

The Chairman. The committee will come back to order for our third panel today. I want to thank our panelists for attending to our schedule and interrupting their duties. We are talking about a panel that consists of current senior officials from the Intelligence Community who are doing the hard work of protecting our Nation.

We welcome Dr. Mark M. Lowenthal, who is well known to this committee, has a great history with it, is Assistant Director of Central Intelligence For Analysis and Production; Mr. Charles E. Allen, the Assistant Director sitting next to him, Assistant Director of Central Intelligence, a man along with others much celebrated in U.S. News and World Report's August 2 magazine coverage. I would suggest that for Members who haven't read that article by David Kaplan, it is one of the better news magazine articles that I have seen in a long time on the subject of intelligence. Ms. Jami Miscik, CIA's Deputy Director For Intelligence, who has provided us good briefings for many years; Ms. Maureen Baginski, the Executive Assistant Director of the FBI's Office of Intelligence, which is the sort of new boy on the block doing the tip of the work on the culture curve, I guess, out there in front. We are very pleased that you are with us today. And the Honorable J. Cofer Black, also well known to this committee, Ambassador at Large and Coordinator for Counterterrorism at the Department of State.

The committee genuinely welcomes you all. We understand you are busy people doing important work. We very much wanted to have your testimony today on the subject of the 9/11 Commission reform proposals, and the context of the conversation today to try and create an atmosphere was to talk about the concern about the 9/11 report commissioners' finding that there was a lack of imagination in the community and to the degree that is relevant to your observations about their recommendations, this would be the right day to be talking about that.

But there are other observations the 9/11 commissioners made about problems with management and problems with policy and problems with capability, also, which are the context of our future hearings, but all of them are aimed at the questions of the recommendations, what is it shall we do about reconstructing the Intelligence Community architecture and all the other recommendations that have been suggested by the 9/11 commissioners, many of which do not go to reconstruction but do go to other very difficult subjects which we have all discussed over the years, like classification, declassification, where covert actions should be, those kinds of things. Those are difficult issues. This is a changing society. It is a new type of threat. We have got some of the best operatives dealing with these problems in front of us today.

Having said that, I think I am going to start with offering Mr. Reyes a comment if he wishes to make one.

Mr. Reyes. No, Mr. Chairman, in the interest of time I just want to welcome the panel and thank you for being here.

The Chairman. Mr. Lowenthal, for whatever reason, you get to start.

Mr. Lowenthal. Mr. Chairman, would you object if we start -- amongst ourselves we thought that it might make more sense to let Charlie Allen start off with collection unless that is going to offend you.

The Chairman. That to me sounds like a palace revolt. We accept it. We know when we are beaten. Mr. Allen, the floors is yours.

STATEMENTS OF JAMI A. MISCIK, DEPUTY DIRECTOR OF INTELLIGENCE, CIA; CHARLES ALLEN, ASSISTANT DIRECTOR OF CENTRAL INTELLIGENCE FOR COLLECTION; MARK LOWENTHAL, ASSISTANT DIRECTOR OF CENTRAL INTELLIGENCE, ANALYSIS AND PRODUCTION; MAUREEN A. BAGINSKI, EXECUTIVE ASSISTANT DIRECTOR, OFFICE OF INTELLIGENCE, FBI; AND AMBASSADOR J. COFER BLACK, COORDINATOR, OFFICE OF THE COORDINATOR FOR COUNTERTERRORISM, DEPARTMENT OF STATE  
STATEMENT OF CHARLES ALLEN

Mr. Allen. Thank you very much, Mr. Chairman, and

members of the committee, for the opportunity to speak to the issue of counterterrorism collection and analysis. As the Assistant Director of Central Intelligence For Collection, I welcome the opportunity to speak about collection and innovation. In fact, since appointed to my position in 1998, my energies have been directed at changing the culture and the business practices of the Intelligence Community. Without question, those who have developed collection capabilities have brought significant imagination and creativity to bear on terrorist threats facing our country, whether in the development of platforms from which to launch human source collection or in the technical collection systems that complement human sources.

First, however, I would like to address the imagination and creativity required to translate analytic needs for information into collection requirements that make effective use of current assets and systems and which drive the community to build our next generation of systems as well.

Without a strong analytic environment, one which surfaces the entire range of alternative hypotheses from the obvious to the counterintuitive, our strategies for bringing together and integrating our collection capabilities will be flawed and opportunities for collection surely will be missed. The value of my office is to draw out the Community's latent information needs, turn those needs into

actionable collection targets, formulate collection strategies to attack the targets, collect the information, and then evaluate its utility in addressing the stated needs.

One principal mechanism I have used to change collection is the National Intelligence Collection Board. This unique forum brings together the most senior collection managers of all national intelligence collection agencies. The Collection Board's modus operandi is to organize our efforts around specific intelligence problems, or threats to U.S. security, to assess our collection capabilities against these problems, to conduct target development, and to make changes to our collection capabilities and strategies as needed.

The senior managers who sit on the Collection Board are empowered by their respective collection disciplines to speak with authority for agency heads and to initiate changes in their collection capabilities as directed by the Board. These managers have developed into a cooperative team, taking on any intelligence problem and working closely together to address it.

In short, we are problem-centric, collaborative and task-oriented. We address our critical intelligence issues across the spectrum from crises to enduring hard targets. For example, I convened a Collection Board meeting every day to manage the collection surge during Operation Iraqi Freedom. We continue to meet twice a week on Iraq to ensure

our collection capabilities are focused appropriately and the collectors are seamlessly integrated with each other and with field elements.

We also monitor flashpoints to track collection capabilities against potential crises that could, perhaps suddenly, adversely affect U.S. national security so that we are not caught by surprise. Just as important, the Collection Board focuses on hard targets, such as North Korea and Iran, key targets where our collection gaps pose almost intractable challenges.

Finally, for the most sensitive intelligence and collection problems, I have developed what we call compartmented collection cells. These cells, comprising a select group of analysts and collectors, focus on target development and tactical operations. The hallmark of these cells is the open sharing of sensitive intelligence and operational information between collectors and analysts.

I want to emphasize that analysts play a key role in all Collection Board activities. In every intelligence problem that we address, we look to Community analysts to provide us with assessments of the problem and of the current collection as well as identification of the intelligence needs and collection gaps. We begin every meeting with analysts. Indeed, this practice allows us to provide field collectors with up-to-date requirements.

The Collection Board's partner in working the most difficult and enduring threats to U.S. national security is the Collection Concepts Development Center. With the approval of former DCI Tenet and the strong support of former DDCI for Community Management Dempsey, I established the CCDC in January 2000 to develop innovative long-term collection strategies and methods against these threats. The CCDC brings together analysts and collectors from across the Intelligence Community as well as academics, technologists and methodology experts.

Specifically, the CCDC develops and tests tools, methodologies and techniques to improve collection and analysis. It facilitates collaboration and teaming across intelligence disciplines through studies, conferences, courses, gaming and other means. It develops modeling and simulation capabilities in collection planning, operations and management practices.

In the area of future systems and architectures, my office conducts assessments across the Community to ensure that mission requirements, including those represented by the evolving terrorism threat, are defined and addressed in planning future collection capabilities. We couple our studies with the activities of the DCI's Mission Requirements Board, which I cochair, to ensure that mission and system development activities are closely connected. We have taken

unprecedented actions to look across the entire collection business enterprise in developing a corporate understanding of needs, requirements and capabilities to ensure that we view the acquisition of future collection systems as a single enterprise.

I believe that our efforts in examining our needs and programs for space and airborne remote sensing are particularly noteworthy. For example, the Constellation Architecture Panel sponsored by my office and requested by former Director Tenet, which will report out at the end of the month, will have produced the most comprehensive evaluation ever undertaken by the Community of future air and space borne systems and related ground elements.

In addition to the Collection Board and the CCDC, I have a strategic program that facilitates further integration of the Intelligence Community's collection activities. This program, known as the Collection Allocation Program, involves the creation of a national collection baseline permitting for the first time our national agencies to be viewed as a single collection enterprise.

When developed, the Collection Allocation Program will enable integrated cross collection planning, the balancing of long- and short-term collection priorities and the assessment of options and opportunities for collection reallocation.

Let me turn to counterterrorism. I have led a number of

collection activities to address this most critical intelligence problem. Following the U.S. Embassy bombings in 1998, I convened the Collection Board in a series of meetings to enhance their collection capabilities targeting the location and activities of Osama bin Laden and his al Qaeda network. In addition, I established a compartmented collection cell which almost 6 years later continues to meet daily, as it did this morning.

In this cell I bring the major collectors, clandestine, human source, signals intelligence and imagery as well as sensitive collectors together. We also have analysts, which is a critical component. The cell ensures that collectors and analysts share the most current intelligence and operational information which enables collectors to keep their tasking focused and dynamic.

I want to emphasize that we do not compete with the DCI's Counterterrorism Center or the Terrorist Threat Integration Center. Rather, my efforts bringing closer together national and tactical intelligence threads on key problems ensure that the fine grain is consistent with the big picture. The innovative approaches that we are following in collection must not be lost in any reforms that are developed as a result of the 9/11 Commission.

The point I made at the outset bears repeating. The collection community can bring innovation and creativity to

bear on its own development and deployment of systems and assets. The innovative use of these systems and assets, however, must derive from a creative and dynamic analytic process that is continuous and closely interactive with collectors. Any separation of analytic and collection elements, as some would propose, would be a serious mistake.

Let me conclude by stressing that from the outset of my appointment as the Assistant DCI for Collection, I have pressed for innovative new approaches, techniques and capabilities to meet collection challenges, to include those posed by terrorism. As I have highlighted, I have set these in motion through the Collection Board, the CCDC, and the Collection Allocation Program. We have changed the culture. We have implemented new business practices in collection management. We are not yet finished, but I do believe we do have a strong foundation in the collection community on which to build for the future.

Finally, in keeping with my emphasis on innovation, I have begun regular meetings on collection against a pre-election homeland threat attack. In addition to Intelligence Community representatives, Collection Board members and TTIC and CTC analysts, these meetings include representatives from law enforcement and homeland security communities. This forum is unique and without precedent. Several homeland security senior officials have welcomed these meetings as the

first and only broad gathering on terrorism that crosses all three communities.

The homeland attack forum focuses on assessing the threat and on collection measures that can be undertaken in intelligence, in law enforcement and in homeland security to target that threat.

In summary, I believe the collection community has made major strides in meeting the goals tasked to me by former DCI Tenet to bring collectors together, to build innovative business practices and institutionalize seamless collection management across all agencies. Now we face the challenge in counterterrorism of working across all domains, intelligence, defense, law enforcement and homeland security. We are beginning to make strides here as well.

Thank you, Mr. Chairman.

[The statement of Mr. Allen follows:]

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The Chairman. Thank you, Mr. Allen. Mr. Lowenthal, is it now?

Mr. Lowenthal. Now, sir.

The Chairman. Now. The floor is yours, sir.

#### STATEMENT OF MARK LOWENTHAL

Mr. Lowenthal. Mr. Chairman and members of the committee, I am pleased to appear before you to discuss the issue of imagination and creativity in counterterrorism analysis. First, I think we can all agree that our goal is to bring imagination and creativity to bear on all intelligence issues and not just counterterrorism. That certainly is the goal of the 15 analytical components for which I have responsibility as the ADCl. In my remarks I will cover both this broader issue and the specific issue of counterterrorism.

We must remember that intelligence analysis is at all times an intellectual activity. There is no formula and there is no recipe. Even with the many well known and practiced steps that we go through to produce analysis, it remains an imprecise process. Neither the process nor the product will ever be perfect.

Let me turn to the issue of fostering imagination and

creativity in analysis. We actually spend a lot of time in the Intelligence Community worrying about this issue and thinking about it. We worry about mindsets, about tradecraft, about how we can improve our analysis. We encourage analysts to think out of the box, to think of alternative hypotheses, to challenge what they think they know. We use red teams to create alternative analyses.

