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Thursday, July 28, 2005

U. S. House of Representatives,  
Permanent Select Committee on Intelligence,  
Subcommittee on Oversight,  
Washington, D. C.

The subcommittee met, pursuant to call, at 10:00 a.m., in Room 2247, Rayburn House Office Building, the Honorable Mac Thornberry [chairman of the subcommittee] presiding.

Present: Representatives Thornberry, Hoekstra, Cunningham, Everett, Wilson, Tiahrt, Rogers, Renzi, Harman, Reyes, Boswell, Cramer, Eshoo, Holt, Ruppertsberger and Tierney.

Staff Present: Michael C. Meermans, Staff Director; Chris Donesa, Deputy Staff Director; Elizabeth Larson, Professional Staff Member; Robert Myhill, Professional Staff

Member; Riley Perdue, Professional Staff Member; Kathleen Reilly, Professional Staff Member; Don Stone, Professional Staff Member; Meghann Courter, Staff Assistant; Carolyn Lyons, Staff Assistant; Sam White, Staff Assistant; David Buckley, Minority Staff Director; Chuck Gault, Minority Deputy Staff Director; Michael Delaney, Minority Professional Staff Member; Jeremy Bash, Professional Staff Member; Wyndee Parker, Counsel; and Christine York, Professional Staff Member.

Chairman Thornberry. The hearing will come to order.

The Oversight Subcommittee of the House Permanent Select Committee on Intelligence is pleased to welcome our guest and our distinguished witness for this open hearing on the implementation of the Intelligence Reform and Terrorist Prevention Act of 2004. By necessity, much of this committee's work cannot be done in public, but to the extent we can, without compromising our security, I think it is important to provide our colleagues and the public with an update on the biggest reorganization of our Intelligence Community in the last 50 years.

Our witness today is General Michael Hayden, Deputy Director of National Intelligence. All of us on this committee are quite familiar with General Hayden's talents and experience, and we appreciate the opportunity to work with him in this new capacity.

Of course, we are interested in hearing about the status of the specific requirements of the law. We are interested in how the developing relationships between the DNI's office and others in the Intelligence Community are improving our intelligence capabilities. We want to hear about the challenges that DNI and its office are facing, whether in law or in practice, but we are also here to assess whether the goals and objectives of that law are

being achieved. Because mechanical compliance of the law doesn't really matter unless the changes we make actually improve our understanding, not just give us more information but improve our understanding of the ever-changing world we live in and the threats we face. And that, it seems to me, is the standard by which all of our mutual efforts ought to be judged.

I am pleased to yield to the ranking member of the subcommittee, the distinguished gentleman from Alabama, for any comments he would like to make.

Mr. Cramer. Thank you, Mr. Chairman.

General Hayden, welcome to this subcommittee hearing. And I say to my colleagues, I know you know in this important open hearing that this is an opportunity for us to engage General Hayden and as we stand up the DNI over the important issues that we as an oversight committee can be involved in with you, General Hayden.

We know that we have got a tough job ahead of us, but we want to assist you. We think al Qaeda is weaker, but the events of the last month have shown, both in London and in Egypt, that the terrorist threat is growing and is spreading across Europe, Asia, and Africa. So from our own experience with 9/11 we have learned that better intelligence is essential to counter the threat, but where are we right now?

General Hayden, I want to thank you for the time that

you have given to the chairman and to me to allow us to come down to engage you informally in discussions about where you are; and I want to repeat today what I said to you then: This is an opportunity for you to report to us where you are. Because, as I said, we want to assist you in this effort. I know this is early on and I know as we are standing up we are not quite yet where we might want to ask what do we need to do now to help you to -- what do you know already that isn't working? So I think it is important for us to hear from you as to how your startup is going, what changes have been made already.

Because when we passed last year the Intelligence Reform and Terrorist Prevention Act of 2004, we came up with an important plan and we put it into law. But the challenge is for you now to implement that. And, again -- I am going to repeat it over and over again -- but we want to assist you. So we look forward to your testimony today.

Mr. Chairman, I thank you for this opportunity for us to engage in this issue in an open hearing. This is the first of three open hearings, that we will have two more when we get back after the August recess. I think both of those are intended to be open hearings, one before the subcommittee and one before the full committee as well. So thank you, General Hayden.

Chairman Thornberry. I thank the gentleman for his

comments.

General Hayden, thank you again for being here. The floor is yours. Without objection, your full written statement will be made a part of the record, and you may make such comments as you see fit.

**STATEMENT OF GENERAL MICHAEL HAYDEN, DEPUTY DIRECTOR OF  
NATIONAL INTELLIGENCE**

General Hayden. Thank you, Mr. Chairman.

I will try to be brief here with my opening statement, but thank you for putting that prepared statement into the record, because I think it is a fairly detailed and accurate accounting of what we have been able to do in the last 3 months.

You know, there are many plot lines that we can look at that describe the last 12 months, which have been a very exciting 12 months for the Intelligence Community. If you recall where we were almost exactly a year ago, we were all discussing, debating the recommendations of the 9/11 Commission and in looking at the potentiality of taking some of those recommendations and making them law. I think when historians look back at that period, there are going to be a whole series of plot lines that they could discuss, but the one I find to be very useful is simply a question of

management theory.

If you step back for a minute and look at the American Intelligence Community, I think we can all agree that it is a very complex organization, and any complex organization has an internal tension, an internal tension between cohesion of the whole and autonomy for the parts. Any complex organization like our IC has got to decide on a balance between two things, cohesion and autonomy, that are essentially virtues. This is not a question of avoiding vice and doing good. Cohesion and autonomy are both good, and we have to decide where between those virtues we want to be.

I think the consensus of the Congress and the President, and, frankly, the American people as it came out and was expressed in the Intelligence Reform Act was that we all wanted a bit more cohesion in the American Intelligence Community. The community had been governed, frankly, for about a half of century of what I called the principle of consensus. And consensus is good, it gets you buy-in and it gets you unity of effort, but it doesn't make sharp terms. And I think what the legislation wanted us to do was to have more clear lines of authority and responsibility.

Now that doesn't understate the leadership the community had from directors of DCI like Director Tenet. George is a powerful figure, strong leadership; and the fact



that he also headed up the Central Intelligence Agency gave him levers by which he could shape the action of the Community. But, again, about a year ago I think we collectively decided that we wanted to strengthen the authority of the Center; and I testified in closed session at that time before the HPSCI that if we were going to do that and that if this person at the Center was not going to enjoy the informal power that the DCI had because he was also DCIA, that we had to then codify the authorities that we wanted this new individual -- turned out to be labeled the DNI -- carefully codify the authorities that the DNI would have.

I think we have done that. I think we have been successful in the legislation in five key areas. You have given the DNI -- the President has given the DNI powerful authority over the Intelligence Community budget. If you recall, the addition of the one verb where the DCI could prepare and present the budget, the DNI now prepares, determines, and presents.

You have also given the DNI substantial authority over tasking. Frankly, I think you simply codified the tasking authority that the DCI had over collection, that was continuation, but you have expanded that authority to analysis as well, which means a growth of power for the Center. So in the two key areas, tasking and budget, I

think you have indeed given substantial authority to the DNI.

There are three other areas, also important, but perhaps not quite as important as the first two; and those are areas of policy, personnel, and classification, and its much better looking twin, sharing of intelligence information. In each of those areas the DNI now has authorities that the DCI did not enjoy.

So I think we have got workable legislation. Now what have we done with that in the last 90 days? What is the report card for the first 3 months of this new office?

Number one, we have gotten out of the starting gate. I don't think anyone can accuse us of still being in the starting blocks. We are up, and we are functioning.

We have published an organizational chart, one that we can be flexible about but one I think is serviceable, certainly serviceable for the time being. We have begun to populate that organizational chart with a senior leadership team that I think is characterized by both its diversity and by its talent. I think we have been very fortunate in the caliber of people by both background and innate ability that we have been able to choose to form our leadership team.

The law gave us two primary responsibilities; and for one of them, senior intelligence adviser for the President, I think that we are largely already there. In this sense,

President is a plural term. It is not just the person of the President. It is the office. It is the National Security Adviser, the National Security Council, the principal committee, the deputy committee. And in there it is the office of the DNI, either the ambassador or myself or our representative, who are representing the entire Intelligence Community and providing the senior intelligence advice to the President.

The second part of the law, the second major tasking in addition to being the senior intelligence adviser, was to actually run the American Intelligence Community, that complex organization I described a few minutes ago. I think now we are under way with that.

Now I would not have said that if we would have had this session 5 or 6 weeks ago because, frankly, you need some center of mass in your staff before you start going out and affecting events within the community. But with the growth of our staff, with the report of the WMD Commission, with the President's endorsements of almost all the recommendations of the WMD Commission, I think we are now moving out on substantial change within the intel community.

A couple of examples.

Designating. The Director of the Central Intelligence Agency is the national HUMINT manager in much the way that I used to be the national SIGINT manager when I was the

director of the National Security Agency. It is a very important step and one that is now under way.

The creation of an open source center that allows us to make better, more full use of information already available in the public domain is another major step under way.

The creation of a National Counterproliferation Center, which was both directed by law and recommended by the WMD Commission, is under way.

And, finally, and perhaps even more fundamentally, the creation of a National Security Service within the Federal Bureau of Investigation, for the FBI to be more fully able, to be more robustly able to step up to its intelligence in addition to its law enforcement responsibilities, is also under way.

These are fundamental changes, and they are the kinds of things beyond the day-to-day governance of the community that I think the DNI has to take on to effect substantial, meaningful, and long-lasting change.

With that, Mr. Chairman, I would be very happy to take any questions you or the other committees members might have for me.

Chairman Thornberry. Thank you, General Hayden; and let me compliment you on your written statement which we got last night. I think it does lay out much more fully some of the details of what you have talked about, and I thought it

was a very helpful update for all of us.

[The statement of General Hayden follows:]

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Chairman Thornberry. I want to yield my time to the chairman of the full committee, the gentleman from Michigan.

The Chairman. I thank the gentleman very much.

General Hayden, welcome. Good to see you again. I just want to make a couple of comments, and I will give you back the time, Mac.

