

**Joint Inquiry Staff Statement
Proposals for Reform within the Intelligence Community**

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Introduction

Mr. Chairman and members of the Joint Inquiry Committee, good morning. In prior hearings, we have discussed specific factual issues and systemic problems that relate to the U.S. Government's performance regarding the events of September 11th. These have included analytical, information sharing, budgetary, and cultural issues. Today's hearing moves beyond the factual record that has been established to look toward the future and the need for reform within the Intelligence Community. Specifically, today's testimony will focus on how the Community could and should be changed to strengthen and improve the ability of the U.S. government to counter terrorist threats.

In 1947, Congress passed the National Security Act. This Act established the statutory framework for the United States Intelligence Community, including the Central Intelligence Agency (CIA) and the Director of Central Intelligence (DCI). The Act also created a semi-unified military command structure under a Secretary of Defense, and a National Security Council to advise the President.

Since then, many new organizations have been created and their missions defined in a variety of laws, executive orders, regulations and policies. During this fifty-five year period, numerous independent commissions, experts, and legislative initiatives have examined the growth and evolving mission of the Intelligence Community. Many proposals have been made to address perceived shortcomings in the Intelligence Community's structure, management, role, and mission. These have ranged from a fundamental restructuring of the Intelligence Community to tinkering with its component parts.

The earliest studies of the Intelligence Community addressed questions of efficiency and effectiveness. They included the first and second Hoover Commissions to review the Organization of the Executive Branch of the Government in 1949 and 1955; the 1949 Dulles-Jackson-Correa Report of the Intelligence Survey Group that was established to evaluate the CIA and its relationship with other agencies; and the 1975 Commission on the Organization of the Government for the Conduct of Foreign Policy, known as the Murphy Commission. The reviews and investigations of the 1970s and 1980s -- the most prominent of which were the Rockefeller Commission on CIA activities within the United States, the Senate and House Investigating Committees led by Senator Frank Church and Congressman Otis Pike, and the Iran-Contra Committees -- dealt with issues of legality and propriety. They also addressed, in varying degrees, the fundamental operating principles of the Intelligence Community.

With the end of the Cold War, both the executive and legislative branches chartered numerous additional studies to examine a variety of issues, including:

- Intelligence Community capabilities, management, and structure;

- Extent and competence of U.S. counterintelligence;
- Managerial structure of armed services and DOD intelligence components;
- DCI roles, responsibilities, authorities, and status;
- Allocation of personnel and financial resources;
- Duplication of effort within the Intelligence Community;
- Expanded use of open source intelligence; and
- Need for covert action capability.

Since the end of the Cold War in the early 1990's, the pace of reviews and studies relating to the Intelligence Community has markedly increased. The more prominent of these have included:

- 1995-1996: Commission on the Roles and Capabilities of the U.S. Intelligence Community (Aspin-Brown Commission)
- 1996: IC21: The Intelligence Community in the 21st Century (House Permanent Select Committee on Intelligence Staff Study)
- 1997: Modernizing Intelligence: Structure and Change for the 21st Century (Odom Study)
- 1998: Intelligence Community Performance on the Indian Nuclear Test (Jeremiah Report)
- 1999: The Rumsfeld Commission on the Ballistic Missile Threat
- 2000: Countering the Changing Threat of International Terrorism, a report from the National Commission on Terrorism (Bremer Commission)
- 2000: Report of the National Commission for the Review of the National Reconnaissance Office
- 2000: National Imagery and Mapping Agency Commission Report
- 2001: Road Map for National Security: Imperative for Change, The Phase III Report of the U.S. Commission on National Security/21st Century (Hart-Rudman Commission)
- 2001: The Advisory Panel to Assess Domestic Response Capabilities to Terrorism Involving Weapons of Mass Destruction (Gilmore Commission) (Third Annual Report)
- 2001: Deutch Commission on Weapons of Mass Destruction
- 2002: A Review of Federal Bureau of Investigation Security Programs, (Webster Commission)
- 2002: HPSCI Subcommittee on Terrorism Study
- Scowcroft Commission (Report not yet released)

These reviews varied in the areas they examined and emphasized different issues in their reports. However, the reports identified several areas where improvement was needed, including:

- Development of a strong national security strategy;
- Information sharing with other federal agencies and with state and local government organizations;
- Greater emphasis on human intelligence;

- Additional resources for analysts and linguists; and
- Restructuring the distribution of responsibilities and authorities between the DCI and the Secretary of Defense.

For today's hearing, we have asked the witnesses to discuss these and other issues of authority and organization in the context of the findings and recommendations of these reports. More important, we have also asked them to suggest and discuss proposals for reform that might be appropriate in light of the performance of the Intelligence Community regarding the September 11 attacks. Their testimony will, we expect, include a discussion of the role and responsibilities of the DCI, the Secretary of Defense, the law enforcement community, and the proposed Department of Homeland Security in supporting or implementing counterterrorism and domestic intelligence programs. Finally, we have solicited their thoughts on the establishment of a domestic intelligence organization and the question of to what extent such an organization could raise concerns regarding the preservation of civil liberties.