The biggest obstacle we face is what we call mindset, a model or hypothesis that analysts believe to be true. It is important to understand that analysts do not come to mindsets for frivolous reasons. They arrive at them by dint of the intelligence that has been collected and through their expertise on that issue.

This raises a significant question. How much collection is enough? Obviously we would prefer to have more collected intelligence rather than less. But we teach our analysts to analyze whether or not there is all the collection we would desire. This is one of the skills we prize the most. Indeed, the ability to analyze beyond limited collection is an act of imagination and creativity.

The application of imagination and creativity to any issue requires intellectual discipline. Even imaginative and creative intelligence must be based in the reality of the situation, what I call the "possible improbable." Even contrarian analysis has to be based on some evidence, on

plausible scenarios and behaviors. They are not flights of fancy simply based on taking the opposite tack.

There are at least three important ways we seek to institutionalize an imaginative and creative capability. The first is analyst training. The second is the various devices I mentioned before, such as red teams. We also need to do more competitive analysis, a capability that has been difficult to sustain across the Intelligence Community as our analytical strength dwindled. The third is managerial responsibility to ask hard questions, to probe hypotheses, to question conclusions. However, when all is said and done, this remains an intellectual and not a bureaucratic process.

The issue of counterterrorism poses specific challenges to be creative and imaginative. We must keep in mind the nature of the war we are fighting. There are no fronts, standing enemy formations and, since our success in Afghanistan, there is no enemy homeland.

For the first time since the War of 1812, we are fighting both abroad and at home on a sustained basis. Therefore, the intelligence challenges of this war encompass both homeland defense, domestic security and overseas operations that are both military and intelligence.

This array of challenges mandates a range of analysis: Strategic intelligence, both to warn of impending terrorist operations and to help identify opportunities for U.S.

actions; and tactical intelligence, to prevent specific attacks and to support operations of all types abroad.

I would argue that we have been fairly successful at the strategic level both before and after September 11. We have had a good grasp of our enemies' intentions and have consistently produced accurate and actionable strategic intelligence.

Tactical intelligence that will help prevent attacks is much more difficult. Our continuing goal is to find means to collect against terrorist organizations that will yield the kind of tactical warning we need to stop new attacks preferably at as early a stage as possible.

This is the place where we must do our best to be imaginative and creative, to think like terrorists think, to conceive of every possible, plausible means by which they could conduct these attacks. And we are getting better at this.

But we have to remember that the terrorists will always have an advantage of choosing the time, place and means inside a vast country. That is also why we put such a priority on capturing or killing the terrorists abroad, of disrupting their sanctuaries and their finances, and in those areas our analysis and our operations have also been imaginative, creative and improving.

Intelligence analysis is a process of constant learning

and adjusting. As Acting Director McLaughlin has stated, the Intelligence Community that exists today is far removed from the one that existed on September 11. That older Community, however, seems to be preserved in amber in a series of reports that do not reflect the changes we have made.

We are constantly examining what we do and how we do it. I have tried to give you some sense of that today, and here are some of the other changes we have made.

As this committee knows from my previous testimony, we now have in place a process for allocating collection and analytical resources in which analysis drives collection. The ADCI for Collection and I receive the Nation's intelligence priorities as defined in the National Intelligence Priorities Framework. Working with analysts from across the Community, we define the specific questions that need to be answered for each issue and for each nation or nonstate actor that may be a player in that issue. These analytic requirements are then passed to the collection community. This system has been in place since February 2003 and represents a significant change in how we manage our two most important assets, our people, both analysts and HUMINT collectors, and our technical collection array.

I would also add that since the DCI and the Acting DCI began managing the Intelligence Community through this process we have seen dramatic changes in NGA and NSA's

collection decks. The Clandestine Service also uses this system to frame their collection requirements.

My office is examining how we train officers across the Intelligence Community in all disciplines and all activities. We are creating a series of courses to improve training at all levels and at all stages in one's career.

We are examining the concept of a national intelligence university similar to the various war colleges and staff schools. At this early stage we believe that such an institution, which might be as much virtual university as an actual campus, would give us a better way to train analysts across the Community to conduct intelligence war games and to buttress imagination and creativity, including and institutionalizing a better "Lessons Learned" capability. The goal is more than better training and education. The goal also is to enhance among all analysts a sense of being part of an intelligence profession that transcends one's attachment to any single agency.

My office chaired a war game on the political transition in Iraq, bringing together experts from across the government, the private sector and some foreign states to play out scenarios. The findings were helpful and they were prescient, and we will be applying this tool to other scenarios in the future.

I chair the DCI's Hard Target Boards. These seven

boards, created by then Deputy DCI Tenet in 1996, bring together analysts and collectors on seven of our most difficult issues. The Hard Target Boards offer another opportunity for analysts to tell the collectors what their greatest needs are. Again, we have analysis shaping collection.

Charlie already mentioned the CCDC, the Collection Concepts Development Center, which I cochair. I would just add to Charlie's testimony by noting that every CCDC study starts with an analytical issue that would benefit from creative, imaginative collection approaches.

I also cochair with Charlie the Multi-Intelligence Working Group, which funds experiments across the Intelligence Community to seek new ways to focus collection on our most pressing analytical needs.

In short, we have numerous programs under way that seek to spur creativity and imagination in all areas, and in every case we have a firm link between analytical needs and collection solutions.

Two final thoughts, Mr. Chairman. It is impossible to order up a pound of creative analysis. Creativity and imagination can be taught and trained only up to a point. Otherwise, we would have more Shakespeares, more Mozarts, more Picassos and more Edisons. The best way to increase creativity and imagination in analysis is to create the

conditions that will foster it.

Imagination and creativity will flourish in a positive atmosphere. Analysts will be more creative if encouraged to be that way. They will be less creative if they are punished for taking intellectual risks. Imagination and creativity cannot exist if analysts are risk averse.

Thank you, Mr. Chairman.

[The statement of Mr. Lowenthal follows:]

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Mr. Gibbons. [Presiding.] Thank you, Mr. Lowenthal. We will turn now to Ms. Jami Miscik, CIA's Deputy Director For Intelligence. Ms. Miscik, the floor is yours.

#### STATEMENT OF JAMI MISCIK

Ms. Miscik. Thank you. Thank you for the opportunity to come before you here this afternoon to address the issue of intelligence analysis in light of the 9/11 Commission report and the recommendations.

Intelligence analysis is by definition a difficult profession. We are asked to inform the debate on some of the country's most important national security issues, usually based on limited or conflicting information and often without the ability to get close to an issue to gain on-the-ground insights.

That said, the responsibility that comes with daily access to the President and our Nation's Leaders means that we must be held to extremely high standards. And in an era where the enemy is often diffuse and hard to find, intelligence plays an even more important role. This is the consequence of being relevant.

Terrorism and many of the other new threats we have faced since the end of the Cold War often need to be

approached in a different manner. The observables are very different. We are not only looking at preparations to launch missiles or move entire divisions prior to war. We are also looking for the small team of special operatives that has been sent behind the lines to conduct attacks.

The war on terrorism involves relatively small numbers of terrorists working on highly compartmented plots. We have to be imaginative in our approach to collection and to analysis against these new threats. Otherwise, we will misuse the resources we have available to combat the threat.

In February of this year, I discussed the state of analysis with the men and women who serve in the Directorate of Intelligence. At the time I said that I thought the state of analysis was strong but there was room for improvement. In order to understand and examine reform in a meaningful way, there has to be an understanding of the essential elements of good analysis.

First, objectivity. Our analytic objectivity and integrity are core values. Intelligence analysts cannot and should not be advocates. If you become an advocate, then it is highly likely that you will overlook, misinterpret or discount something that does not support your position. While it is hard to divorce yourself from the beliefs and assumptions and preconceived notions that we all carry with us, that is the analyst's challenge and that is why we rely

so heavily on our training and our analytic tradecraft.

Excellence in that analytic tradecraft is the second key issue that I would like to address. This covers a great deal, including precision of language, a clear articulation of our judgments and our confidence in them, knowing the strengths and the weaknesses of the sources we are using and relying upon, understanding the intelligence gaps we face, and examining other analytic possibilities.

The third factor is transparency. Policymakers need and deserve full transparency into how we make our judgments. The recipients of our intelligence products must understand what we know, what we don't know, what we assess to be true and why and which assumptions underlie our judgments.

Let me turn to the issue of imagination and creativity. The 9/11 Commission pointed out the need for imagination with regard to terrorism analysis, but it has applicability against all of our intelligence issues. Questions that need to be addressed include how do we free ourselves from inherited or untested assumptions? How do we make sure that the indicators and predictive tools we are using continue to be weighted appropriately and are still relevant? How do we make sure that alternative analysis is pursued seriously as an integral part of our analysis? And how do we encourage competing analysis?

What I can tell you from my perspective and experience

Leading an exceptional cadre of analysts at CIA is that there is no one single solution or method that will ensure creativity, imagination or detailed questioning of inherited assumptions. This is an area where each analyst must constantly question themselves and where the drive and the agility of the analytic leaders in the Community becomes critically important. It is incumbent upon us to challenge the analysts, to suggest the out-of-the-box approach to a problem, to establish units to do contrarian analysis, to have competing centers of analysis and on occasion to suggest the far fetched.

I can give you an example of a few of the things we have done to push beyond the traditional boundaries of intelligence. Two days after September 11, we established a red cell to produce short think pieces on terrorism. We gave red cell members access to all terrorism reporting and the mandate to tell the Director and our national security principals what they should be worried about that no one else was telling them about.

In February 2002, we expanded the red cell's mission to go beyond terrorists and to cover all of our national security issues.

We have done some other things that might strike people as even more imaginative. We have had our terrorism and counternarcotics analysts meet with Hollywood directors,

screenwriters and producers, people who are known for developing the summer blockbusters or the hit TV shows that often have a terrorism theme. It was an attempt to see beyond the intelligence report and into a world of plot development. We have also had a roundtable discussion with science fiction authors, who bring a unique perspective to assessing data and spinning out possible scenarios, an invaluable opportunity for analysts to push the envelope on where a nascent development might ultimately lead.

To truly nurture creativity, you have to cherish your contrarians and you have to give them the opportunities to run free. Leaders in the analytic community must avoid trying to make everyone meet a preconceived notion of the Intelligence Community's equivalent of the Man in the Gray Flannel Suit.

I believe it is also important to create and recruit a more diverse workforce. Incorporating a variety of diverse viewpoints into our analytic ranks is, given our mission, a matter of national security. We need analysts from all walks of life who, based on their upbringing, their cultural heritage, their experiences, view the world from different and unique vantage points.

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Ms. Misci k. Having a deep understanding of the cultures is a critical component of our work. By increasing our focus on language capabilities, especially in some of the world's more difficult languages, we will also gain deeper insights into the cultural and societal nuances of the groups and the countries we study.

And a final point on creativity. If you want to encourage imagination and creativity, if you want to have analysts who reach to see beyond what is delivered in their in-boxes, if you want to have an Intelligence Community that continues to make the tough calls, you do have to embrace and accept analytic risk-taking. On issues where we have less information, we will be more likely to head down blind alleys or to make imperfect judgments. The gift of a good leader or analyst is to know when and how to be imaginative. It is understanding that you don't have all the information you need, and yet recognizing the point at which you can't wait any longer to make a call.

Following up on my speech in February, I instituted a mandatory trade craft refresher seminar for all the analysts and managers in our directorate. This was the equivalent of a professional time-out so that we could review the lessons

we had learned and apply them to the broad spectrum of our work.

As I said at the start of my statement, intelligence analysis is a difficult profession. I want to thank the administration and the members and the staff of this committee for devoting attention to the analytic discipline. Your effort to provide slots, the people, and the tools that we need to continue to improve analysis has been critical. These are the kinds of changes that, when sustained over time, will ensure the quality of intelligence analysis that the country deserves and expects.

And there is one final thought that I would like to leave you with. We must have realistic expectations of what intelligence analysts can and cannot do. Analysts can piece together open and secret information to paint a picture of the challenges that confront the country. They can provide context to help policymakers understand the situations that confront us or might challenge us in the future. They can assess trends to provide strategic warning. What they cannot do is totally eliminate surprise. They cannot eliminate all of the mysteries. They can help you manage risks but they cannot eliminate that risk.

