

HEARING OF THE SENATE SELECT COMMITTEE ON INTELLIGENCE

ANNUAL WORLDWIDE THREAT ASSESSMENT

WITNESSES:

MR. MICHAEL McCONNELL, DIRECTOR OF NATIONAL INTELLIGENCE;

GENERAL MICHAEL HAYDEN, DIRECTOR OF THE CENTRAL INTELLIGENCE AGENCY;

MR. ROBERT MUELLER, DIRECTOR OF THE FEDERAL BUREAU OF INVESTIGATION;

LIEUTENANT GENERAL MICHAEL MAPLES, DIRECTOR OF THE DEFENSE INTELLIGENCE AGENCY;

MR. RANDALL FORT, ASSISTANT SECRETARY OF STATE FOR INTELLIGENCE AND RESEARCH

CHAired BY: SENATOR JOHN D. ROCKEFELLER, IV (D-WV)

LOCATION: 216 HART SENATE OFFICE BUILDING, WASHINGTON, D.C.

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SEN. ROCKEFELLER: This hearing will come to order. I would severely hope that there would be a couple other members. I think it would be courteous and in their interest and in the national interest if several of our members showed up. If they're a few minutes late, that's okay. If they don't show up, that's not so okay. And we might have something more to say about that.

In any event, we're presented with the full array of our national intelligence structure. And the intelligence community (sic) meets to hear from this community, intelligence community, about security threats facing our nation. It is appropriate that we begin this annual threat hearing and that we do it in public. We do it every year. Sometimes they've gone on for a long time. And what we've done this is time is to ask each of you, with the exception of the director, to hold your comments to five minutes, which will be very interesting in the case of the CIA, to see if that can actually be done. (Laughter.)

But anyway, you're the folks that keep us safe. We in Congress authorize and appropriate funds for what you do. The American people have a right to know where our resources are going insofar as that's appropriate, what intelligence officials consider to be the greatest threats, and what actions our government is taking to prevent those threats.

And as we've learned many times, our intelligence programs will only be successful if the American people are informed. It's a relative statement, but they have to feel that they're a part of this equation, and that's what helps us get appropriations and gets bills passed, hopefully, and makes the process work.

Today the committee will want to hear how our intelligence community assesses the immediate threats from terrorist organizations. We do

that each year, starting with the continued threat posed by al Qaeda. I believe this threat has actually grown substantially since last year's threat review. I'll be interested if you agree, particularly in Afghanistan and Pakistan. And I hope to focus closely on that threat hearings -- in today's hearings and throughout the year. It'll be part of the vice chairman's and my schedule throughout the year.

As you know, al Qaeda's war against the United States did not start on September 11. It started before that and did not end on that tragic day. Since that time our intelligence agencies have been successful in identifying and preventing new al Qaeda attacks in this country, most of which cannot be discussed publicly. But progress has been mixed. And unfortunately, many of our government's policies have, in fact, hindered our counterterrorism activities.

After 9/11 the invasion of Afghanistan by U.S. and coalition forces drove the Taliban from power, had Osama bin Laden on the run, and was on the verge of depriving al Qaeda of the very sanctuary that it needs in order to plot and carry out its murderous designs. Then the focus of America's military forces and intelligence resources were mistakenly shifted from delivering a decisive blow against al Qaeda, which is the enemy. Instead these resources were diverted to the invasion of Iraq and the overthrow of Saddam Hussein, and one can have arguments about that.

Now, six and a half years later after the 9/11 attack, bin Laden remains at large. That is a source of embarrassment and concern to all of you. And al Qaeda operates in a terrorist safe haven along the Afghanistan-Pakistan border from which it trains and directs terrorist cells, perhaps with more confidence than ever.

Al Qaeda has used this border safe haven to reconstitute itself and launch offensive operations that threaten to undo the stability of Afghanistan and undermine, if not overthrow, the Pakistan government. And tragically, like before 9/11, al Qaeda was once again secured a base of operation from which to plot and direct attacks against the United States.

