now, if I concluded that he should have know, I would fire him, too, or her.

Chairman SPECTER. And to the extent that you can generalize, beyond toughness on firing people who knew or should have known, what else do you have in mind on management style to prevent happening from Director-If-Confirmed Deutch, from what happened with Director Gates?

Mr. DEUTCH. Well, I'm not in a position to comment on how Director Gates managed the Agency. What I also think is important that one instills in the entire community—in the entire Directorate of Operations community, an understanding of the set of steps, setting intelligence priorities, establishing a mission, a plan for executing that mission, executing the mission against well known rules and regulations, and requiring people to be accountable for that whole process. I am not sure that such a process is in place in the Directorate of Operations.

Chairman SPECTER. Well, the light is on, but Senator Cohen is the one remaining.

Senator COHEN. Go ahead.

Chairman SPECTER. He has yielded to me so I don't have to exercise any Chairman's authority.

Senator COHEN. Just for one question, though.

Chairman SPECTER. Beyond the question, I might have to exercise the Chairman's authority.

But Mr. Deutch, let's pursue your answer to that, because I think it needs some pursuit. When you say you don't know how Director Gates managed the Agency, I think we do know from Direc-

tor Gates own statements that he has two facts which he concedes. One is that he is only told of four or five assets—that is, agents overseas—who have been compromised, at a time where there are 40 or more. And we know also that at a time when the mole, Aldrich Ames, has been discovered, that he is not told about it.

Now, I am not asking you to evaluate Director Gates, but I am asking you how you would prevent that from happening to you if you were the Director?

Mr. DEUTCH. I am trying to think of a different way to formulate my prior answers to you, Mr. Chairman, to be responsive. I believe that if you have a set of managers that understand the importance of accountability, and you have a process for developing that with a work force, doing an important job, that your chances—you never have 100% certainty—your chances of making sure that you get timely and accurate information are significantly improved. And that's what I would work for. Now, I don't mean to try and dodge the question, I don't mean to answer at too superficial a level, too abstract a level, but I do think that the process of setting for the work force procedures and what is required to follow those procedures in a legal way, and holding people accountable, will work.

Chairman SPECTER. Well, I think that's a responsive answer, and it may be that it is supplemented by your prior answer, that you intend to make some changes at the CIA. Which would lead me to ask you if you intend to ascertain how far down the level of management was which knew or should have known about Aldrich Ames and didn't act, and whether you are prepared to make changes down as far as that level of management goes. Because if you have your own people, then it is John Deutch, and John Deutch's people, and you can say you have made a selection of the people and can give assurance to this Committee that you'll find out what is going on.

But are you prepared to make changes that far down the chain of command?

Mr. DEUTCH. Absolutely, Mr. Chairman. I think of redesign of the Directorate of Operations as being something which has to start from the ground up, since all the way down to bare bones as far as developing procedures and an orientation and a set of rules for operations in the current times. So the answer is, as far down as is required to establish a responsive and effective organization.

I think their Directorate of Operations wants this to happen. I don't think that this is a situation of coming in there and being destructive. I believe, and from what I know, the junior officers are waiting for some new directions. So I think this is something which is possible to be done, with time and with some support, it can be accomplished. I don't think that this is an issue of new management against old Directorate of Operations. I don't think it is a we versus they. I believe these younger officers are looking for new directions here.

Now, I may be unhappily surprised, and I will let you know if I am. But I don't think that this is a we versus they situation, sir.

Chairman SPECTER. Senator Cohen.

Senator COHEN. Thank you very much, Mr. Chairman. I will try and be as brief as possible.

Secretary Deutch, one thing you might do is send forth a signal, that anyone who fails to inform you of significant activity that Senator Specter was talking about will be gone, period. You may even have to be arbitrary on them. Very simple.

Secondly, if anyone down that chain of command misleads either you or equally any of the relevant Committees, the Oversight Committees, They can do that either by even intentional omission, as I believe has occurred in the Guatemala case, or in any other fashion—they are gone. And that will have to be a rule, I think, that you have to set at the very beginning. That there is not going to be a toleration of any more hide the ball, that we are going to keep Congress as much in the dark as possible, reveal only as much as necessary, and get away with as much as we can. That is one way that you can get their attention very quickly, and you will, in fact, establish some credibility as the new manager in town.

You are eager to respond. Please.

Mr. DEUTCH. I am eager to respond, Mr. Chairman, Senator Cohen.

First thing is, not only would they be keeping Congress in the dark, they would also be keeping the Director in the dark. And from my perspective, I am also interested in not having the Director kept in the dark.

But secondly, let me say that if there is anything that my testimony here this morning has done, it's hopefully to begin to send that message. I wrote my testimony in the hopes that that message is being sent. And again, I want to stress, I think much of the work force here is going to welcome it. I do not think this is a we versus they situation.

Senator COHEN. Do I also assume from your answers that when this Committee sends staff out to the Agency, and they are in fact making inquiry as to activities that are of importance to this Committee, that the staff members are treated with the same level of respect as such, and the members are obligated—the members out at the agency, employees at the agency are obligated to give them the same information that they would be expected to give to us, so that any misrepresentation, any omission, any failure to inform them, would also be tantamount to failing to inform the Committee.

Mr. DEUTCH. That's correct. The staff has appropriate relationship to the Committee Chair or Members, that's absolutely right. There is no rule which says it is okay to lie to a staff person but not to a Member of Congress. That is not appropriate behavior. Under any circumstances.

Senator COHEN. Or to give only as much information as they feel is necessary to the staff members.

Mr. DEUTCH. That's correct; that's right, Senator.

Senator COHEN. We have not probed with you in this particular session on the Guatemala affair. It is sure to come up. The Inspector General is now conducting his investigation into that entire affair and it would be, I think, premature, certainly with respect to you, to probe you on that. But that is an issue obviously you'll have to contend with in the future with respect to any kind of accountability on the part of those involved.

Let me say, we have also not really spent a good deal of time today looking at the recommendations of former Director Gates. As you know, he has proposed a series of reorganizations, some of which you may agree or disagree with. I think it is probably too late in the day to go through and determine which ones you think are relevant to or important to undertake.

I might point out that it has been perhaps the story that changes are made by ex officio members, that you make the recommendations for tough changes later on. And I suspect that you'll find that when you come in and you seek to make changes, you'll meet resistance. I think that is the way of the world. That those who are entrenched will resist. I suspect some will try to undermine your efforts. And you will find that your supporters will be found on this Committee and over on the House Committee, and you will need them. I think that's true of any bureaucracy you go into, be it in the Defense Department or Energy Department or especially out at the Agency. You are going to need the support of people here on the Hill, especially within this Committee. So I want to encourage you to continue to come back and rely upon the Committee.

One of the issues of greatest concern to me, and I have spent a good deal of time in dealing with the Agency, and number one, let me say, I think we need a CIA, I think it is highly relevant today, I think we have outstanding people serving in the Central Intelligence Agency. The overwhelming majority work extraordinarily hard, they are highly intelligent, and they make an enormous contribution to the security of this country.

Unfortunately, there are also some who have caused the Agency to lose a great deal of credibility. The Decade of the Spy that we referred to, going all the way from Pollard through Howard, to Conrad, and others, culminating most recently with Ames, have impacted upon the credibility of the Agency as well, and its relationship with the Hill.

One of the things that has been of some concern to me is no matter how much I or others have tried to persuade some at the Agency that giving information to the Committees is their best insulation against criticism and attack, for example, particularly in the covert action area. That if covert actions are undertaken, and they are not successful—and the ones that are not successful are the ones that become public—and at that particular time, it is in the Agency's best interest to say wait a minute, the President signed this Presidential Finding, it was reported to the relevant Committees, and the Committees approved. They in turn believed this was in the best interest of the country to pursue this. That is the best protection for the Agency's credibility under those circumstances. And when they withhold or hide or shade, in some way try to minimize sharing that information, when it finally comes out and it is now in the newspapers and we see that there is at least allegations if not the reality of illegality, and that information hasn't been conveyed to Congress, then the criticism directed to the Agency is legitimate. And it is destructive. And that is why you find some of the loss or morale at the Agency right now, because of the criticism it is now enduring.

I will conclude my remarks today unless the Chairman wishes for us to pursue other areas, to say that we need a strong CIA. We

also need a highly accountable CIA. That there are old missions that the Agency has to continue to pursue—arms verification, for example, is among the most important. We still have many thousands of nuclear weapons rolling around in various countries. It may have some new missions which we have not fully discussed here today. Most importantly, there need to be new attitudes, and that is the reason why you have been embraced by the Members of the Committee and by the President, obviously as one who is capable of bringing about a change in attitude.

So I think it is fairly clear that you will receive the, if not unanimous, I think almost unanimous support, certainly of this Committee and perhaps the entire Senate. But you are going to need a lot of help. We are prepared to give you that help on this Committee.

Thank you, Mr. Chairman.

Chairman SPECTER. Thank you, Senator Cohen.

Senator MACK?

Senator MACK. No, Mr. Chairman, I am assuming that we are going to go into closed session?

Chairman SPECTER. Soon, yes, sir.

Senator MACK. Right; okay.

Chairman SPECTER. A few more questions, Mr. Deutch.

Just briefly, when you talked about the Cabinet officer position, and you said that you would know how to conduct yourself, not to be involved in policy, I appreciate your statement and I am prepared to accept that from you as an individual. But institutionally I am very much concerned about. And even as I am prepared to accept that from you as an individual, I think it is hard to fulfill that. I think you might find it difficult to separate your professional responsibilities as a technician from getting involved in the policy considerations.

I would ask you to rethink that. I know that there is concern on the Committee and we have not yet met to discuss the issue, awaiting your response and awaiting your position on it. But I would ask you to rethink that and perhaps even for the President to rethink that.

There's been a very highly publicized case, Mr. Deutch, involving so-called Jane Doe and the sexual discrimination class action suit. And it has raised—those that matter in the class action suits have raised troubling allegations about; the institutionalized response by the CIA to discrimination against female employees. To what extent are you familiar with this problem, if at all?

Mr. DEUTCH. I am aware of the problem. I have had some, since I have been nominated, I have had some informal comments to me about it. I want to make it clear to you, Mr. Chairman, that that kind of a workplace which has got any discrimination in it at all against under-represented minorities or women is an unacceptable workplace in this country, and that I would do everything I could to assure that the workplace at the Central Intelligence Agency, Department of Defense, anywhere else I am, supports individuals according to their performance and without respect to gender or race or anything else, sir.

Chairman SPECTER. And what action will you take as to people in the CIA who do not enforce that articulation of policy?

Mr. DEUTCH. They will be terminated, sir.

Chairman SPECTER. An intelligence review is currently being conducted by CIA regarding the issue of forward deployment and use and exposure of US forces to chemical agents to the Persian Gulf War, a subject that Senator Kerrey of Nebraska, the Vice Chairman, touched on. At this juncture, Mr. Deutch, and I think this will pose no problem, but I would like your personal assurance for the record that the Committee and CIA review of this issue will be permitted to proceed unimpeded and that those currently involved in the review will be given unlimited and immediate access to all relevant information held by all entities within the intelligence and defense communities?

Mr. DEUTCH. Mr. Chairman, I think that, as I mentioned earlier in my comments, that this is mainly a DOD issue. The CIA investigation I am perfectly certain will go forward in a way that will uncover all possible information that will bear on this subject.

Chairman SPECTER. Well, that assurance, I think, is necessary for those who feel affected by it as well as the public generally, as well as the Congress, because of the dual roles that you will have different times, being the number two man at Defense, and if confirmed, the number one man in CIA, so I think that assurance is important, and I think we now have it on the record.

Mr. Deutch, what do you think of the proposal to have an appointment of the CIA Director—it wouldn't apply to you, obviously—but an appointment for ten years, like we have the ten year appointment of the Director of the FBI? To have a position where everybody in the CIA knows that you are coming in, you can look them all in the eye and you can say you are going to be there as long or longer than anybody. What do you think of that kind of strengthening of the Director's position?

Mr. DEUTCH. I think there are pro's and con's to it. I think as I look back over the history of CIA Directors, I think many of them have been especially successful. I think of John McCone, perhaps one of the ones who stands out in my mind as having been especially effective, because of the certain confidence that that individual had with the President, with the Secretary of Defense, with the Secretary of State, I guess I, on balance, I believe the President should have the individual serving in that position that he or she believes is best, subject to the confirmation of the Senate, sir.

Chairman SPECTER. So you want the position to be terminable at will by the President?

Mr. DEUTCH. Yes, sir. And confirmable by the Senate, obviously.

Chairman SPECTER. Isn't that somewhat inconsistent with the CIA Director being out of policy?

Mr. DEUTCH. No, I don't think it is. I think that this has to do with the subtlety about—or not so subtle, about the assurance that intelligence is in fact used and integrated into a policy process by the President and by his principal foreign policy and defense advisors.

Chairman SPECTER. Well, Mr. Deutch, doesn't that mean that you talk about intelligence gathering being integrated by the President into a policy position, isn't that moving right past the line—

Mr. DEUTCH. No, no—

Chairman SPECTER. Wait, I am not finished with my question.

Mr. DEUTCH. Yes, sir.

Chairman SPECTER. Isn't that moving right past the line that a number of us have raised on concern on policy, and isn't that really allowing the President to make a selection which might be used to have intelligence suited to objectives or conclusions which the President wants to make?

Mr. DEUTCH. I don't think so, sir. I was speaking about the relationships between the principal intelligence officer, just like your principal auditor in a corporation. Should the principal auditor in a corporation be subject to the CEO's approval or not. I think that it is important that that principal auditor have an effect, have independence, yes, but also have an effect. And the fact that that principal auditor is appointed by the CEO has the risk that he or she will be influenced, but also makes—gives that person potentially a more constructive—a more constructive role to play.

I think the argument about saying everybody should have fixed terms in the Executive branch could be extended quite far. And I would respect people who have a different view, and maybe it would be—work well. But I currently don't think the Director of Central Intelligence should be a fixed term person.

Chairman SPECTER. Should not be a fixed term?

Mr. DEUTCH. No, sir.

Chairman SPECTER. Do you think it is wise to have the FBI Director as a fixed term?

Mr. DEUTCH. Don't have a view on that, sir.

Chairman SPECTER. Excuse me?

Mr. DEUTCH. I don't have a view on that. It's a different area. The Director of the FBI is much, much more directly involved in law enforcement. That's a different situation with respect to American citizens. So I don't have a view on the Director of the FBI.

Chairman SPECTER. Well, think about it and give us your view if you would after some reflection.

Mr. DEUTCH. Yes, sir.

Chairman SPECTER. How about the independence of the Inspector General, when you start talking about the CEO having the authority to terminate. Would you like to have your own Inspector General if you are confirmed?

Mr. DEUTCH. I think the arrangements with the Inspector General of the CIA are exactly the way they should be. I think it is important to have an Inspector General. In the Department of Defense, both Bill Perry and I have worked very closely with our two Inspectors General, and I look forward to that arrangement at the CIA. I see no problem with that whatsoever. The way the arrangement is set up.