Intelligence analysts also give you their best efforts, their best judgments, based on the information available to them. But they cannot give you certainty in an uncertain

world. I think it is very important that the current debate on intelligence and reform be informed by realistic expectations. Thank you.

[The statement of Ms. Miscik follows:]

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The Chairman. Ms. Baginski for the FBI.

#### STATEMENT OF MAUREEN A. BAGINSKI

Ms. Baginski. Thank you, Mr. Chairman. It is a pleasure to be here to represent the FBI and to discuss FBI intelligence in the wake of the recommendations from the 9/11 report.

Regarding our work with the Commission, during their tenure we did work with them very closely. We took their critiques very seriously and we welcome their observations as objective outside observers. We are very gratified that they embraced our vision for intelligence at the FBI, and very, very pleased that they recognize the progress that the men and women of the FBI have already made. We are also very mindful that there is work that remains to be done and work especially that remains to be done on institutionalizing these changes.

Our efforts to date have focused internal to the FBI and have been informed in large measure by work that has been underway for years and led by my colleagues on the right-hand side of the table. And I would be remiss if I did not say thank you to them for creating an Intelligence Community which the FBI could readily join.

And finally, we thank the Commission for their observations about us for the work we still have to do and remain very, very grateful to the families of the 9/11 victims who remind us why and for whom we serve. Our prepared statement talks a lot about the FBI accomplishments and many of them mirror the recommendations that I think you have discussed already today.

What I understand is that your focus is on imagination and creativity, so I would like to dwell on that and talk about some of the things we have done in that context. I think I would like to associate myself with my colleague, Dr. Lowenthal, when I would say that I don't see a shortage of creativity or imagination among the intelligence professionals in the United States of America and I certainly don't see that among the intelligence professionals in the FBI. I think that the work -- when you asked the question how do you ensure that you get it -- I think the answer to that is you create the conditions for success. The work that the administration has done to date, that the FBI has done to date, was all aimed at creating the conditions for that success. And the work that we are collectively charged with doing from here on out is to ensure that those conditions are the best they possibly can be for the men and women that will perform this task.

I would like to share with you what we have done in the

FBI to try to create those conditions for success, and it starts with some very basic definitions.

The first is: What is intelligence? We define intelligence as vital information about those who would do us harm.

The next question for us is: What is the measure of intelligence? Who says it is good or bad? We believe the measure of intelligence is the extent to which it helps someone make a better decision.

Then we ask ourselves, who are the decision-makers? And the answer is the decision-makers are many in our vernacular, from the President to the patrolman.

So first and foremost, the prime directive for the FBI was to make more of an investment in understanding the decisions that others need to make. That will directly determine the value of our information. Who needs to have it, how do they need to have it, in what environment and at what classification level? And what you quickly discover is there is no one-size-fits-all for how that information should be packaged or presented.

And I would be very remiss if I didn't talk about very unique partnerships and constituencies that actually each of us at the table represent. For example, I am a member of a 700,000-person network of State, local and tribal law enforcement officials who are out on the streets every day,

finding, sensing, and understanding what the baseline situations are outside of the Washington area. We have very strong partnerships with these people. But the information that these people need needs to be delivered to them on systems that they can actually receive it on, at a classification level where they can actually act upon it, and in a way that is as actionable by the kinds of decisions that they make every day, which very much differ from the kinds of decisions that I make every day. And that is one of the key things that we had to invest in: Who are we serving with this information, and how do we serve them best?

From then, with that in mind, share the information by rule, withhold the information by exception, and improve decision-making of all those that we serve.

We then said, how do we establish conditions to make this in fact happen within the FBI? And we did this by four core principles. The first, I would echo Mr. Allen, the integration of operations and intelligence, the integration of collection and intelligence. Our collectors are agents, our analysts are intelligence analysts, our reports officers, our collectors are surveillance experts, and the key for us is that analysts must remain close to the collectors. Analysts also can remain very close to the people who have to act on the information. Analysts and collectors both must be responsible for the pedigree of the source, the pedigree of

the information that they are providing, and know the pedigree of the source and the source's access to the information in any given situation; less about the source than the source's access to the information that we are sharing. And then finally, they must separate and protect what needs to be protected and share the information as broadly as possible.

Our second principle is centralized management and distributed execution. You know how large the FBI is. It is quite an extended enterprise. But the centralized management portion is for this. It is to leverage expertise which is out there in the community; and the second part is to maintain accountability. And that is why we set up field intelligence groups who have the responsibility to execute the intelligence program guidance directive and standards that I run out in those field elements. Maintain accountability standards, policy, and most importantly, the allocation of intelligence resources based on threats. Key principle for us.

Third, while I do want to integrate collectors and analysts, I want one thing that's separate, and that is an independent requirements process and an independent collection management process. And that is because current intelligence and what you can collect will take every ounce of effort you have every day. And we do have a

responsibility to have someone ruthlessly focus not only on what we know, but what we don't know and must know to defend this country. And this is the focus on gaps. This has been the gift that Charlie Allen has given us by giving us a collection board to join, the gift that Mark Lowenthal has given us by giving us an analysis and productions board to join and sit at as a full partner. And they have welcomed us in that.

And we have created that independent requirements and collection tasking, and I will tell you we have created a collection baseline for the FBI. We know all of our sources. We know what we could know. We know what we don't know, and we are beginning to address the filling of those gaps, dedicated people who do nothing but try to find the sources that will help us get at what we must know. And, finally, dedicated resources to focused strategic analysis.

Now that, doesn't mean I don't hear about current reporting, because I do. But the balance has to be right. Reporting and reporting and reporting; but there has to be the capability to step back, posit hypotheses, and have analysts as active participants with data instead of the analysts as passive recipients of volumes of data that must be reported such that you never have time to do analysis. We have created not a separate organization, but a separate space where key issues are put forward, analysts devote

themselves at headquarters, in the field, to working that issue, and they go back to their operational organization where they once again integrate with operations so that we never create the divide between intelligence and operations.

Finally, on the issue of analysis, I myself was an analyst for many, many years. There was a Soviet Union though, when I was an analyst, so you get a sense of how long I have been around. In the end, analysis is done by people. People, like information, is many times imperfect. But one key business process change that we have put in place in the Bureau is that we apply analysis to every part of the intelligence cycle. We analyze what people's needs are. We analyze what needs to be collected to meet those needs, and we analyze what to collect so that we can analyze what is collected. It is not just a pass-off. It is analysis at every point, and then we analyze the feedback on the information as well.

So, because analysis is -- the heart and soul is in fact the people, most of our efforts have been in creating the intelligence service. And I think you have read -- all read the recommendations. There are some things that we have done that we think are very important. First, intelligence service is not just analysts. It is the agents who collect, it is surveillance experts. It is linguists. Fundamentally we have gotten the approval to create intelligence officers'

certification. It will be a prerequisite for advancement to ASAC, Assistant Special Agent in Charge, and section chief. We have just completed the basic analytic course. The core elements in our basic analytic course, 7-week residency course, are the same core elements that are being taught in our new agents' curriculum, and joint exercises are occurring between our agents and our analysts and that will begin in September. We have standardized the work roles and standards for our intelligence analysts. We have equalized the grade level between headquarters and the field. We have been given enormous opportunities by the Defense Intelligence Agency to join advanced training in the JMEF. We have had enormous help from our colleagues in the CIA as well.

And to succeed, we must have analysts who can drive collection, and we think with the help of our colleagues that we will in fact achieve that.

And in closing, the last thing I would like to say is I am very proud to have served as a member of the Intelligence Community for the past 25 years and I will be very proud to be part of posturing it for success in the future.

The Chairman. Thank you very much. That's interesting because we don't often hear about new things, and this is sort of a new thing. So thank you very much.

[The information follows:]

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The Chairman. Ambassador Black.

## STATEMENT OF AMBASSADOR J. COFER BLACK

Ambassador Black. Thank you very much, Chairman Goss and distinguished members of the committee. I would ask that you include my full testimony in the record in the interest of time.

Today's hearing offers a timely opportunity to examine the broad recommendations to reorganize the national security institutions of the U.S. Government in order to combat terrorism. I welcome the invitation to contribute to this important debate on how to protect Americans at home and abroad.

Following the September 11 attacks, the administration developed the National Strategy for Combating Terrorism, which outlined the broad policy framework for coordinated actions to prevent terrorist attacks against the United States citizens, its interests, and its friends around the world. The National Strategy has premised and sustained steadfast a systematic application of all key elements of national security, diplomatic, financial, law enforcement, military, and as we will discuss today, intelligence.

Today I will address the process and place that the

Department of State, the Bureau of Intelligence and Research, where INR is, the Department's liaison with the Intelligence Community at large. And my office works closely with INR and with the Bureau of Diplomatic Security's Office of Intelligence and Threat Analysis to assess the current intelligence information related to terrorist threats overseas and at home. In these relationships the State Department has ample opportunities to provide input to the U.S. Government's process for collecting and analyzing intelligence for counterterrorism purposes. Department of State will play a crucial role in the present strategy to make Americans safer at home and abroad. And I personally look forward to the role that the Department and my office will play in this process through the intra- and interdepartmental relationships briefly outlined in my testimony today.

Mr. Chairman, with this background and experience in mind, I will conclude with my formal testimony. Thank you again for the opportunity to appear in front of your committee. Happy to take questions.

Mr. LaHood. [Presiding] thank you, Mr. Black.

[The information follows:]

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Mr. LaHood. Things have deteriorated about as low as they can go. I am sitting here and Mr. Reyes is next to me, so you can't get much lower on this committee.

Mr. Cunningham, you may go first.

Mr. Cunningham. That is a surprise. Imagination and creativity. You know, I think a lot of us draw from our own experiences and think about what that involves. And I imagine that Bruce Lee, when he first trained in martial arts, didn't have a lot of creativity; he was just trying to survive and learn the basics. And I have got a point out of all of this. I know when I went through pilot training, I wasn't very creative or imaginative. I just learned the basics. After I got thousands of hours, both as an instructor at Top Gun and 300 combat missions, I got a little more creative, got a little more imaginative.

And the point is that I think a lot of it is dependent on first -- I coined a phrase -- you fight like you train. And if you get the right training, with the experience, then imagination and creativity is enhanced. If you have policies to where your retention is very low, for example, 22 percent at one time for both military and intelligence, go to any restaurant and you have got former agents in there all around D.C, you lose that experience, you lose that training. Just the ability to train the 78 percent of the new kids on the

block, the Jonathan Livingston Seagull is hurt.

And so what I would -- you know, we are here to listen to you. But what I pledge to you is that this committee and this member understands there is nobody on this committee, no politician, that knows more about your business than you do, except maybe -- except the Chairman, Porter Goss, who is a former member. But we need to listen to you and how you do it. We need to create things that enhances your ability to have retention. And then we need to give you the tools to do your job.

Those weren't done in the previous decade. Your resources were cut. The number of deployments spread you very, very thin. And then your retention lowers the experience level you had to do the job with expanding responsibility. That is one thing this Commission doesn't point out: what we didn't do for you.

I think part of this whole process of imagination and creativity is for us to look and listen more to you and what those jobs are.

I will give you a different example. When I was an instructor, I used to try and pass -- or a student, I used to try and pass as close as I could to the instructor, because if I gave him lateral separation he would turn on me. I even violated the rule of 200 feet, tried to take paint off the side of the airplane, so the instructor couldn't get an

advantage on me. Well, that was real fine. I got above average because I didn't get shot by the instructor. But on 10 May, I did the same exact thing to a MiG, and as a matter of fact, told my back-seater, "Watch this Willie, I am going to scare the blank out of this guy." All of a sudden, these guns lit up and he shot at me. I had never been shot at, head on, by a Top Gun instructor, but I hadn't taken myself out of the training scenario into a combat scenario.

Your agents that are here in your different buildings get a different experience when they actually go out into the field. Take these guys that are operating over in Iraq or Afghanistan right now. That is different than sitting here and doing a lot of the paperwork. We need to take that into consideration on imagination and creativity.