Unfortunately, our continued military occupation of Iraq compounds the counterterrorism challenge that we face as it is used for terrorist propaganda purposes to fuel the recruitment of Islamic jihadists. As evidenced by the Madrid and London bombings, violent extremism is spreading at an alarming rate and making inroads into disaffected populations in Europe and elsewhere. That seems to continue to grow.

All of this leads to some tough but necessary questions for our witnesses. Why has al Qaeda been allowed to reconstitute a terrorist sanctuary along the Afghanistan-Pakistan border from which to threaten the stability of the region and plot against the United States? How is the threat posed by this al Qaeda safe haven different from the one that al Qaeda benefited from prior to 9/11?

How have the terrorist threats facing the governments in Kabul and Islamabad changed in the past year? And how willing and capable are those governments to go after al Qaeda within their own borders?

Are the United States and its allies losing the war of ideas to the virulent message of the terrorists? Does the continued existence and operation of a separate CIA system of -- for terrorists employing secret

interrogation techniques undermined our moral standing and the willingness of other countries to cooperate with us?

Is our continued military presence in Iraq generating more terrorists and more Islamic radicals around the world than we are capturing or that we are killing?

Since last year's world-wide threat review, another thousand American servicemembers have been killed in Iraq, not to speak of those who have been wounded, externally and internally. Polls consistently show that a large number of Iraqis oppose the presence of coalition forces. That doesn't seem to deter us. The committee has ongoing scrutiny of intelligence on Iraq, and that will continue -- mostly in classified sessions -- but the public needs to know whether intelligence perceive that Iraq is moving towards the kind of political reconciliation that was the objective of the U.S. surge in the first place and of the whole effort in the first place. Is it happening?

Going beyond the war and terrorist threats of today, the committee is particularly concerned about the proliferation of nuclear weapons technology and the threat posed to our security by those who possess them and those who may possess them in the future. I'm particularly concerned about the security and safeguard of weapons and fissile material in Russia and states of the former Soviet Union. This is something I have expressed concern about for several years, and many of us have, and something our government must address but is not putting up the money to address. But potential threat to our homelands are not just about al Qaeda and nuclear proliferation. Threats can come in unfamiliar ways. And because our society is very complex, we are vulnerable to threats that we may not fully appreciate.

In this regard, I'm very concerned about the potential of cyberattacks that have already been executed and our ability to protect our critical infrastructure, that this is something that we have discussed before. Cybersecurity is a growing subject of importance that will be addressed by the committee in detail intensely in the coming weeks.

Climate change also poses a long-term threat to us, in all ways that we are only beginning to understand. More attention needs to be paid to it, and I'm extremely gratified that the intelligence community is grappling seriously with the issue. We eagerly await the National Intelligence Council's assessment of the national security impact of climate change due out this spring. Before introducing the witnesses who are sitting in front of us, I want to pay tribute to a large number of anonymous heroes who are risking their lives abroad or working long hours in headquarters to collect the intelligence and provide the analysis on which your testimony today is based. We have the rare privilege in this committee of seeing what most of the public does not. We are constantly impressed with the dedication and the professionalism of the intelligence officials that we encounter. Americans can be proud of the men and women of the U.S. intelligence community. Indeed, our occasional and, I hope, constructive criticisms are a measure of the high standards that we routinely expect.

Now let me introduce the distinguished witnesses before us today, and then I will turn to the distinguished vice chairman. And they will speak in this order, please. Admiral Michael McConnell, director of National Intelligence; General Mike Hayden, director of the Central Intelligence

Agency; Mr. Randall Fort, assistant secretary of State for Intelligence Research; Mr. Robert Mueller, director of the Federal Bureau of Investigation; and Lieutenant General Michael Maples, director of the Defense Intelligence Agency.

It's worth noting that Director McConnell's remarks have been coordinated with his intelligence colleagues, who will nonetheless have a chance to offer their own comments after his statement.

I believe that this procedure and format is not only symbolically important, it gives real meaning to the structural reforms that were instituted under the 2004 Intelligence Reform Act. We now have a DNI who authentically represents and oversees the 16 intelligence agencies, but who does so without suppressing their individual perspectives or eliminating their necessary independence.

I now turn to Vice Chairman Bond.

