

**Prepared Statement of
Chairman Thomas Kean and Vice Chair Lee Hamilton
National Commission on Terrorist Attacks Upon the United States
before the House Permanent Select Committee on Intelligence
August 11, 2004**

The 9/11 Commission's Findings and Recommendations

Chairman Goss, Ranking Member Harman, distinguished members of the House Permanent Select Committee on Intelligence. We are honored to appear before you today. We want to thank you and the leadership of the House of Representatives for the prompt consideration you are giving the recommendations of the Commission. We are grateful to you, and to the leadership of the House.

The Commission's findings and recommendations were strongly endorsed by all Commissioners—five Democrats and five Republicans. We share a unity of purpose. We call upon Congress and the Administration to display the same spirit of bipartisanship as we collectively seek to make our country and all Americans safer and more secure.

Our report closely examines how the executive branch and Congress responded to the terrorist threat before 9/11. We point out some positive actions, and we point out some criticisms. We speak some about Congressional oversight.

Mr. Chairman, we want to make clear to you and to the Ranking Member that our criticisms relate to the system, not to any person. There are many, many patriots in the Congress as well as the Executive branch. Mr. Chairman, we recognize and commend you for your years of dedicated and effective service. We commend your hard work and leadership, and that of the Ranking Member, your colleagues and the committee staff in our common enterprise of working to make America safer and more secure. Oversight of fifteen agencies is exceptionally challenging. Our recommendations are intended to strengthen this Committee, streamline the Community, and thereby strengthen oversight.

Indeed, Mr. Chairman, the bill that you have authored, the "Directing Community Integration Act," and Representative Harman's bill, the "Intelligence Transformation Act of 2004," tackle the tough issue of intelligence reform. We see considerable merit in both bills. Our own recommendations build on sound elements from both your respective bills.

We understand that the topic of today's hearing is the Commission's findings and recommendations regarding the sufficiency of time, attention, and legal authorities focused on the terrorist threat before the attacks of September 11, 2001. These issues relate to the broader management problem of how the top leaders of the government set priorities and allocate resources. It is useful to illustrate the problem by examining the CIA, since before 9/11 this agency's role was so central in the government's counterterrorism efforts.

Some of our key findings on these issues are presented in chapter 11 of our report. In that chapter we recount how, on December 4, 1998, DCI Tenet issued a directive regarding al Qaeda to several senior CIA officials and his deputy for community management, stating: “We are at war. I want no resources or people spared in this effort, either inside CIA or the Community.”

This was a dramatic and important declaration from a DCI who, we found, was sharply focused on the threat. He cared passionately about defending the country against that threat. He and many other government officials devoted enormous time, attention, and energy to responding to the threat. And yet, despite the urgency of its call to action, the memorandum had little overall effect on mobilizing either the CIA or the intelligence community. The NSA director at the time believed the memo applied only to the CIA and not to the NSA. CIA officials thought it was intended for the rest of the intelligence community, given that they were already doing all they could.

This episode, we believe, indicates some of the limitations of the DCI’s authority over the direction and priorities of the intelligence community, especially its elements within the Department of Defense. The DCI has to direct agencies without controlling them. He does not receive an appropriation for their activities, and therefore does not control their purse strings. He has little insight into how they spend their resources. Congress attempted to strengthen the DCI’s authority in 1996 by creating the positions of deputy DCI for community management and assistant DCI’s for collection, analysis and production, and administration. But the authority of these positions is limited, and the vision of central management clearly has not been realized.

Let me say a word about CIA’s role specifically. We have pointed out some mistakes the agency made. It is also important to note that the 9/11 Commission explicitly found that no agency before 9/11 did more to protect the country from the al Qaeda danger. We are not in the blame game. Our goal is solely to make the overall system stronger and better. We have an historic opportunity to do that.

Some of the saddest aspects of the 9/11 story are the outstanding efforts of so many individual officials straining, often without success, against the boundaries of the possible. As we say in the report: “*Good people can overcome bad structures. They should not have to.*” Some of our major recommendations seek to address this problem of authority.

The National Intelligence Director

As part of the 9/11 story, we spent a very considerable time looking at the performance of the Intelligence Community. We identified at least six major problems confronting the Intelligence Community that became apparent in 9/11 and still continue today.

First, there are major structural barriers to the performance of joint intelligence work. National intelligence is still organized around the collection disciplines of the home

agencies, not the joint mission. The importance of integrated, all-source analysis cannot be overstated. Without it, it is not possible to “connect the dots.”