So I am here to tell you that both sides of the aisle will do everything they can to enhance what you have in the future. It ain't all your fault. We need to, you know, bear a lot of that responsibility as well. And I want to tell you this is one member that is going to fight tooth, hook, and nail to give you those resources.

Mr. Reyes. Thank you, Mr. Chairman. My first question is for Ms. Baginski. I am curious. We just had an intercept on the southern border in McAllen of an individual that was suspected of being a potential terrorist. How -- having the benefit of your testimony, how did the information go up to

the FBI on that particular case?

Ms. Baginski. The information flowed up through our joint terrorism task forces. It was actually the ICE agents that had the information. Our joint terrorism task forces have reports officers embedded in them, and a raw intelligence report was written to share that more broadly with the State and Locals and also with the whole national security community so that they could take action as appropriate.

Mr. Reyes. Is it too early to tell whether the new revised system has worked and has worked well, again, using this as a maybe test case or not?

Ms. Baginski. I think it is very, very encouraging, and I think we definitely are on the right track just in terms of volume of information that is going out very broadly from the FBI and, most importantly, to our partners, State and local and tribal law enforcement. I am under no illusion that we are operating as a perfectly oiled machine every day, and I think we still have some work to do, not on instinct, but perhaps on connectivity and on resources to actually write the reports. The instinct to share is very well developed and based on the JTTF construct.

Mr. Reyes. And given the system as you have explained it and how it is intended to -- and I agree with you. For a system as complex as the one that we need to have in place to

be able to do what we need to do to get the information in and, more importantly, distributed back out, it has got to be a work in progress. What kind of follow-up will there be? In other words, we have got an individual, a person of interest that has been intercepted, that has been interrogated, debriefed, information has been packaged and sent forward. You get it. It goes to the different tracks and gets disseminated out. At the same time, you are trying to get other -- connected with other perhaps individuals or incidents to be able to do some follow-up.

How has that process worked? And at what point, if -- getting back to the original intercept -- if that is a false alarm, a person that all of a sudden says, everybody says, well, you know, we had it wrong or it wasn't what we thought it was, how does your system -- how does it go back and -- not correct itself -- but perhaps get the right information out so -- because you, at the same time you have got people out there that are on full alert, targeted one way, and perhaps it is critical to get the information so that they can resume normal activity.

Ms. Baginski. The follow-on investigative and intelligence work will occur within the context of the JTTF, and in that context we have very close relationships with our foreign intelligence colleagues who are actually part of our task forces. What you say about closing the threat out is

the key part of this, and it has been quite great for me to have that very different intelligence experience, because the ability to follow up and to find out more information allows us then, through a raw intelligence report, to say this should be read in the context of this first one that we issued, and here is the final situation. And we literally close out the threat through this same mechanism that we opened it.

Mr. Reyes. So it has worked well? And you have had a chance to test flight the system?

Ms. Baginski. Yes. I am encouraged, and we still have work to do.

Mr. Reyes. Does the -- well, has the FBI created a centralized database that contains all of terrorism-related information? Is it a centralized database?

Ms. Baginski. Right after 9/11 the director took a very hard look at that issue. And I think you probably have heard Director Mueller describe his efforts at intelligence to begin with -- at the very early stages we were focused on counterterrorism, and at that time began a program -- I think is the best way to call it -- but actually a prototype. It was called SCOPE, Secure Operational Prototype Environment, I think it was. Oracle 99 database. And the whole idea was to scan as much as information as you could in a single database, such that you could take commercial tools, normal

things like you do in your living room every day and cross-query vast amounts of information. That prototype has grown into something that we now call IDW, Integrated Data Warehouse. And as the official in charge of information sharing, it has been my job to expand the amount of information that is in there, in concert with our privacy lawyers, so that our analysts have access to the broadest amount of information possible. The access has also been extended to the JTTFs which has been proven to be incredibly important for you. So the Integrated Data Warehouse has been a real boon to my analysts and to the agents and surveillance experts alike.

The Chairman. [Presiding] Mr. LaHood. Thank you.

Mr. LaHood. Thank you Mr. Chairman, and thank you all for being here.

Ms. Baginski, let me ask you a question about something that I have always been intrigued with as I followed the work that we did between the Joint House-Senate Committee, the 9/11 Commission report. Is it conceivable that the Arizona memo incident and the Minnesota memo incident could ever happen again, where somebody out in the field sees peculiar people, thinks they are peculiar, thinks there may be something wrong with what they are doing, writes a memo which never reaches the highest level of our government and so nobody ever does anything about it? Could that ever happen

again?

Ms. Baginski. I have learned to say, never say never. But I will tell you what has been put in place I believe is more than sufficient safeguard against such a thing occurring. I believe you know that Director Mueller's approach to the overall FBI transformation has been to move away from the culture of office of origin towards centralized accountability and responsibility. And so that is basically saying headquarters -- headquarters has programmatic responsibility for all counterterrorism, so that it is clearly understood that something that originates at a given field office is the responsibility of the headquarters element that manages the overall program and that that information does, in fact, reach the appropriate people.

Mr. LaHood. For the benefit of common ordinary people that might be watching this broadcast on C-SPAN, cut through the bureaucracy. If somebody writes a memo in Arizona saying that there are some peculiar people taking flying lessons and they don't seem to fit in in the community, what would happen to that memo? Who would it go to, and how would people react to it?

Ms. Baginski. That memo would go to the units and headquarters that are tasked with handling that particular issue. They are then divided to focus on key terrorism issues. That organization would be charged with taking all

action on it, possible tasking leads out to JTTFs, following up and ensuring that everything is followed up on.

Mr. LaHood. Another common complaint or criticism has been that the mentality prior to 9/11 is that you don't share information within the office or certainly not with the local sheriff or the local police chief or the local policeman on the street. Has that changed?

Ms. Baginski. I believe that has changed.

Mr. LaHood. How has it changed?

Ms. Baginski. I believe that through the Joint Terrorism Task Forces a lot of that information is flowing through our Web page on law enforcement online, which is the unclassified Web-based system we have to deliver information to those that are not physically sitting in the JTTFs, through the creation of reports officers who are pushing information actively out, through management constructs in each of the field offices to make sure there are regular meetings with State, local, and tribal law enforcement to pass information on. I believe all of that has changed and it has been aided by information technology.

Mr. LaHood. And you know what I am getting at here. Let's face it. If people at the highest levels of government knew about the people that were living in Florida or Arizona, taking flying lessons, perhaps 9/11 could have been prevented. I mean, people want to know could it have been

prevented; and if people in Washington or people somewhere else would have known about what was going on, perhaps it could have been prevented. And I think that's in part what Americans are looking for in terms of what has happened since 9/11 that has improved opportunities for law enforcement people to find these people who are living in America for no other reason than to hurt Americans and to go after our system.

And I would hope that you could give us some assurances here today, and through what you have said, that a lot of things have changed, whether it is through the Joint Terrorism Task Force, whether it is through communications now that exist and new systems that exist. Because some of us that serve on this committee know that a lot of things have changed, but I am not sure that the American people know that. And I think we have to give them some assurance that a lot of things have been done since 9/11 and a lot more communication is taking place.

Ms. Baginski. Thank you for the opportunity to be able to say that. A lot of things have changed since 9/11. The Commission's recommendations, in fact, I think make that case very strongly. We are doing, I think, a wonderful job at sharing information. And I have been an intelligence professional for 25 years, and I have seen since I have been at the FBI some of the finest analysis, the ability to share

information, and have been absolutely gratified as a citizen with their ability to act on it, to follow up, to find out more and to continue to put it out. So this is an organization that I believe is actually serving the American people very, very well.

Mr. LaHood. Mr. Chairman, I have another question but I will wait if there is time later on.

The Chairman. Thank you. Mr. Boswell.

Mr. Boswell. Thank you, Mr. Chairman. I appreciate the report, steps forward. It sounds like a lot of good things have happened and we have been aware of much of this throughout the last several months. One thing that I don't know -- I will direct this to the CIA folks to start with, and I don't care who responds. But Interim Director McLaughlin, here not too long ago in an interview with the media, says that there is credible information another strike would take place before the election. And I would like for you to talk about that a little bit.

What does that mean to my folks back in Des Moines? What does that mean to Mr. LaHood's folks in Peoria and so on? I would like for you to tell us -- talk about it, share with us.

Mr. Allen. Credible information, Congressman, means that it is based on reporting from sources or a source with whom we have had some understanding of how the information

was acquired: the background of the source, the background of the individual that provided the information, plus documentary information that was collected; evidence off of various and sundry magnetic media gives you confidence that indeed these are data that are valid.

So when our Acting Director speaks of credible information, I think he has confidence that the collection community, working both unilaterally and sometimes with liaisons, have information on which they have -- they are very confident that the data they have are -- poses a threat that we can not ignore.

Mr. Boswell. I appreciate that. And I understand that. Is this new information, or have you had time to digest it and get into the importance of it?

Mr. Allen. This is new information that has been collected. Some of the information goes back some years, but it is new information.

Mr. Boswell. Okay. I appreciate knowing that. Since, Mr. Allen, you took the lead here, I am going to keep you on just for a moment. You made the comment earlier in your testimony that a lot of the steps, the things you have done, it sounds good. I appreciate that. We all do. The hallmark sharing information. And I think that's what we were just -- Mr. LaHood was concerned about, and my comment on that.

But I would also like for you to -- we have got a little

time to, you or your colleagues, to talk to us a little bit about the national intelligence center that the Commission is recommending. Do you believe this proposed framework would improve the collection, improve analysis, dissemination of counterterrorism, counterproliferation, counternarcotics -- Russia, China and other intelligence -- on high priorities targets? That will probably use up all of our time there, but would you respond to that, please?

Mr. Allen. Yes, sir, congressman. On the sharing of information, I know my colleagues -- certainly Mr. Lowenthal, who works this problem across the community, may wish to speak about it. But on sharing information, I think we are a world transformed in the last 3 years in sharing data. As I said in my statement, we are working hard to share information immediately and instantly, down to the FBI if it is foreign-acquired threat information that has been collected overseas. And if it poses a threat to State and local governments, as the latest threat does, that information is shared very rapidly with all the officials that are concerned.

We are finding ways, however, also to share data that we used to keep, say, in Washington, out with their military forces. We began to do this in Operation Desert Storm. But we have done it, I think, incredibly well in Operation Enduring Freedom in Afghanistan and Operation Iraqi Freedom

in Iraq, where we are able to take sensitive information, take away how we acquired the information, and get it to the soldier carrying the rifle on the street, whether it is in Mosul or whether it is in Khost and eastern Afghanistan. Never have I seen things driven so directly and so forcefully.

Our director, former Director Tenet, worked that powerfully to make sure that we never held on to data that was important, that was threat data, either to our Armed Forces or to our domestic society. And I think we have work to do. I don't mean that we have solved all the problems. But there are a lot of things. If we had time I could tell you many examples of how we do this. I have confidence that we have come a long way. We obviously have work yet to do and a journey yet to go in getting that information shared in the way we want to.

On the national intelligence center, which would include presumably the various capabilities involving other centers, fundamentally the President has said there will be a national intelligence director. He has also said that there will be a national counterterrorist center which will be greatly expanded -- and Ms. Miscik may want to speak to that -- and that there may be a proliferation -- weapons of mass destruction center. I would be very hesitant to go beyond this because we need analysts within the imagery world,

within the SIGINT world, within -- and we need officers to stay in the HUMINT world. We cannot form an infinite number of centers. So I am very hesitant to go beyond where the President said, because I think his statement was very deliberate and I think it moves us in the direction further where we need to go in order to ensure that we can focus on the threat including global -- the global threats where we were attacked by asymmetric means.

But we have to be very careful about how we do this and how we use our precious resources which Congressman Cunningham spoke about. And we have a lot less than we had at one time. We are rebuilding that, but many of the collectors I work with every day are young people, young men and women, highly professional, but many of them only have a year or two experience, and I have to sit down and explain to them, you know, what all this means and a little bit of history that goes with it. So we don't have all the experienced people we once had during the Cold War.