SEN. CHRISTOPHER BOND (R-MO): Thank you very much, Mr. Chairman. Appreciate you holding this hearing. And as always, it's a very sobering reminder, to all of us in public, the kinds of threats our nation faces and our men and women abroad, military and civilian, face. We need to know about this. Obviously we discuss much of it in the classified hearings, but this gives us an opportunity to lay out what you see as the challenges.

Lots of change since last year's worldwide threat. Everybody was saying that the situation in Iraq was grave, and we were looking to failure. Now, a year after the surge, and most importantly General Petraeus's leadership in adopting a counterinsurgency strategy to clear, hold and build, we're seeing marked changes. And American military men and women are coming home, returning on success which is, I believe, the right way for them to return.

We're not out of the woods yet. We are continuing to train and equip the military and security forces. Our goal must be to establish a reasonably secure and stable Iraq, from which the Iraqis can develop their own system of government. That stability and security is necessary to prevent them from falling into chaos, genocide, potentially regionwide civil war and giving a real safe haven to al Qaeda, which they do not have in the mountain caves where they must reside now.

I think it's fitting to remember that David Kay and his Iraq Survey Group said, after they went in and examined some of the intelligence failures, that Iraq was a far more dangerous place even than we knew, because of the terrorists running wild, the chaos in that country and the ability to provide weapons of mass destruction. We do realize that we must maintain that commitment there, but we are concerned about the situation in Afghanistan. The security situation has deteriorated, and we are adding 3,000 additional Marines.

It would be very helpful if our NATO allies lived up to their commitments. The failure of the NATO allies to do their jobs or to send over troops who care to go in harm's way, well, that's nice. The business of sending troops is to send them into dangerous places to pacify them.

Decades of civil war and other war have devastated Afghanistan. But it appears, and I'd be happy -- I'm looking forward to hearing your view that

Afghanistan is past the tipping point, where the Taliban and their terrorist allies are not going to take the country back; they will continue to kill, maim and destroy.

But we can't afford to ignore situations in other parts of the world. And I will look forward to hearing about national threats in North Korea, Iran, Syria, Venezuela, the Chinese military power, instability in Africa.

I want to emphasize one item that the chairman said: that we need to look at how we're winning the hearts and minds -- something I believe that's very important, something that should be done primarily by the State Department, by other agencies of government.

But I commend the U.S. Army, which has done an excellent job in showing how clear, hold and build works in the Mindanao, southern Philippines region. I'm proud to say that a Missouri National Guard unit is deploying to Afghanistan with agricultural specialists to bring modern agricultural techniques. These are the kinds of things that we must be doing to help those countries which are on the verge of either opting for democracy, human rights and free markets, or going the terrorist route.

Congressional oversight obviously is our part of the job. We have reviewed the failures before 9/11. And I would say that we have made tremendous progress, and I believe, Mr. Chairman, that this distinguished group of leaders that we have before us today is the finest working team that the intelligence community or any intelligence community has had. Now we just need to make sure that everybody's playing on the team.

I was not a supporter of the intelligence reform, because while I thought it was a good idea, I thought we gave the DNI all kinds of responsibility and too little authority. But the director has shown positive leadership, management and oversight, and next week we look forward to receiving a report from him on a list of legislative recommendations for intelligence reform, particularly how we can make -- how we can ensure in statute that the working relationships that have been developed because of the great cooperation among the people at this table and your top leaders in your agency have been able to achieve.

Another area of congressional oversight obviously is the FISA amendments, which are on the floor. And the chairman and I are delighted to be able to take a few hours off and talk with you. We believe that the bipartisan bill that the Senate Intelligence Committee passed, with the two changes which we have worked out with your experts, are the best way to go. Another important reform issue is something I've been very much concerned on, and that's the leaking of intelligence, and our most sensitive means of collection appear in the papers. I believe General Hayden said in his confirmation hearings in 2006 -- when I asked him about the collection of intelligence, I think he said it's almost Darwinian. The more we put out there, the more we're going to kill and capture only the dumb terrorists. And that is a frightening thing.