Second, there is a lack of common standards and practices across the foreign-domestic divide for the collection, processing, reporting, analyzing, and sharing of intelligence.

Third, there is divided management of national intelligence capabilities, between the Director of Central Intelligence and the Defense Department

Fourth, the Director of Central Intelligence has a weak capacity to set priorities and move funds and other resources;

Fifth, the Director of Central Intelligence now has at least three jobs – running the CIA, running the Intelligence Community, and serving as the President’s Chief Intelligence Adviser. No one person can perform all three.

Finally, the Intelligence Community is too complex, and too secret. Its 15 agencies are governed by arcane rules, and all of its money and most of its work is shielded from public scrutiny.

We come to the recommendation of a National Intelligence Director not because we want to create some new “czar” or new layer of bureaucracy to sit atop the existing bureaucracy. We come to this recommendation because we see it as the only way to effect what we believe is necessary: a complete transformation of the way the Intelligence Community does business.

We believe that the Intelligence Community needs a wholesale Goldwater-Nichols reform of the way it does business. The collection agencies should have the same mission as the Armed Services do: they should organize, train and equip their personnel. Those intelligence professionals, in turn, should be assigned to unified joint commands, or in the language of the Intelligence Community, “National Intelligence Centers.” A national intelligence center on WMD and proliferation, for example, would bring together the imagery, signals, and HUMINT specialists, both collectors and analysts, who would work together jointly on behalf of the mission. All the resources of the community would be brought to bear on the key intelligence issues as identified by the National Intelligence Director.

We believe you cannot get the necessary transformation of the Intelligence Community--smashing the stovepipes and creating joint mission centers--unless you have a National Intelligence Director.

The National Intelligence Director needs authority over all intelligence community elements, including authority over personnel, information technology and security. Appropriations for intelligence should come to him, and he should have the authority to reprogram funds within and between intelligence agencies.

The National Intelligence Director would create, and then oversee the joint work done by the intelligence centers. He should have a small staff—about the size of the current Community Management Staff.

He would not be like other “czars” who get the title but have no meaningful authority. The National Intelligence Director would have real authority. He will control National Intelligence Program purse strings. He will have hire and fire authority over agency heads in the Intelligence Community. He will control the IT. He will have real “troops,” as the National Counterterrorism Center and all the National Intelligence Centers would report to him.

We concluded that the Intelligence Community just isn’t going to get its job done unless somebody is in charge. That is not what we have now, and we paid the price: information wasn’t shared, agencies didn’t work together. The intelligence community needs joint planning, joint analysis and joint management of cases. We have to—and can—do better as a government.

To underscore again, we support a National Intelligence Director not for the purpose of naming another Chief to sit on top of all the other Chiefs. We support the creation of this position because it is the only way to catalyze transformation in the Intelligence Community, and manage a transformed Community afterward.

We believe our recommendations will strengthen the CIA. The CIA will benefit from full-time attention by its Director. His plate will be full with several challenges: rebuilding analysis, HUMINT, and language programs, and recruiting a diverse and capable work force. The CIA Director can make a real difference in these areas. He neither has the time nor the ability, given his current authorities, to exercise authority over the Intelligence Community. Those matters are a full-time job for the National Intelligence Director.

The National Counterterrorism Center

Our report details many unexploited opportunities to disrupt the 9/11 plot: failures to watchlist, failures to share information, failure to connect the dots. The story of Hazmi and Mihdhar in Kuala Lumpur in January 2000 is a telling example. We caught a glimpse of the future hijackers, but we lost their trail in Bangkok. Domestic officials were not informed until August, 2001 that Hazmi and Mihdhar had entered the United States. Late leads were pursued, but time ran out.

In this and in other examples, we find that no one was firmly in charge of managing the case. No one was able to draw relevant intelligence from anywhere within the government, assign responsibilities across the agencies (foreign or domestic), track progress and quickly bring obstacles up to a level where they could be resolved. No one was the quarterback. No one was calling the play. No one was assigning roles so that government agencies could execute as a team.

We believe the solution to this problem rests with the creation of a new institution, the National Counterterrorism Center. We believe, as Secretary Rumsfeld told us, that each of the agencies need to “give up some of their existing turf and authority in exchange for a stronger, faster, more efficient government wide joint effort.” We therefore propose a civilian-led unified joint command for counterterrorism. It would combine intelligence (what the military calls the J-2 function) with operational planning (what the military calls the J-3 function) in one agency, keeping overall policy direction where it belongs, in the hands of the President and the National Security Council.