Mr. Lowenthal. Let me just add a few points. On information sharing, one of the initiatives that Director Tenet got underway last year was an information-sharing initiative that embraces some things that are very mundane, like how many badges do you really need, although that can be an impediment, to serious things like common e-mail systems, common information sharing systems, common database systems.

And Larry Kinsvater, who is the Deputy Director for Community Management is overseeing that, and we have made a lot of progress. They sound very mundane. It is like talking about plumbing, but the plumbing matters. And we have made a lot of progress on that.

I think the NCTC that the President said he is going to stand up will be successful. It will build on TTIC that John Brennan got up and running. It will expand that and it is building on a very good base.

I agree with what Charlie said. Going beyond that begins to get problematic. You know, one of the problems we face across the community is stovepipes. And just as there are collection stovepipes, there are analytical stovepipes. And I think if you start putting all of your analysts in specific centers, you lose a lot of flexibility. The world may not correspond on a daily basis, on a weekly basis, to the center set up. And we need flexibility. I worry about this across the community. Jamie worries about it every day in the DI. And to just pocket everybody in a center, when some issues will transcend those centers, may not be the way to go as a general organizational principle. And like Charlie said, I think we have to think about that.

Let me just say one thing about retention. When we had the farewell ceremony for the Director, Jamie made this point that stunned a lot of people in the audience, although some

of us knew it. She noted that 40 percent of the employees at CIA had only worked for one director. Now, George had been there a long time. But our retention is actually good in terms of the numbers of people we are holding on to. The problem we are having is that our workforce is getting younger. Old people leave. Young people get in. The workforce gets younger. This is just actuarial. That is why my office is worried a lot about training, about education.

We have to do better at career guidance, which we are not wonderful at. I spend a lot of time just talking to analysts around the community asking them what makes them happy and what makes them unhappy. And some of the unhappy stuff, you know, you can't do a lot about. And some you can. And we are trying to address that. We understand that if we don't hold onto these people, the average length of service that we now have, which is pretty scary, will go down. And that is why one of the goals in my office is to do everything we can across all of the agencies to get it back up. So all of this comes together in a master. It is a very complex series of problems, but I think we are addressing each of them.

Mr. Boswell. Thank you very much Mr. Chairman. My time has run out.

The Chairman. Mr. Cunningham. I am sorry;  
Mr. Hoekstra.

Mr. Hoekstra. Thank you, Mr. Chairman.

Charlie, we are looking forward to your report at the end of the month, strategic review of all of our programs.

Mr. Allen. Congressman Hoekstra, this is one that DCI Tenet ordered up a few months ago, as you and I have discussed it, and hard decisions are going to have to be made because we have to look at capabilities, and some of them are extremely innovative. Some of them are very advanced technologies, and hard decisions are going to have to be made by our program managers and our acting director. Some of them will have to be, of course, coordinated with our Secretary of Defense.

It is a great study in the sense that for the first time we have looked at all of our constellations, airborne and space, end to end, with the ground elements together. No more of this looking at one satellite system at a time; looking at all of them and seeing what do we really need, sir, and matching it against the threat in the future and the needs that have been enunciated by the President.

Mr. Hoekstra. We look forward to seeing that. And also, you know, as many of you have outlined, all of your organizations have adaptive -- or have adapted significantly since 9/11, and we appreciate the effort, the time, and the energy that all of you have put in, which I think forces us then to really ask two questions.

The first is as we talk about the structural changes that are being proposed, will those be more effective than the work that you have already done? Will we end up with a more effective structure than where you have already evolved to?

And the second thing is, will this new structure that is in place, in the future as other threats emerge, just like as we moved from the Cold War to terrorism, will this new structure be better able to recognize emerging threats and adapt quicker than what we have in place today?

Mr. Allen. On the question of the new structure, as you say, Congressman, we have changed in a mighty way, and I think that is a good way of putting it, since September the 11th. We were changing before then, but had not changed at the speed that we have done over the last 3 years under the leadership of Director Tenet.

As far as changing and having a national intelligence director, I think that has to do with the whole question of what all that means, and I know the Congress is debating that. I heard some of the discussion earlier. The administration is evaluating it. We are offering all of our support. ADCI, Acting Director Central Intelligence McLaughlin is engaged in this on an extensive way every day. The main thing that we want, sir, is a strengthened intelligence leadership that reaches overall of the foreign

Intelligence Community. And a national intelligence director that has been proposed by the President must have the authorities to truly build a national Intelligence Community, and that means he must have adequate program and budgetary authorities, I believe, to do that. And he has to really lead the community, working with Homeland Security and ensuring that law enforcement is part of the effort as well.

The main thing we have to do is to have an agile and flexible new structure that will be -- that will build on the brilliance we have today -- I think we have some very brilliant capabilities -- but to be able to anticipate the asymmetric threats that we talk about -- how will they attack us, how will we be struck -- while keeping our eye, as Mr. Lowenthal said, on some enduring threats. There are some major powers that could become hostile that are nuclear armed. We have hostile states out there that want nuclear weapons.

All of this has to be done. So I think that all of this is going to require a lot of intellectual counterpower of both the Congress, the administration, and the Intelligence Community and law enforcement, Homeland Security, to bring all this together.

Mr. Lowenthal. Could I just add to something that Charlie said? I think it is an important point. The answer to your question on the new structure is, it depends. It

depends on how it comes out. I mean the President has said he is in favor of this concept and he has opened a dialogue with the Congress, which is the way it should be. If it emerges the way Charlie just described it, where the authority of the NID matches his responsibilities, which has always been the gap for the Director of Central Intelligence -- that his responsibilities were much larger than his authorities to carry them out -- then it will be successful. If that doesn't happen and we end up with an overlay that we really don't think we need, then it will not be successful. And that just depends on the process that goes on between the two branches. And it has to be legislative. The President was very clear on that, and he was obviously correct.

On the emerging threats, we do a couple of things to try and think about that. I lead a bunch of analysts who take the President's priorities framework, and we just finished this exercise now and it took a long time to do it. We have taken all the issues that are in the President's priorities and asked the analysts to respond to them: What does this look 5 years from now? Is this still an issue and who are the players: Who goes up and who goes down? And I just got the data last night. And we are still plowing away through this.

Mr. Allen and I have had conversations with the national intelligence officer for warning, saying that we want his

process more closely integrated with our process, so that when he sees something on the horizon, I start thinking about where are those analysts coming from. If this country goes bad or if this problem gets worse, where are those analysts across the community? What would we stop doing if we did more of that?

And Mr. Allen does the same thing on collection. If we have to start moving collection systems -- we have a zero sum game every morning, every Monday in the National Intelligence Collection Board as Mr. Allen looks at whatever the problem of the day is -- and usually, you know, the preferred answer is let's collect more -- well, that has got to come from someplace. We don't have a floating reserve of satellites out there waiting to be called into the game, and so we play this exquisite exercise every morning.

So we are looking at ways to integrate warning into the daily collection analytical allocation, and I am looking 5 years out with my analysts at where we think the problems will be. Now, it is not science, again. It is analysis. And some of it we will get right and some of it we will revisit. But we are going to do this every year and share this with the policymakers and with the rest -- I will share it with the analytic community and with the collection community.

Mr. Hoekstra. Thank you.

The Chairman. Ms. Eshoo.

Ms. Eshoo. Thank you, Mr. Chairman.

And thank you to each one of you, certainly for your service to our country. That is what you do every day, and I think it has gotten tougher and tougher, given the challenges that we have, and each one of you heading up different parts of the Intelligence Community and under all the pressures and criticisms keeping the morale up, because that is something that you can never quite place on a scale and weigh it or put a price tag next to it.

But I imagine that it is rough for people inside the agencies. And I want to say this for those that may be tuned in, listening to this, that this is about making things even better. I don't think we get anywhere by pointing fingers. There have been failures. There have been mistakes. We are new at trying to beat this enemy that we have. And we have been trained to think and do things differently, and this is new to us. It is just new. Practically brand new. So I just want to preface my questions by saying that to all of you.

Just a few quick questions, and then I have a larger one, because I am trying to take everything that you said and reading your testimony, along with you presenting it, and trying to put it in the broader context of, well, what are we doing here, and which way are we going, and really what do

you think? My sense is that you have given me a pretty good idea of what you have changed, what is new, and how you think it is working. But I want to get to the other side of really what is on the table, what is being discussed by the Congress. The President weighed in and said okay for one person. I want to know your thoughts more about that. On the NICB just out of curiosity, when was this established?

Mr. Allen. The National Intelligence Collection Board was established I believe about 1991 originally by Bob Gates. It was never an effective organization. I took it over when I became the Assistant DCI for Collection under the guidance from Director Tenet and former Director Dempsey to really make something out of it, and we are. We meet virtually every day. We met twice yesterday.

Ms. Eshoo. So this is really a reenergized, new --

Mr. Allen. It has been going for 6 years, but it has gotten better and better. We meet tomorrow on a very critical issue, that I would prefer not to discuss here, affecting American interests big time. And then Friday morning we meet at 0645 hours with -- on Iraq, and we bring in all of our people and the central commanders.

Ms. Eshoo. I have several questions, so I appreciate that answer.

Mr. Allen. And all our people in Iraq as well. So it is a very -- it is both national and tactical together.

Ms. Eshoo. Thank you.

To Dr. Lowenthal, on -- in your testimony you speak of these -- the red teams.

Mr. Lowenthal. Yes.

Ms. Eshoo. Can you tell us what a red team is? Is it a group of analysts. Is it, you know, from another area, or is it a dedicated group?

Mr. Lowenthal. We don't have standing red teams. A red team.

Ms. Eshoo. You don't have what?

Mr. Lowenthal. A standing red team. You assemble a group of analysts to look at this issue and take an opposite -- come to an opposite conclusion, challenge the analysis that you have, sometimes you ask them --

Ms. Eshoo. So it is a group of analysts that come together, but it is in a dedicated effort.

Mr. Lowenthal. Right.

Ms. Eshoo. So it is a combination of both?

Mr. Lowenthal. Yes.

Ms. Eshoo. Okay.

To Ms. Baginski, I think it was maybe a year and a half ago when the committee went over to the FBI and we had a huge demonstration on the -- on what the information-sharing equipment that was being invested in would be able to produce. Now there is a lot of talk about information

sharing, how important it is, across an agency. You used all the terminology. You explained, you touched on it. Is that fully up and running now? I mean it was, most frankly, I thought, a disaster from where we were coming from, because it -- there was a lack of investment: It didn't work, or we didn't have it, or it had been overlooked by the Congress. But is that up and functioning in its totality now?

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[4:15 p.m.]

Ms. Baginski. There are so many different -- I want to make sure. I don't know precisely what you got briefed on. I can speak to you to the IDW system that I described, which puts all information we have so that we can do some queries against it. My suspicion is you might have seen something called Virtual Case File which is actually the input mechanism to that and I think that has been in the paper of late. We will have a prototype version of that out by the end of this year.

Ms. Eshoo. What does that mean?

Ms. Baginski. That means -- first of all, I am not sure what you saw, so I am sorry, I wasn't there a year and a half ago, so I apologize. If I can get that information to you, I can tell you.

What I can tell you is the IDW system is functioning. We have a secure classified system where we can --

Ms. Eshoo. The reason I asked the question is to see how far the agency has come relative to information sharing. We talk about it. There were some very sad examples out there that continually raised the question what if -- if we had, if we could have, if we had followed up and if it moved

through the chain and it was shared. That is what I am trying to get at.

Ms. Baginski. I understand your point. We have the e-mail connectivity, as you know, across the Bureau. We have a classified SCI, LANs WANs, that will allow us to share that information. I think that much of the capability you saw --

Ms. Eshoo. Rather than using the name of the system, I think it would be -- we are talking about very large things, so if we are going to revamp an agency by 90 percent in terms of its information-sharing investment, how far have we come? Is it 25 percent there? Is it 10 percent? Is it 89 percent? I don't have a sense from you what it is, but maybe you can get the information to us.

Ms. Baginski. I think that is probably the best thing to do.