Obviously a strong free press is important safeguard. We must, however, deal with those government officials who for their own personal ends, either profit or notoriety, leak information. The irresponsible officials have provided far too much sensitive classified information, and I

think, as we see more and more of them in orange jumpsuits, there will be a much greater disincentive to share that information.

I -- obviously the journalists will have to make up their minds as - what they want to cover, but I would just urge my friends and colleagues in the fourth estate, if an irresponsible bureaucrat somewhere in the operation tells you the intelligence community has detected an event in county X -- in country X, and he tells you how the community detected the event, and you feel you must print the story, consider leaving the details of the how out.

That's really interesting only to a very select few, but primarily the terrorists and those who need to know how we get our information, not as much what.

Finally, on analysis, I believe we have to take a continued look at the analytical process. I think we have a long ways to go. As I've indicated, I thought the Iran NIE was very disappointing, not because of what it said, not because of the fact that they had -- that the -- that significant new information had been discovered, but how it was said and how it was used for public release. I don't believe that NIEs should be used as political footballs, which they've become. I think they should be confidential assessments for policymakers in the intelligence community, the military, the executive branch and Congress.

The main news in the NIE was the confirmation that Iran had a nuclear weapons program, not that it had halted it temporarily, for all we know, in 2003. And other sources say they question that. But -- and some believe they've restarted it. But the NIE offered no confidence in any intelligence on that, besides stating with moderate confidence that it had not restarted last summer. The French Defense minister said publicly that he believes the program has restarted. Now if our government comes to that assessment, then we have set ourselves up to have -- release another NIE, or leak intelligence, because this last one was given a false sense of security. Once we start announcing the NIEs, we may have to change them if the situation changes.

I think that to put it in summary, the NIE as released put the emphasis on the wrong syllable. It should have stated that this was a confirmation. We have information that one aspect -- one aspect, the weaponization programs -- was shut down, but the long pole in the tent, the nuclear enrichment, had not. So that's my humble suggestion, that the next NIE be reviewed to see what is really important in -- for the broader intelligence community efforts.

We will do everything we can in Congress to help the intelligence community get the information and the support you need and the resources, but we -- and we look forward to being able to work in a nonpartisan manner. And we continue to expect that the community fulfill its responsibility when it provides us intelligence in a nonpolitical manner.

I look forward to hearing from our witnesses. They are, as I said, Mr. Chairman, some of the best minds in the business.

SEN ROCKEFELLER: They are indeed, and they will start with Director McConnell, for 20 minutes.

MR. MCCONNELL: Thank you, Mr. Chairman. Vice Chairman Bond, members of the committee, thank you for the opportunity to address threats to the national security.

I have submitted longer classified and unclassified statements for the record that will go into more detail than I can cover in the time allotted here.

Before I address specific threats, I want to address an issue just raised by Senator Bond. It's an issue of importance to the community in providing warning and protection to the nation. In doing so, I want to thank you, Chairman Rockefeller and Ranking Member Bond, and the entire -- members of the committee for the leadership and hard work over many months -- and I would emphasize "over many months" -- in drafting and passing draft legislation that governs and enables this community.

Your bill -- draft bill provides the needed updates to the Foreign Intelligence Surveillance Act. We refer to it, of course, as FISA. The authorities granted by the amendments to FISA, the Protect America Act, which temporarily close some gaps in our ability to conduct foreign intelligence, are critical to our intelligence efforts to protect the nation from current threats. Briefly, some of the most important benefits in the bill that was signed last August include: better understanding of international al Qaeda networks; more extensive knowledge of individual networks, including personalities and planning for suicide bombers; and most importantly, greater insight into terrorist planning that has allowed us to disrupt attacks that intended to target U.S. interests.

Expiration of the act would lead to the loss of important tools the intelligence community relies on to discover the plans of those who wish us harm -- in fact, those that have sworn to inflict mass casualties, greater than 9/11, on the country.

As reflected in your draft legislation and the conference report, merely extending the Protect America Act without addressing retroactive liability protection for the private sector will have far-reaching consequences for our community. Lack of liability protection would make it much more difficult to obtain the future cooperation of the private-sector partners whose help is so vital to our success.