Chairman SPECTER. Would you make any effort to replace the current Inspector General of the CIA?

[Pause.]

Mr. DEUTCH. The brief answer is no.

Chairman SPECTER. Why the pause?

Mr. DEUTCH. Because I don't really want to—I don't think it is—I worry about getting into specific people. But the answer is I have known Mr. Hitz for 20 years and I have great confidence in him and I know he has great confidence up here. But I—

Chairman SPECTER. Well, the question was in the briefing book and I had not asked the questions, for largely the reasons you do. I don't think that's a matter, generally.

But I come to the question when I hear you pushing the Cabinet position, and wanting CIA Director who is appointed by the President, and that is why I raise the question as to what kind of independent check—I like the ten year term because it passes the term of the President. And my own view is that the Director of the CIA ought to be more a technician in the highest sense, a professional who gathers intelligence information and is not in the policy realm. And the experience we've had with Director Casey is sufficiently impactful—I may have just created a new word—is sufficiently impactful that we want to avoid that possibility again in the institutionalization of a cabinet officer for the CIA Director.

Mr. DEUTCH. Mr. Chairman, I absolutely respect the view which says the Director of Central Intelligence should serve for a fixed term. I think it is a very reasonable view. I am just not sure that is the way I would come out. And I certainly would not recommend to you that the Director of Central Intelligence, that we change that at this time. I mean, I just think that it is an issue on which people could differ. I just don't come out that way.

Chairman SPECTER. Mr. Deutch, I had introduced legislation going back to the 100th Congress, on a recognition of the Intelligence Community, and then put it back in in the 101st Congress, largely along lines which have been suggested by Clark Clifford, who was involved in the original drafting of the legislation back in 1947. And without going into too much detail, because of the lateness of the hour, and we're about to move to a closed session, I'd be interested in your general view as to the thought that is embodied in this legislation that we create an office of Director of National Intelligence, so that the two hats now worn by the Director of the CIA as both the supervisor of many agencies—NSA, DIA, etc.—that that be divided, relates in effect to Senator Kerrey's question about is it too big a job. And the Director of National Intelligence would be the supervisor of all of the intelligence agencies and then the Director of CIA would have the functions of the agency itself.

Do you have a thought on that?

Mr. DEUTCH. I think this is another one of these, it's a good opportunity to consider views like that. You might want to have a Director of National Intelligence and a fixed term for the CIA Director to connect both those up.

Actually, my worry goes the other direction. My worry goes towards—in the direction of whether the Director of Central Intelligence has enough executive authority over all the different parts of intelligence that have to work together. So the Director of Central Intelligence has some authority over parts of the intelligence program that bears on defense, and parts the Director of Central Intelligence does not, but the Secretary of Defense does.

So I would say to you, particularly in light of the problems we have been talking about, what you have to think about; is one, single, coherent executive responsibility here, which is the area where I get more concerned about, even to currently does the DCI have

enough executive authority over different parts of the defense establishment, over the intelligence establishment.

So I understand the model which says a Director of National Intelligence, that a Director of CIA perhaps with a fixed term. But currently my concern is more with does—is there any individual that has executive authority over all the intelligence activities that have to work together.

Chairman SPECTER. Well, any legislative change might provide more executive authority. But that is a subject we can get into at a later time in more detail.

One final point or two. Are you familiar with the legislation which relates to deportation of people who are in this country illegally, where there is reason to suspect them of terrorism and the provisions for a deportation where the confrontation is not available to the person subject to deportation?

Mr. DEUTCH. I am not sir.

Chairman SPECTER. That legislation has a provision where there would be an Attorneys General terrorist list, which contributions could not be made to that organization.

Mr. DEUTCH. I am not aware of it, sir.

Chairman SPECTER. Well, those provisions bear directly upon the CIA in terms of people who are in this country illegally, raises a real constitutional issue as to the right of confrontation under the Sixth Amendment, and there may be a way to reach that without getting to that problem by virtue of you can deport people who are in this country illegally. You can't—we can't deport them all because there are so many and the proceedings are so long, but it might be possible to target those who are suspected of terrorism, to deport them simply for their being here illegally as opposed to their being here as suspected terrorists, which would not then raise the confrontation issue. And to speed up the judicial mechanism for hearings and some detention which is constitutional for a period of time, perhaps up to 90 days, and then prompt appeals. But I ask you about that because that is going to be in your bailiwick, so I would ask you to give us your thinking on that.

And the other provision about the Attorney General having categorized organizations as being terrorist organizations raises a constitutional issue on freedom of association under the First Amendment.

Mr. Deutch, there are quite a number of other questions which are in the briefing materials which I am not going to go into, and I am going to have them reviewed. I have reviewed them and have noted ones that I would like to have answered. So we will submit those to you in writing. If you find them unduly burdensome, let us know, because there are a lot of questions. And it is our hope to move promptly with the confirmation process and you take a look at those questions.

And I would like to read you, finally, a list of items which we would like to have your commitment to report back to us as promptly as possible, hopefully in 30 days after confirmation, if confirmation. But in any event, as promptly as you can, if you can't do it within 30 days.

One. Report on any needed changes to DCI authorities.

Two. Improving the Intelligence Community's fulfillment of its obligations to keep Congress fully and currently informed.

Three. The need for reorganization within the Intelligence Community.

Four. Changes in personnel.

Five. Proposal for how to achieve downsizing in a way which creates headroom, weeds out poor performers, and leaves the Intelligence Community with the mix of skills required to accomplish its mission.

Six. Intelligence reassessment of the possibility that US forces were exposed to chemical or biological agents during the DESERT STORM.

Seventh, actions taken in response to events in Guatemala.

And eight, improving coordination with law enforcement.

We'd ask you to give us your views on those, as I say, within 30 days if possible, or let us know if that is too rigorous a schedule and when you could do that if affirmed.

Any further questions, Senator Cohen, Senator Mack?

Senator COHEN. I would just say to Secretary Deutch, if I were the nominee, I would like to have a ten year term. If I were the Committee, I would reject.

Chairman SPECTER. I am not sure whether Senator Cohen is applying to be Director or not, Mr. Deutch.

Thank you very much.

[Thereupon, at 2:53 o'clock p.m., the hearing was recessed.]

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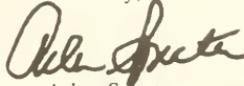
The Honorable John M. Deutch
 Deputy Secretary of Defense
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 The Pentagon
 Washington, D.C. 20301

Dear Secretary Deutch:

As I noted during the hearing yesterday on your nomination to be the Director of Central Intelligence, there are many more questions the Committee had prepared but did not ask out of deference to the time. Enclosed are some of these key questions. Please respond in writing as soon as possible so that your answers may be considered prior to the Committee vote and made a part of the record.

Thank you for your cooperation in our effort to move expeditiously on this important nomination.

Sincerely,



Arlen Specter
 Chairman

Attachment

**Questions-for-the-Record
from the Nomination Hearing of
JOHN M. DEUTCH
to be
Director of Central Intelligence**

I. Relationship to the President--Cabinet Status

- 1) How long have you known President Clinton? Can you describe your relationship with him? Has President Clinton discussed with you his general views on intelligence, and, if so, could you discuss them with us? What is your understanding of the President's intelligence needs and their priority? What did President Clinton ask you about your views on intelligence prior to offering you the position of DCI?
- 2) Would you be willing to recommend that the President become involved in intelligence or counterintelligence cases, even to the degree of urging the President to intercede with other Heads of State?

The Public Roles of the DCI

- 3) Do you intend to make public comments on policy issues? Should the DCI advocate policy positions in speeches, Congressional testimony, and other public statements?
- 4) Does the DCI, in your view, have a responsibility to grant interviews with members of the media? Under what circumstances is it appropriate for the DCI or other senior intelligence officials to speak with the press on background or off-the-record? If you are confirmed, what will CIA's policy be with respect to press contact?

II. DCI's Authorities and Responsibilities

Management of the Intelligence Community

- 5) Do you think the DCI should have direct control over the budgets of the NRO, NSA, and other non-CIA components of the Intelligence Community? Why or why not? What is your view regarding proposals to create a "Director of Military Intelligence"?

Executive Order

6) Do we need a new Executive Order to replace 12333? What kinds of changes are needed in a new executive order?

III. Relationship to the Oversight Committees

7) How do you interpret the President's statutory responsibility under Section 501 of the National Security Act to inform the committees of any "illegal intelligence activity?" Who decides if an activity is "illegal"?

8) How do you interpret the DCI's responsibility under Section 502 of the act to inform the Committee of "any significant intelligence failure"?

9) When Congress amended the notification provisions of the National Security Act in 1991, it shifted some of the responsibilities to notify Congress from the DCI to the President. The intent was to prompt the President to issue regulations implementing these requirements, but this was never done. Do you think regulations are advisable, and will you pursue this matter?

IV. The Future of U.S. Intelligence

New Missions for U.S. Intelligence

10) Some have suggested that the national security threat to the United States has grown in complexity, and is now more difficult to define using only the collection of data on traditional targets such as military capabilities. Some believe intelligence targeting and analysis should put a greater emphasis on U.S. economic interests, as well as other areas such as environmental degradation, and world health and overpopulation issues. However, former DCI Robert Gates has stated publicly that he does not believe that the Intelligence Community should be collecting and analyzing such issues as environment, world food supplies, and health issues since they may detract from more compelling intelligence targets.

- a) What role do you see the Intelligence Community taking in monitoring these less traditional areas? What priority should they be given? To what extent do you see these as legitimate national security threats to the United States? In your view, has the Intelligence Community shifted too far in its focus on less-traditional threats, or not far enough?

Targeting Denied Areas

11) The Intelligence Community, to a certain extent, was created to obtain information on so-called "denied areas" -- countries that were for practical purposes denied to U.S. visitors during the Cold War. Either there were no diplomatic relations, or else our diplomats were so constrained they could not effectively gather information. Obviously, the Cold War is over and we have much greater on-the-ground access to places and information than we had before. But are there still "denied areas" where U.S. citizens or diplomats cannot freely travel and we still depend primarily upon intelligence agencies to gather information? Can you give us a few examples? How many of these remain significant in terms of U.S. national security interests?

Dissent and Intelligence Failures

12) In your view, what is the proper role of dissent in intelligence analysis, and how should dissenting views be presented to policy and decision-makers?

Bilateral Intelligence Sharing

13) When it comes to technical capability, it is said that U.S. intelligence capabilities are second to none, and that the U.S. spends far more on intelligence gathering and analysis than any other country in the world. We also share a great deal of this intelligence on a bilateral basis with other countries. Overall, do you believe bilateral intelligence sharing is appropriate considering what we get in return? If we cut back our capabilities, would other countries be forced to do more? Should we be getting our friends and allies to shoulder more of the responsibility in this area?

Intelligence Support to the UN

14) It appears that in the years ahead, the U.S. will rely to a greater extent on the United Nations to deal with unstable situations around the world. We have already seen a considerable expansion of the UN's peacekeeping missions around the world.

- a) Does U.S. intelligence have a support role to play here, both in terms of providing the UN with information on which to base its decisions, and in terms of providing intelligence on a day-to-day basis to UN peacekeeping forces? If so, how will U.S. intelligence adapt to the increasing need for information that can be released to multilateral institutions?

V. Ames' Impact

Personnel Changes in the Wake of the Ames Case

15) As you know, despite the CIA Inspector General's recommendation that 23 current and former CIA officials be held accountable for the Agency's failure to prevent and detect Ames' espionage activities, Director Woolsey chose only to issue letters of reprimand to 11 individuals -- 7 retired and 4 current Agency employees. None of the individuals cited by the Inspector General was fired, demoted, suspended or even reassigned as a direct result of this case. As stated in our Committee's report, "In response to what was arguably the greatest managerial breakdown in the CIA's history, the disciplinary actions taken by the Director do not, in the collective experience and judgment of the Committee, constitute adequate 'management accountability.'" Do you intend to take any further personnel action regarding the Ames case?

VI. Budget and Downsizing

Public Disclosure of the Intelligence Budget

16) As you know, many in Congress have advocated public disclosure of the aggregate intelligence budget. Late last year, the House Appropriations Committee accidentally disclosed the size of the FY 1995 budget request for the CIA, the Defense Department's portion of the National Foreign Intelligence Program (NFIP), and for tactical intelligence programs. In your opinion, did this disclosure of intelligence funding harm U.S. national security? If so, how?

VII. The Intelligence Community's Relationship with the Department of Defense

DCI and the Department of Defense

17) Do you advocate continuing the current practice of making the decision on intelligence funding a "gentleman's agreement" between the Secretary of Defense and the DCI? Why or why not?

DCI's Role with Respect to Joint and Tactical Intelligence Programs

18) Do you think the DCI has sufficient insight into the defense intelligence programs funded outside of the National Foreign Intelligence Program (NFIP)? How would you describe his authority in this regard?

VIII. The Intelligence Community's Relationship with Law Enforcement

19) With the Intelligence Community focusing on activities such as terrorism, narcotics, proliferation, and organized crime -- and with U.S. criminal law becoming increasingly extraterritorial -- there is a significant overlap and need for more effective coordination. The Committee intends to examine this issue in hearings later this year, but we would be interested in your views at this time.

Some argue that these activities are first and foremost law enforcement issues and intelligence should get out of the business. Others maintain that these are primarily national security issues and intelligence should have the priority.

- a) Do you see this as an either/or situation? How would you work to manage the overlap?

- b) There were press stories a few months ago suggesting that both the CIA and the FBI were each trying to get the lead on grappling with the issue of organized crime in Russia. Is there a clear division of labor on this issue? What do you intend to do as DCI to delineate areas of responsibility within the Intelligence Community in the area of international organized crime?
- c) Should intelligence agencies become more or less involved in support to law enforcement?
- d) Do you believe that the intelligence agencies should be specifically tasked to gather foreign intelligence for the purpose of assisting domestic criminal investigations?

Use of Classified Information in Prosecutions

20) One of the Iran-Contra prosecutions, of Mr. Fernandes, was dismissed when the government refused to allow public disclosure of classified CIA information that the court deemed necessary to the defense. While the Classified Information Procedures Act (CIPA) has proven to be an effective mechanism for dealing with classified materials in court, the U.S. Government still has to make hard choices between successful prosecutions and protection of vital secrets.

- a) What principles should one apply in making that trade-off in a given case, and as DCI would you see your job as weighing this trade-off, or rather being a staunch advocate for protection of the intelligence information?
- b) Do you believe that CIPA is functioning effectively? Can it be improved?
- c) Would you favor the development of CIPA-like procedures for use in civil suits?

IX. Human Intelligence and Covert Action

Role and Importance of Human Intelligence

21) What role, if any, do you think the Defense Department should play in clandestine human intelligence activities?

X. Openness

Use of Open Sources

22) Alternatively, is there a need for a new institution outside the Intelligence Community that would analyze and disseminate open source information, perhaps making much greater use of non-governmental experts in this process?