As we have been going through this process, I think we all recognize the job that needs to be done is just tremendous, the amount of work that needs to be done to transform the Intelligence Community. I think we have got a great start in making that transformation possible in the area of architecture, and I know we are going to have more discussions on that through the August recess.

The amount of formation that needs to happen in HUMINT is significant. I think what we found, and it is the reason we did the legislation last year, is that we found that the Intelligence Community was woefully inadequate to address the challenges that we face today, the kinds of multiple threats and the nature of the threats that are out there today. So this work has to be done, and I think there is a real urgency to make this transformation happen.

In light of that, the Intelligence Committee wants to be a partner with you and Ambassador Negroponte. You know, we want to provide constructive criticism, constructive

feedback, and we want to do the job that we have of oversight, the responsibility that we have to do effective oversight.

I will tell you that I continue to have a concern that I think on a bipartisan basis we refer to it as 20 questions, that we can ask 20 questions, and if we haven't exactly the right question and we don't ask the 21st question, we don't get the information that I think that this committee needs.

I am really asking for you and for the Ambassador to send a message through the Intelligence Community that we need more complete, more full cooperation with the Intelligence Committees here in Congress for us to do our job and for us to form this collective partnership. I can only tell you that over the last -- through this year there have been too many disappointments, from my perspective, on when we have asked for information, we have expected information, we have sent staff to do different kinds of oversight, where we have not gotten the type of cooperation and the full explanation of what the Intelligence Community -- that I think this committee is entitled to and we have the constitutional responsibility to have.

I am really asking that in the conversations that we have had and you and the Ambassador have expressed that that is the kind of relationship that we want, I need you and I

want the Ambassador to send that message through the Intelligence Community that we need over-involvement, over-communication with the Intelligence Committees, not wait until they ask and wait until they ask exactly the right question and you have no choice but to give them the information that they are looking for.

I think I have probably taken my 5 minutes. I don't know. General, I am assuming that that is the kind of relationship that you are looking for.

General Hayden. Yes, sir. You and I, as you have mentioned, have talked privately; and you have talked to the Ambassador about this as well.

I have an additional benefit. When the dialogue isn't as free-flowing as it should be, the committee is forced into asking us formal questions in the form of congressionally directed action; and we get near record numbers of those each year in your search for information. I think we all agree there are times in the Community when we have got to respond to those questions in such a formalized way; and if we can reduce the number of those by this richer, more informal, earlier dialogue, we are winners all around.

The Chairman. Thank you. I think there is a tremendous opportunity to build a different kind of a relationship, to build a very constructive relationship



around that kind of a framework. If it doesn't happen, you know, then we will be forced to go the other way, which is inundating you with letters written by Ms. Harman and myself and other members of the committee and say give us all the information -- because we don't know what we don't know, give us all the information in this area. And that won't give us the flexible or the dynamic kind of intel organization or the dynamic relationship that we need to really move this process and move it very, very quickly.

Thank you.

Thank you, Mr. Chairman.

Chairman Thornberry. I thank the Chairman.

Let me just mention a couple of technical things. One is, we don't have the light system in this room, and so the committee staff has these cards that he will hold up. There is a 1-minute warning card and then a red card that says your 5 minutes is up. And since we have a number of members, we do need to keep try to keep to the 5-minute rule.

The other thing is for our friends in the media. The more you can talk into the microphone, it helps make their job easier. And sometimes I think with these microphones, where not everyone has one, it is a little challenging. If everyone could keep that in mind, I would appreciate it.

I yield to the gentleman.

The Chairman. Mr. Chairman, one other point for the members' benefit. The mikes are always live. All of the mikes are always live.

Chairman Thornberry. Of course.

Yield to the gentleman from Alabama.

Mr. Cramer. Since the mikes are live, I want to yield to the Ranking Member, Jane Harman, for any comments or questions she might have.

Ms. Harman. I thank you for yielding, Mr. Cramer; and I congratulate you and Mr. Thornberry for doing a wonderful job on our new heading up our new oversight subcommittee. The public should know that this is a first. This committee has stood up an oversight subcommittee. It is doing wonderful work. This is its first public hearing. There will be more public hearings on the subject of the DNI and other issues; and we take the issue of oversight very seriously, as General Hayden knows.

General Hayden, congratulations on your fourth star and your new job.

General Hayden. Thank you, ma'am.

Ms. Harman. We think we had something to do with getting you that fourth star and that new job, because many of us on this committee introduced H.R. 4104 some years back which became the blueprint for the new DNI structure. We are very proud of the contribution we made, and we are very

proud of you and delighted that you have this position. Now we want you to execute on the opportunity.

Let me just make several points. I was with you at a lunch when you showed me an envelope with some sketches of the new organization for the DNI. This was after you had been nominated for your position. And I thought, that is pretty cool. This guy can really do it. He is thinking all the time. I think that that envelope became the basis of the organization chart.

Now I hope that the organization chart is not about moving boxes but is about finding new capability in a very, very dangerous age. And I don't want to abuse my time, either, but I just want to make a point about that and ask you one question.

We set up the DNI because we felt, as the Chairman just said, that our intelligence structure was broken. A 1947 business model didn't work. We invented a new model, a unified command structure across 15 intelligence agencies mirroring more or less what we do in the military because we thought that that organization would bring us capability against 21st century threats. But it wasn't just about moving boxes, and it isn't just about winning turf fights, which we hope you will win. It is about finding the terrorists before they find us.

That is the only question I want to ask you right now,

which is that, in the last few weeks, no one has missed the fact that there were two or more attacks in Britain and more perhaps to come. There was a major attack in Egypt. Ninety-four percent of Americans, according to a recent New York Times CBS poll, think that the terrorists are here, not are coming here but are here. So as you hire people and as you get this all in place, we are at risk of attack in America.

My question for you is, what words do you have now, even early in your job, to reassure Americans that the structure you are putting in place, that is partially in place, is going to keep us safer?

General Hayden. Well, first, I always have to put the caveat: There are never guarantees. But, that said, I think the real advantage -- maybe use the word opportunity. Because we have to deliver -- as you suggested, having the DNI, as opposed to the previous structure, might be one of speed.

Again, in my opening comments I talked about Director Tenet and the amount of leadership he provided, which was a great deal and very strong. But, frankly, George was constrained. Since the governing principle of the Community broadly was consensus, beyond a certain agreed-upon set of actions the DCI had to -- I am going to use the word negotiate. That may be too strong a word. But he certainly

had to build a body of thought for consensus in order to move sharply one way or another.

You have given the DNI increased authority. The President has given the DNI increased authority compared to the DCI. If we step up to that, we can be more agile, because we can be more directive, because we can act with more speed, because we have more closely aligned authority and responsibility.

I realize that is very abstract, but in terms of simply making a decision about what information goes where and who gets a chance to see it, these two have to be negotiated across the Community because, as director of NSA, I was the one who controlled that kind of information as opposed to this kind. That is all in the person of the DNI. It is now in the office of the DNI. So if we step up to that, if we are even half good at it, we get more speed and more directed action.

Ms. Harman. Well, I thank you for that answer. I hope you will take the "if" out and say we are stepping up to that. Because you must step up to that. The country needs you to do that. And I would hope that, should something happen in the next weeks or months -- I hope I will be wrong, but should something happen, we will learn quickly that the new capability we have is at the ready. And, even better, should something not happen, we will learn the new

capability we had was why it didn't happen.

So good luck. Take your vitamins.

General Hayden. Thank you.

Chairman Thornberry. The Chair recognizes the gentle lady from New Mexico.

Ms. Wilson. Thank you, Mr. Chairman.

I also want to thank you for the good work you and the ranking member are doing on oversight. You have stood up a new subcommittee and you are doing an exceptional job, and I wanted to thank you for doing that.

General Hayden, it is good to have you here. I know we are very early in the establishment of this new organization and structure, but it is really an opportunity to establish a new culture and a new way of doing business. In that way, the first year is always very important, because you get people accepting of certain patterns in the new ways of doing things early on.

I wanted to ask you a few questions about some of these new authorities in budget and tasking and other things and how you are doing some new things, particularly on the budget. Up here now we are dealing with the appropriations for the year and the authorizations that start this October, but you all are already looking for the following year and well along into that process. And it strikes me that this is a very important year for the development of an

integrated intelligence budget and defining in practice what it means to determine what the intelligence budget is. I wonder if you could talk a little about the mechanisms and the tools that you are putting in place in order to integrate the intelligence budget.

General Hayden. Come at this in several levels, and I want to try to mention them all because I think they are all very important.

Under the old system, I would say the old DCI staff had reasonably good authorities at the front end of the process, kind of in developing of the program, but none at the back end, the allocation of resources, very limited reprogramming authority, and so on. The law now gives the DNI a lot more of those back-end authorities, the implementation authorities; and we have had to restructure our staff and actually hire the right kind of talent to enable us to do that. So that is kind of a structural change.

In terms of process changes, let me take it in terms of three budget years: 2005, 2006, 2007. 2005, we are winding down, but we have already taken reprogramming actions. The DNI has done that. In fact, I have signed several of them out. So we are beginning to implement those budget year authorities in the year of implementation.

I know the 2006 budget is already up here, but we have already had dialogue with the committee, and we have

promised the chairman that we will come up here in about 4 or 5 weeks with a very clear DNI position -- I am going to underscore, DNI position -- on a very expensive, very important program that has to do with our technical collection.

I have already told the Community -- because I am, frankly, the one who is shepherding this for the Ambassador. I have told the Community that this decision is going to be Ambassador Negroponte's decision. Now, of course, that goes through OMB and so on. But in a way that it didn't exist before, this is not going to be a group answer, it is going to be the answer of the DNI. Again, it is a very classified program, but it is very expensive, very important.

In 2007, the guidance for that already run out to our constituent parts before we were in office, but the Ambassador has already sent out an additional letter, kind of three parts in the letter, to all 15 members of the Community.

Number one, he validated the guidance that already went out, as is known, reinforced that.

Number two, he emphasized his three personal priorities in that he will be looking at the program submissions to see if they have been adequately dealt with. And in those three, we are building a sense of community, improving analysis, and getting value for dollar inside the budget.