Ms. Eshoo. We use the right words. It is very difficult to measure.

Ms. Baginski. I understand what you are saying. I will judge from the baseline you saw a year and a half ago, which unfortunately I am not in a position to say what you saw, and I apologize.

Ms. Eshoo. I think my time is up. I had another question. I don't know if you are going to go another round, Mr. Chairman. If you are, I would like to ask it.

The Chairman. I think we have time, and I would like to

do that.

I also apologize to the members of the panel for having to jump up and take some phone calls. I hope that is behind us for the moment.

Ambassador Black, I remember you were the head of the DCI's Counterterrorism Center on or about 9/11 or before and had a lot of experience in that. You now sit at State Department and you are a consumer, and I would like to have your views on how things have changed or improved, hopefully, or not. And how do you feel about it?

Ambassador Black. Certainly from the standpoint from where I sit now in the State Department, I view my former colleagues as invigorated and doing this country very well.

I was listening to Congressman Cunningham's analogy of the two fighters making the pass, and I think you in this committee deserve a lot of credit, as does the administration and the various agencies, to come away from what I think was a significant issue, which is basically the amount of manpower and resources we have dedicated against the counterterrorism problem.

I am a great admirer of the U.S. Army. They have a theory in combat: One forward, three back. They have one forward and three back, and they are under stress. I can tell you, the people doing counterterrorism, it was sort of like a gang of soccer kids. Everybody forward, nobody back.

No vacation, no training. Which is fine for a short period of time. The problem is when you do that year in and year out it seems to defeat imagination and creativity when you are trying to keep the barbarians off the walls.

What I do see is the allocation of resources. I see tremendous efforts in recruitment of FBI analysts, special agents in the CIA. Their numbers are all up. The quality of their new people are good, and they are beginning to institutionalize training and giving them the luxury of being somewhat at rest, to think, also to have some time off, which is a contrast from the past. So I think what you are looking at is a more stabilized force that is increasingly productive. I am well pleased with what I see.

Also, the general realization -- we talked about imagination and creativity. I think these days it is a shared imagination and creativity. It is not limited to the few. It is now shared among all of us, and nothing could make me happier. I think that is basically the answer to the question, from my perspective.

The Chairman. Thank you.

I have sort of a double-barreled question I think for Mr. Lowenthal and Mr. Allen. From the collection and analytical loop that you gentlemen run and make work from your positions of responsibility in the agency, how do you get the necessary fusion to the customers like Ms. Baginski

and Ambassador Black on both the question of what their needs and wants are to take care of both the tasking side and requirement side and making sure that the right judgments were being made, that they are included in the loop?

It is nice to see all five of you here together, and I hope that there are other times during the course of the week that you get to see each other, too, is partly where that question is going.

Mr. Allen. As far as making sure that we are tightly wedded and that we meet our customers, that is -- I work fundamentally, as Mr. Lowenthal said, from the presidentially directed requirements which I think lay out a very fine framework. We work our efforts and we do -- whether it is a new study of a difficult task undertaken by the Collection Concepts Development Center or something that we drive across the community, we operate based on the needs of our customers, who are the Secretary of State, the Secretary of Defense, the National Security Adviser. We frequently are queried from downtown on collection by Ms. Rice and by Mr. Hadley. We are very quick and responsive to this.

We try to make sure we enhance collection. We find new initiatives. Some of these can be very long term.

We have from Mr. Black's department some very heavy requests on northeast Asia and North Korea that we are trying to work on which I described in my statement as intractable.

They are very difficult.

Mr. Lowenthal and I are in lockstep because he helps oversee the priorities for the acting director as set out by the President, and we try to work through all the collection disciplines including human source, which you know very well, all the way across to even more exotic collection disciplines like MASINT.

Mr. Lowenthal. One of the things we do with the President's priorities, as I have explained to you in the past, every 6 months we ask the NSC principals, are these the right priorities? They are not ours. They are theirs. We are just the custodians of the list.

We are in the middle of that exercise right now where the Cabinet secretaries and their representatives on my board go through the priorities and ask, are these your needs? Are they not your needs? From that we will do our questions.

My office is also responsible in this system for evaluating how well are we answering the mail. We just had an exercise of that sort at the NSC. Part of that is we go to policymakers and ask them, did this work for you or not? Did you get the right products or not? Did we answer the right questions or not? It is a report card. In some places, we do really well. In some, we don't do so well. It is not that surprising. But we recognize where we need to do better.

I also think that Ms. Miscik ought to discuss the daily briefing routine and the feedback that comes through that as well. That is very useful to everybody.

Ms. Miscik. We do have a daily feedback that we get from our policymakers or from when we come down and do briefings. We try and make sure that we incorporate all of that into changing priorities.

I guess I have one area which I differ from the intelligence priorities list. Because we are the all-source analysts who are providing the intelligence briefings to the senior policymakers, we have to really maintain a global coverage. Even if that country seems to be fairly far down on the list, if we see a problem developing or a crisis looming, we will go ahead and analyze that, send requirements into the system on that. I think the system is incredibly agile and flexible and can respond to that, and I think if there is something to make sure that we preserve and protect as we move forward that you want to make sure that you maintain that kind of agility to move collection resources, to ask those questions as they come up on a given topic and to make sure that we have the analysts dedicated to working on those issues that we need to have.

The Chairman. My time is up, but I am going to pursue that in my second question at the end as to the national consumer versus support to the military and the warfighters,

that angle as well.

Mr. Reyes.

Mr. Reyes. Thank you, Mr. Chairman.

I will just continue with a question for Ms. Miscik.

Some months ago, you argued forcefully that the CIA's all-source counterterrorism analysts had to be given greater access to sensitive human source information. A lot of us here think you were perfectly correct, and we were informed that the DCI ordered, in fact, some changes. In February, you announced that the DCI had directed that the CIA's analysts get the access to source information within 30 days, but we are now told that that effort has now simply bogged down.

The questions I have: Why hasn't this project moved along more vigorously, and why can't the DCI make it happen faster? Does the DCI in fact currently have the power over classification, security and personnel policies to force these same sorts of changes across the entire intelligence community? And, next, if there were a National Intelligence Director, what powers would this person need to have the force to get all the information sharing that is needed?

As an example, what would be your reaction if the National Intelligence Director, rather than the agency heads and the collectors, controlled access to information, essentially returning the power over originator controlled

information to the National Intelligence Director?

Ms. Misci k. It was in February that I gave that speech and said that the Director had given the Executive Director of CIA 30 days to try and institute that system. What has been going on since that time is indeed progress. We have gotten to the point where we now, I think, understand what we need to do to organize our requests and make sure that we have the number of analysts who really, truly need the access to that information getting the access to that information; and, in fact, we have just conducted a pilot program to make sure that that does indeed work and we are getting what we need.

There is very much a concern and one that I fully recognize and support that we have to protect sources and methods. We do have to make sure that the identity of the source is not shared at random, that it does not go out into so many different systems that it really, truly can't be protected. That is really what we have been trying to balance, the need to protect that source with the need that I articulated in my speech, which is the need for the analyst to understand the ability of that source to report that information with expertise.

I am not sure that this is a question that goes to authorities, to get to your final questions. I believe the DCI does have the authorities right now to institute these

sorts of things. And progress I don't believe has been held up by a lack of will. It really has been held up by some very fundamental questions on source protection, an understanding of what we are calling the community of analysts who need to have access to that information, marrying those two together and then making sure that we have a computer system and an information-sharing system that allows that to take place electronically and not just in paper copy because my analysts also need the ability to go back and check 2 or 3 years ago where they stood on that source and that information. It is not just this point forward.

Mr. Reyes. So it is not a matter of being bogged down? You have actually run -- I think your words were -- a pilot program through. Have you been satisfied with that pilot program? What results have we seen and what other kind of feedback can you give me?

Ms. Misci k. I would be happy to go into a lot of details in a closed session on that, if that is all right. But I will say here that I think we learned some things from the pilot. There are some things that we adjusted accordingly before implementing it with others. I think that it probably would be best to have a briefing on this by the people who are involved in the pilot and can speak to your question more directly. But I am pleased with the fact that

people are trying to work through these very long-standing issues and I believe are giving it their attention.

Mr. Reyes. Thank you. I would be interested in that.

The only other thing was the National Intelligence Director, in your opinion, wouldn't need any additional authorities or powers to help get this done?

Ms. Misci k. It is hard for me to speak to that with any specificity because I don't know what details yet surround the National Intelligence Director. I think, speaking for a DCI, a current, existing position, I think that he has the authorities to be able to do that.

Mr. Reyes. Thank you, Mr. Chairman.

The Chairman. Mr. LaHood.

Mr. LaHood. Mr. Allen, I have a very specific question. On page 133 of the 9/11 Commission Report, you were quoted as saying that the collection effort on bin Laden in 1999 was an all-out, all-agency, 7-day-a-week effort and despite the effort there was little actionable intelligence for the administration to act on. Can you explain why that is?

Mr. Allen. That particular interview, we knew a good deal about the al Qaeda organization. We knew its locus and its safe haven in Afghanistan. We knew many of the facilities. We knew many of the leading members. We knew many of the safe houses that they kept in Kabul and in Kandahar. We also knew some of their desert camps and

training facilities.

The problem was what we wanted to do at that time was to find a way to render bin Laden to the United States; and, as a result, trying to find out where he was at a given moment on a persistent, sustained basis, we did not have either human source collection nor did we have technical collection that provided us that kind of information which I called actionable, so we could go to this compound at this hour on this day at this time in the night and bring him out. We had it occasionally. We had it a couple of times, I think, in December, 1998, and also in May, 1999, and Mr. Black may remember some of that, but we didn't have it on a sustained basis where we could confidently take the action that was required.

Mr. LaHood. Has anything changed since then? Is there anything in the 9/11 Commission Report that gives you any positive feelings that we are any better off now than we were then?

Mr. Allen. We are immensely better off than we were in 1999 in our ability to go after terrorist networks, al Qaeda and associated al Qaeda networks around the world, whether they are in southeast Asia, whether they are in the Middle East or in east Africa.

Mr. LaHood. But what about specifically on bin Laden? The pound of flesh for the American people is when we get bin

Laden. Can you give us any assurances that we are going to get him? Has anything happened since that time that would give you the kind of feeling or activity that has occurred that would give you the idea that eventually we are going to get him?

Mr. Allen. I have every confidence. We cannot say what time and what day, but I know of no effort greater than that particular intelligence goal, is to render him to justice, as the President said.

Mr. LaHood. So we are going to get bin Laden?

Mr. Allen. Yes.

Mr. LaHood. When?

Mr. Allen. We cannot put a time or a distance on it. He obviously -- as the President and others have said and as former Director Tenet said, we have rendered a lot of these people already. Either they are in detention or they have been killed, many of the leaders. Additional successes are occurring on a daily basis essentially around the world.

Mr. LaHood. Thank you, Mr. Chairman.

The Chairman. I don't think you want to tell bin Laden the time and place we are going to pick him up, and I appreciate your wisdom on that.

Mr. Boswell.

Mr. Boswell. Thank you, Mr. Chairman. I would like to address a question to each member of the panel. Would a

National Intelligence Director separate from the Director of CIA help or hurt? Start right with you, Ms. Miscik.

Ms. Miscik. I think the devil will really be in the details. The question will be what authorities would go with that, what roles and responsibilities. Would there be symmetry for the authorities required and the responsibilities that a National Intelligence Director would take on? I can see ways in which it will work. I see ways in which it could help. I also see ways in which it could be harmful. It really does need to be looked at when the details of the proposals come out more fully.

Mr. Boswell. Mr. Allen?

Mr. Allen. A National Intelligence Director could be of great help, assuming the individual is invested with the authorities, responsibilities and the kind of structure that is required to not only manage all the foreign intelligence community but have cognizance over domestic intelligence as well. But I think, as Ms. Miscik has said, we have yet to clearly define that issue with the clarity I think that is required. The main thing that an individual having that position is that he has to -- he or she has to have the authorities that go with the office. Without the authorities, I do not believe they could provide the leadership for a strengthened intelligence community.