XIII. Economic Intelligence

The Parameters of Economic Intelligence

23) Your predecessor, Director Woolsey, stated in strong terms that while the United States will continue to cover some economic issues, it does not and will not engage in "economic espionage."

- a) Where is the dividing line between permissible economic intelligence and impermissible economic espionage?

XIV. Miscellaneous

Ballistic Missile Threat to the U.S.

24) In your opinion, should the United States adhere to a deterrent strategy based on Mutual Assured Destruction (MAD)? Will MAD deter Third World countries from using a weapon of mass destruction against the United States, its forces, allies and interests? If yes, please explain in detail.

25) In your opinion, does the 1972 Anti-Ballistic Missile Treaty properly reflect the realities of the current global situation?

Confirmation of the CIA General Counsel

26) In the past several years, the Committee has sought to enact legislation which would require the presidential appointment and Senate confirmation of the CIA's General Counsel. Would you support an initiative to require Senate confirmation of the CIA General Counsel? Why or why not?

The CIA Inspector General

27) In an era of decreasing intelligence budgets, are you committed to ensuring that the CIA IG continues to receive the necessary resources to build up and

retain an independent, robust and aggressive inspection, investigative, and audit staff?

Management of the Intelligence Community

28) You have expressed skepticism about publicly disclosing the aggregate intelligence budget. But doing so would allow the creation of a separate budget line for intelligence, effectively ending the practice of burying the intelligence budget in the defense budget. What is your view of creating a separate budget line for intelligence (and publicly listing *only* the aggregate budget figure for intelligence) that would be exclusively under the managerial control of the Director of Central Intelligence?

CIA Settlement of the Jane Doe Thompson Case

29) On March 8 of this year, the Committee held a closed hearing with CIA Inspector General Fred Hitz regarding the work of the CIA IG's Office. Among the issues discussed was the so-called Jane Doe Thompson case. Last December, the Department of Justice, on behalf of the CIA, settled the case of Jane Doe Thompson v. R. James Woolsey, et. al. -- an employment discrimination case brought by female former Chief of Station Jane Doe Thompson who had been the subject of a CIA IG investigation into allegations of fraud, use of racially offensive language, misuse of government property, mismanagement, and abuse of authority, among others. The settlement with Ms. Thompson included an award of nearly \$400,000.

In his unclassified testimony before this Committee, Mr. Hitz vigorously defended the integrity of the CIA IG Office's handling of this case and stated the following:

...[W]e should not have settled this case, but should have taken the opportunity to demonstrate in court that the Agency's actions were appropriate and were taken against Ms. Thompson for legitimate, non-discriminatory reasons as determined by the Agency administrative EEO process. Rarely do you find a perfect case to litigate, and it is true that we were advised by the Justice Department that there was a likelihood, in today's climate, that Ms. Thompson would be awarded something by a jury. Certainly the Agency may have lost if it litigated the case -- juries are unpredictable. However, by not litigating the case the Agency clearly lost -- and lost more than money.

In my view, the settlement was agreed to because of Ms. Thompson's not-so-veiled threats to expose to deposition and testimony at trial male CIA officers whom she believed had abused alcohol and harassed female subordinates in years past. I think it was a mistake to be intimidated by

such threats. While some male officers have doubtless engaged in this sort of conduct in the past, the past cannot be undone. Such conduct was wrong then and it is wrong now. If allegations of past misconduct by male officers were determined by the court to be relevant to Ms. Thompson's claims, the Agency should have addressed on the merits the issues that ruling would have then presented. In doing so I think the Agency would have been able to demonstrate that currently there is no double standard at work in the Agency. By failing to do so in the Thompson case, **the Agency will likely, in effect, be held hostage for the foreseeable future in any similar case involving misconduct by female employees.** Indeed, another such case has already arisen and, once again, it involves in significant part misconduct that was the subject of an OIG investigation.

At some point, the Agency has to acknowledge its previous loose enforcement of relevant standards of conduct. In my view, this is essential to establishing and enforcing an appropriate standard of accountability for the future. The settlement of the Thompson case, in my judgment, did not advance the Agency toward this goal. **Instead of addressing unfounded claims of discrimination head-on and the relevance and effect of past inadequacies in the enforcement of standards of conduct, the case actually demonstrated that the Agency continues to have difficulty dealing with misconduct by its employees. Full accountability cannot be achieved until this dilemma is addressed.**

Mr. Deutch, do you agree with Mr. Hitz's assessment of the CIA's handling of the Jane Doe Thompson case? Why or why not?



DEPUTY SECRETARY OF DEFENSE

1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

- 2 MAY 1995

Honorable Arlen Specter
Chairman
Select Committee on Intelligence
United States Senate
Room 211, Hart Senate Office Building
Washington, D.C. 20510-6475

Dear Mr. Chairman:

During my confirmation testimony last week, you asked me about the Attorney General's Guidelines as they affect federal law enforcement's ability to collect intelligence on domestic terrorism.

As I noted at my hearing, I am not qualified by office or by competence to comment definitively on this subject. That said, I offer the following general comment.

Law enforcement's collection of intelligence on domestic terrorism is of tremendous importance to public safety and domestic security. There are, of course, constitutional and statutory limitations on the ability of law enforcement to collect such intelligence. The Attorney General's Guidelines on Domestic Security/Terrorism Investigations, including the threshold for an investigation, are intended to ensure that the constitutional rights of citizens are protected (and that abuses of the past are not repeated), while enabling the FBI to collect intelligence on domestic terrorism.

My understanding is that the Department of Justice is currently reviewing its Guidelines, including the investigation threshold, to make sure that they are clear, specifically to make sure that the full extent to which the FBI is able to collect intelligence on domestic terrorism is clear.

You also asked my views on legislation to deport alien terrorists and to establish a list of terrorist organizations compiled by the Attorney General.

Although the constitutional issues raised are beyond the scope of my responsibilities and expertise, I offer the following comment.

The Administration has proposed legislation to facilitate the deportation of alien terrorists and to prevent fund-raising for foreign terrorist organizations

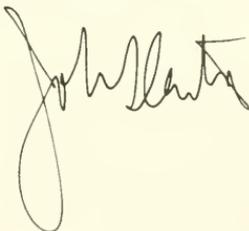
That legislation appears in Titles II and III of the 1995 Omnibus Counterterrorism Act, S. 390 and H.R. 896.

When trying to deport alien terrorists, the government has faced serious difficulties in cases involving classified information. Section 201 of the bill establishes judicially supervised procedures that permit the use of classified information against an alien terrorist in a special removal hearing, and at the same time protect the information from disclosure to the alien and the public other than in summary form. Except in extraordinary cases where providing a summary would pose a risk to national security, the alien is fully apprised of the substance of the information used. Section 201 reaches not only illegal alien terrorists, but also legal alien terrorists, such as lawful permanent residents and aliens here on student visas.

Fund-raising for foreign terrorist organizations in and through the United States is a significant problem in confronting the threat of terrorism. Section 301 of the bill authorizes the government to regulate or prohibit persons or organizations from raising or providing funds for use by any foreign organization designated by the President as being engaged in terrorism activities. Under this provision, the President may designate a foreign organization only upon finding that the organization engages in terrorism activity and that its terrorism activities threaten the national security, foreign policy or economy of the United States.

My understanding is that both provisions -- Section 201 and Section 301 -- were drafted so as to avoid the infringement of constitutional rights and freedoms, and have been reviewed for constitutionality by the Justice Department.

Sincerely,

A handwritten signature in black ink, appearing to read "John H. Lawrence". The signature is written in a cursive style with a large, looping initial "J".



DEPUTY SECRETARY OF DEFENSE

1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

- 2 MAY 1995

Honorable Arlen Specter
Chairman
Select Committee on Intelligence
United States Senate
Room 211, Hart Senate Office Building
Washington, D.C. 20510-6475

Dear Mr. Chairman:

Attached please find my responses to those written questions posed by the Committee in connection with my nomination to be Director of Central Intelligence.

Sincerely,

A handwritten signature in black ink, appearing to read "J. M. DeLoach". The signature is fluid and cursive, with a large loop at the end.

Enclosure

RESPONSE TO QUESTIONS FOR THE RECORD

1 I FIRST MET PRESIDENT CLINTON IN JANUARY, 1993. AS DEPUTY SECRETARY OF DEFENSE, I HAVE WORKED CLOSELY WITH THE PRESIDENT AND SENIOR MEMBERS OF HIS NATIONAL SECURITY TEAM ON THE FULL RANGE OF DEFENSE AND FOREIGN POLICY ISSUES CONSIDERED BY THE NATIONAL SECURITY COUNCIL AND OTHER NATIONAL SECURITY GROUPS.

WHILE I MUST RESPECT THE CONFIDENCE OF DISCUSSIONS WITH THE PRESIDENT, I BELIEVE HE WOULD WANT THE COMMITTEE TO KNOW THAT HE HAS INSTRUCTED THAT, IF CONFIRMED, I AM TO EMPLOY ALL DELIBERATE SPEED TO IMPLEMENT HIS RECENT DIRECTIVE ESTABLISHING INTELLIGENCE PRIORITIES, TO REFORM AND IMPROVE THE MANAGEMENT OF THE INTELLIGENCE COMMUNITY, PARTICULARLY THAT OF THE CENTRAL INTELLIGENCE AGENCY, AND TO RESTORE THE MORALE AND ENHANCE THE EFFECTIVENESS OF THE MEN AND WOMEN OF THE INTELLIGENCE COMMUNITY. FIRST AMONG THE STEPS I AM TO TAKE IS TO ENSURE THAT BOTH HE AND THE CONGRESS ARE KEPT FULLY AND CURRENTLY INFORMED OF ALL INTELLIGENCE ACTIVITIES. I FEEL CONFIDENT, BASED ON OUR CONVERSATIONS, THAT THE PRESIDENT AGREES WITH THE PHILOSOPHY I SET FORTH TO THE COMMITTEE IN MY CONFIRMATION HEARING

2 I WILL NOT HESITATE TO BRING SIGNIFICANT INTELLIGENCE OR COUNTERINTELLIGENCE CASES TO THE PRESIDENT'S ATTENTION TO SEEK HIS DIRECTION OR GUIDANCE, NOR WILL I HESITATE TO RECOMMEND TO HIM ACTIONS ONLY HE CAN TAKE TO PURSUE SUCH CASES.

3 I BELIEVE THAT THE DIRECTOR OF CENTRAL INTELLIGENCE SHOULD SPEAK OUT PUBLICLY ON SELECTED OCCASIONS WHEN IT IS APPROPRIATE TO ADDRESS INTELLIGENCE POLICY ISSUES. I EXPECT TO ATTEND SYMPOSIA AND FORA TRADITIONALLY ADDRESSED BY PAST DCI'S. I HAVE PLEDGED TO THE COMMITTEE THAT I WILL SCRUPULOUSLY AVOID COMMENTS - PUBLIC OR OTHERWISE - ON NON-INTELLIGENCE POLICY MATTERS.

I GENERALLY BELIEVE THAT THE DCI SHOULD PROVIDE TESTIMONY ON OVERSIGHT OR INTELLIGENCE ASSESSMENT ISSUES IN EXECUTIVE SESSION, AND THAT PUBLIC TESTIMONY SHOULD BE GIVEN ONLY UNDER CAREFULLY CONTROLLED CIRCUMSTANCES.

4 I BELIEVE THAT THE DCI SHOULD GRANT PRESS INTERVIEWS ON SIGNIFICANT INTELLIGENCE POLICY ISSUES APPROPRIATE FOR PUBLIC DISCUSSION WHICH MAY CONTRIBUTE TO INCREASED PUBLIC UNDERSTANDING OF THE ROLE OF INTELLIGENCE IN SOCIETY. I BELIEVE THE COMMITTEE IS AWARE THAT CIA HAS TRADITIONALLY PROVIDED SANITIZED BACKGROUND BRIEFINGS TO THE AMERICAN PRESS ON A RANGE OF FOREIGN TOPICS. I WOULD CONTINUE THAT POLICY IF CONFIRMED AS DCI BECAUSE I BELIEVE THAT IT CONTRIBUTES TO AN INFORMED PRESS AND PUBLIC. MY GENERAL INTENTION WOULD BE TO CONTINUE THE INTELLIGENCE COMMUNITY'S TRADITION OF MINIMAL DISCUSSION OF INTELLIGENCE ACTIVITIES EXCEPT WHERE SECURITY PERMITS.

5. AS I HAVE INDICATED IN MY TESTIMONY WITH RESPECT TO THE CONCEPT OF A DIRECTOR OF NATIONAL INTELLIGENCE, THE DCI DOES NOT POSSESS BUDGET EXECUTION AUTHORITY OVER KEY SEGMENTS OF THE INTELLIGENCE COMMUNITY. I BELIEVE THAT THE DCI COULD MORE EFFECTIVELY MANAGE THE INTELLIGENCE COMMUNITY WITH SUCH BUDGET EXECUTION AUTHORITY.

I FAVOR THE CONCEPT OF A SENIOR MILITARY OFFICER WITHIN THE INTELLIGENCE COMMUNITY WHO HAS AUTHORITY TO DIRECT AND COORDINATE THE INTELLIGENCE COMMUNITY'S SUPPORT TO MILITARY OPERATIONS. I ALSO FAVOR THE CONCEPT OF A MILITARY OFFICER WHO CAN OVERSEE AND COORDINATE ALL MILITARY INTELLIGENCE ACTIVITIES THAT SUPPORT MORE THAN A SINGLE MILITARY SERVICE. I BELIEVE THAT THE DIRECTOR OF THE DEFENSE INTELLIGENCE AGENCY HAS ADEQUATE AUTHORITY FOR THIS LATTER PURPOSE.

6. IF CONFIRMED, I WILL EXAMINE EXPEDITIOUSLY WHETHER THE DCI NEEDS DIFFERENT OR EXPANDED AUTHORITIES AND MAKE APPROPRIATE RECOMMENDATIONS IF NECESSARY TO THE PRESIDENT.

7. THE PRESIDENT HAS AN UNQUALIFIED DUTY TO REPORT ILLEGAL INTELLIGENCE ACTIVITIES TO THE INTELLIGENCE COMMITTEES. THE LEGISLATIVE HISTORY OF THE 1991 AMENDMENTS TO THE INTELLIGENCE OVERSIGHT ACT MAKES CLEAR THAT THE PRESIDENT SHOULD CONSIDER PROBABLE VIOLATIONS OF THE CONSTITUTION, U.S. STATUTES OR EXECUTIVE ORDERS AS VIOLATIONS WITHIN THE MEANING OF THE STATUTE.

8. I CONSIDER THE TERM TO ENCOMPASS INTELLIGENCE FAILURES WHICH ARE EXTENSIVE IN SCOPE, CONTINUING IN NATURE AND OF POTENTIALLY SERIOUS IMPACT ON U.S. NATIONAL SECURITY INTERESTS. FOR EXAMPLE, THE ESPIONAGE ACTIVITIES OF ALDRICH AMES CONSTITUTED A SIGNIFICANT INTELLIGENCE FAILURE.