Then the third part of his guidance letter that went out to all 15 parts of the Community had to do with the WMD Commission recommendations, in that he would be looking at the budget program submissions coming from the agencies in the light of those 70-plus recommendations that the President had endorsed.

So on those three areas, in some sense it is a bit foreshadowing of the kinds of activities you should expect the DNI to undertake, but it is already under way.

Ms. Wilson. Thank you.

One of the other areas which the committee is quite interested in has to do with the research and development, and particularly basic and applied research and development, across these agencies on the biggest intelligence problems. I know again it is very early, but you do have an Office of Science and Technology that is intended in part to try to help identify these big problems and then see where the gaps are in an integrated research and development road map, and I wonder if you could comment a little bit about how that is going.

General Hayden. This is one area where we are actually ahead of some of the others. For some other questions I will be, frankly, talking about our expectations or our plans, but in this one we actually have some things under way.

Number one, I mentioned in my opening comments our good fortune in being able to bring in a senior leadership cohort both talented and smart with regard to the Community. That is very true with regard to research for us, because we were able to hire Eric Haseltine, who was for the last 3 years at NSA as chief of research but prior to that in the private sector of both Disney and the Hughes Corporation. Eric brings, let us say, a nonbureaucratic approach to this problem. His judgments aren't constrained by the habits of doing this in government his entire life. So he brings -- he is a bit of an iconoclast when it comes to doing this.

Eric has already taken charge of this. He has formed a committee that works directly for him and advises me and the Ambassador, the Ambassador especially, on what it is we want to do. He has already identified hard problems. I mean, he has set out some things that we as a community have to solve. His criteria in this were things that were cross-community and therefore deserve cross-community action, or things that fell in the seams that no one agency felt they own and therefore weren't getting done. Eric has already launched out on that.

We have promised Eric he will have his own budget, that we will give him a budget measured in millions if not tens of millions of dollars for him to control in addition to the R&D budgets that you will appropriate and authorize inside

each of the agencies. So it is in this area I think there is some really good news already.

Ms. Wilson. I don't see my lights here.

Thank you, General Hayden. I really appreciate you being here.

Chairman Thornberry. I thank the gentle lady.

The gentleman from Texas, Mr. Reyes.

Mr. Reyes. Thank you, Mr. Chairman. Thank you for holding this very important hearing.

As I told you, General Hayden, welcome. We are blessed that you are in that position and thank you for taking it. I can't think of anyone with more credibility and certainly the kind of experience that is needed in that position and a more outstanding professional reputation. So, for me, it makes me feel much more secure knowing that you are there and that we can count on you in the foreseeable future.

You know, I think when you talk about the challenges that you and Ambassador Negroponte are going to face, to me you already passed the first test when the issue of taking away the authority for the reprogramming was brought up in the Congress. I want to tell you, I really appreciate you and the Ambassador standing firm on that, because that was I think the first test; and there are going to be plenty more, I think, given the experience I have had with the Intelligence Community.

But the fact that you used a word like flexible in your statement and this morning in terms of the organization that you have put together makes me feel even more confident that you will listen and you will make changes that are necessary to make us much more effective as you deal with a very tough challenge, frankly.

My question deals with diversity. You and I had a conversation a few weeks back on the concerns that I have had with the lack of diversity in the Intelligence Community; and I wanted to first thank you for sending Ambassador Kennedy and your staff over yesterday to give us a very productive and informative briefing, one that gives me hope and confidence that we are going to change the lack of diversity in an area that is so critical if we are going to be able to do a better job of evaluating the threats as they come against us in this country.

The question that I have involves a comprehensive oversight plan that is going to be very important that will hold those in charge of the different agencies under you and the Ambassador accountable for diversity. I know it is very early in the process. Having had that briefing yesterday, I wanted to ask you how much longer before you are able to formalize a plan that really looks at diversity or the lack of diversity in the Intelligence Community and addresses the three areas that I think are important to be able to do

that.

The first one is accountability. That is making managers all up and down the line responsible for diversification of the workforce, number one.

Number two, looking at innovative programs that would be helpful in identifying minorities and also helping them through the process to be part of the Intelligence Community.

And then the third thing that is important I think would involve looking at the long-term challenges that we face based on intelligence reports in areas that are yet to become problems for us, in other words, understanding that we have a huge challenge today primarily focused on the Middle East, but we don't want to get into a mindset or in a situation where we are preparing for yesterday's challenge and not thinking about any future challenges.

So if you can comment on those issues, I would appreciate it.

General Hayden. Yes, sir. I know you and I have talked about this privately. I knew this to be true at NSA and I really now know it to be true throughout the Intelligence Community. Beyond questions of fairness and justice, which I know are compelling in their own right, this is about mission success, too. And only by our being able to draw on all of the richness the country has to offer

and then bringing in those distinctions that we have as Americans, those different approaches, those different backgrounds, only by doing that do we kind of undercut perhaps some of the issues that we have faced over the past several years.

I can recall, as we were doing our management program, we were talking about collection and analysis, and two words we used about our collection effort were economies of scale and unity of effort. When you take those two things which are kind of virtuous for collection and drop them on analysis, they don't sound so good, unity of effort and economies of scale, when it comes to analytical work.

So you really do want a variety of viewpoints, and I think a diverse workforce helps build that in, not something that you have to govern or direct, but you build it into the workforce. So in that sense it is very mission essential.

Ron Sanders, who again is another one of those individuals we are very fortunate to get on our staff, is head of our human resources effort, and Ron knows this personally and is taking this on. It was he that I am sure Pat was referring to in developing this overall architecture of the strategic plan, and that will be done very soon.

I should also add, on a personal basis, that the Ambassador is personally involved and personally interested in this. He, for example, made the decision that we would

keep that advisory body that used to work for the DCI in terms of broad diversity issues and continue its charter under the DNI. He is most anxious to appoint someone with the diversity portfolio on the staff.

Then, finally, as we have populated our senior leadership, as deputy you do an awful lot of the legwork for that and present it to the Ambassador, and I have got to tell you, he is constantly emphasizing the need for diversity in all of our conversations. He has been very clear and direct.

So I think we have got good news to report in terms of the trajectory we are on and one I would just have to deliver with the overall architecture, strategic plan, and then make it happen.

Chairman Thornberry. I thank the gentleman.

The gentleman from Arizona, Mr. Renzi.

Mr. Renzi. I thank the Chairman.

General Hayden, thank you for coming over this morning. More so, thank you for the years of service to our country and now in this new role.

Coming from Arizona, I have a tendency to concentrate a little bit on the border my questions; and I know as you begin to get your arms around the different agencies within the IC community, the border, the threat to America will be part of what you begin to wrestle with. Ranking Member

Harman talked about the fact that 94 percent of Americans think terrorists are already here. I have an idea that they probably came from my backyard to get here.

When we were down in Colombia together, myself, Mr. Rogers, Mexico City, we continually hear this new buzzword used around the southern hemisphere called narcoterrorism, the intersection between the drug cartel, which is a \$50 billion a year industry, and terrorism, the idea that as we cut off funding to terrorist organizations they are aligning themselves with narcotics operations in order to seize those profits and to eventually turn them against the United States.

If you look at the border and you look at your former career in the military, you would not defend the United States the way it is being defended right now by putting people on the border sitting on a dime. Sylvester spent years in the Border Patrol and understands this lack of real strategy, this lack of actionable intelligence. There is no device right now that looks into Mexico, sees the people coming at night, sees them getting out of the car, and then tracks them as we reach the border; and we shift assets, shift manpower like a red zone defense to react to that.

But if you were on the border in Iraq and Syria or the Afghan-Pak border, you would react that way, the military would be on the offensive that way, not just sitting on the



di me.

So as we concentrate on our American southern border and the security that we need, I would ask you please to begin to drill in and look at actionable intelligence, a fusion center, some sort of a multi-agency fusion center that peeks into Mexico. Whether we are using drones or airships or tower sensors or eye in the skies, whatever it may be -- and there is tons of technology out there -- we have got to have actionable intelligence that is downlinked along the border. We cannot just be reactionary on defense but more proactive on offense, and that includes working with our liaison operations in Mexico.

We have got Mexican authorities who want to take down these drug cartels. We want to be able to hand off intelligence packages to them and have them take down.

Look, we have got smuggling families that have existed along the border going all the way back to prohibition. They were smuggling booze into America and then drugs, then steroids, now human smuggling, and what we fear is smuggling terrorism, terrorists into the United States or nuclear or WMD.

So I would ask you, please, to get after that, to protect our back door, and would love to hear your thoughts on it.

General Hayden. Yes, sir.

Number one, we clearly recognize the problem. I think across the Community we recognize the nexus between terrorism and other forms of illegal activity, including narcoterrorism, as you point out. Congressman Reyes' county invited me down to El Paso in mid-August to visit there on this very subject, so I will get personally more involved, and, frankly, I need to get personally more knowledgeable about this.

Let me suggest why the structure that you have legislated and the President has approved should make this easier to do. That is the erosion of this distinction between foreign and domestic, erosion of the distinction between law enforcement and foreign intelligence. Now I am fully aware of the civil liberties concerns and how we have to be very careful to guard against that. But if you look at the alphabet soup that governs the Intelligence Community, we used to have a whole bunch of bodies that had the letter F in their acronym: National Foreign Intelligence Board, National Foreign Intelligence -- those are gone. It is now the National Intelligence Board. It is now the National Intelligence Program. This merging is going to give us opportunities.

Again, there is promise. We are going to have to act on it. Let me give you two examples.

There is, for example -- and we have talked to

Secretary Chertoff about this -- a wealth of information that I will describe as information of intelligence value that is in the databases of the Department of Homeland Security and the constituent parts of DHS. Our challenge is how do you make that more available more quickly to the broad Intelligence Community for analysis. And here we are talking about Customs and Immigration and other forms of data.

The second structural change that might make this more possible, particularly drilling down on the question of narcoterrorism and the relationship between the two, is what we are trying to do now inside the FBI, trying to create a true national security service inside our Federal law enforcement agencies. Again, we need to do this well; and if we do it well, we should see an easier cross-flow of information between, say, the criminal division and the national security service. Now, again, fully recognizing that there are civil liberties, things that we have got to take care of and we have got to tend to, it gives us a potential that we never had before.