Again, we consciously and deliberately draw on the military model, the Goldwater-Nichols model. We can and should learn from the successful reforms in the military two decades ago. We want all the government agencies which play a role in counterterrorism to work together in a unified command. We want them to work together as one team, in one fight against transnational terrorism.

The National Counterterrorism Center would build on the existing Terrorist Threat Integration Center, and replace it and other terrorism “fusion centers” within the government with one, unified center.

The NCTC would have tasking authority on counterterrorism for all collection and analysis across the government, across the foreign-domestic divide. It would be in charge of warning.

The NCTC would coordinate anti-terrorist operations across the government, but individual agencies would execute operations within their competences.

The NCTC’s chief would have control over the personnel assigned to the Center, and must have the right to concur in the choices of personnel to lead the operating entities of the departments and agencies focused on counterterrorism, specifically the top counterterrorism officials at the CIA, FBI, Defense and State Departments. The NCTC chief would report to the National Intelligence Director.

We appreciate that these are new and difficult ideas for those of us schooled in government of the 20th century. We won the Second World War and the Cold War because of the great departments of government – the State Department, the Defense Department, the CIA, the FBI – organized against clear nation-state adversaries.

Today, we face a transnational threat. It respects no boundaries, and makes no distinction between foreign and domestic. The enemy is resourceful, flexible and disciplined.

We cannot succeed against terrorism by Islamist extremist groups unless we use all the elements of national power: military power, diplomacy, intelligence, covert action, law enforcement, economic policy, foreign aid, public diplomacy, and homeland defense. If we favor one tool while neglecting others, we leave ourselves vulnerable and weaken our national effort. This is not just our view: it is the view of all policymakers with whom we spoke.

We need a system of management that is as flexible and resourceful as is the enemy, a system that can bring all the resources of government to bear on the problem – and that can change and respond as the threat changes. We need a model of government that meets the needs of the 21st century. We believe the National Counterterrorist Center, and the National Intelligence Director, meet that test.

Unity of Effort in Sharing Information

What we learned in the 9/11 story is that the U.S. government has access to a vast amount of information. But the government has weak systems for processing and using the information it possesses, especially across agency lines. Agencies live by the “need to know” rule and refuse to share. Each agency has its own computer system and its own security practices, outgrowths of the Cold War. In the 9/11 story we came to understand the huge costs of failing to share information across agency boundaries. Yet, in the current practices of government, security practices encourage overclassification.

We understand the critical importance of protecting sources and methods. We believe it is also important to share information. There are plenty of penalties for unauthorized disclosure; there are no punishments for *not* sharing information.

We believe that information procedures across the government need to be changed, to provide incentives for sharing.

We believe the president needs to lead a government-wide effort to bring the major national security institutions into the information revolution. The president needs to lead the way and coordinate the resolution of the legal, policy and technical issues across agency lines so that information can be shared.

The model is a decentralized network. Agencies would still have their own databases, but those databases would be searchable across agency lines. In this system, secrets are protected through the design of the network that controls access to the data, not access to the network.

The point here is that no single agency can do this alone. One agency can modernize its stovepipe, but cannot design a system to replace it. Only presidential leadership can develop the necessary government-wide concepts and standards.

Strengthening the FBI

The other major reform we want to recommend to you this morning concerns the FBI.

We do not support the creation of a new domestic intelligence collection agency. We believe creating such an agency is too risky to civil liberties, would take too long, cost

too much money, and sever the highly useful link between the criminal and counterterrorism work of the FBI.

We believe Director Mueller is undertaking important reforms. We believe he is moving in the right direction – and still has a long way to go. Change in the Field Offices will take time and a lot of attention from headquarters.

What is important at this time is strengthening and institutionalizing FBI reforms, and that is what we are recommending.

What the FBI needs is a specialized and integrated national security workforce, consisting of agents, analysts, linguists and surveillance specialists.

These specialists need to be recruited, trained, rewarded and retained to ensure the development of an institutional culture with deep expertise in intelligence and national security.

We believe our other proposed reforms –the creation of a National Intelligence Director and the creation of a National Counterterrorist Center – will strengthen and institutionalize the FBI’s commitment to counterterrorism and intelligence efforts. The NCTC and the NID would have powerful control over the leadership and budgets of the Counterterrorism Division and Office of Intelligence respectively, and they would be powerful forces pressing the FBI to continue with the reforms Director Mueller has instituted.