9. I DO NOT BELIEVE THAT THE PRESIDENT CAN PROPERLY EVALUATE WHETHER HE SHOULD ISSUE REGULATIONS IN THIS AREA UNTIL I CAN ASSURE HIM THAT NECESSARY PROCEDURES ARE IN PLACE TO PROVIDE HIM THE INFORMATION HE NEEDS TO COMPLY WITH HIS DUTY UNDER THE STATUTE. RATHER, I BELIEVE THAT IT HAS BEEN OTHERS IN THE INTELLIGENCE COMMUNITY - PARTICULARLY AT CIA - WHO HAVE FAILED THE PRESIDENT BY NOT BRINGING TO HIS ATTENTION MATTERS ABOUT WHICH CONGRESS SHOULD HAVE BEEN INFORMED. IF CONFIRMED AS DCI, I INTEND TO INSIST ON PROCEDURES WHICH PROPERLY AND TIMELY INFORM THE PRESIDENT SO THAT HE CAN FULFILL HIS DUTY UNDER THE LAW.

10. THE NATIONAL PRIORITIES FOR INTELLIGENCE COLLECTION ESTABLISHED BY THE RECENT PDD NEED TO BE IMPLEMENTED. I AM COMMITTED TO ENSURING THAT A PROCESS EXISTS TO DO SO. WITH RESPECT TO LESS TRADITIONAL INTELLIGENCE TARGETS, IT WILL ALWAYS BE THE CASE THAT INTELLIGENCE COLLECTED AGAINST PRIORITY TARGETS WILL YIELD INFORMATION WHICH ALSO MEETS LESS TRADITIONAL NEEDS. THIS INFORMATION SHOULD BE USED TO SUPPORT ANALYTIC EFFORTS ON THESE TOPICS AS LONG AS RESOURCES ARE AVAILABLE TO MEET HIGHER PRIORITY.

REQUIREMENTS. I ALSO BELIEVE THAT INCREASINGLY PUBLIC INFORMATION CAN MEET MANY OF THE INFORMATION NEEDS IN LESS TRADITIONAL TARGET AREAS AND THAT TECHNICAL INTELLIGENCE CAN BE THE MOST USEFUL ALBEIT OCCASIONAL CONTRIBUTOR TO ANALYSIS IN THESE AREAS. I INTEND TO EXAMINE THE EXTENT TO WHICH INTELLIGENCE NOW CONTRIBUTES TO UNDERSTANDING IN SUCH AREAS IN AN EFFORT TO DECIDE WHETHER AN APPROPRIATE BALANCE HAS BEEN REACHED.

11. DENIED AREAS REMAIN A SERIOUS CONCERN FOR INTELLIGENCE COLLECTION SINCE THEY INCLUDE SUCH IMPORTANT PRIORITY TARGETS AS IRAN, IRAQ, NORTH KOREA AND LIBYA. IN ALL OF THESE COUNTRIES THE U.S. DOES NOT HAVE A DIPLOMATIC PRESENCE OR ANY SIGNIFICANT COMMERCIAL PRESENCE

12. INTELLIGENCE ANALYSIS OFTEN LEADS TO DIFFERING VIEWS. SUCH ANALYSIS, TO BE USEFUL TO CONSUMERS, SHOULD SET OUT CLEARLY SIGNIFICANT ALTERNATIVE ASSESSMENTS, EITHER BY CONTRASTING PRESENTATIONS IN THE MAIN TEXT OF AN ANALYTIC PIECE, IN FOOTNOTES OR IN SEPARATE AND ALTERNATIVE PRESENTATIONS. I ALSO BELIEVE THAT A WATCHDOG FUNCTION, SUCH AS THAT ENVISIONED FOR THE CIA OMBUDSMAN, CAN REINFORCE AND STRENGTHEN THE ROLE OF INDEPENDENT ANALYSIS FREE OF ANY POLICY BIAS.

13. THE FIRST PRINCIPLE OF INTELLIGENCE SHARING ARRANGEMENTS WITH OTHER NATIONS SHOULD BE THAT EACH SUCH EXCHANGE BE IN THE NATIONAL INTEREST. WE MUST MONITOR EACH RELATIONSHIP TO ENSURE THAT THERE IS AN OVERALL NET BENEFIT TO THE U.S. AND THAT REALISTIC BURDEN SHARING IS ACHIEVED. IN ASSESSING WHETHER EACH RELATIONSHIP IS IN THE NATIONAL INTEREST, WE SHOULD WEIGH THE EXTENT TO WHICH THE RELATIONSHIP FILLS INTELLIGENCE GAPS, LEADS TO BETTER UNDERSTANDING OF U.S. PERSPECTIVES ON WORLD EVENTS AND CAN REINFORCE U.S. SECURITY AND DIPLOMATIC POLICY.

14. IT IS IN THE U.S. INTEREST TO SHARE INTELLIGENCE INFORMATION WITH THE U.N. IN SUPPORT OF UN PEACE KEEPING, HUMANITARIAN AND OTHER OPERATIONS SUCH OPERATIONS CAN BE A FORCE MULTIPLIER FOR THE U.S., EVEN WHEN U.S. FORCES ARE NOT INVOLVED, BECAUSE THESE U.N. OPERATIONS FULFILL MISSIONS THE U.S. MIGHT OTHERWISE HAVE TO UNDERTAKE UNILATERALLY.

INTELLIGENCE RELEASED TO THE U.N. FOR THESE PURPOSES MUST BE FULLY SANITIZED TO PROTECT SOURCES AND METHODS. IT MUST BE PROVIDED IN ACCORDANCE WITH STRICT U.S. SECURITY PRINCIPLES AND THE U.N. MUST ALSO HAVE SIMILAR PROCEDURES FOR HANDLING WHAT WE GIVE THEM. SUCH PROCEDURES MUST BE ADHERED TO CONSISTENTLY, WITH REGULAR AND SURPRISE INSPECTIONS AND A SYSTEM OF ACCOUNTABILITY FOR WHAT IS RECEIVED AND WHO RECEIVES IT. THESE PRINCIPLES WERE RECENTLY REAFFIRMED IN THE WAKE OF THE CENTCOM IG REPORT WHICH I FORWARDED TO THE COMMITTEE. THE CONCERNED DEPARTMENTS ARE NOW WORKING COOPERATIVELY WITH THE U.N. ON PUTTING SUCH A PERMANENT STRUCTURE IN PLACE. IF CONFIRMED AS DCI, I WILL WORK TO BUILD MORE CONFIDENCE IN CONTINUED INTELLIGENCE SHARING WITH THE U.N. BY INSISTING ON CONSISTENT AND ACCOUNTABLE INFORMATION HANDLING IN ALL ITS OPERATIONS.

15. IF CONFIRMED AS DCI, I WILL REVIEW THE AMES CASE AND, IF I TAKE ANY PERSONNEL ACTIONS AFFECTING THE INDIVIDUALS INVOLVED, WILL DO SO WITH THE COMMITTEE'S REPORT FULLY IN MIND.

16. AS I TESTIFIED TO THE COMMITTEE, MY VIEW OF THIS MATTER IS THAT DISCLOSURE OF THE AGGREGATE TOTAL FIGURE FOR INTELLIGENCE SPENDING BY ITSELF WOULD CAUSE NO HARM TO THE NATIONAL SECURITY. I ALSO BELIEVE, HOWEVER, THAT REALISTICALLY IT WOULD BE DIFFICULT TO FORESTALL DISCLOSURE BEYOND THAT POINT, AND THAT BEYOND THAT POINT I CAN FORESEE CIRCUMSTANCES IN WHICH DAMAGE COULD BE DONE TO THE NATIONAL SECURITY.

17. I BELIEVE THAT IT IS IMPERATIVE THAT THERE BE THE FULLEST COOPERATION BETWEEN THE DCI AND THE SECRETARY OF DEFENSE IN SETTING INTELLIGENCE FUNDING LEVELS. THAT COOPERATION SHOULD EXTEND TO DECISION MAKING AFFECTING THE FULL RANGE OF NATIONAL AND TACTICAL INTELLIGENCE PROGRAMS IF THE U.S. IS TO HAVE AN INTELLIGENCE CAPABILITY THAT CAN RESPOND TO NATIONAL AND MILITARY NEEDS.

18. I BELIEVE THE DCI HAS RECEIVED GREATER VISIBILITY OVER THE LAST YEAR INTO NON-NFIP DEFENSE INTELLIGENCE PROGRAMS THAN IN THE PAST AND I WOULD ENCOURAGE MORE SUCH VISIBILITY IN THE FUTURE IF CONFIRMED AS DCI. ALTHOUGH THE DCI HAS NO RESPONSIBILITY OR AUTHORITY FOR THESE PROGRAMS, HE NEEDS AT A MINIMUM TO BE ABLE TO UNDERSTAND HOW THEY FIT WITHIN THE FRAMEWORK OF TOTAL U.S. INTELLIGENCE CAPABILITIES.

19 (A) CLEARLY, INTELLIGENCE AGENCIES CAN PROVIDE SUPPORT TO LAW ENFORCEMENT, BUT THEY SHOULD NOT BECOME DIRECTLY INVOLVED IN LAW ENFORCEMENT. JUST AS CLEARLY, THE COLLECTION OF INFORMATION ABOUT TERRORISM, NARCOTICS, PROLIFERATION AND EVEN ORGANIZED CRIME IS NOT AN EITHER-OR SITUATION, BUT RATHER ONE IN WHICH IT IS OFTEN DIFFICULT TO DRAW BRIGHT LINES. I BELIEVE THE ONLY REASONABLE MANAGERIAL SOLUTIONS TO THE PROBLEM ARE TO ASSIGN PRINCIPAL RESPONSIBILITY WHERE CAPABILITIES, CIRCUMSTANCES AND LEGAL REQUIREMENTS DICTATE AND TO COORDINATE AND COOPERATE FULLY IN ALL OTHER AREAS.

(B) AS I INDICATED IN MY TESTIMONY, IF CONFIRMED AS DCI, I WOULD MAKE A STUDY OF THIS ISSUE A PRIORITY. I DO NOT APPROACH THIS QUESTION WITH ANY PARTICULAR PREJUDICE, BUT I DO BELIEVE THAT BOTH RELATIVE CAPABILITIES AND CIRCUMSTANCES MUST BE TAKEN INTO CONSIDERATION IN MAKING SUCH DECISIONS

(C) I WOULD WANT TO STUDY THIS QUESTION MORE THOROUGHLY BEFORE GIVING MY OPINION BEYOND THE PRINCIPLES OUTLINE ABOVE.

(D) I BELIEVE SUCH A SUGGESTION RAISES DIRECTLY WHETHER SUCH INTELLIGENCE COLLECTION IS GENUINE FOREIGN INTELLIGENCE COLLECTION. IF IT IS NOT PRINCIPALLY FOREIGN INTELLIGENCE COLLECTION, I BELIEVE IT IS NOT APPROPRIATE FOR AN INTELLIGENCE AGENCY

20. (A) THE STATUTE WAS DESIGNED TO ALLOW A CASE-BY-CASE DECISION BY THE GOVERNMENT WITH RESPECT TO EACH PIECE OF CLASSIFIED EVIDENCE. I BELIEVE THAT INTELLIGENCE AGENCIES SHOULD PREPARE FOR TRIALS WITH SUCH CHOICES AS CLEARLY UNDERSTOOD AS POSSIBLE IN ADVANCE SO AS NOT TO BEGIN A TRIAL WHERE THE CLASSIFIED EVIDENCE AT ISSUE AND INTELLIGENCE SOURCES AND METHODS AT RISK ARE SUCH THAT TERMINATION OF THE TRIAL WILL BE REQUIRED. FOR OTHER ISSUES THAT WILL ARISE DURING TRIAL, I BELIEVE THE STATUTE PROVIDES APPROPRIATE OPPORTUNITY FOR CAREFUL DECISIONS ON ISSUES THAT DO NOT RISE TO THE SAME LEVEL OF RISK.

(B) I BELIEVE THAT AS LONG AS THERE IS A CLOSE AND COOPERATIVE WORKING RELATIONSHIP BETWEEN THE DEPARTMENT OF JUSTICE AND INTELLIGENCE OFFICIALS, THE STATUTE WILL WORK WELL. I HAVE NO RECOMMENDATIONS FOR STATUTORY CHANGE.

(C) I BELIEVE THE USE OF THE STATE SECRETS DOCTRINE CAN OFFER ADEQUATE PROTECTION IN CIVIL TRIALS.

21. THE LONG-STANDING CONCERN OF THE DEPARTMENT OF DEFENSE HAS BEEN TO PROVIDE EFFECTIVE SUPPORT TO COMMANDERS THROUGH MILITARY INTELLIGENCE PERSONNEL WHO BEST UNDERSTAND MILITARY OPERATIONAL NEEDS AND BATTLEFIELD REQUIREMENTS, A TASK TRADITIONALLY PERFORMED ONLY BY THE MILITARY. MILITARY INTELLIGENCE COLLECTORS OFTEN HAVE UNIQUE ACCESS FOR THE COLLECTION OF MILITARILY-RELATED INFORMATION AS WELL AS THE ABILITY TO SUSTAIN COLLECTION IN TIMES OF HOSTILITIES. I SUPPORT A FULLY PROFESSIONAL, ADEQUATELY MANNED AND CAPABLE MILITARY HUMINT SERVICE AS AN ESSENTIAL ELEMENT OF SUPPORT TO WARFIGHTING.

22. AS I SAID IN MY TESTIMONY, THE INCREASING AVAILABILITY OF OPEN SOURCE MATERIAL HELPFUL TO THE ESTIMATIVE PROCESS MUST BE EXPLOITED IF WE ARE TO IMPROVE INTELLIGENCE ANALYSIS. THE INTELLIGENCE COMMUNITY WILL ALWAYS HAVE NEED FOR SOME SPECIAL TASKING ARRANGEMENTS FOR OBTAINING OPEN SOURCE MATERIAL SUCH AS FBIS, BUT IT MUST ALSO BETTER USE AVAILABLE OPEN SOURCE MATERIAL. AN APPROACH THAT MAY HAVE PROMISE WOULD BE THE CREATION OF PARTNERSHIPS WITH ACADEMIC CENTERS IN WHICH INTELLIGENCE WOULD SUPPLY OTHERWISE UNAVAILABLE OPEN SOURCE MATERIAL IN RETURN FOR MAINTAINING DATA BASES AND SHARING OF REFINED PRODUCTS WITH THE INTELLIGENCE COMMUNITY. I BELIEVE INITIATIVES SUCH AS THESE ARE WORTH PURSUING AS LONG AS THEY FILL A NEED THAT WOULD OTHERWISE GO UNFULFILLED AND COULD NOT BE ACCOMPLISHED TOTALLY OUTSIDE GOVERNMENT.