Mr. Renzi. Thank you. Mr. Chairman, thank you.

Chairman Thornberry. I thank the gentleman.

The Chair recognizes the gentleman from Maryland, Mr. Ruppertsberger.

Mr. Ruppertsberger. I would thank you, Mr. Chairman,

Ranking Member, for the job you are doing.

General Hayden, we worked very closely at NSA. You did an outstanding job there, and I think you are the right person at the right time. You have the courage to do what needs to be done, and you are the end-game person.

I am going to talk a little bit about FBI reforms. The WMD Commission recommended that DNI aggressively take steps to make the FBI a true member of the Intelligence Community. It recommended organizational reform. You alluded to it in your opening statement about the National Security Service.

Now I have some concern about our national security in the United States of America. I believe, as a lot of people I think on this committee, that we do have cells here and that we need to do a lot more and be a lot more aggressive as it relates to identifying where, what we need to do to stop terrorists and terrorism within our borders.

That takes team effort. The JTTF is a good example, where you have the FBI, you have NSA, CIA, Immigration, Customs, and State and Local. And that is extremely important, that team approach.

I think that strength force approach works. But I am concerned that the FBI at this point does not have the expertise, say, that CIA or NSA has as it relates to truly what needs to be done in intelligence as it relates to counterterrorism. Not as it relates to intelligence

involving organized crime and things that they do now. And I have got -- and I have a lot of confidence in Director Mueller. I think that he has a tremendous job. But he has to change culture as it relates to working with respect to the Intelligence Community.

So, first, what is the DNI's plan for making this happen, the recommendations of the WMD, and to bring the FBI along? Because it has got to be done quickly. Terrorists aren't going to wait until we bring FBI up to speed.

One suggestion I have, and I understand this is happening now, is that we take the expertise of the CIA. We have tremendous people in the CIA, in the operations and the analyst area also that have done this for years, and they know. But they need to work closely, I think, in bringing the FBI up to speed. What is your plan to do that?

General Hayden. Sir, very quickly, because there are a lot of aspects to it. Number one --

Mr. Ruppersberger. It is tough in 5 minutes.

General Hayden. Number one, we are going to build on the success that Director Mueller has already had. If you look at the raw numbers, comparing analytical force in 2002 to today, number one, it is twice as large. Inside of it, the proportion of the people inside his analytical workforce that have advanced degrees or prior military experience is actually doubled even as he is doubling the workforce. So

the trend lines are positive.

But I know he has told the committee and other committees that he still has a lot more work to do, and we think this new arrangement with the DNI can do nothing but help. My personal contact on this is Director Mueller's Deputy, John Pistole; and John and I talk about this routinely.

Here I think are the opportunities. Number one, this new director of the National Security Service inside the Bureau will report as equally to Ambassador Negroponte as he does to Director Mueller. I realize somebody said, how is that possible; and I have got no sympathy for that. Because for the last 6 years at NSA that is an exact description of my relationship with the DCI and the Secretary of Defense. You can do this, and you can serve them both, and the fact that you have both actually offers more opportunities than it does insurmountable problems.

The second thing inside the Bureau is that when we create this new National Security Service, we will create an opportunity for the DNI to see into the Bureau's intelligence function in a way that he never has before. The window we had prior to this was essentially into that national analytical function under Maureen Baginsky. That is a very important function, but it is not all the intelligence function. The creation of this new position,

National Security Service, creates this window, this field of view for the DNI into that whole area. I think all the effects of that are going to be benign.

Finally, this tighter lashing of the Bureau's intelligence functions of the DNI allows us to do precisely what you just described. I have read some of the recent testimony where some of you have criticized, for example, the analytic training that the Bureau is giving its intelligence analysts. The question I would ask is, why are we demanding that the Bureau create its own analytical training function for its intelligence analysts? We have analytical training --

Mr. Ruppersberger. There is also the technology problem that the FBI has had, and that has to be addressed, too. It seems to me that NSA has a system that works. And your position, I would hope you work with the Director Mueller. So there are a lot of issues that need to be dealt with, high priority.

General Hayden. Those are the kind of things that you can take the achievements of the broader community and import them into the Bureau in a way that you couldn't do prior to this creation.

I think one of the metrics you have to watch is, number one, the caliber of the person chosen to be the national security service director. I think that would be very high,

and by mutual agreement of Director Mueller and Ambassador Negroponte, and then those three bubbles underneath: Intel, CI, CT.

What we will do in a way that I don't think has been possible before is to, in many ways, blend those activities rather than keeping them as distinct and separate entities. I mean, those are the things that I think will help solve some of these issues.

Mr. Ruppersberger. At this point, I see my red is up.

You are receiving no resistance, you are receiving full cooperation from the FBI in this regard?

General Hayden. Absolutely. But make no mistake, this is hard. We have never attempted to do this as a people, to create a National Security Service inside the Federal Law enforcement agency. This is intellectual heavy lifting.

Mr. Ruppersberger. You have got the smarts to do it.

Chairman Thornberry. I thank the gentleman.

The Chair will recognize myself for 5 minutes.

General Hayden, let me read a couple of lines from the 9/11 Commission Report. It says: Imagination is not a gift usually associated with bureaucracies. It is crucial to find a way of routinizing -- I don't know, that is a strange word -- even bureaucratizing the exercise of imagination.

And I was struck by the WMD Commission, which also found that, in talking specifically in the area they looked



at, the analysts displayed a lack of imagination and then went on to talk about it.

I guess I want to know how you are going to routinize or bureaucratize imagination. Part of what is going on in my mind is to think about these attacks on London -- and the newspaper reports continue to discover new things, it gets bigger and deeper -- whether they are right or not. My concern is that, as tragic as they were, we were very grateful that it wasn't a nuclear-biological attack.

It seems -- I worry that the Intelligence Community is very -- because of the way we have grown up, it is very good about counting certain things because we were worried about the Soviet Union. But how do we have imagination when we have terrorists that have a lot of imagination and are clearly trying to get weapons that are far more dangerous than we have seen before? How are we going to do that?

General Hayden. That is clearly the challenge. I mean, that is where the rubber meets the road in terms of doing the kinds of things both 9/11 and the WMD Commission want us to do. As you I think begin to suggest, Mr. Chairman, it is not going to be solved by the Ambassador issuing a directive for all the analysts to be more imaginative. We are going to have to create the conditions.

Let me give you a couple of things that are already under way.

Number one, as we talked earlier, you create the conditions for imagination by who you hire, by who you bring in, by being more tolerant of people who don't always start marching off on their left foot, that you need to have that inside the Community. We can do that. That a manageable thing. There are actually management tools that allow you to do that.

Second is a little more difficult, a little more spiritual, but I think we already have this one under way, and it is very important, and that is to simply accept a higher tolerance for ambiguity. And that is by me, that is by the Ambassador, and that is by our senior level customers.

Tom Finger, who is our director of analysis, has already begun to build that in. When Tom talks about the things he thinks he has achieved to date, admittedly early but along the trajectory, he brings up two or three things. One is almost all of our products now are more the result of a community effort rather than the result of analysis in one of our particular baronies.

Secondly, there is a higher tolerance for doubt inside each of those. We are much more comfortable now, and part of that has come out of the review by this committee and your senator counterpart with regard to estimates that were previously made but a higher tolerance to actually put the

doubt inside the analysis.

Then, finally, a higher tolerance for putting dissenting views inside the analysis.

Now those are things you can effect from the top. Those are things you can effect by policy. Admittedly, now analysts are going to have to step into that and be willing to allow themselves to be more creative, but I think we can do this.

On a personal basis, I have seen more of that in the last 90 days than I have seen previously inside our Community.

Chairman Thornberry. Well, I hope so. We are counting on that, and I appreciate it.

The Chair recognizes the gentleman from Alabama for 5 minutes.

Mr. Cramer. Thank you.

I want to do some bits and pieces of questions that relate back to the conversations that you and the Chairman and I had in your offices before.

As you assume -- as the DNI is stood up and you assume control over the IC, change has to come. And we are talking about DOD, we are talking about CIA, we are talking about the FBI as well. Each of those cultures would have to produce, I would think, some resistance to change, and yet we have got to have change.

On the FBI level, is the FBI cooperating with you? Are they on board? What changes have you made already? How are you meeting with the FBI? How are you holding their feet to the fire?

General Hayden. The real nexus here between ourselves and the Bureau right now is implementing that recommendation from the WMD Commission to create the National Security Service. If we get that right, other things fall into place. So our energy with the Bureau -- and we are meeting with them regularly, our staff with their staff, and my dialogue with the Deputy Director, John Pistole, is focused on getting that part right.

Separate from that, with the Bureau, John has become the Bureau's representative to the DNI's functional activities. We have something called program managers under the DCI, five people who showed up there, CIA, NSA, NGR, NRO and DIA. Under the DNI, the Bureau is in that meeting, too.

That is a big difference. That is a fundamental change. It is those kind of things, Congressman, that we are trying to push.

Mr. Cramer. General Hayden, the country wants you to have a seat beside the President as well and the IC speak with one voice in reporting, listening to, reacting to this terrorism issue. Can you define for us what kind of accessibility DNI or yourself as well has with the

President? How often? Under what circumstances?

General Hayden. Yes, sir. As I mentioned earlier in my opening comments in a very general sense, we have stepped into that role as senior intelligence adviser. As a practical matter, it is the Ambassador or myself who is there for the President's morning briefing; and it is the Ambassador or myself, occasionally one of our representatives, who are there for NSC meetings or principal meetings or deputy's meetings of the NSC structure.

Unless there is a concrete operational matter -- and for that you would want the DCIA there, Director Goss. Unless you have got a question of that nature, ours is the only intelligence voice at the meeting. So, in that sense, the intent of the legislation I think has already been met.

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Mr. Cramer. If I could get you to come back to this national security service within the FBI, the president directed DOJ to create that national security service within FBI. But how will that director of that service be chosen? Is that with DNI input? Who determines that?

General Hayden. What we will use is the same structure we use now, with a couple of actually parallel structures inside the Department of Defense. The Secretary of Defense gets to nominate the director of my old job, NSA, but the DNI must concur. We see that same kind of relationship now with the director of the National Security Service inside the Bureau.