Response to Criticism of the Commission’s Recommendations

Recently, this Committee and other committees have heard testimony from many distinguished public servants and academics. Some witnesses have been critical of our call for the creation of a National Intelligence Director. One theme has been that an overall chief will stifle healthy dissent and competitive analysis. We disagree:

- No one should be satisfied with the status quo. No one can claim that the current structure fosters competitive analysis. Look at the groupthink on Iraq.
- The current system encourages groupthink because national analyses are, in most cases, produced by one group of analysts, at the CIA. There is no truly national intelligence center. I don’t think I have to tell this distinguished panel how many times other analytic perspectives have gotten squeezed out. We deserve better than having DIA, INR and other important perspectives on national issues reduced to footnotes. If you like groupthink, keep the status quo.
- We believe our proposal will both strengthen analysis and enhance competitive analysis. Our proposal creates genuine national centers under the National Intelligence Director, not under the head of the CIA or organized by the CIA. DIA, NSA, and other analysts would sit right in the middle of the process. Their

views would have to be reckoned into the core intelligence products. Their views would not be shunted to the periphery.

- Arguments about competitive analysis sound a lot like arguments against organizing a Joint Chiefs of Staff in the 1940s and Goldwater-Nichols in the 1980s. That argument was something like “healthy competition between the services serves the nation.”
 - Who wants to turn back the clock today? Our military is more capable, more efficient, and more effective because of joint commands. Because of joint commands, our military performs far better today. So, too, will the intelligence community through joint mission centers. You can’t have joint mission centers if you don’t have a National Intelligence Director in charge that has the ability to create them.
- Not all analysis would fall under the new Director. State, Treasury, Energy and the Army, Navy, Air Force and Marine Corps intelligence units would still report to their Cabinet Secretaries and Service Chiefs. They would be independent and able to access all the same data as the national intelligence centers operating under the NID.
- A focus on open source information and the development of a new office or agency to collect and analyze solely open source information would also add to the competition of ideas on tough national security issues
- To keep the bright line between policy and intelligence, there is no substitute for the integrity of the person selected for the job, no substitute for probing questions by policymakers, and no substitute for rigorous Congressional oversight.

Another worry voiced about this reform is that it would remove from the Secretary of Defense direct and immediate control over national intelligence assets that are critical to our warfighters. This is, of course, a legitimate concern.

- This is precisely why we believe one of the National Intelligence Director’s deputies must be the Defense Department’s Undersecretary for Intelligence. It is precisely his job to balance the great – but not limitless – intelligence resources of the United States to satisfy the needs of the warfighter and the national policymaker.
- The intelligence community, as you know, has made considerable progress since the 1991 Gulf War in meeting the needs of the warfighter. Now it is time to harness this same dedication and effort so that the National Intelligence Director can better meet the needs of the national policymaker – and also provide for the needs of the military. It is unimaginable to us that the National Intelligence Director would not give support to the warfighter, to our deployed forces, a high priority.

- Let's be clear here: The warfighter must have tactical intelligence support. Our report takes no issue with tactical support. In fact, we believe a clear line needs to be drawn: all tactical intelligence programs should remain with the military.

Many have taken issue with our proposal that the National Intelligence Director and the National Counterterrorism Center be part of the Executive Office of the President.

- Our intent with this recommendation is to make the NID and the NCTC powerful forces in the government.
- We believe that the agencies will work together effectively on terrorism – our most important national security question -- only if they are working directly for, and directly under the President. We also want to make sure that these positions are vested with the authority of the President. As a check and balance on this power, we believe both positions must be confirmed, and we believe there must be very strong Congressional oversight.
- We do not want to get too fixated on the location of boxes. The authorities are more important than the boxes. But if these new positions are not in the Executive Office of the President, where do they go? We certainly do not believe they should be in the Defense Department or the CIA. It would be a mistake to subsume intelligence and operational planning within these organizations.

Closing Comments

Mr. Chairman, we believe reforms in the Executive branch, together with reforms in Congress, as well as many recommendations we did not present this morning – on foreign policy, public diplomacy, border and transportation security, and national preparedness – can make a significant difference in making America safer and more secure.

We believe that reforms of executive branch structures, in the absence of implementing the other reforms and recommendations in our report, will have significantly less value than the value of these reforms as a complete package. In short, while we welcome each step toward implementation of our recommendations, no one should be mistaken in believing that solving structural problems in the executive branch addresses completely, or even satisfactorily, the current terrorist threat we face.

We are gratified by the rapid response of the White House to our recommendations. We welcome the President's support for a National Intelligence Director, and a National Counterterrorism Center. We welcome the support of Senator Kerry.

We look forward to working with you on our recommendations.

We should seize this historic opportunity and move expeditiously. With your counsel and direction, we believe that the nation can, and will, make wise choices.

We would be pleased to respond to your questions.