23. AS I STATED IN MY TESTIMONY, I BELIEVE THAT THE COLLECTION OF ECONOMIC INTELLIGENCE WITH RESPECT TO PRIORITY INTELLIGENCE TARGETS IS AN IMPORTANT TASK. I VIEW THE COLLECTION OF INFORMATION ABOUT THE ACTIVITIES OF FOREIGN GOVERNMENTS DIRECTED AT AMERICAN FIRMS AS APPROPRIATE COUNTERINTELLIGENCE COLLECTION. I BELIEVE THAT THE U.S. GOVERNMENT SHOULD INFORM AMERICAN FIRMS OF EFFORTS BY OTHER GOVERNMENTS TO STEAL SECRETS OR TECHNOLOGY FROM THOSE FIRMS. I DO NOT BELIEVE THAT U.S. INTELLIGENCE SHOULD BECOME ACTIVELY ENGAGED IN TRYING TO ASSIST INDIVIDUAL U.S. COMPANIES IN WINNING FOREIGN CONTRACTS, ALTHOUGH I DO SEE AN IMPORTANT ROLE IN THE U.S.

GOVERNMENT'S WARNING U.S. FIRMS WHENEVER POSSIBLE OF FOREIGN EFFORTS TO SUBVERT THEIR COMMERCIAL ENDEAVORS.

24. THIS IS A NATIONAL SECURITY POLICY QUESTION IT WOULD BE INAPPROPRIATE FOR ME AS A DCI NOMINEE TO ANSWER.

25. THIS IS A NATIONAL SECURITY POLICY QUESTION IT WOULD BE INAPPROPRIATE FOR ME AS A DCI NOMINEE TO ANSWER.

26. I AM GIVING CONSIDERATION TO RECOMMENDING TO THE PRESIDENT THE ADOPTION OF THIS PROPOSAL. I BELIEVE THAT EACH DCI SHOULD BE ABLE TO PICK HIS OR HER OWN LAWYER AND THAT THE RESULTING INFUSION OF NEW BLOOD IN THAT POSITION IS CRITICAL IN AN AGENCY LIKE CIA, WHICH WOULD BENEFIT FROM PERIODIC NEW LEGAL PERSPECTIVES APPLIED TO THE OFTEN UNIQUE AND CRITICALLY IMPORTANT LEGAL ISSUES THAT REGULARLY ARISE IN INTELLIGENCE OPERATIONS.

27. ABSOLUTELY

28. I BELIEVE THAT TO BE AN EFFECTIVE LEADER OF THE INTELLIGENCE COMMUNITY, THE DCI SHOULD HAVE BUDGET EXECUTION AUTHORITY OVER THE ELEMENTS OF THE INTELLIGENCE COMMUNITY, BUT I ALSO BELIEVE THAT SEPARATING THE INTELLIGENCE BUDGET FROM THE DEFENSE BUDGET IN ADDITION TO PUBLICLY DISCLOSING THE AGGREGATE INTELLIGENCE BUDGET WOULD MAKE IT HARDER TO HOLD THE LINE AGAINST EVENTUAL PUBLIC DISCLOSURE OF FURTHER INTELLIGENCE BUDGET INFORMATION WHICH COULD CAUSE HARM TO THE NATIONAL SECURITY.

29. I AM NOT PRIVY TO THE FACTS OF THIS CASE AND SO HAVE DIFFICULTY FULLY ASSESSING MR. HITZ'S COMMENTS. AT THE SAME TIME, I ALSO WANT TO NOTE THE STRONG EMPHASIS I WOULD PLACE ON EQUAL OPPORTUNITY FOR WOMEN AND MINORITIES IF CONFIRMED AS DCI.

30. I HAVE TAKEN POLYGRAPHS IN THE PAST AND I WILL CONSIDER TAKING THEM IF CONFIRMED AS DCI. I DO NOT BELIEVE THAT THE DCI OR ANY OTHER PRESIDENTIAL APPOINTEE WHO IS CONFIRMED BY THE SENATE WITH RESPONSIBILITY FOR SENSITIVE INTELLIGENCE SHOULD BE REQUIRED TO TAKE A POLYGRAPH.

THIS COMMITTEE HAS EXPRESSED RESERVATIONS ABOUT THE PRESENT LACK OF UNIFORMITY OF POLYGRAPH POLICIES AND PRACTICES THROUGHOUT THE INTELLIGENCE COMMUNITY. I SHARE THOSE CONCERNS AND I INTEND TO DIRECT A COMPREHENSIVE STUDY ON THE USE OF THE POLYGRAPH IF CONFIRMED.



DEPUTY SECRETARY OF DEFENSE

1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

- 2 MAY 1995

Honorable Richard C. Shelby
Select Committee on Intelligence
United States Senate
Room 211, Hart Senate Office Building
Washington, D.C. 20510-6475

Dear Senator Shelby:

At your request, I have reviewed the information available to the Department of Defense concerning reported French detections of chemical agents in Saudi Arabia during Operation Desert Storm.

French units reported detections of nerve agents in the vicinity of King Khalid Military City on January 19, 1991. Czech units made similar reports on January 19 and January 20.

It appears highly unlikely that these detections could have been associated with the bombing of suspected Iraqi chemical weapons storage sites. On January 17, two separate suspected Iraqi chemical weapons storage sites were bombed. According to a Defense Science Board panel created to examine these issues, weather conditions – both wind and rain – were unfavorable for the movement of nerve agent vapor toward coalition forces at King Khalid Military City. It is possible that, given the nature of the detectors involved, other environmental factors such as smoke from oil fires may have triggered the alarms. The Department continues to examine this and other possibilities.

The Department cannot corroborate chemical weapons detections by either Czech or French units. We remain open to new evidence or theories that could shed more light on these detections. As I said to you in my testimony, I will continue to seek a better understanding of this entire issue.

Sincerely,

A handwritten signature in black ink, appearing to read "John Deutch", written in a cursive style.

cc:

Honorable Arlen Specter



DEPUTY SECRETARY OF DEFENSE

1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

- 2 MAY 1995

Honorable Kay Bailey Hutchison
Select Committee on Intelligence
United States Senate
Room 211, Hart Senate Office Building
Washington, D.C. 20510-6475

Dear Senator Hutchison:

Following up on my testimony last week, I wanted to be certain you had seen the attached directive from Admiral Studeman requiring the annual submission of a financial disclosure form by each CIA employee, detailee and contractor. This interim form will be replaced later this year by a form approved by the Security Policy Board for use throughout the government.

As I said to you at the time of my testimony, I believe that the DCI has adequate authority to require the submission of such financial disclosure forms by others in the government with access to sensitive intelligence information. If confirmed as DCI, I will consider carefully whether to impose such a requirement.

Sincerely,

A handwritten signature in black ink, appearing to be "John" or similar, written in a cursive style.

Enclosure

~~cc:~~

/ Honorable Arlen Specter

ADMINISTRATIVE - INTERNAL USE ONLY

Central Intelligence Agency



Washington, D.C. 20505

19 April 1995

MEMORANDUM FOR ALL EMPLOYEES

SUBJECT: CIA Financial Disclosure Form

1. On 14 October 1994, the President signed into law the Intelligence Authorization Act for fiscal year 1995. The Executive Order (currently in draft) implementing this legislation requires that each agency head levy an annual financial disclosure requirement on individuals who have access to particularly sensitive classified information. To enhance security and counterintelligence, I have determined that the financial disclosure requirement will apply to all CIA employees, detailees, contractors, sub-contractors, consultants, and any other persons who act on behalf of this Agency and who possess staff or staff-like access.

2. On 1 May 1995, we will begin distributing an interim financial disclosure form. This form will be used during calendar year 1995 and will be replaced by a form approved by the Security Policy Board for use throughout the Executive Branch in 1996. The Office of Personnel Security will soon publish an Agency Notice detailing procedures for compliance with this new program. As with all other personnel security information, the financial disclosure forms will be analyzed and stored on a strict "Eyes Only" basis.

Very respectfully,

A handwritten signature in cursive script that reads "W.O. Studeman".

William O. Studeman
Admiral, U.S. Navy
Acting Director of Central Intelligence

ADMINISTRATIVE - INTERNAL USE ONLY

DEPUTY SECRETARY OF DEFENSE

1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

- 2 MAY 1995



Honorable Max Baucus
Select Committee on Intelligence
United States Senate
Room 211, Hart Senate Office Building
Washington, D.C. 20510-6475

Dear Senator Baucus:

Thank you for your kind words during my confirmation hearing. I look forward to working with you and the other Members of the Committee on intelligence priorities for our nation.

With respect to your questions on economic intelligence, I believe that the collection of economic intelligence on priority intelligence targets is an important task. Economic intelligence collection should be focused on information not available through open sources. Such intelligence can inform U.S. policy makers of economic conditions in closed societies, of other governments' compliance with trade agreements, on issues subject to trade negotiations and about the economic intelligence efforts of other nations. These are all matters of significant interest to the United States.

All source economic analysis that employs secret intelligence is now performed in several agencies of the U.S. Government. Economic analysis performed in the intelligence community can provide a baseline for more focused analysis performed elsewhere. These efforts should complement rather than duplicate each other.

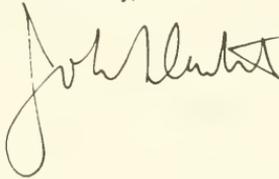
I view the collection of information about the activities of foreign governments directed at American firms as appropriate counterintelligence collection. I believe that the U.S. Government should inform American firms of efforts by foreign governments to steal secrets or technology from those firms. I do not believe that U.S. intelligence should become actively engaged in trying to assist individual U.S. companies in winning foreign contracts, although I do see an important role in the U.S. Government's warning U.S. firms whenever possible of foreign efforts to subvert their commercial endeavors.

The President has set forth his priorities for intelligence collection in a recent Presidential Decision Directive. If confirmed as Director of Central Intelligence, it will be my task to establish a process to ensure these priorities are fully reflected in the collection and analysis of intelligence. Economic intelligence about these priority intelligence targets not available from other sources will be

collected, while collection of economic intelligence on targets of lesser intelligence will depend on the availability of collection resources once requirements against higher priority targets have been satisfied. Of course, intelligence on lower priority targets acquired incidentally as a result of other collection should be exploited.

With respect to your questions on environmental information, I believe that collection of much environmental data should be the responsibility of agencies outside the Intelligence Community. I also believe international environmental conditions will often not have sufficient priority to require the dedication of significant intelligence collection resources. At the same time, technical intelligence collection can sometimes yield information of value in analyzing environmental phenomena. I intend to examine the extent to which intelligence now contributes to understanding in these areas in an effort to decide whether an appropriate balance has been reached. I also fully support making available intelligence, such as older satellite imagery, that can be declassified for use in assessing global environmental factors.

Sincerely,

A handwritten signature in dark ink, appearing to read "John DeLoach". The signature is fluid and cursive, with a large loop at the bottom left.

cc:

Honorable Arlen Specter

Central Intelligence Agency

Washington, D.C. 20505

SSCI# 95-1373

2/95-0114

30 March 95

Ms. Suzanne E. Spaulding
General Counsel
Select Committee on Intelligence
United States Senate
Washington, D.C. 20514

Dear Suzanne:

Enclosed please find Mr. Deutch's Questionnaire For Completion By Presidential Nominees. Please be advise that the attached SF 278 was reviewed by CIA's Designated Agency Ethics Officer who has completed the required certification to the Office of Government Ethics for their review and approval. If you have any questions, or need further assistance, please contact me at (703) 482 - 6122.

Sincerely,

Joanne O. Isham
Joanne O. Isham
Director of Congressional Affairs

Enclosure

SELECT COMMITTEE ON INTELLIGENCE
UNITED STATES SENATE

**QUESTIONNAIRE FOR COMPLETION BY
PRESIDENTIAL NOMINEES**

PART A - BIOGRAPHICAL INFORMATION

1. NAME: John Mark Deutch
2. DATE AND PLACE OF BIRTH 27 July 1938, Brussels, Belgium
3. MARITAL STATUS Married
4. SPOUSE'S NAME: Patricia Lyon Deutch
5. SPOUSE'S MAIDEN NAME IF APPLICABLE: Martin
6. NAMES AND AGES OF CHILDREN:

<u>NAME</u>	<u>AGE</u>
Philip Joseph Deutch	30
Paul Dodek Deutch	28
Zachary Benjamin Deutch	24

7. EDUCATION SINCE HIGH SCHOOL:

<u>INSTITUTION</u>	<u>DATES ATTENDED</u>	<u>DEGREE RECEIVED</u>	<u>DATE OF DEGREE</u>
Amherst College	1957-1961	B.A.	1961
MIT	1957-1961	B.S.	1961
MIT	1961-1965	PH.D.	1965

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

<u>EMPLOYER</u>	<u>POSITION/TITLE</u>	<u>LOCATION</u>	<u>DATES</u>
DoD/OSD	Intermittent System Analyst	Wash D.C.	1961-1965
National Bureau of Standards (Dept of Commerce)	Postdoctoral Research Associate	Wash D.C.	1965-1966
Princeton	Assistant Professor of Chemistry	Princeton, NJ	1966-1969
DOE	Under Secretary, Dir of Energy	Wash D.C.	1977-1980
MIT	Provost, Dean of Science, Institute Professor, Professor & Assoc. Prof.	Cambridge	1970-present (1v of absence)
DoD	Under Secretary of Defense (Acquisition & Technology)	Wash D.C.	1993-1994
DoD	Deputy Secretary of Defense	Wash D.C.	1994-present

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

Defense Policy Board
 Defense Science Board
 President's Foreign Intelligence Advisory Board
 Governor of Massachusetts Technology & Economic Development Council

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

Predctoral Fellowships, Union Carbide 1963; NIH 1964-1965
 Member: SigmaXi, Tau Beta Pi, Phi Lamda Upsilon
 Alfred P. Sloan Research Fellow, 1967-1969
 John Simon Guggenheim Memorial Fellow, 1974-1975
 American Academy of Arts and Sciences, 1978
 Secretary of Energy Distinguished Service Medal, 1979
 Department of Energy Distinguished Service Medal, 1980
 Department of State "Tribute", 1980
 Amherst College, Honorary Degree
 Lowell University, Honorary Degree
 Northeastern University, Honorary Degree, 1994

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

<u>ORGANIZATION</u>	<u>OFFICE HELD</u>	<u>** DATES</u>
Sigma Xi	Member	1965-present
Cósmos Club	Member	1975-present
Trilateral Commission	Member	1986-1993
Council on Foreign Relations	Member	1975-present

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

See attached list entitled "Publications of J.M. Deutch." Most speeches were not written. However, several articles I wrote are attached.