Mr. Cramer. Since you must concur, and I thought I understood it that way, I don't want to know names or anything, but are discussions going on now about who should direct that important new service?

General Hayden. Yes. John called me yesterday and wanted to know how we should go about this, John Pistol, and I suggested Director Mueller have a personal conversation with Ambassador Negroponte. And that is exactly how we handled the filling of the positions at NSA and at NRO. It began with that.

Mr. Cramer. And General Hayden, have you identified obstacles that need Congressional attention yet?

General Hayden. No, we have not. Let me make a plea to the committee: Can we let the legislative dust settle just a bit on the Intelligence Reform Act? Give us a chance to stretch our legs inside the current structure, and then we will definitely be back to you if we think adjustments need to be made.

Mr. Cramer. Let's kick that dust up then and we will let it settle.

Chairman Thornberry. I thank the gentleman. The Chair recognizes the gentleman from Kansas, Mr. Tiahrt, for 5 minutes.

Mr. Tiahrt. Thank you, Mr. Chairman, and thank you, General Hayden. We appreciate your service to the country and are looking forward to this new venture that you are on.

Have you located now at Bolling Air Force Base as a temporary headquarters. What are the plans for a permanent location for the DNI's office and for the staff?

General Hayden. This has actually been a limiting factor for us today. We are not yet at Bolling. I talked to you earlier about we have got the organizational chart up and it is populated with leadership. The leadership is hiring inside. And right now we are kind of atomized around the national capital area.

The Ambassador and I and a small support staff are downtown in the New Executive Office Building. We still have a large number of folks out at Langley, and then others around the Capitol.

Most of our staff will start to move into Bolling mid-to-late October, and we will be done moving in there, we believe, by Christmas, so that there will be a significant footprint for the DNI on the top two floors of the building now being completed for the Defense Intelligence Agency. Some of the centers will still be out where they are now, and that is appropriate. We don't need to bring them in to the headquarters staff.

The way the Ambassador describes it, we are currently in transient quarters. Bolling will be temporary, and we are looking to have a permanent fixed location, and right now working to decide exactly where that is. Ambassador Pat Kennedy, our Deputy Director for Management has that.

There are several sites in mind. I won't go into detail about them with you here, but we are very interested in not having any rivers between us and our primary customers, so we are trying to find something close in. That is a real challenge. Close in, adequate floor space, secure floor space in terms of electronic security and adequate setback for physical security. That is a pretty small set when you have to match all four.



Mr. Tiahr. As long as you don't encroach on the new ball field.

During the debate when we went through the reform bill for the intelligence agencies, we wanted to bring together, of course, the Intelligence Community, the FBI community, the Department of Defense, with the hopes of breaking down barriers. But as part of that discussion, we were also concerned about the building up of a bureaucracy.

As you man up to this job of breaking down the barriers, I assume that you will be taking people from all three of those organizations and bringing them together?

General Hayden. Right.

Mr. Tiahr. Do you see this as a growth in bureaucracy, or just a reassignment of current duties under a different organizational chart?

General Hayden. The thing we have to avoid is taking the legislation and then creating a layer of bureaucracy with our new office. If anything, our office has got to increase agility and flexibility, not decrease it. So we don't want to get in the way of that which is successfully happening already.

Right now, if you count everyone, not the center, let's not count the National Counterterrorism Center, that is an operational function, the same with the National Counterintelligence Center, it is an operational function,

if you look at the staff, based largely on what we inherited, and that was largely in the legislation, we are about 370, 390 in terms of people. I would be disappointed if we grew much more than a couple or several hundred above that. My sense is we are going to level off somewhere between 500 and 700, and that should be enough.

I have said this privately to some Members on both sides and said it in the House, my personal view now is the range of possibilities for this brand new experiment is "that we have done no harm" to "we have done a whole lot of good." I can't see what we have created, what you legislated and the President approved and what we have underway, hurting the American Intelligence Community. The range of options are "we do only a little good" to "do a lot of good." There is only one mine in that field, and that is creating this layer of bureaucracy over the current community. If we avoid that, this is almost all unadulterated good news.

Mr. Tiaht. I think it is a significant challenge to do that. Do you think that the budget authority that you have will be responsive enough so that you can keep the parties together, break down the barriers and limit the layer of bureaucracy in there?

General Hayden. I do. You bring up a good point. I realize 350, 370, 390 are big numbers, and I say 500 to 700,

those are big numbers. But if you are going to do those kinds of things, you are actually going to direct these budgets, you are going reprogram the money between and among different efforts, you do need some measure of staff so that you can do that intelligently. That is what we are talking about.

But if you do that, although I admit the number of staff can to some look bureaucratic, the effect of that, though, is actually very dramatic and very speedy. You are not an endless integrated process team trying to decide to move \$10 million. You have got a staff that is empowered and knowledgeable, and you just do it.

Mr. Tiahrt. Thank you.

Thank you, Mr. Chairman.

Chairman Thornberry. The subcommittee is pleased to be joined by several members of the full committee who are not members of the subcommittee. Without objection, they will be allowed to ask the General questions under the 5 minute rule.

The Chair recognizes the gentlewoman from California to do so.

Ms. Eshoo. I thank the chairman and the ranking member for their excellent work of standing up this important subcommittee and the teamwork that is more than evident to all of us. We are proud of the work you are doing. It

helps us to do our work as well.

General Hayden, welcome and congratulations to you. If we had not been until well after midnight last night, I would have had a bottle of champagne and a bottle of aspirin here to greet you. I think it is a combination of the two. But we are very proud of you, grateful to you for your 36 years of service to our country. We know you because of your previous capacity and your testimony before the committee, and we look forward to what you are going to be able to do in the position that you have now.

There are a couple of things that I would like to raise as a guest of the subcommittee this morning. One of the words you used earlier in your responses to one of the members of the subcommittee was that we can be more agile. I think "agile" is an operative word in what we are doing.

One of the growing concerns I have is that our enemy is agile, and as I look at our structures here, hear testimony from various parts of the Intelligence Community, I am reminded of how not only vast and large it is, but that we are not limber and agile enough. I think that is, and you have touched on this certainly the chairman raised it quite eloquently when he quoted from the 9/11 Commission report, that I think that this needs to be front and center, because that is where I think the enemy has a real leg up.

I seem to be more and more mindful of it every day. I

certainly am as a result of some of the hearings that we had yesterday.

So I just wanted to place that down on the table. I am very glad that you used the word.

On analytic reforms, you mentioned Tom Finger. The WMD Commission, as you know, concluded that the pre-war estimates on Iraq's weapons of mass destruction were "dead wrong." The Commission's report dwelled extensively on analytic failures.

Can you clarify in any way the recent article in The Washington Times indicating that Tom Finger, the deputy DNI for analysis, is not planning any dramatic reforms in the intelligence analysis system? Is that really true? If it is, I don't think it fits with the words that you used previously. So that is my first question.

My second question relates to interrogation policies. There is no question that the American people and certainly their representatives in the Congress don't view this as a shameful moment in a great democracy's history. It simply does not fit with who and what we are, the values of our people and who we are as political descendants of those that wrote our Constitution. Concerns have been raised, both internationally and domestically, about the U.S. treatment.

My question is, is the DNI going to review and standardize the interrogation policies or will the policies

left be left to other agencies? If the DNI is going to review them, what policies and procedures do you think will be necessary to be put into place that interrogations are done in a manner that is consistent with what I just described?

Once again, thank you, welcome, congratulations, and the next time I see you I will have both the aspirin and the champagne.

General Hayden. Thank you. In terms of what Tom Finger intends to do with regard to analytic reform, I was puzzled by the Washington Times article and the comment as well, because Tom already has underway almost three dozen identifiable, discrete changes in we do analysis, from how we are structured to who we hire to analytic trade craft and so on.

You made reference to the NIE, the National Intelligence Estimate prior to the war. There are a lot of things, tolerance for ambiguity, allowing dissenting views to be part of the text rather than the footnote and so on that I already mentioned.

Let me give you one more that is very important, and that is a dramatic increase in the transparency of sourcing, who said what, why do we think this is true. Transparency to the analyst that frankly did not exist before.

So now, and I actually chair some of these meetings

when the Ambassador is not available, one of the core discussions we have in each agency who has a source, whether it be technical or human, in that NIE must articulate to the entire body their confidence level in that source so that it is very, very transparent, so that you don't have an analyst who isn't quite aware of the background of the sourcing of the material, perhaps giving the material more credence or weight than the sourcing would warrant. That is a major breakthrough. It is not cumbersome, but it is methodical. It is source by source. Some of these sources are very, very sensitive. Each agency must display their confidence level in the source and characterize the source to the entire body before we vote on the NIE. I think that is a major breakthrough.

I would tell you on a personal basis, for the NIE you referred to, the one on weapons of mass destruction, I voted for it. I was part of the national foreign intelligence board. I was at the meeting. I raised my hand. Based on the process at the time, essentially what I was saying is with my knowledge of signals intelligence and how signals intelligence has been used in this report, I can support the conclusions arrived at. That is a narrow perspective. Now all forces take a much broader perspective. We can see what the other sources are. That is a major breakthrough.

On the other one, with regard to interrogation

techniques, I certainly agree with you totally. The intelligence services of a free people get to do what they do only because the free people has confidence in those intelligence services. That joining between security and liberty is an absolutely critical juncture.

For the purpose of an open hearing, I will just repeat what the Ambassador said during his confirmation hearings, that, number one, everyone within his field of view, inside the Intelligence Community, that is the entire community, will know the law. He, the Ambassador, the DNI, will have sufficient visibility into what goes on throughout the community to know that the law is being obeyed. And then finally, if there are any infractions, appropriate action will be taken.

Ms. Eshoo. I thank the gentleman.

Chairman Thornberry. The distinguished gentleman from Michigan is recognized for 5 minutes.

Mr. Rogers. Thank you, Mr. Chairman. I will skip the niceties. Thank you for what you are doing. I have 5 minutes. I will get right after it.

I am very concerned about where you are going here today, just so we can all be sure. The DNI, through the DNI, you have 500 to 700 employees, are they going to develop sources?

General Hayden. No.



Mr. Rogers. Are they going to make operational decisions?