Mr. Boswell. Thank you.

Mr. Lowenthal.

Mr. Lowenthal. I don't think there is a lot that I can add to that. This is a serious question of how much authority this position has over the national intelligence community. It is an issue, as Ms. Eshoo said before the last panel, we have been down this road before. There have been lots of studies. God knows, I have contributed to some, more of them than I wanted to, in part for this committee.

There is a very stark choice. But how you structure that, there are lots of ways to do it. There are lots of ways to figure out how much authority. But it will come down to what my colleagues said before. If this person has the authority to direct the national intelligence community for the President, it will be very successful. If the person does not, it is going to be very hard.

Mr. Boswell. Mr. Allen, then personally do you agree or disagree with the President's suggestion on how we do this?

Mr. Allen. I think, as I said earlier, the President has said that this issue is being addressed in the administration. He is looking for advice from the Congress. My view is it gets back to how we can have a strengthened intelligence leadership that truly brings both foreign intelligence and domestic intelligence together in ways that are strong, appropriate and that still, of course, protects the civil liberties of all Americans. I think that can be

done; and I think, like Ms. Miscik, it depends on how much authority this individual has over all national agencies.

Mr. Boswell. Ms. Baginski, did you have a comment you would like to make?

Ms. Baginski. I think I would just echo what Charlie just said, that where it will help is to bridge the foreign and domestic divide and ensure that all the information is brought to bear against the threats.

Mr. Boswell. Mr. Black.

Ambassador Black. My understanding is this new National Intelligence Director would need to have increased authority. We need to look and see what the scope of that should be. Also have increased involvement in the budget as well as input into the selection and heads of the other agencies. I think the process would be strengthened as a result of that.

Mr. Boswell. To continue with you, Ambassador Black -- I have some time left -- you were, again, the director of DCI's Counterterrorist Center. What is your reaction to the 9/11 Commission proposal to create a National Counterterrorism Center and what does the Commission idea -- how does it differ from what we see exists today?

Ambassador Black. I think it is a very good idea. I think it is a continuation of my former statement in front of this committee. It puts the relevant individuals in the same place. It really effectively combines foreign and domestic,

which I think is very important. It is inseparable.

Mr. Boswell. Do you think it would be an improvement?

Ambassador Black. I think it would be a great improvement, and I think it is something that this country needs.

I am not one for organization in boxes and things. My philosophy is you can take a piece of paper with the boxes and the lines and turn it upside down. It is the people that makes the train go. I think putting the foreign and the domestic together in this fashion I think would give you the type of collection operational capability that would be good for the future.

Mr. Boswell. Thank you.

Just one last question, then. Again from your personal feeling, the Commission recommends transferring the responsibility for directing and executing paramilitary operations to the Department of Defense. Do you think that is necessary?

Ambassador Black. I think the warfighting business is best left to the Department of Defense. They are the greatest fighting force known to man, particularly the special operators. They should do what they do best. However, I have come over my career to value very much the contribution that the Central Intelligence Agency can make based on clandestinity. I believe that they have an

important role in that type of activity.

Mr. Boswell. Thank you, Mr. Chairman. I see my time is up.

The Chairman. Mr. Cunningham.

Mr. Cunningham. If I could take the panel on a totally different direction, and it deals with imagination, but I have a little different view because daily I hear from some of my constituents and other people how bad Saudi Arabia is. I spent a week and a half there. I got a different view that one of the other panelists talked about education being important in Pakistan to reorganize that.

The Saudis had 85 -- first of all, they hadn't changed their education system in 40 years. It was the same. Eighty-five percent of their program, of their curriculum was okay by our standards, 15 percent was in a gray area, but 5 percent was like Wahabism and the bad part. They have changed all that. It is now 99.9 percent agreeable with the United States.

I went to their banks, and I saw British and American auditors going through and making sure dollars didn't go to the wrong place. Seventy-five percent of their Sharia Council, which is their congress and their cabinet, had graduated from United States schools. I talked to every single cabinet member over there. It was an exhausting trip, but everyone that had spent time in the United States and

developed those friendships wanted strongly to maintain the friendly relationship with the United States. Those that hadn't said, we don't need the United States. We'll go to Australia, Great Britain or New Zealand for English; and that is where they are sending their children.

My concern is when you are talking about 5 years from now what would be your policy and so on, 5 years from now we are going to lose, I feel, those folks that are pro-U.S. in Saudi Arabia if we don't make some policy changes.

I see one of the folks that I talked to about -- there was a gentleman named Badr. I have got a constituent in my district of Saudi Arabian descent. His brother is still in Saudi Arabia, and his son came over here after 4 years of schooling named Badr and was arrested, put in chains and sent back to Riyadh. My constituent's brother, you can imagine what he told him on the civil liberties broken by his son wanting to go to school. I have spoken to Colin Powell. He agrees that there is a finer line between safety and allowing student visas to come in.

But have you thought about those kinds of relationships? I feel that Saudi Arabia is the leader in the Arab world, especially with Medina and Mecca. I feel that Osama probably put 15 Saudis in there, flew them into the center partially to divide one of our better allies that we have in the Middle East from us. It was tactically, not all, because a lot of

the people over there come -- and I realize they do have problems there, but I also -- I can't address it here, but I can in closed session -- know the extent that the Saudi intelligence agencies are working with us daily in helping, more so than most agencies.

So I see them as an emerging support for us, but I am afraid that is going to erode. Collectively, I know it is INS, it is FBI, it is CIA, your problem is going to be magnified 5 years from now unless we get our arms around this. Are you all looking in that direction for the future?

Ambassador Black. If I can, why don't I try -- you have really given an excellent summation of where we are with Saudi Arabia. It wasn't that long ago, Congressman, that I would be in hearings, I would be challenged regularly, are the Saudis really playing a positive role in the global war on terrorism? The fact is, they absolutely are. The young policemen and soldiers being killed in Saudi Arabia, they really are stepping up their forces, growing in effectiveness. We are helping them with that.

They are looking at their own societies. They are cutting flows of cash to terrorists and looking at educational materials for their young people and training it. Mullahs that previously used to preach hatred of the United States or anti-Semitism are being identified and weeded out as appropriate.

The Secretary of State and of Homeland Security is looking at this as a real priority area. The Saudi Arabian peninsula is crucial to the global war on terrorism. Essentially, the war is under way there as we speak. We need to be able to have the type of relationship with the people of Saudi Arabia that we have enjoyed for our lifetimes.

I can just tell you that, whereas we want to have a secure country, we have to let people in and educate them. And the Secretary of State, the great phrase that he uses is --

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Mr. Cunningham. I don't like to interrupt, but we had 25,000 Saudi students. We now have two. We are going to lose that relationship unless you as a collective group get together with Colin Powell and try and come up for the President with some kind of policy that protects us and saves this.

Ambassador Black. Congressman, we are looking at that very closely. We too are very disturbed about it and we want to change those numbers around.

Mr. Cunningham. Thank you, Mr. Chairman.

The Chairman. What was the statement the Secretary of State made? I wanted to hear that.

Ambassador Black. Open doors, secure borders, the concept being why are we going through all this. There are examples of people that come to our country and for some reason go through secondary or scrutiny that you and I would perhaps decide isn't appropriate. We are still working this through. We have the primary obligation to protect our people, protect the homeland of the United States. We have got to hit a balance that is more efficient for all of us to allow our friends in and keep our enemies out.

The Chairman. It is a relevant question. It is part of the Commission recommendation, some of these areas, so it is

relevant.

Ms. Eshoo.

Ms. Eshoo. Thank you, Mr. Chairman, for doing another round of questions. I have two. The first is to Ambassador Black. There are many -- I think everyone on this committee has at one time or another expressed their really deep concerns about funding counterterrorism efforts by supplementals instead of through the regular budget process. Some of us have tried to get full funding. I am not going to go into all the gory details of it but we had quite a debate and discussion about that here at the committee, certainly around this year's authorization bill.

When you were head of CIA's Counterterrorism Center, you experienced fluctuations in funding, which obviously I think they create uncertainty. Would you comment on how that affected or the impact that that had on operational planning?

The other question that I would like to ask, just to put out there, is when I was at the airport, the San Francisco airport late last night to take the red eye to be here today, I spent a little time in the bookstore because I had some time in the airport. It is really quite amazing to see the number of books that are out on the issue of terrorism, pro, con, war, invasion, like the President, don't like the President. There are just stacks of books. There was a stack of books that I saw many people go up and purchase from

and it is written by Anonymous. For those of you that are from the CIA, are the views that are expressed in that -- and I am not saying this as a -- it is a serious question. Do they really depict the general view, of the take of the agency on the proposed recommendations of the 9/11 Commission? Does it have any currency? Is this just someone that is a prolific writer?

Why don't we start with Ambassador Black.

Ambassador Black. Again, this is reflecting on the past. There have been significant changes as reflected by the people on the panel. All I can do is speak to essentially what is now history. But one of the greatest challenges is the uncertainty in funding that comes from the supplemental funding. On an individual basis, it is like being uncertain what your salary is, yet you have to send your kids to school and you have to build a house. It was very difficult to build a sustainable program, global program, where you had operational projections overseas that you would have to fund in the outyears to keep them going so they could be productive. It is very important, at least from my time, and I think this may hold today, that funding should be in the base so that the practitioners of counterterrorism can be assured that they will have the funds to conduct the operations that you have approved in the future.

Ms. Eshoo. Thank you very much.

Ms. Misci k. Let me take the second question. The book, Anonymous, what is written by a CIA officer, there is an ability for a single individual at the agency to write a book and as long as they put it through a prepublication review --

Ms. Eshoo. That is not my question, whether they have permission or whether the individual can stay. I think it is terrific that they can, that they do, that the person is still within the ranks and that the individual remains anonymous. That is not my question. My question is what I stated and, that is, does the view of this individual, in your best judgment, reflect where the agency is on the recommendations of the Commission?

Ms. Misci k. What I was getting ready to say was that this is the view of that single individual.

Ms. Eshoo. I know that. I am asking about --

Ms. Misci k. Two more sentences and I am there for you. I have not read the book but I do not believe that people when they read the 9/11 Commission report and looked at the recommendations felt that they were recommendations that weren't thoughtful, that weren't worth considering, that depending on how --

Ms. Eshoo. That doesn't surprise me. But there is, or continues to exist I think in many quarters a visceral reaction negatively to the Commission's recommendations. I

am just trying -- it doesn't fit with what you have said today, yet the newspapers are filled with it. Are these unworthy sources? Do they not -- it is difficult to gauge because I am hearing two distinctly very different things. What I have heard today is very cooperative. It is a very professional tone. I welcome it. I think you have made excellent points. And then you go out and you read in the mainstream press pretty much the opposite. And so it is disjointed to me.

Should all of that be disregarded? Or is it important to have this kind of conversation here mixed in with what goes on outside of here and that it is both reality?

Ms. Miscik. I think the recommendations have really been accepted as thoughtful recommendations, truly. I have not seen a resistance to considering them, to smart reforms and the like. If there are people who are hesitant or negative, it might be because they don't know how they will be played out, what the details will be. Are there some people who think that, as Anonymous may have stated in his book? I can't speak to that.

Ms. Eshoo. Well, we now know it is a man.

Ms. Miscik. But that has not been a widespread sense that I have picked up at CIA.

Ms. Eshoo. I appreciate your trying to answer the question. I do. Thank you very much. Thank you, Mr.

Chairman.

The Chairman. Thank you all very much. We have come to about the appointed hour. I did want to -- we talked about imagination. I did not want to leave any opportunity for you to observe to us, any of you, from your positions because you all are dealing with it on a daily basis, your views on any of the 9/11 Commission recommendations that you think are especially good or especially bad. That is really what we are going to be discussing over these 41 or so ideas, plus all of the other ideas that have accumulated and come in from various sources, including some proposed legislation. It is quite obvious we are going to take an effort at a legislative package of some type and it is helpful to us, particularly in these kinds of opportunities, if we can get the people who have to deal day in and day out with what is going on. We have got a better chance of getting it right and not having negative unintended consequences in the legislation.