** Dates are approximate

PART B - QUALIFICATIONS AND REFERENCES

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

Service in several positions that bear on national intelligence:

1. DoE, UnderSecretary Energy
2. DoD, Under Secretary of Defense (Acquisition & Technology)
3. DoD, Deputy Secretary of Defense
4. Member, President's Foreign Intelligence Advisory Board

14. REFERENCES (PROVIDE THE NAMES AND BUSINESS ADDRESSES AND TELEPHONE NUMBERS OF FIVE INDIVIDUALS WHOM YOU BELIEVE ARE IN A POSITION TO COMMENT ON YOUR QUALIFICATIONS TO SERVE IN THE POSITION FOR WHICH YOU HAVE BEEN NOMINATED. INCLUDE THREE INDIVIDUALS WHO HAVE KNOWN YOU FOR AT LEAST FIVE YEARS):

<u>NAME</u>	<u>BUSINESS ADDRESS</u>	<u>PHONE</u>	<u>YEARS KNOWN</u>
1. William J. Perry	Rm 3E880, Pentagon 1800 K St. NW, Suite 400	(703)695-5261	18
2. Harold Brown	Washington, DC 20006 1825 Eye St NW, Ste 1200	(202)775-3193	30+
3. Judge William Webster	Washington, DC 20006 2890 Melanie Lane	(202)835-7550	5
4. Admiral David Jeremiah	Oakton, VA 22124 1750 K Street, NW, 8th Fl.	(703)242-6539	3
5. Brent Scowcroft	Washington, DC 20006	(202)828-7502	12

PART C - POLITICAL AND FOREIGN AFFILIATIONS

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

Les Aspin - contributed \$1,000

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

None

17. FOREIGN AFFILIATIONS

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

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

No

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

No

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

No

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

No

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

None

PART D - FINANCIAL DISCLOSURE AND CONFLICT OF INTEREST

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

None

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

I am on a leave of absence from MIT. I have no other business connections. I plan to continue the leave of absence if confirmed.

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

None

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

No

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

I am on a leave of absence from MIT. I plan to return to MIT after government service.

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

Yes - MIT.

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

No.

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

<u>NAME OF ENTITY</u>	<u>POSITION</u>	<u>DATES HELD</u>	<u>SELF OR SPOUSE</u>
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See attached

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

None

DEUTCH, John M. - Attachment for Question 2b.

Private Sector Positions

Institute Professor, MIT	Cambridge MA	faculty
Schlumberger, Ltd.	New York	Director
SAIC	LaJolla, CA	Director
CMS Energy	Dearborn, MI	Director
Citicorp	New York, NY	Director
Perkin-Elmer	Norwalk, CT	Director
Urban Institute	Washington, DC	Trustee
Museum of Fine Arts, Boston	Boston, MA	Overseer
Sigma Xi	Res. Tri. Park NC	Director
Resources for the Future	Washington DC	Director
Draper Laboratory, Inc.	Cambridge, MA	Corp. Member
J.D. Wolfensohn, Inc.	New York, NY	Advisory Board
Gas Research Institute	Chicago, IL	Advisory Board
ARIAD	Cambridge Ma	Advisory Board
MITRE Corp.	Bedford MA	Consultant
AMAX, Inc.	Greenwich, CT	Consultant
TRW	Redondo Beach, CA	Consultant
United Technologies	Hartford, CT	Consultant
Dillon-Read	New York, NY	Consultant
Lawrence Livermore Nat. Lab.	Livermore, CA	Consultant
Warburg Pincus	New York, NY	Consultant

Government Positions

President's Foreign Intell. Adv. Bd.	The White House	Member
Defense Policy Board	Off. of Sec. of Defense	Member
Defense Science Board	Off. of Sec. of Defense	Member
Senate Select Comm. on Intelligence	Senate	Consultant.
Governor's Council on Tech & Dev.	The State House, Boston	Member

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

<u>DESCRIPTION OF PROPERTY</u>	<u>VALUE</u>	<u>METHOD OF VALUATION</u>
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See attached SF278, Schedule A

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

<u>NATURE OF OBLIGATION</u>	<u>NAME OF OBLIGEE</u>	<u>AMOUNT</u>
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- None

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

No

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

See attached Tax Returns

	1988	1989	1990	1991	1992
SALARY					
FEE ROYALTIES					
DIVIDENDS					
INTEREST					
GIFTS					
RENTS					
OTHER-EXCEEDING \$500					
TOTAL					

32. IF ASKED, WOULD YOU PROVIDE THE COMMITTEE WITH COPIES OF YOUR AND YOUR SPOUSE'S FEDERAL INCOME TAX RETURNS FOR THE PAST THREE YEARS?

Yes.

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

Random audit for two year period (1972-73). I owed approximately \$1,000, but do not remember specific reasons why payment was due.

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

See attached SF278

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

I created a Blind Trust after confirmation as Under Secretary of Defense (Acquisition & Technology).

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

For any interests that I have that may cause a conflict or the appearance of a conflict of interest, I will disqualify myself from participating personally and substantially in any particular matter that may affect those interests.

PART E - ETHICAL MATTERS

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

No.

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

No.

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

No.

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

No, except for my divorce.

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

No.

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

No.

PART F - ADDITIONAL INFORMATION

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

I understand the obligation that the Director of Central Intelligence, the Deputy Director of Central Intelligence, and all other intelligence officials have to keep the Congress, through the intelligence committees, fully and currently informed of intelligence activities. I pledge to put all my energies into fulfilling this obligation.

I fully support the concept of Congressional oversight of intelligence that has evolved over the last twenty years. Such oversight is now an integral part of the intelligence function in American government, as it should be. Without secrecy, intelligence activities are susceptible to compromise and countermeasures that render them ineffective. Safeguarding intelligence secrets in a democracy thus has the potential to run afoul of the openness that is the hallmark of democratic government. Thus, Congressional oversight of intelligence requires a balance. Intelligence officials have an obligation to keep the Congress fully and currently informed of intelligence activities. Congress, for its part, receives this information, much of it highly sensitive, through its specially created intelligence committees and the special security procedures they have devised, including the way intelligence funds are authorized. Congress receives the information it requires for legislative oversight and budgetary purposes, and the President and his intelligence advisors are assured of necessary protection for intelligence activities.

I believe that this balance - comprehensive oversight with full security - is an appropriate one as long as each branch fulfills its obligations. I rank the responsibility of the Director of Central Intelligence to make the Congressional oversight process work as among his very highest priorities.

AFFIDAVIT

I, John Mark Deutch, DO SWEAR THAT THE ANSWERS I HAVE PROVIDED TO THIS QUESTIONNAIRE ARE, TO THE BEST OF MY KNOWLEDGE, ACCURATE AND COMPLETE.

3/29/95
(Date)

John Mark Deutch
(Name)

Subscribed and sworn before me this 29th day of March, 1995, in Arlington, Virginia.

Richard J. Long
(Notary)
My Commission expires August 31, 1997.



United States
Office of Government Ethics
 1201 New York Avenue, NW., Suite 500
 Washington, DC 20005-3917

Serial 95-14671
 W/95-0114

April 3, 1995

The Honorable Arlen Specter
 Chairman
 Select Committee on Intelligence
 United States Senate
 Washington, DC 20510-6475

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Mr. John M. Deutch, who has been nominated by President Clinton for the position of Director of Central Intelligence.

We have reviewed the report and have also obtained advice from the Central Intelligence Agency (CIA) concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is a letter dated March 30, 1995, from the CIA's ethics official, which discusses Mr. Deutch's ethics agreements with respect to disqualification, divestiture, and certain other matters.

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

Sincerely,

Stephen D. Potts
 Stephen D. Potts
 Director

Enclosures

CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D. C. 20505

Office of General Counsel

March 30, 1995

The Honorable Stephen D. Potts
Director
Office of Government Ethics
1201 New York Avenue, N.W.
Suite 500
Washington, D.C. 20005-3919

Dear Director Potts:

I have reviewed the Public Financial Disclosure Form Report (SF-278), March 29, 1995, submitted by John M. Deutch in connection with President Clinton's nomination of Mr. Deutch to serve as Director of Central Intelligence. As part of my review of Mr. Deutch's report, I have examined the duties and responsibilities of the DCI as reflected in various statutes and executive orders. A DCI Position Description, which summarizes the statutory duties and responsibilities, is attached to this report and submitted for your review.

Based on my review of the report and based upon the specific commitments made by Mr. Deutch, it is my opinion that there is no unresolved conflict of interest under applicable laws and regulations and I have so certified. The specific commitments made by Mr. Deutch are discussed below.

Federal Government Positions:

Mr. Deutch presently serves as Deputy Secretary of Defense, a position he has held since March of 1994. He will leave this position upon his confirmation.

Non-Federal Government Positions:

Regarding the positions held by Mr. Deutch outside the federal government during the reporting period (Schedule D, Part I), with one exception Mr. Deutch severed his connections with those bodies in March 1993. The only exception is that Mr. Deutch retains an affiliation with the Massachusetts Institute of Technology (M.I.T.). With the

The Honorable Stephen D. Potts

exception of M.I.T., Mr. Deutch no longer has a covered relationship with these outside bodies. Mr. Deutch's commitment regarding M.I.T. is stated below.

Assets Held or Income Received by Mr. Deutch:

I have reviewed Mr. Deutch's assets and income during the reporting period, which are set forth in Schedule A. There are three entities listed on schedule A with which CIA currently has a direct or indirect relationship. Mr. Deutch has made the following commitments regarding these entities.

Massachusetts Institute of Technology: After his confirmation as Under Secretary of Defense, Mr. Deutch requested a leave of absence from M.I.T. Pursuant to that leave, he is eligible to continue his participation in the health insurance, dental insurance and long term disability plans. Mr. Deutch has chosen to continue his participation in those plans and contribute both his and MIT's share of the cost. He will continue to participate in those benefit plans if confirmed as DCI.

During his term as Under Secretary and Deputy Secretary of Defense, Mr. Deutch continued to participate in the M.I.T. retirement plan. His interest in the modified defined contribution plan is 100% vested. During his leave of absence, the plan has continued to earn interest but no further contributions have been or can be made. In addition, Mr. Deutch has obtained an insurance policy from an independent third party guaranteeing payment of his retirement benefits. I do not believe that this insurance arrangement will pose any conflict of interest. Mr. Deutch will continue to participate in the M.I.T. pension plan if confirmed as DCI.

While it is very unlikely that Mr. Deutch, as DCI, would participate personally and substantially in matters affecting universities, he has pledged to disqualify himself in writing from participating in any particular matter that would have a direct and predictable effect on M.I.T. The Central Intelligence Agency will initiate appropriate screening arrangements, as described below, to ensure that particular matters directly affecting M.I.T. are conducted without the participation of Mr. Deutch.

The Honorable Stephen D. Potts

Delfin Systems: Mr. Deutch holds stock in Delfin Systems (See Schedule A). The Agency has various contracts with Delfin Systems. I do not expect that Mr. Deutch's duties as DCI would require that he participate personally and substantially in an official capacity in any particular matter that would have a direct and predictable effect on his financial interest in Delfin Systems. Nonetheless, Mr. Deutch has committed to execute a written disqualification and to notify the appropriate Agency officials upon his confirmation as DCI. We will initiate an appropriate screening arrangement, as described below, to ensure that particular Agency matters affecting Delfin Systems are conducted without the participation of Mr. Deutch.

Citicorp: Mr. Deutch holds stock in Citicorp and is a participant in a deferred compensation plan for Citicorp (See Schedule A). The Agency has a contract with Cray Research, Inc. Cray Research has assigned the payments due it under that contract to Citicorp under the Assignment of Claims Act of 1940, as amended. (Citicorp had provided financing for Cray Research.) I do not expect that Mr. Deutch's duties as DCI would require him to participate personally and substantially in the contract with Cray Research. However, to avoid a potential conflict of interest, Mr. Deutch has agreed to execute a written disqualification upon his confirmation as DCI. The disqualification would preclude him from taking any action on particular matters regarding the contract with Cray Research or the payment of funds to Citicorp as a result of the contract with Cray Research.

I have also examined whether Citicorp could pose a potential conflict of interest with Mr. Deutch's duties as DCI. I have determined that it is unlikely that Mr. Deutch, as DCI, would participate personally and substantially in an official capacity in any particular matter that would have a direct and predictable effect on his financial interest in Citicorp. However, should such a matter arise, Mr. Deutch has agreed to disqualify himself from participating in such a matter.

To avoid potential conflicts of interest with his duties as DCI, and after consulting with the Office of Government Ethics, Mr. Deutch has also agreed to sell his interest in two excepted investment funds. These funds are the Jakarta Growth Fund and the Japan Fund. I have determined that undertaking this course of action is necessary to avoid such potential conflicts of interest. If

The Honorable Stephen D. Potts

appropriate, Mr. Deutch will seek a certificate of divestiture prior to the divestiture of such assets.

In the unlikely event that Mr. Deutch is asked to participate in a particular matter that will have a direct and predictable effect on other financial interests listed on Schedule A for which he has not executed a written disqualification statement, he has agreed to disqualify himself from participating in such a matter.

Screening Arrangement:

Upon confirmation as DCI, a screening arrangement will be established to ensure that Mr. Deutch does not take official action on matters for which he has executed a written disqualification. The screening arrangement will consist of a memorandum to all senior officials at CIA notifying them that he has been disqualified from taking official action on particular matters that will have a direct and predictable effect on particular entities, e.g., MIT, Delfin, or Citicorp (as it relates to the contract for which payments have been assigned by Cray Research), and that matters involving those entities will be decided without Mr. Deutch's participation. Mr. Deutch's Executive Assistants will also be given appropriate instructions to screen these matters so that they are not brought to Mr. Deutch's attention for action.

+ Citicorp
generally

Qualified Blind Trust:

Mr. Deutch will continue to maintain the qualified blind trust approved by you.

Assets Held by Mrs. Deutch:

Based upon the information provided to him in a prenuptial agreement, Mr. Deutch has listed on Schedule A, a general description of the assets which he then knew to be owned by his wife. With regard to all other assets, liabilities and financial transactions of his spouse, Mr. Deutch has signed a certification which meets the test under 5 U.S.C. app. 6, Section 102(e)(1)(E). We have, therefore, determined that no further information regarding her financial interests is required to be reported.

The Honorable Stephen D. Potts

If you have questions or if you require additional information concerning either the enclosed report or my opinion based on my review of the report, please do not hesitate to contact me.

Sincerely,

David P. Holmes

David P. Holmes
Deputy General Counsel
Designated Agency Ethics Official

Enclosures

DCI POSITION DESCRIPTION

The Director of Central Intelligence (DCI) is a statutory position established on 26 July 1947 by section 102 of the National Security Act of 1947, 50 U.S.C. § 403(a)(2). The DCI shall be appointed by the President, by and with the advice and consent of the Senate. The DCI shall serve as head of the United States intelligence community, act as the principal adviser to the President for intelligence matters related to the national security, and serve as head of the Central Intelligence Agency. Id.

- Under the direction of the National Security Council, the DCI shall be responsible for providing national intelligence-
 - to the President;
 - to the heads of departments and agencies of the executive branch;
 - to the Chairman of the Joint Chiefs of Staff and senior military commanders; and
 - where appropriate, to the Senate and House of Representatives and the committees thereof.