General Hayden. No. They will oversee operational decisions, but to what NSA does --

Mr. Rogers. So they will be the second-guessers of operational decisions of folks who are in the field risking their lives. You see where I am going with this.

Now, you have taken the FBI, which is, quite frankly I would wish that you talked to the agents, and there are some great changes. Analysts in the bureau were sorely needed. When I was in the Bureau, you didn't want to work terrorism cases. That was the kiss of death. You wanted to be in the criminal division. That is where it was happening.

That has changed, and the culture of the Bureau has changed with it. And agents were analysts really when I was in the Bureau. That really needed to change. Good change, positive change.

The communications, the IT portion of it desperately needed to change, and if there is one failing since 9/11, it is probably the IT problem with the Bureau. But it isn't their mission-centric issue.

So now what we have done is we decided, hey, let's create another director, a new director, with new staff, to report to a new individual who doesn't do source work, who doesn't do operational control and doesn't make operational

decisions. How in God's good name have we made it easier for the folks on the frontline to do what they need to do, and that is catch bad people and bring them to justice?

You say let the dust settle. I think we ought to be as hard on you all at this new DNI as we possibly can.

Some things you said disturb me. The erosion of the distinction between our domestic and our international folks, I could not disagree more. The FBI's culture is you follow the law of the United States of America to the letter, and given every tool given them, you go out and catch bad guys, including terrorists, and at that time, espionage was obviously the big part of that.

The CIA's rule is you follow U.S. law, but when you go overseas, you get the job done. I don't think you want to go out and tell a whole bunch of FBI agents, you just don't worry about the law so much, you just get the job done. That is a problem waiting to happen.

I get really concerned now that you are meshing all of this so close. There is a reason that we separated the CIA and the FBI duties. Now, I argued the wall of communication was bad, it was awful, we needed to do that. But the mission of an agent on the streets of New York is very different than a case officer in Kabul or Islamabad.

To come in and try to break this thing up and then mesh it over to 500 to 700 people who are not going to make one

operational decision, at least I hope they are not, or operate one source, is very disturbing, especially for a guy that has been out on the street. It is hard enough. You even said it yourself.

Having two bosses can work. It is not the most optimum thing. We did this so you would come up with the conclusions, with the most optimum conclusion, which is one chain of command works. One. I want one boss. I want one person to go to to make an operational decision. The OSS was successful because there was very few people in that chain of command when it was developed. And look where we have come. Not only do we have bureaucracy in each agency, we have created this 500 to 700 people, and, by the way, the term of the property that you all were looking for in one of our meetings before was a campus.

I am really worried about the direction that we are taking. We don't need to get bigger, we need to get leaner. We need analysts who are trained and on the ground, granted, but we need fewer people in this operational chain of command and fewer folks looking over people's shoulders and making it easier to come to conclusions.

I hope you can help me through all this. I can't find anybody anywhere that really understands how this new National Security Service is going to work, other than it sent tremors through the Community, not in the sense they

don't want to do it. The FBI will do what you want. If you remember, organized crime didn't exist, quote-unquote, until the 1970's, and then they said FBI, you need to change and go after them. Nobody adapted better. Nobody impacted that like the FBI did in the last few years. If you do the same thing with terrorism, they will do the same thing. They are a pretty dedicated bunch of people.

I could go on. I would like a little bit of your response on that. When you say 500 to 700 people, I about fell out of my chair. I never envisioned that for the DNI. I don't know if anybody else did. That is just outrageous. There are 12,000 FBI agents. You are going to have 700 more bureaucrats. That just doesn't make sense.

General Hayden. The actual legislation authorizes 500 additional billets, which we don't expect to use all 500, and it also delivers to us preexistent organizations like the National Intelligence Council and the community management staff, which actually gets up to that 300 and change I described.

I have tried to describe here a structure that removes impediments for people doing what they have to do. I was a pretty invasive director of the National Security Agency. I reached down pretty deeply into the structure. But the mantra I used was one global integrated self-aware, self-synchronizing SIGINT system, which I think you take the

meaning, that is a lot of front end empowerment out there in the field. You actually need pretty strong leadership to create the circumstances where the front end is really well empowered. That is what I think we are trying to do as the DNI.

You raise a really critical issue about foreign and domestic, law enforcement and intelligence information, and that has to be done deeply respectful of American civil liberties. We have to obey the law.

As I said in my confirmation hearing, that is not backing away from the line and giving yourself a safe distance. That is up there kicking up the chalk on the foul line. Otherwise we wouldn't be doing what you empowered us to do.

I think it is really important to blend in a way we have not done before foreign and domestic, because our enemy no longer recognizes that distinction.

Mr. Rogers. Sharing the information.

General Hayden. Sharing the information, creating it in such a way that it is shareable, aggregating it in a way that is usable across the community. With your experience at the Bureau, the culture at the Bureau, because of its law enforcement heritage, was to greatly empower the field offices so that my, speaking from experience now as director of NSA, our sharing of information between NSA and the

Bureau, the Bureau culturally would tend, and there is no fault here at all, the Bureau would culturally tend to take information that was integrated and then dis-integrate it, and I don't mean that in a negative sense, but in a literal sense, to send it to the field offices where the rubber met the road for the Bureau. That is good. I understand that.

But there now also has to be an aspect of the Bureau where information that has traditionally generally been harnessed and used at the field office level, to be brought back into a national system and then shareable across that system in a way that the entire system can appreciate it.

Mr. Rogers. I agree with you. That really was an IT problem more than a management problem.

General Hayden. It is, and we have, beyond what you have already suggested, I just routed off Intel, CICT under this new National Security Service, but I haven't gotten out beyond the Beltway. Now, how does that structural at the national level affect how the Bureau's field offices actually function? We have got to work that through with the Bureau, and that is the intellectual heavy lifting I was referring to earlier.

Chairman Thornberry. I thank the gentleman for his provocative --

Mr. Rogers. I would gladly take another 5 minutes.

Chairman Thornberry. I had that feeling.

The distinguished gentleman from Iowa.

Mr. Boswell. Thank you. I join others in thanking you and Mr. Cramer in having this.

I guess I will take a little of the other, I guess. I kind of enjoyed the glitter of three stars, General, before. It was pretty shiny. In my years of life, and I may be the oldest one in this room, I admire and appreciate what you have given to this country. We will never be able to thank you enough. When we had our meeting at the farm, and we knew that Negroponte was going to be the director and you were going to be the deputy, or whatever -- what is your title?

General Hayden. Principal Deputy Director.

Mr. Rogers. Assistant Ambassador.

Mr. Boswell. That is good too. I don't know, I think there was electricity in the room. A lot of people didn't know the Ambassador well. I happened to have sat with him in Baghdad for some time, and others too, I suppose. But we have been dealing with you for a number of years, and you have won the appreciation of us all. So, I have to say that.

Now, I see today as a great opportunity, and I think this is what our leaders had in mind, for the public to know that we are, in fact, making some strides in trying to make this country safe. And I hope the media picks up today, I

don't know how they can miss it, how impressed and appreciative we are of Negroponte and General Hayden. It is leadership in the finest form.

I also want the public to know, and it is my opinion that our chairman of the full committee and the ranking member, we praise you for the working together, the bipartisanship. We have come a long ways. We have a ways to go. But we have come a long ways, and I think the country needs to know that we are going forward and we are going to be safer. So I think it is an historic moment that is taking place these days around what is going on, standing up this committee and standing up the DNI.

I remember months ago, and I don't know if it is because of my background in command general staff, as an instructor or whatever, but we talked about need to know versus sharing and so on. It has been a long time ago. It was like the light came on.

I think you were there, and Tenet was there and Mueller was there, and all of a sudden we all kind of went yes, we have been in this frame of mind for all our lives, need to know was all we knew. With terrorism it shifted.

So I appreciate the comments that have been made, and if you have anything you want to share with us, what we can do to make sure this concept of sharing in these 15 departments under your jurisdiction now, why, we want to be



helpful .

I appreciate talking about agility. We had some conversation about this, and going back to our discussion down at the farm, that was dialogue in the best way. We sat there and we talked to each other and we didn't worry about the 20 questions and so on. It was really a great moment I thought as well. But you are an old, I am going to say soldier, airman, you have been around awhile. You wouldn't have four stars if you didn't.

But I am concerned about any tendency, I have great trust in your abilities and so on, you will reach out for those gray hairs in a sense because of the experience factor and so on, and they bring so much. But how can you include them and at the same time, raising up those younger middle level ones that are going to take the reins down the road when you are not there to give the leadership that you have got to give? I think you have a tremendous responsibility to develop that, and maybe you could comment on that some too.

I know that it is human nature, and this is not a criticism, this is not a revelation, it is human that the nature that you want to be turf protective. You have got to deal with that, and I think you are.

So if you could comment a little bit more about what I have just said, I would appreciate it, a little more about

the sharing.

With that, I probably ran out of time.

General Hayden. Sir, just a couple quick comments on each of the two or three points you raised. The challenge with sharing is that historically you had to line up a whole bunch of people and they all had to say yes before yes was the accepted answer. And with the DNI, you have got the potentiality since he has got the authority embedded in him, his yes is all the yes you need. I can't go into great detail here in open session, but he actually has exercised that authority in terms of our ability to lash up with some key partners, international partners, on counterterrorism and operational information. This is an effort that has been underway and been parsed out until the cows come home trying to negotiate at the transactional level. The Ambassador has put a fire under it and just do it. I think that is a harbinger of good things to come.

I take your point on the experience and how do you blend. This is a beyond once-in-a-lifetime opportunity. The number of folks coming into our community now is absolutely historic, and it is really incumbent on us -- there is a real sweet spot here, because you are bringing them in because they aren't quite like the folks you have on board, and yet the folks you have on board have a wealth of knowledge that needs to be shared in a way that doesn't

stifle the freshness that the new entering class brings in. The challenge across-the-board being handled by each of the agencies.

Turf, you bet. I am a sinner as former director of NSA, I know how it is played. I guess my reference there earlier applies, and that is where the DCI had to be a bit careful to negotiate common ground, the DNI doesn't have to be quite as careful. You have given him more directive authority. We should just use it.

Mr. Boswell. Thank you.