As a prelude to this morning's testimony, I would like to provide a very brief overview of a few of the previous reports on these topics and describe several common issues and themes that are of particular relevance to this Joint Inquiry.

The 1995-1996 Commission on the Roles and Capabilities of the U.S. Intelligence Community, commonly referred to as the Aspin-Brown Commission, included the following among its key findings:

- Intelligence agencies must be integrated more closely with the law enforcement community;
- Intelligence agencies must function more closely as a "Community"—there was insufficient central authority and too many administrative barriers that impeded cooperation;
- The process for allocating resources to intelligence agencies was severely flawed—workforces were not aligned to needs, multiple personnel and administrative systems were inefficient, and modern management practices needed to be utilized; and
- The confidence of the public in intelligence matters needed to be restored.

In 1996, the House Permanent Select Committee on Intelligence conducted a review of the Intelligence Community and published a staff study entitled, "IC21: The Intelligence Community in the 21st Century." Its key findings included:

- The Intelligence Community would benefit greatly from a more corporate approach to its basic functions, e.g., stronger central management, reinforced core competencies in collection, analysis, and operations, and a consolidated infrastructure;
- The DCI required additional authorities to manage the Community as a corporate entity;

- There was little collaboration between collection agencies and all-source collection management; and
- The National Security Act and existing Executive Orders were sufficiently flexible to allow improved cooperation between law enforcement and intelligence without blurring the important distinction between the two.

General William Odom, one of our witnesses today, authored a report in 1997 entitled: "Modernizing Intelligence: Structure and Change for the 21st Century."

The report included the following observation:

"No organizational reform can overcome the absence of effective leadership and management, but dysfunctional organizational structure can neutralize the efforts of the best leaders."

The report also included the following key recommendations:

- Strengthen the role of the National Intelligence Council (NIC) in providing unique national-level analysis, and overseeing analysis and production throughout the Intelligence Community;
- Separate the Directorate of Intelligence from the CIA and subordinate it to the DCI through the NIC;
- Require the DCI to conduct a structural review of the Intelligence Community every five years; and
- Restructure CIA by giving it two major components—the national clandestine service (NCS) and a component for handling overt HUMINT. Designate the Director of this restructured organization as the national manager for HUMINT.

In 2000, the National Commission on Terrorism, led by Ambassador Paul Bremer, found that, among other things:

- The FBI, which is responsible for investigating terrorism in the United States, suffered from bureaucratic and cultural obstacles to obtaining terrorism information;
- The Department of Justice applied the statute governing electronic surveillance and physical searches of international terrorists in a cumbersome and overly cautious manner;
- The risk of personal liability arising from actions taken in an official capacity discouraged law enforcement and intelligence personnel from taking bold actions to combat terrorism;
- The U.S. intelligence and law enforcement communities lacked the ability to prioritize, translate, and understand in a timely fashion all of the information to which they have access; and
- The law enforcement community was neither fully exploiting the growing amount of information it collected during the course of terrorism investigations nor distributing that information effectively to analysts and policymakers.

Among the Commission's key recommendations were the following:

- The Attorney General should ensure that the FBI is exercising fully its authority for investigating suspected terrorist groups or individuals, including authority for electronic surveillance;
- Funding for counterterrorism efforts by CIA, NSA, and FBI must be given higher priority; and
- FBI should establish a cadre of reports officers to distill and disseminate terrorism-related information once it is collected.

Earlier this week, former Virginia Governor James Gilmore testified in detail about the work of the Advisory Panel to Assess Domestic Response Capabilities to Terrorism Involving Weapons of Mass Destruction. Chaired by Governor Gilmore, the Panel made a number of recommendations in its Third Annual Report in 2001, including:

- Increase and accelerate the sharing of terrorism-related intelligence and threat assessments with state and local governments;
- Ensure that all border agencies are partners in intelligence collection, analysis, and dissemination; and
- Increase and accelerate the sharing of terrorism-related intelligence and threat assessments among federal agencies.

Finally, in July of this year, the Subcommittee on Terrorism and Homeland Security of the House Permanent Select Committee on Intelligence, led by two members of this Joint Inquiry, Representatives Saxby Chambliss and Jane Harman, published the results of its year-long review. Among other things, the Subcommittee recommended that steps should be taken to:

- Ensure HUMINT collection remains a central core competency;
- Improve watchlisting and language capabilities;
- Ensure consumers receive the most reliable reporting and that sufficient analysis is applied; and
- Share information more completely.

Conclusion

Those are but a few of the many findings and recommendations that resulted from many months of study and focused deliberation on the performance of the Intelligence Community. While there has been a plethora of recommendations for reform over the years, many of the most far-reaching proposals have not been acted on to any significant degree, particularly in the area of organization and structure. The tragedy of September 11th may, at long last, serve as the catalyst for action to implement meaningful and sustained reform within the Intelligence Community. We are hopeful that this Joint Inquiry will make a substantial and constructive contribution toward that end.