50 U.S.C. § 403-3(a)(1).

- In the DCI's capacity as head of the intelligence community, the DCI shall-
 - develop and present to the President an annual budget for the National Foreign Intelligence Program of the United States;
 - establish the requirements and priorities to govern the collection of national intelligence by elements of the intelligence community;
 - promote and evaluate the utility of national intelligence to consumers within the Government;
 - eliminate waste and unnecessary duplication within the intelligence community;
 - protect intelligence sources and methods from unauthorized disclosure; and
 - perform such other functions as the President or the National Security Council may direct.

50 U.S.C. § 403-3(c).

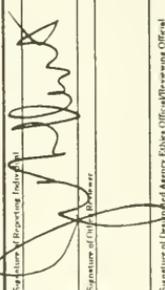
- In the DCI's capacity as head of the Central Intelligence Agency, the DCI shall -
 - collect intelligence through human sources and by other appropriate means, except that the Agency shall have no police, subpoena, or law enforcement powers or internal security functions;
 - provide overall direction for the collection of national intelligence through human sources by elements of the intelligence community authorized to undertake such collection and, in coordination with other agencies of the Government which are authorized to undertake such collection, ensure that the most effective use is made of resources and that the risks to the United States and those involved in such collection are minimized;
 - correlate and evaluate intelligence related to the national security and provide appropriate dissemination of such intelligence;
 - perform such additional services as are of common concern to the elements of the intelligence community, which services the Director determines can be more efficiently accomplished centrally; and
 - perform such other functions and duties related to intelligence affecting the national security as the President or the National Security Council may direct.

50 U.S.C. § 403-3(d).

Executive Branch PUBLIC FINANCIAL DISCLOSURE REPORT

CS 238 (Rev. 12/10)
U.S. Office of Government Ethics

Form Approved
OMB No. 3206-0046

<input type="checkbox"/> Reporting Status (Check Appropriate Boxes)		<input type="checkbox"/> Document		Calendar Year Covered by Report		<input type="checkbox"/> New Entrant, Name or Fund Date		Date of Appointment, Qualification Election or Reappointment (Month, Day, Year)		Reporting Date (Month, Day, Year)		Return Use Only To Be Filled In by:	
Reporting Individual's Name		Last Name		DEUTCH		First Name and Middle Initial		JOHN, M.		Department or Agency (If Applicable)		March 3 1995	
Position for Which Filing		Title or Position		Director of General Intelligence		CIA		Telephone No. (Include Area Code)		703 695-6352		Fee for Late Filing Any individual who is required to file this report and does so more than 30 days after the date the report is required to be filed, or, if an extension is granted, more than 30 days after the last day of the filing extension period shall be subject to a \$200 fee.	
Location of Present Office (or last office address)		Address (Number, Street, City, State, and ZIP Code)		Room, 3F944, Pentagon Washington, DC		Title of Position and Direct Head		Deputy Secretary of Defense		Reporting Periods Incumbents: The reporting period is the preceding calendar year except Part II of Schedule C and Part I of Schedule D where you must file the report for the filing period to the date you file. Part II of Schedule D is not applicable.		Termination Filer: The reporting period is the one year period immediately preceding the date of filing and the period as of the date of termination. Part II of Schedule D is not applicable.	
Presidential Nominee Subject to Special Filing Rules		Name of Congressional Committee, Committee Nomination		Select Cmte on Intelligence		Is Your Name or Name a Qualified Disputed Trust?		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		Date (Month, Day, Year)		Nominees, New Entrants and Vice Presidents:	
Certification (Check box if the statements I have made on this form meet all attached schedules and I am not subject to the limit of my knowledge and belief.)		Signature of Candidate				Date (Month, Day, Year)		11/21/29, 1995		Candidates for President and Vice Presidents:		Schedule A: The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets as of any date you choose that is within 31 days of the date of filing.	
(Other, Describe (If desired by agency))		Signature of Candidate		David P. Holmes		Date (Month, Day, Year)		March 30, 1995		Schedule B: Not applicable.		Schedule C, Part I (Liabilities): The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.	
Agency Ethics Official in Opinion The information contained on this form meets all applicable laws and regulations under applicable laws and regulations		Signature of Agency Ethics Official/Processing Official				Date (Month, Day, Year)		4/3/95		Schedule C, Part II (Agreements or Arrangements): Show any agreements or arrangements as of the date of filing.		Schedule D: The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.	
Agency of Government Ethics Use Only		Signature				Date (Month, Day, Year)		4/3/95		Check box if statements are contained on the reverse side		328-1111	

DEUTCH, JOHN

SF 278

SCHEDULE A

ASSETS AND INCOME	VALUE OF ASSET	TYPE OF INCOME	AMOUNT OF INCOME
State Street Bank, Boston MA (Checking Acct & MM)	\$50,001 - \$100,000	Interest	\$1,001 - \$2,500
Tucker Anthony, Freedom Cash Management Fund (Money Market)	\$15,001 - \$50,000	Interest	Less than \$201
Pentagon Credit Union	\$15,001 - \$50,000	Interest	\$1,001 - \$2,500
Jakarta Growth Fund Inc. (Mutual Fund)	\$1,001 - \$15,000	Dividends (Excepted Investment Fund)	Less than \$201
Japan Fund Inc. (mutual fund)	\$1,001 - \$15,000	Dividends (Excepted Investment Fund)	Less than \$201
Value Health (common) (managed care programs for employer health plans)	\$15,001 - \$50,000		none
¹ Salomon Phibro Oil Trust (Unit Investment Trust)	\$1,001 - \$15,000	Dividends (Excepted Investment Fund)	none
SyStemix, Inc. (common) (bio-technology research firm)	\$1,001 - \$15,000		none
Sandwich Cooperative Bank	\$15,001 - \$50,000	Dividends	Less than \$201
Fall River Massachusetts Bonds	\$50,001 - \$100,000	Interest	\$1,001 - \$2,500
Massachusetts State Bonds	\$100,001 - \$250,000	Interest	\$5,001 - \$15,000
ARIAD (common) (bio-technology research firm)	\$50,001 - \$100,000		none
American Flywheel Systems, Inc. (common) (research on alternate energy sources)	\$1,001 - \$15,000		none
Citicorp (common)	\$250,001 - \$500,000		none

Assets and Income	Value of Asset	Type of Income	Amount of Income
MIT Retirement Plan (The assets of this plan are invested in two diversified "excepted investment funds" managed by MIT. These funds are named the "Variable Fund" and the "Fixed Accumulation Fund.")	\$500,001 - \$1,000,000	Interest (Excepted Investment funds)	\$50,001 - \$100,000
Bay Bank/Harvard Trust IRA (Money Market)	Less than \$1,001	Interest	Less than \$201
Teachers Insurance & Annuity Association/ College Retirement Equities Fund (These retirement annuity funds are invested in "TIAA" and the "CREF Stock Fund" Both funds qualify as diversified excepted investment funds.	\$50,001- \$100,000	Interest (Excepted investment funds)	\$5,001 - \$15,000
Prudential Group Annuity Contract for MIT Employees	\$250,001- \$500,000	Interest (Excepted Investment fund)	\$15,001 - \$50,000
Citicorp (deferred compensation)	\$500,000 - \$1,000,000	Interest	\$15,000 - \$50,000
HQTP Strategic Investments (A California venture capital limited partnership with investments in 10 companies)	\$15,000 - \$50,000		none
Assets of HQTP Strategic:			
Energyline Corp (common) (gas utility)	Less than \$1,001		none
Energyline Systems (gas utility)	Less than \$1,001		none
Viewstar Corporation (preferred) (computer systems and software)	\$1,001 - \$15,000		none

Assets and Income	Value of Asset	Type of Income	Amount of Income
Delfin Systems (common) (defense contractor - signals intelligence and electronic warfare)	\$1,001 - \$15,000		none
Illgen Simulation Technologies, Inc. (preferred) (defense contractor - model simulation for C3I)	\$1,001 - \$15,000		none
ISX Corporation (preferred) (defense contractor - artificial intelligence)	\$1,001 - \$15,000		none
Advanced Countermeasures Systems (preferred) (electronic countermeasures simulation)	Less than \$1,001		none
Nu-Thena Systems (preferred) software developer)	\$1,001- \$15,000		none
RayLAN (preferred) computer programming services, peripheral equipment)	Less than \$1,001		none
Cambridge Research Associates (preferred) (computer programming services)	Less than \$1,001		none
Bank of America, CA (Money Market)	Less than \$1,001	Interest	Less than \$201

Assets and Income	Value of Asset	Type of Income	Amount of Income
Note Receivable Cambridge Research Associates	\$1,001 - \$15,000	Interest	Less than \$201
Benham Adjustable Rate Government Securities Fund	\$1,001 - \$15,000	Interest (Excepted Investment Fund)	\$201 - \$1,001
CMS Energy Retirement Plan (No assets, CMS will pay \$30,000/year for 7 years)	\$100,001 - \$250,000		none
Riggs Bank Blind Trust	Over \$1,000,000	Qualified Trust	\$100,001 - \$1,000,000
² Morgan Stanley International Equity Fund	\$250,001 - \$500,000	Excepted Investment Fund	\$15,001 - \$50,000
³ Morgan Stanley International Small Capital Fund	\$100,001 - \$250,000	Excepted Investment Fund	\$1001 - \$2500
⁴ Consumers Power Company (10 shares of Preferred Stock)	Less than \$1001	Dividend	Less than \$201
⁵ Nations Bank (spouse)	\$1,001 - \$15,000	Interest	Less than \$201
⁵ FWB Bank IRA - Rockville, MD (spouse)	\$1,001 - \$15,000	Interest	Less than \$201
⁵ Arthur Lyon Trust (Mercantile State Deposit Trust) (spouse)	\$500,001 - \$1,000,000	Interest/ Dividends	\$15,000 - \$50,000
⁵ Reich & Company (spouse)	Over \$1,000,000	Interest/ Dividends	\$50,001 - \$100,000

1. To be paid out in September, 1995

2. Inadvertently omitted on previous report. Purchased 6/10/93

3. Inadvertently omitted on previous report. Purchased 6/01/93

4. Recently, I discovered that I own 10 shares of Consumers Power Company preferred stock. Asset value and income produced do not meet reporting threshold of the SF278. However, because the company is a defense contractor I am donating the stock and dividends received (\$45.00) during government service to Amherst College. I have not, as a government official, participated in any matter that affected the interests of Consumers Power Company.

5. With the exception of these items and in accordance with 5 U.S.C. App. 6 Section 102(e)(1)(E), my spouse's separate property is not reported. See attached certification.

SI Form 1041-1 (91)
 5-1-88 Rev. 7/84
 U.S. Office of Governmental Ethics

Reporting Individual's Name
DEUTCH, John M.

SCHEDULE C

Page Number 6

Part I: Liabilities

Report liabilities over \$10,000 owed to any one creditor at any time during the reporting period by you, your spouse, or dependent child. Check the highest amount owed during the reporting period. Exclude a mortgage on your personal residence unless it is rented out; loans secured by automo-

biles, household furniture or appliances, and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.

Creditor Name and Address

Example First Direct Bank, Washington, DC
 John Jones 123 4 St., Washington, DC

Type of Liability

Mortgage on rental property, balance
 Provisionsary note

None

Term, if

Interest

Rate

None

25 yrs

on demand

1.7%

10%

1981

1989

Date Incurred

Interest Rate

Term, if

None

25 yrs

on demand

1.7%

10%

1981

1989

Date Incurred

Interest Rate

Term, if

None

25 yrs

on demand

1.7%

10%

1981

1989

Date Incurred

Interest Rate

Term, if

None

25 yrs

on demand

1.7%

10%

1981

1989

Date Incurred

Interest Rate

Term, if

None

25 yrs

on demand

1.7%

10%

1981

1989

Date Incurred

Interest Rate

Term, if

None

25 yrs

on demand

1.7%

10%

1981

1989

Date Incurred

Interest Rate

Term, if

None

25 yrs

on demand

1.7%

10%

1981

1989

Date Incurred

Interest Rate

Term, if

None

25 yrs

on demand

1.7%

10%

1981

1989

Date Incurred

Interest Rate

Term, if

None

25 yrs

on demand

1.7%

10%

1981

1989

Date Incurred

Interest Rate

Term, if

None

25 yrs

on demand

1.7%

10%

1981

1989

Date Incurred

Interest Rate

Term, if

None

25 yrs

on demand

1.7%

10%

1981

1989

Date Incurred

Interest Rate

Term, if

None

25 yrs

on demand

1.7%

10%

1981

1989

Date Incurred

Interest Rate

Term, if

None

25 yrs

on demand

1.7%

10%

1981

1989

Date Incurred

Interest Rate

Term, if

None

25 yrs

on demand

1.7%

10%

1981

1989

Date Incurred

Interest Rate

Term, if

None

25 yrs

on demand

1.7%

10%

1981

1989

Date Incurred

Interest Rate

Term, if

None

25 yrs

on demand

1.7%

10%

1981

1989

Date Incurred

Interest Rate

Term, if

None

25 yrs

on demand

1.7%

10%

1981

1989

Date Incurred

Interest Rate

Term, if

None

25 yrs

on demand

1.7%

10%

1981

1989

Date Incurred

Interest Rate

Term, if

None

25 yrs

on demand

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Date Incurred

Interest Rate

Term, if

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1981

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Date Incurred

Interest Rate

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None

25 yrs

on demand

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10%

1981

1989

Date Incurred

Interest Rate

Term, if

None

25 yrs

Reporting Individual's Name

DEUTCH, John M.

Page Number

SCHEDULE D

Part I: Positions Held Outside U.S. Government

Report any positions held during the reporting period outside the U.S. Government, including any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entitles and those solely of an honorary nature.

None

1. Example	2. Name of Organization (Name and Address)	3. Type of Organization	4. Position Held		5. From (Mo., Yr.) To (Mo., Yr.)	6. Present 1, 0/01
			President	Director		
	1. Name of Bank Collection, NY, NY Two Jones & Smith, Haverdorn, USA	Non profit, education Law firm			1/80	
1	See attachment					
1						
1						
1						
1						

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

Report sources of more than \$5,000 compensation received by you or your spouse during the reporting period from any source other than your U.S. Government business affiliation for services provided directly by you during the reporting period. This includes the names of clients and consumers of any corporation, firm, partnership, or other business enterprise, or any non-profit organization that has directly provided the services generating a fee or payment of more than \$5,000. You need not report the U.S. Government as a source.