Thank you, Mr. Chairman.

Chairman Thornberry. I thank the gentleman. The Chair recognizes the gentleman from California, Mr. Cunningham.

Mr. Cunningham. General, it is good to see you again. I would like to associate myself with Mr. Boswell in his comments. This committee has grown a lot as far as its ability to work together with both the chairman and the ranking member, and it is historic, not just for what you are doing, but I think for the committee as well.

I would say that we have had tremendous changes before even the NDI was appointed. And if you look at the agencies, we have problems in the agencies, both civilian and military. But the Nation itself has really pulled together since 9/11. If you look at CIA and FBI and NRO, they have made a lot of positive changes. This is another

historic step, and I don't want that to go unseen also.

The two words "imagination" and "agile" were used. Remember when you were a JO, you couldn't use your imagination or be agile if you were afraid to make a mistake. You and I have both seen that culture change, both in peacetime and military times, combat times, to where your flexibility was limited because of bureaucracy. I would hope that is taken in mind as well.

As a CO, there was a technique I used that I was afraid that something important would take place, and because of the chain of command, which is very critical in our business, that it would be delayed so that that problem would be magnified before you could really get a handle on it. So any one of my enlisted, my chiefs or my officers, could walk by the chain of command and walk by the command master chief, walk by the ex-O and could walk right into my office, like I would hope yours, for certain areas.

One was any known drug use within the unit. Another was anything that happened racial, because in the Navy, I saw it destroy a whole carrier air wing. Another one was sexual abuse, and the other one was something that would impact the unit negatively. And in administration, I think that is important to look at that as well, so that you don't get overtaken by events before you even know about it.

You and I, I have come to you before to find out

information. But when we want to find out information, we go down to our lieutenants and captains, and that is where we really find out what is going on.

When I talk to them, and when I look at the top level reports, like the chairman talked about the 9/11 report, the number one area, you are going to administer the operators, but the operators' number one area of deficiency was HUMINT intelligence.

When we talk, and Mr. Boswell was talking about it, and it is classified a little bit so I won't talk about it, but in the area of HUMINT, the problems we have had in recruiting, when you look at administration, in training because of the numbers additional that we are training, and then retention, the same things we had in the military, those three areas, and how you can help us when the dust settles.

The chairman, Chairman Hoekstra, tried to increase the budget even more of HUMINT intelligence, and we did, but it was limited.

I think how you can help us, General Hayden, is to get a look with the operators and find out what is the real number that we need in HUMINT for recruiting, for retention, for training. I think that would help us the most.

I would also ask you to look at would be thing: Bolling is security-challenged, especially along the

waterfront. I would like to sit down, because I have been in that area a lot, I would like to sit down before you move into those offices, I think there are some steps you need to take to make your own offices secure.

General Hayden. Congressman, you hit upon one point, your emphasis on HUMINT, and come back to a point I made earlier about some of the changes we are making inside the community. I mention very quickly that we are making the director of the Central Intelligence Agency the national HUMINT manager, and how I think this actually may affect some changes, and Congressman, may actually play to how does the staff actually help operations without getting in the way of operations.

Here, I have to reason by analogy, so please just bear with me. But at NSA, I was the national SIGINT manager. This position has not existed for imagery or HUMINT intelligence, but it did for signals intelligence.

I tell the story on myself on any given day not only would I not know where the Rivetjoints or EP-3s were flying, Lord knows I didn't send them there. So it wasn't that I had a tight stick and rudder control over the operation. But as a national SIGINT manager, I could tell you that they were probably in a pretty good place, that the back end equipment was relevant to the target, that the crew was trained pretty well for the mission, and everything going on

there was pretty consistent with U.S. law.

Now, if you extrapolate that from SIGINT to HUMINT intelligence, that really strengthens us without getting in the operational chain.

Let me give you an example. It is kind of playing the video back from the NIE we talked about a few moments ago. One of the issues we had with the NIE was source validation. I think it is almost already in the public domain that some of the sources were defense human sources as opposed to CIA sources. I think you can connect the dots looking backwards that there was a different understanding of source validation in terms of different aspects of our HUMINT Intelligence Community. If the national HUMINT manager creates common standards for source validation, common standards for all of the other variety of things that happen in HUMINT intelligence, common training criteria, even common language, so when a person in organization X says X, a person over here understands X, those are value-added and actually add to agility in the field, even though it is a staff function.

So I think there is some opportunities here with the steps we have already taken to improve HUMINT intelligence.

Chairman Thornberry. I thank the gentleman.

The gentleman from New Jersey, Mr. Holt.

Mr. Holt. I thank the chairman both for the time now

for welcoming someone from outside the subcommittee and for standing this up in such a good way, and I would like to join my colleagues in laying more praise on you, General, for all of have given over your career.

The national intelligence operation that you are now heading up clearly will have some responsibility in areas that call for either coordination or commonality of activity from the various agencies such as providing better foreign language proficiency.

In the news today, more than 8,000 hours of untranslated material in the hands of the FBI. Not to pick on the FBI, certainly not in the same room as Mr. Rogers.

Mr. Rogers. I will see you afterwards.

Mr. Holt. That is just today's news, and we can find similar things in similar agencies. The FBI says it met its hiring targets in fewer than half of the 52 language areas. That is something that goes across the Intelligence Community.

Coordination to remove redundancy and duplication. I mean, we have been disturbed to find billion dollar level duplication of effort, because the agencies either refuse to talk with each other or were competitive with each other or whatever.

Security clearances. I realize the OMB is now the lead agency for providing some standardization, but I think it



will fall to you to see that there really is some coordination.

Another one of those areas, and this is where I would like to direct a question, has to do with use of open source material. I have been a big advocate of an open source center. You made a reference to that. It is a rather tiny operation in the big scheme of things, I believe, as it is being set up now, and as I heard you speak about it, I thought maybe that is even wrong. Maybe we don't want a center, but what we really need is a dispersal of use of open source material.

I would like to see all analysts start with open source understanding of the problem and then, rather than having over reliance on secret information, be using the secret information to confirm or deny, to refute or support, what they have gained from open sources. So I am wondering how big the open source center will be, how pervasive it will be in the work?

The other point I just wanted to get out on the floor before the clock runs out is the committee is still waiting for a response to the letter that the chairman and the ranking member sent to Ambassador Negroponte about the effect that the base closing recommendations will have on intelligence activities. Some bases will be closed, some will be realigned, some are left untouched.

In those bases there is significant FBI intelligence activity, NSA-related activity and other things. We need, and I think the Base Closing Commission needs, in short order an evaluation of this. I know there is some significant work, there will be some significant effects.

The Base Closing Commission added the Defense Language Institute to their base closing list. There is an example of something that clearly affects the Intelligence Community.

Now, maybe your conclusion will be it is a minor effect. I don't know. But it is an effect that should be addressed.

So I could go on longer, but I see the timer is running. Again, thank you, General.

General Hayden. Yes, sir. On your last comment, you and I have talked privately about this. There is significant staff action underway. We socialized our conclusions with all 15 members, the six program managers. They have all contributed. I have seen the summary. That should be to you and the chairman directly. We have taken that one to heart and have a lot of detailed information. That should be coming to you directly.

On open source, I actually think we are going to hit a good spot in terms of what it is you anticipate here. Here is our game plan for an open source center. Number one, we

are going to have a center. A core element of the center will be the one open source function we now have as a government that is functioning quite well, which is the former broadcast information service. It is currently in the DS&T at the Agency. But it will become part of this center.

Now I have to kind of shift gears on you. In our expectation, that is the only part of this center that is an actual production line. That is the only part of the center that is going to actually churn out products. We do not picture open source being another collection discipline, certainly not in any way beyond what is already being done by FBIS.

The new part, the new part that makes it more than FBIS, is an absolute enabling function. What we are talking about is a center that has the expertise that can advise us in the community on the information technology and the policy changes that will be needed to allow every analyst in the community access to open source information.

It will be about advising us on the training that is needed, and that is both technical and attitudinal training, for our analysts to feel like they want to and are able to and view it to be productive to access open source information in their day-to-day functioning.

Then, finally, I think we picture kind of a SWAT team

of experts that can go to a new activity or a new center or a new agency to meet an emerging need to go there and say here is what open source can contribute, let me set up these functions for you, let me advise you along these paths.

So, in essence, the only production line we have is what we have already, which is actually very good. Beyond that, what you get out of the center is this enabling function that allows the community -- frankly, we are not talking about creating anything. We are talking about taking advantage of that which is already out there, if we are only to go out and grab it.

Mr. Holt. Well, I hope the adjective "tiny" will not be applicable to that activity.

Thank you, Mr. Chairman.

Chairman Thornberry. I think the attitudinal part of that may be as critical as anything, whether we put at least equal value on open source versus those sources that are collected otherwise.

The Chair appreciates the patience of the distinguished member of the subcommittee from Massachusetts. He is recognized for at least 5 minutes.

Mr. Tierney. Thank you, Mr. Chairman. General, thank you, and good morning.

When you talk about the currently 370 to 390 people in the DNI and I think your words were a couple of hundred or

several hundred more, I strike some of the same concerns that Mr. Rogers does on that. I don't believe it was the intention of this legislation to create something that by its sheer size, you are talking 700-odd people, it smacks to me of bureaucracy. My impression has been, as many has been, that the DNI was going to be an overview and coordinating type of venture, that you would utilize all of the existing agencies and their personnel and help coordinate them, provide them direction, and that is why we were so insistent on getting budget and personnel authority, because if you have those two authorities, then using what was there with a minimum number of other people at your level, we hoped it would work.

Am I off target in that assumption?

General Hayden. No, you are not, Congressman. But when we woke up the day after the president swore in the Ambassador and myself, we already had 350, just from the legislation. That is not counting the National Counterterrorism Center. That adds another several hundred to the mix.

Mr. Tierney. You say you already had them.

General Hayden. We inherited by legislation the community management staff, we inherited the National Intelligence Council, we inherited the National Counterintelligence Executive. We also inherited the NCTC,

the National Counterterrorism Center. And the legislation directed the creation of a National Counterproliferation Center, although the bills aren't there, the legislation directed the creation of a National Counterproliferation Center.