Clearly the 9/11 Commission set out to try and improve coordination. There is no question about that. The need to know and the need to share too often, as we have said earlier, have been in conflict rather than complementary to each other and trying to get the right information to the right people who do need to know is a tricky proposition. There are a number of proposals that go in that area. There are a number of proposals that go in other areas.

I did mention the military customer versus the support to military and the national consumer, if I can use that term. How is that going to come out with these proposals? Obviously we don't have military on the board here today on this panel, but it is an issue that is time honored and I am going to go there in a second.

So I would like to hear from all of you, sort of as a closer on this, anything that you think is particularly worth this committee's attention in terms of the recommendations, either good or bad, and more specifically if you have a view on the friction between the national and military consumer on any of the recommendations you would like to bring to our attention, I would welcome that as well.

Mr. Allen.

Mr. Allen. Yes. Thank you. As Ms. Miscik says, there are many thoughtful recommendations and many very strong recommendations. As I have said consistently along I think with Mr. McLaughlin, it depends on what a new National Intelligence Director will do. There is one formula offered for discussion in the 9/11 Commission. There are other -- there is legislation that has been passed by this committee and others that will also, I think, be a part of this.

In my view, the most important thing and the one which I spoke to in the closing moments of my statement was the need for us not only to work in a very close way that has been

described by my colleagues, Ms. Baginski included, whom she and I have worked together many, many years, is to be able to cross over fully into law enforcement and then into homeland security where we are beginning at the recommendation of former Director Tenet to bring together, particularly focused on the immediate threat between now and the end of the year, by getting everybody in the same room. It is amazing how much progress, how much horizontal integration occurs, how much sharing does occur almost instantly. New initiatives are taken away by homeland security agencies as a result of some meetings I have had, and I have another one tomorrow, with all these players.

So there is much in what the 9/11 Commission says I think that is extraordinarily important and I think we will be happy to work with you in the coming days in order to make sure that our advice, our opinions are taken for what value you think they may be.

The one thing we can't do of course is we cannot have -- we have had this great divide between domestic and foreign intelligence. We cannot have a great divide between what we have done to accomplish our support to military operations and force protection. We have to have a community that has the capabilities, the agility to do both. We cannot have any of our forces going to war, being engaged in any form of combat without the national intelligence support. Our

systems are very, very vital. At the same time we expect the Department of Defense and the military services to also continue to build their own organic support. I think right now we have a good balance. I think in the 1990s there was a swing where we were thinking so much about military support that sometimes we lost some of our capabilities to collect information to analyze against these global threats, a symmetric means of attack and the kind of global coverage that Ms. Miscik said has to be done.

We have to deal with every continent and all countries. Clearly we have a set of priorities that the President has set forth and we use those to drive us, but there are other things that we have to cover as well. So I think that we have a good balance with military support.

At the same time in this restructuring I think we have to maintain the strong balance we have today with the Secretary of Defense and the services and the combatant commanders. At the same time we have to make sure we cross these new domains, and we are not there yet, Mr. Goss. We are working at it and we are making steps every day of progress.

The Chairman. You read me exactly right. I am worried about by shifting focus we make another problem in a place where we have got something working right.

Mr. Lowenthal. We are working very hard not to let that

happen. Let me say something about the recommendations. There are 13 recommendations in chapter 13. The first 11 don't create a lot of heartburn among most people. Most of the debates are about the NCTC and the NID, and clearly we don't engage in that debate.

I think one of the issues that you have to consider and I think one of the points we have all tried to get across is do the recommendations speak to the Community that exists today or the Community that the Commission was investigating that existed that morning on 9/11? That to me is a very large issue. That is why we have spent a lot of time, the five of us today, trying to describe to the committee the Community that we live in today and not the one that existed 2-1/2 years ago. On this issue of support to the military, I have to tell you that one of the things we were most concerned about when we first created the President's framework was being able to accommodate the Defense Department's needs as they are the largest consumer, they are a very important consumer and everybody else and it was extremely easy. It has been a very cooperative relationship and nobody feels slighted. Nobody feels that they are losing out when you rack and stack all the priorities on the President's list, which we have shared with the committee.

One thing, I don't presume to speak for Admiral Jacoby but I think he is doing some things with how he thinks about

where his analysts go that are really exciting. He has given some really interesting thought to how he handles that and how he shares the burden between his central location and the J-2s and the combatant commanders that are very, very exciting. I think we are taking care of that in a way that does meet everybody's needs, including the fact that right now we are fighting in two wars. I wouldn't say that we are fat and happy but we are holding our own. But it is hard. But we are meeting their needs.

The Chairman. Is it one war, two theaters or two wars?  
Thank you.

Ms. Miscik.

Ms. Miscik. I think if there is an organizing principle or first principle to keep in mind when looking at reform, I think a concept of just fundamentally start with do no harm, and especially at this point in time where some changes have been made and we are facing critical threats and we don't want to lose progress that we have made against those.

The second thing I would keep in mind as an organizing principle would be preserve agility in whatever gets implemented, because I think that has truly been one of the great strengths of the Intelligence Community, the ability to turn its attention quickly to a new and emerging issue.

As with any large bureaucracy like an Intelligence Community or a Defense Department or a U.S. Government writ

large, there is often the danger of the pendulum effect. We swing so far the other direction, we have new issues that have been created where it might have been best to stop somewhere at midpoint.

To get to your last point, the one thing I would say is that the difference between national intelligence and departmental intelligence does not equate to strategic versus tactical. There is both strategic and tactical at a national level and I think that our ability to support the warfighter, the law enforcement official, the national policymaker, the Congress, the President, all revolve around an ability to be able to do both of those.

The Chairman. That is an important distinction. I am glad you made it. Thank you.

Ms. Baginski, did you wish to comment?

Ms. Baginski. I think I would parse the answer into two parts. The recommendations about the FBI specifically, which I think you probably saw the public release that we put out, we agree with all of them and are ready to put a timetable in front of all of you, ready to do regular reports. It is the critical part of this. If we don't have the right HUMINTs to do this, train them, recruit them, retain them, we will not be successful. So we take those recommendations and agree with all of those recommendations as they reflect much of what we already had under way.

To the second question, the larger issues of the NID and I would focus on that in particular. We actually have said and agree that this actually is going to help in crossing the divide between foreign and domestic. I would say that I am very sensitive having worked in DOD for as long as I did to the same concern that you are concerned about in support to military operations. I would just say that we need to think about the support to law enforcement exactly the same way. That is something that is working. We can do better but we want to make sure that we start to recognize that as departmental intelligence as well, and I think for the first time a DNI will give us a forum in which we can have those kinds of conversations. NID. Pardon me.

The Chairman. It is interchangeable at this point. Nothing is written in stone. Ambassador Black.

Ambassador Black. Just very briefly, I think the National Counterterrorism Center is very important to put our resources in one place, be sustainable, to put funding in the base and not have it subject to vagaries of the future. The last thing I would ask, I think, would be for the well-being of the workforce and that is to predict ahead if there are other suggested changes, if there are other commissions out there, doing Iraqi weapons of mass destruction or counterintelligence, take all of these things and predict what -- include those changes in one package as opposed to

the workforce having to adapt to a National Counterterrorism Center and a national intelligence piecemeal without an overall architecture. If we are going to do this, we should do this in one piece for the well-being of the people that do the work.

The Chairman. I would love to be able to give you a guarantee that we would get it all in the right package and properly tied up and we could all go on and live happily ever after, but I certainly know better and so do you. But I take your advice very well. I think no matter which way, the NID or whatever the new person is going to be, is that it does suggest that power is going to be taken away from what is now the current DCI who has basically three functions, as I understand it. One is he is the link in the chain to the President of the United States, and that is the critical plug-in between the whole Community basically and the chief decisionmaker. He runs the CIA and he manages the Intelligence Community, the 14 other agencies of it. That is more or less -- "manages" is not an appropriate word. Small M, manages. It would appear that the person who is running the CIA is now going to be running the CIA under this scheme and not be briefing the President and not be managing the Community.

Do any of you believe that no matter how the details work out that that is a bad idea?

Mr. Lowenthal. I don't think that we know that that is the answer yet. It is not self-evident that what we currently think of as the DCI, the individual running the CIA, will not be doing the briefing. We don't know that yet, Mr. Goss.

The Chairman. The majority -- the reason I am going to this, the majority, the recommendations out of here and certainly what the President said yesterday, or Monday, appeared to indicate that.

Mr. Lowenthal. The President spoke to coordinating and overseeing. He didn't get into the issue of who is going to be briefing him in the morning or who is going to be rescinding his intelligence. I don't think we know that. It could go either way.

The Chairman. I may have misinterpreted. You are right. Let me ask the question hypothetically, then. If it comes to pass that of the three missions, the person who is running the Central Intelligence Agency is only running the Central Intelligence Agency and some other person is charged with the other two responsibilities that he has, does that help the system or hurt the system from the perspective of getting the job done to get the information to the decisionmakers from your perspective?

Mr. Lowenthal. It is going to depend on what the totality of the powers are that are invested in the National

Intelligence Director. If this person doesn't have sufficient powers, is named the NID but his powers or her powers are limited and a lot of power still resides in what we now think of as the DCI, I could see a formula for what I would describe as a bureaucratic food fight. Who gets to brief the President? Who gets to execute when the President asks for an operation? Clearly there is going to be some shifting of power. The degree to which it shifts becomes the answer to your question. It is just not knowable. I could see potential for it being very bad.

I think of the analogy when we created what is now the Defense Department in 1947, it wasn't the Defense Department, it was the national military establishment. You know the story. The Secretary of Defense had so little power that the department was run by the three service secretaries. It didn't work and it did not achieve Congress' goals. Two years later they amended the act, created OSD, which eviscerated the power of the service secretaries probably more than a lot of people wanted because the original structure did not give the Secretary the power that Congress felt that person needed to create a unified military establishment.

Mr. Allen. I would just like to say, Congressman, I agree with my colleague Mr. Lowenthal. It is very difficult for me to see how a National Intelligence Director would not

have extraordinary responsibility for managing and overseeing the Central Intelligence Agency and also serving as an adviser to the President on highly substantive matters around the world on a daily basis. It is very difficult for me to see how that would work. Otherwise I don't think he would have the strength and the power apart from the actual collection and analysis that goes on worldwide day after day, both tactical and strategic.

The Chairman. I appreciate that advice.

Ms. Misci k?

Ms. Misci k. I think the critical thing is that whoever it is that is going in to brief the President in the morning has the totality of the story that they are bringing in. I think that as you look at a number of centers, how does that information flow back to a central point so that it goes to an individual, whoever that might be, to take to the President. If that does not include operations as some of the recommendations in the National Counterterrorism Center have been laid out, then how does he get that operational piece of it? One of the key things I think is important is to make sure that there is that integration or centralization of information, that whoever is taking it in has access to all of that.

Ambassador Black. I think everybody is right.

The Chairman. You work for the State Department, right?

Ambassador Black. We will put the State Department in charge, there you go. The important thing is that the thing works. I can envision having a National Intelligence Director with enhanced authorities making this thing work just great. If he or she don't have the right authorities and the right type of support, I could see it not working.

The administration's approach to this is to give the enhanced authorities and the tools so that this individual can lead the various agencies, and I think as it is planned it can work.

The Chairman. I think that the answers you have given me are extremely helpful. I am in the same place you are. Until I see the details, I don't know whether this is good or bad or going to work or not. I think that is why we have to be very careful about understanding exactly what these details are. And if it is not clear to you yet, then I feel I am in good company because it is not that clear to me yet.

I want to thank you very much for your contributions. I think it has been a very, very useful afternoon. I thank the Members for going through all they did to get here and I want to thank our staff for spending the last two weekends and a good deal more trying to read and make comprehensible for us this document and give us the information we need to get on with these hearings.

We will make a statement before closing that, without

objection, members will have 5 days to submit material into the hearing record. Other than my gratitude for your time and your wisdom and help, we thank you and we are adjourned.

[Whereupon, at 5:10 p.m., the committee was adjourned.]