Incumbent/
 Termination File/
 Compensation
 Not Applicable
 None

1. Example	2. Source (Name and Address)	3. Brief Description of Duties
1	1. Two Jones & Smith, Haverdorn, USA 2. State University (Client of Two Jones & Smith) Haverdorn, USA	Legal services Legal services in connection with university construction
1	See attachment	
1		
1		
1		

DEUTCH, JOHN

SF 278

SCHEDULE D

PART I: POSITIONS HELD OUTSIDE THE U.S. GOVERNMENT

ORGANIZATION	TYPE	POSITION HELD	FROM	TO
Massachusetts, Institute of Technology	University	Institute Professor	1970	Present (Leave of absence)
Schlumberger, Ltd	Petroleum Services Company	Director	1985	3/93
CMS Energy Corporation	Utility & Mining Company	Director	1986	3/93
Perkin-Elmer Corporation	Analytical Instruments Co.	Director	1985	3/93
Citicorp	Bank Holding Co.	Director	1987	3/93
Science Applications International Corporation	High Technology Research Company	Director	1982	3/93
J.D. Wolfensohn, Inc.	Investment Banking Firm	Chairman, Valuation Committee	1985	3/93
Gas Research Institute	Research Association (nonprofit)	Member, Advisory Board	1989	3/93
ARIAD	Biotechnology Firm (Privately held)	Member, Scientific Advisory board	1991	3/93
United Technologies Corporation	High Technology Research & Development Co.	Chairman, Technical Advisory Board	1986	3/93
TRW, Inc.	Design, Research & Production Company	Member, Advisory Board	1983	3/93
Charles S. Draper Co.	Commercial R&D Company	Corporation Member	1989	3/93
Warburg Pincus	Financial Advisors Company	Consultant	1989	3/93
Dillon-Read	Investment Banking Firm	Chairman, Technical Advisory Committee	1984	3/93
Rand Corporation	Nonprofit Advisory Corporation	Advisory Committee	1989	3/93

ORGANIZATION	TYPE	POSITION HELD	FROM	TO
MITRE Corporation	Science & Engineering Firm (nonprofit)	Consultant	1988	3/93
AMAX, Inc.	Manufacturing, Mining & Utility Company	Consultant	1988	3/93
Lawrence Livermore National Laboratory	Research Laboratory	Consultant	1987	3/93
Hydro-Quebec	Hydro-Electric Co.	U.S. Advisory Board Member	1989	3/93
Museum of Fine Arts, Boston	Museum	Overseer	1987	3/93
Resources for the Future	Environmental & Natural Resources Association	Director	1989	3/93
Trilateral Commission	Private International Association	Member	1986	3/93
Urban Institute	Independent Research Organization (nonprofit)	Trustee	1980	3/93
Sigma Xi	Honorary Scientific Association	Director	1991	3/93
Aspen Strategy Group	Private Research Association	Co-Chairman	1986	3/93
American Flywheel Systems, Inc.	Privately Held Technology Company	Member, Board of Advisors	1992	3/93
Governor's Council on Technology and Development	Massachusetts Advisory Committee	Member	1992	3/93

DEUTCH, JOHN

SF 278

SCHEDULE D

PART II: COMPENSATION IN EXCESS OF \$5,000 PAID BY ONE SOURCE

SOURCE	BRIEF DESCRIPTION OF DUTIES
Massachusetts Institute of Technology	Teaching and Research
¹ CMS Energy Corporation	Board of Directors
Perkin-Elmer Corporation	Board of Directors
² Science Applications International Corporation	Board of Directors
Schlumberger, Ltd.	Board of Directors
United Technologies Corporation	Chairman, Technical Advisory Board
³ Citicorp	Board of Directors
J. D. Wolfensohn	Chairman, Valuation Committee

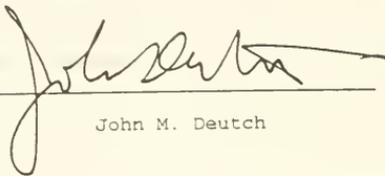
1. These payments were received in calendar year 1993 and represent compensation for services rendered prior to entering Government service.

DEUTCH, John M.

Attachment to Schedule A

CERTIFICATION

Except to the extent reported on Schedule A or exempt from reporting pursuant to Title I of the Ethics in Government Act, I hereby certify, with respect to the financial assets, liabilities and asset transactions of my spouse: (i) that they are her sole financial interest or responsibility, and that I have no specific knowledge of them; (ii) that they are not in any way, past or present, derived from my income, assets, or activities; and (iii) that I neither derive, nor expect to derive any financial or economic benefit from them.



John M. Deutch

4-26-95

If Confirmed, Deutch Intends To Reform CIA, Officials Say

By R. Jeffrey Smith
Washington Post Staff Writer

John M. Deutch, President Clinton's nominee to direct the CIA, wants to restructure how the United States performs its intelligence gathering and intends to move quickly to reform the agency's scandal-plagued, covert action program if he is confirmed, federal lawmakers and U.S. officials said yesterday.

Deutch, a brash and opinionated scientist who has been deputy secretary of defense for the past year, has told others in the administration that he does not intend to put off major CIA reforms until a presidential commission on new intelligence roles and missions finishes its work in 1996.

Making clear that he plans to be an activist rather than a caretaker at the spy agency, Deutch intends to tell the Senate Select Committee on Intelligence today about some of his plans to improve the CIA's performance, morale, and efficiency, the officials said.

With no witnesses lined up to speak in opposition and wide support among Democrats and Republicans, Deutch's confirmation is considered virtually assured. But some lawmakers have indicated they will express reservations about Clinton's decision to upgrade the post of director of central intelligence to Cabinet rank, a move that could give Deutch a role as policymaker in addition to one as provider of objective intelligence information.

Sen. Arlen Specter (R-Pa.), the committee chairman, said yesterday that he retains "real reservations" about the idea but has not decided whether to try to block it legislatively. Other lawmakers also have complained, noting that the last CIA director with that status—William J. Casey—was later accused of distorting intelligence to promote a renegade foreign policy agenda during the Reagan administration.

In nearly a decade's worth of government service at the departments of Energy and Defense, Deutch has acquired a free-wheeling reputation as someone willing to bend procedures, if not rules, to push cherished programs or ideas through reluctant bureaucracies. But his decisions have not been tainted by any allegations of impropriety, and he remains well-liked by others in the top ranks of the government for his determination to accomplish tasks efficiently and quickly.

If, as expected, Deutch's nomination sails through the Senate with little trouble, he will take the helm at the CIA at a time of extraordinary ferment. The agency has been widely criticized for its inability to ferret out within its midst a spectacular spy for Moscow, Aldrich H. Ames. And lately it has been grappling with fresh criticism over the mat-

tenment of its covert action wing to an apparent pattern of human rights abuses committed by paid CIA informants in Guatemala.

Some critics partly fault a lack of steady leadership at the top. Although Specter favors a 10-year term for CIA directors, Deutch would be the agency's third director in the past eight years. But he will have an early chance to put his own stamp on the CIA, with two of the agency's four deputy directors already slated to retire this summer.

They are Douglas MacEachin, who runs the CIA's directorate of intelligence and produces most of its analytical work, and James V. Hirsch, who runs the CIA's directorate of science and technology responsible for spy gadgetry and satellite development. A third top appointee, who runs the operations directorate responsible for the Ames and Guatemala troubles, Hugh E. "Ted" Price, is widely expected to leave shortly after Deutch takes over.

Deutch has not yet said whether he wants acting CIA director William O. Studeman, a 30-year veteran of the intelligence world, to return to the post of deputy director of central intelligence. But Deutch has let it be known he plans to bring along several outsiders from the Pentagon, including counselor Michael J. O'Neil and spokesman Dennis Boxx.

Some major changes are already underway at the agency, which spends slightly less than \$3 billion of the nation's estimated \$28 billion intelligence budget. Its size is slated to shrink by more than 25 percent during 1990s, through retirement and attrition, as well as the closure of many outmoded CIA stations and eavesdropping centers on foreign soil.

Due to the Ames debacle, the agency's "clandestine service," which gathers intelligence and tries to influence foreign affairs, is implementing what CIA officials describe as a "major redesign" of its counterintelligence, training, recruitment, and accountability programs.

Some of the reforms are meant to ensure that the agency is more sensitive to violations of human rights by its informants. The CIA station chief in Guatemala, for example, was put on probation in April 1994 and ultimately removed from his post this year for failing to report adequately about such abuses and withholding of the information.

But Deutch has signaled to key lawmakers that he intends to demand additional reforms, a message that several said they find appealing. "We're going to be looking at how strong and how tough [Deutch] is prepared to be in dealing with the CIA's problems as illustrated by the Aldrich Ames case," Specter said. "We're looking for a take-charge director."

NYT 4-26-95

C.I.A. Pick Is Facing Senate Test

Deutch Expected To Be Approved

By TIM WEINER

WASHINGTON, April 25 — Over the past decade, Deputy Defense Secretary John M. Deutch has survived the tricky business of managing the post-cold-war Pentagon, the trench warfare of high-level academic politics and the unpleasant experience of being hit by a truck.

All these things, his supporters say, make him well qualified to be the next Director of Central Intelligence.

Mr. Deutch's nomination will be the subject of a public hearing before the Senate intelligence committee on Wednesday. All involved expect him to be confirmed quickly as the head of the C.I.A., and to take his post next month. But very few other than Mr. Deutch have any idea how he will guide the C.I.A. through one of the most difficult times in its 48-year history. His answers to senators' questions during his appearance before the committee will be the first signs of where he thinks the path for the agency lies.

According to Senator Arlen Specter, the Pennsylvania Republican who is chairman of the Senate intelligence committee, there is a growing consensus in the Clinton Administration that the C.I.A. "needs a total overhaul."

One prominent intelligence official, asked recently what he thought should be done at the C.I.A.'s directorate of operations, where the spies work, said simply, "Blow it up." Even conservative Republicans in the House of Representatives, including Speaker Newt Gingrich, think the C.I.A. needs to be redesigned and rebuilt.

The C.I.A. is not the only intelligence service that needs to be reformed, according to members of Congress. Many say the budget for intelligence — \$28 billion over all, with about \$3 billion going to the C.I.A. — is too high. Military intelligence agencies get more than 80 percent of the intelligence budget, and Mr. Deutch is certain to be asked to bring his experience as deputy defense secretary to bear in eliminating waste in the intelligence services.

But more than five years after the end of the cold war, no one is sure exactly what to do with the C.I.A., which was created in 1947 to prevent another Pearl Harbor and to contain the spread of Communism.

According to people who work there, the C.I.A. has become a demoralized agency. Over the past year, recurring scandals like the Aldrich Ames espionage case and the disclosures of the C.I.A.'s long history of support for the Guatemalan military, have put the agency's operations directorate in a bad light. As the agency's cold-war secrets slip out, the mystique of what once was an elite secret brotherhood is evaporating.

The agency's analysts, who study and interpret secret intelligence and a new flood of open-source information, have other woes. They say they are asked to interpret and predict everything going on in the world, and then are flayed for having a flawed crystal ball. Aside from ticking off the threats to national security in the 1990's — weapons proliferation, international terrorism and drug trafficking — they have been given no clear set of priorities, they say.

Mr. Deutch is expected to take command of the C.I.A. in the style to which his former colleagues and underlings at the Defense Department have grown accustomed: tough-minded, sharp-tongued and suffering no fools. As the hearings begin Wednesday, he will give an indication what the substance of his approach will be.

CIA reviewing data on Gulf war illness

The CIA is reviewing intelligence data that could shed new light on whether U.S. troops were exposed to chemical or biological agents during the 1991 Persian Gulf war, an agency official said yesterday.

The ongoing review, which has not been publicly announced, has found nothing so far to support suspicions of veterans groups and members of Congress that Iraqi chemical or biological weapons were used, said CIA spokesman Mark Mansfield. The CIA study was started in mid-March by the acting CIA director, Adm. William Studeman.

Veterans groups and members of Congress have been deeply skeptical of Pentagon claims there is no evidence Iraq used chemical or biological weapons during the war. They said such contaminants may explain Persian Gulf syndrome, the name given to undiagnosed sicknesses that have afflicted many Gulf war veterans.

Washington Times
4-26-95

VOTE ON THE NOMINATION OF JOHN DEUTCH TO BE DIRECTOR OF CENTRAL INTELLIGENCE

WEDNESDAY, MAY 3, 1995

UNITED STATES SENATE,
SELECT COMMITTEE ON INTELLIGENCE,
Washington, DC.

The Select Committee met, pursuant to notice, at 2:09 o'clock p.m., in room SH-219, Hart Senate Office Building, Hon. Arlen Specter (chairman of the committee) presiding.

Present: Senators Specter, Shelby, Kyl, Inhofe, Hutchison, Mack, Kerrey of Nebraska, Glenn, Graham of Florida, Kerry of Massachusetts, and Robb.

Also present: Charles Battaglia, staff director; Chris Straub, minority staff director; Suzanne Spaulding, chief counsel; Kathleen McGhee, chief clerk; and Edward Levine, Pat Hanback, Mary Sturtevant, Fred Ward, Jim Wolfe, Vera Redding, Art Grant, Pete Dorn, Al Cumming, Gary Reese, Don Mitchell, Melvin Dubee and Chris Mellon, staff members.

Chairman SPECTER. Anything further?

Anybody see any reason why we shouldn't vote on Mr. Deutch? Let's proceed to do that.

Senator GRAHAM OF FLORIDA. I move that we recommend to the Senate the confirmation of John Deutch.

Chairman SPECTER. Thank you, Senator Graham.

Senator GLENN. Second.

Chairman SPECTER. May we call the roll.

Mrs. MCGHEE. Mr. Lugar.

Mr. Shelby.

Chairman SPECTER. Wait one minute. We have proxies here?

Senator GLENN. We have a majority here so we can vote.

Chairman SPECTER. Well, let's go through and we'll come back to the proxies.

Mrs. MCGHEE. Mr. DeWine.

Mr. Kyl.

Senator KYL. Aye.

Mrs. MCGHEE. Mr. Inhofe.

Senator INHOFE. Aye.

Mrs. MCGHEE. Mrs. Hutchison.

Senator HUTCHISON. Aye.

Mrs. MCGHEE. Mr. Mack.

Senator MACK. Aye.

Mrs. MCGHEE. Mr. Cohen.

Mr. Glenn.

Senator GLENN. Aye.

Mrs. MCGHEE. Mr. Bryan.

Vice Chairman KERREY. Aye by proxy.

Mrs. MCGHEE. Mr. Graham.

Senator GRAHAM of Florida. Aye.

Mrs. MCGHEE. Mr. Kerry of Massachusetts.

Senator KERRY of Massachusetts. Aye.

Mrs. MCGHEE. Mr. Baucus.

Vice Chairman KERREY. Aye by proxy.

Mrs. MCGHEE. Mr. Johnston.

Vice Chairman KERREY. Aye by proxy.

Mrs. MCGHEE. Mr. Robb.

Senator ROBB. Aye.

Mrs. MCGHEE. Mr. Lugar.

Chairman SPECTER. Aye by proxy.

Mrs. MCGHEE. Mr. Shelby.

Chairman SPECTER. Aye by proxy.

Mrs. MCGHEE. Mr. DeWine.

Chairman SPECTER. Aye by proxy.

Mrs. MCGHEE. Mr. Cohen.

Chairman SPECTER. Aye by proxy.

Mrs. MCGHEE. Mr. Kerrey of Nebraska.

Vice Chairman KERREY. Aye.

Mrs. MCGHEE. Mr. Specter.

Chairman SPECTER. Aye.

Mrs. MCGHEE. Seventeen ayes, zero nays.

Chairman SPECTER. All right.

[Whereupon, at 2:36 p.m., the Committee proceeded to the consideration of other matters.]



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