Mr. Tierney. So these are not new hires.

General Hayden. So far the only new hires are the people at the tops of our organizational chart. Everything else is preexisting.

Now, I will differ only slightly with your characterization. You do want us to be directive, you do want us to be decisive, you do want us to be flexible. I don't think we can do that by exclusively, I am choosing words carefully here, exclusively relying on the preexisting agencies for the expertise we need. I began my comments by saying the community had been governed by consensus and what the legislation has suggested, has demanded, is there be more clear lines of authority of responsibility.

I have actually said this to some of the new people we are bringing on. You are going to have to build up some body of expertise in our staff. We cannot be totally beholden to the preexisting agencies for our expertise because then our governance principle will be integrated process teams and an awful lot of committee works. I take the point we don't want --

Mr. Tierney. Will you be able to use outside expertise without bringing them on making them part of salary?

General Hayden. We do that as well, yes, sir.

Mr. Tierney. Yesterday John Russick, your new Information Sharing Environment Program Manager testified at the Senate, and he indicated that he had but one full-time hire on that. Your testimony, your written testimony that you submitted indicated you think you are going to be up in staff pretty much by the middle of August. Is that realistic, given his testimony yesterday?

The importance of that obviously is now we are talking about how we are going to access all this terror information across Federal, state, local and private people, whatever. How many people do you think that is going to entail and how do you manage to get between one yesterday and a full compliment by the middle of August?

General Hayden. Congressman, I am sorry, I don't know the right number for John's organization. I will defer to him. I will tell you what the limiting factor was, what was hampering us, and it was physical. It was facility. That has now been resolved.

We have got more than adequate floor space for them now, with more than adequate information technology, interesting that he would need to bring the IT in for that function, and that is available tomorrow morning. It is

tomorrow, the 29th, that that is available. I think from that point we get a take-off in terms of what it is we are doing.

Mr. Tierney. My last question merely deals with capacity. When the FBI is now setting up its own intelligence apparatus within that, so we need more people in the field collecting intelligence, we need more analysts on that, what are your plans across all of the agencies with respect to making sure that we have the proper number of people, the capacity, the training and all of the things that are necessary to make that happen, and then to make them work as a community?

Who in your organization are going to be the change agents or the driving force of making this group work as a community? Who would we look to to see that happen?

General Hayden. That was probably the primary thought that we had in hiring everybody in our senior leadership positions. Number one, change agents; and number two -- that is actually the Ambassador's primary goal, that we feel and act far more like a community than we have in the past. I mean, that is it.

This is going to be obscure in a minute, but let me just try. Our main enemy right now is, at best, a network, it may even be sort of a movement, but it is very dispersed, and that dispersal gives it an awful lot of agility. We



can't match it in terms of speed if we continue to line up in hierarchical formations. So we have to look more and more and more like a network ourselves, almost self-organizing, not quite, but almost self-organizing in terms of how we go after things.

In my experience at NSA, my experience at the Agency, we move along those lines and we have some success, self-aware, self-synchronizing systems I referred to before. This almost seems like a contradiction, but that actually required very strong leadership at the top.

Mr. Tierney. Oversight.

General Hayden. Oversight, in order to empower the operational aspects of the system, to link up in a network form, task organizing per task. That is what we are looking for. There is no way the Ambassador or myself can sit in our new quarters when we get to Bolling and even pretend we are going to pull a lever here and have some operational function take place way down in the body of the American Intelligence Community. But we can create the conditions by which the good people we have are far more empowered to do that. That is what we are trying to get after.

Mr. Tierney. And the capacity building, how are we doing on that and what are your plans to get the kind of personnel we need?

General Hayden. Now you are talking about the

operational people. Let me tell you what I think would be the appropriate division of labor for that is. We have a strong HR rep in Dr. Ron Sanders. He will help the individual agencies. By and large, bringing the right kind of people in is going to be an agency function. That initial training function, what the military would call entry level technical training, is probably still going to be anchored inside the Agency.

When we look at what we add as value added, let me use an analogous comment in my experience, and I don't know if it is shared with all of you, it is the professional military education function inside the Armed Forces.

When I go to Staff College or War College, we have this Quadrant Officers School. I learn some things. Some of them are technical and some are factual. But what really happens is I develop a shift in attitude. I develop a broader appreciation for my profession than I had going in.

That is the education function that we think is anchored on to the DNI, that our educational activity will be laser-focused on that special aspect, that we are creating in these common experiences, these common educational experiences, a far more powerful sense of community rather than individual discipline identity than we have had before.

Mr. Tierney. Thank you for your answers and thank you

for your service. I yield back.

Chairman Thornberry. I thank the gentleman.

We have borrowed this committee room and our time is dwindling. We appreciate the Government Reform Committee allowing us to be here. I have one brief question on an issue that has come up, and I want to yield to the ranking member and the chairman for the last word.

General Hayden, the intelligence reform laws requires one intelligence agency to recognize the security clearances of another, so you don't have to start from scratch if you want to change agencies. Are we getting that done?

General Hayden. Yes. There was a brief mention earlier about OMB and the role it has taken on across the government. Within that, and this is actually in some ways almost a subtle change, but it is going to be very, very important, the DCI used to have unargued authority over what is called SCI material, special access material. The DNI inherits that. That comes to him in the body of regulation. It transferred from the DCI to the DNI.

In the OMB effort to rationalize this across the U.S. Government, OMB has deputized the DNI to deal with secret level clearances and accesses within the Intelligence Community as well. That is a new authority. That has not existed before. Again, it just requires us to step up to that and to use that authority for the purposes that you

described.

We really recognize, and this is back to empowering operators, and maybe it can only be done with a somewhat empowered top, to enforce a regime that makes pockets of our community respect the security clearances granted by the other pockets of our community.

There is a sweet spot there. We want to risk manage. We don't want to be risk ignorant here. I think he with can do better.

Chairman Thornberry. Thank you.

The gentlewoman from California.

MS. HARMAN: Thank you, Mr. Chairman. I thought this hearing was excellent. The witness' answers were excellent, the questions on a bipartisan basis were excellent. A few comments to Mr. Rogers: We have not collapsed the whole structure. We do not have the same rules in America that we have internationally. We do require court orders to be sought from a specialized court. We also have attached to this new entity, what I hope will be a potent civil liberties board, to consider the impact on Americans of the new organization and new efforts that we are undertaking, and I think this is a vital piece of what we are doing.

I often say that security and civil liberties are reinforcing values. We either get more of both or we get less of both. Certainly my goal is to get more of both.

Let me just close with that, General Hayden. You just said we have to look more like a network because the terrorists are a network. You have the opportunity to build something more like a network and to avoid the pitfalls of bureaucracy, uncreative thinking, of turf wars and the rest of it. But a lot of that responsibility is on your shoulders and John Negroponte's shoulders and President Bush's shoulders. I want to close with that thought.

It was a big fight to get the intelligence reform bill through this Congress. The House and Senate passed very different versions of the bill. A few folks who are not here in this room dug in and were against really any reform and made it very difficult for the House to proceed.

Ultimately it was the White House and specifically the President who broke the logjam. I just want to close on a hopeful note, which is that not only will you and senior leadership, and oh by the way, our former minority Chief of Staff, John Keith, is over there as a senior executive, so we know he will be part of the leadership team. Not only must you pay attention, but this administration must pay attention. The times are dangerous, the terrorists are here. Most of us believe an attack can come at any time. And the key change agent to figure this out ahead of the bad guys is sitting right in this room with four stars on his shoulders.

So, once again, good luck and Godspeed. Please keep us safe.

Chairman Thornberry. Chairman Hoekstra.

The Chairman. Mr. Rogers must have had an ability to tweak all of us. Congratulations. But that is nothing new, both of us coming from the State of Michigan. But I would like to thank Mac and Bud for putting this together, the chairman and the ranking member. I think the outstanding way that you and your team are working together to do the oversight that is necessary on this and other issues.

General Hayden, thank you for being here. A lot of the issues that Mike raised, these are the discussions that we had last fall. We talked about the clear need to transform the Intelligence Community, what we saw after 9/11 as we took a look at the threats out there, the issues that were out there. We saw a disjointed Intelligence Community, 15, 16 different agencies, where there was not a coherent strategy.

Something needed to be done. We needed to create a new organizational structure. We needed to create an organizational structure that I think was more than coordination. It had to be able to provide strategic direction to the entire community so that there would be a shared vision for where we were going to go and how we were going to get there, and to make sure that it was resourced

properly to the threats that we perceived. And that is the vision that we have for the DNI and the DNI's office.

Then as we kept peeling down through the layers, we said it needs to be more than an organizational change, it needs to be a transformation of the Intelligence Community. It can't be a bureaucracy, and it had become too bureaucratic. That is why this oversight by this committee is so critical to make sure that we get the Agency that we envisioned when we passed the legislation rather than a agency that is so often emerges when it comes here in Washington that becomes bureaucratized. I can't stay up until 1 o'clock in the morning voting on this stuff anymore.

That is why we are going to continue going through this process very, very aggressively, and I think in a very constructive way with you, General Hayden, to understand exactly where you are going, to be constructive critics and advocates for what you are doing to get this Intelligence Community to where it needs to be. I think that you have heard some of the concerns today, and those are the concerns that were highlighted when we talked about this change. Are we just adding another layer of bureaucracy, or are we really going to create strategic direction that will enable us to transform the Intelligence Community to be able to be responsive to meet the threats that we that are out there.

It is one of the key priorities for the Oversight

Subcommittee as they move through this Congress. We just really appreciate your willingness to be here today and the continued collaboration as we move forward.

So, again, Mac, thank you very much for the work. You guys set a record. I don't think I have ever gone to a subcommittee hearing where there have been not only the subcommittee members all here, but you almost doubled the size of the subcommittee because of the interest of the topic that you had and had just about the whole committee show up.

I told Heather, I said, you know, you have more people show up for your subcommittee hearings than Jane and I have show up for the entire committee hearing. She said we shouldn't take that personally. But congratulations.

Chairman Thornberry. General Hayden, thank you again for being here, sir. We look forward to our continued work together. Without objection, the hearing stands adjourned.

[Whereupon, at 12:02 p.m., the subcommittee was adjourned.]