Over the past several weeks, proposals to modify your draft bill have been discussed. At the request of members, the attorney general and I have submitted a detailed letter that addresses each of those issues, and it will be delivered to you this morning. I would ask members to consider the impacts of such proposals on our ability to warn of threats to the homeland security and on our interests abroad.

As my testimony will describe, the threats we face are global, complex, and dangerous; we must have the tools to enable the detection and disruption of not only terrorist plots, but other threats to the country.

In turning to the threats facing the country today, let me say that the judgments that I will offer are based on the efforts of thousands of patriotic, highly skilled professionals, many of whom served in harm's way. Mr. Chairman and Mr. Vice Chairman, I appreciate your comments about the community and their professionalism. It is my sincere hope that all of the Congress and the American people will see these men and women as the skilled

professionals that they are, with the highest respect for our laws and our values and dedicated to serving the nation with courage to seek and speak the truth in the best interests of the nation.

Let me start by highlighting a few of the top counterterrorism successes in the past year. There were no major attacks against the United States nor against most of our European, Latin American and East Asian allies in all of 2007, and that was no accident. In concert with federal, state and law enforcement officials, our community helped disrupt cells plotting violent acts.

For example, last summer, we and our allies unravelled terrorist plots linked to al Qaeda and its associates in both Denmark and Germany. We were successful because we were able to identify the key personalities involved in the planning. We worked with our European partners to monitor the plotters and to disrupt their activities, one of which was to be an attack on a U.S. facility.

Most recently, European authorities arrested terrorists planning suicide attacks in Spain. The attacks were planned for Spain, France, U.K. and other European nations. In addition, our partners throughout the Middle East and elsewhere continue to attack aggressively terrorist networks, recruiting, training and planning to strike American interests. Al Qaeda in Iraq -- or as we slip into in our acronyms, AQI -- suffered major setbacks last year. Hundreds of AQI leadership, operational, media, financial, logistical, weapons and foreign fighter facilitator cadre have been neutralized. In addition, the brutal attacks unleashed by AQI and other al Qaeda affiliates against Muslim civilians have tarnished al Qaeda's self-styled image as the extremist vanguard.

Nonetheless, al Qaeda remains the preeminent terror threat against the United States, both here at home and abroad. Despite our successes over the years, the group has retained or regenerated key elements of its capability, including its top leadership, operational lieutenants and a de facto safe haven, as was mentioned by the chairman, in the Pakistani border area with Afghanistan known as the Federally Administered Tribal Areas or FATA. Pakistani authorities -- who are our partners in this fight -- with the Pakistanis, we have been able to neutralize or capture more of the terrorists than with any other partner.

They increasingly are determined to strengthen their counterterrorism performance, even during a period of heightened domestic political tension, exacerbated by the assassination of Benazir Bhutto and other suicide bombings.

At least 865 Pakistani security forces and officials were killed by suicide bombs and improvised explosive devices in 2007 -- over 865. In addition, almost 500 security forces and civilians were killed in armed clashes, for a total of over 1,300 killed in 2007 in Pakistan. Total Pakistani casualties in 2007, including the number of injured security forces and civilians, exceeded the cumulative total of all the years between 2001 and 2006.

Al Qaeda's affiliates also pose a significant threat. As noted, al Qaeda in Iraq remains al Qaeda's central, most capable affiliate. We are increasingly concerned that even as coalition forces inflict significant

damage on al Qaeda inside Iraq, they may deploy resources to mount attacks outside that country.

Al Qaeda's North Africa affiliate, known as al Qaeda in the Lands of Islamic Maghreb, that group is active in North Africa and is extending its target set to include U.S. and Western interests. Other al Qaeda regional affiliates in the Levant, the Gulf, Africa and Southeast Asia maintained a lower profile in 2007 but remain capable of conducting strikes against American interests.

Homegrown extremists, inspired by militant Islamic ideology but without operational direction from al Qaeda, are on an evolving course for danger inside the United States. Disrupted plotting last year, here at home, illustrates the nature of the threat inside the country. In addition, our allies continue to uncover new extremist networks inside Europe for their version of the homeland threat, homegrown threat.

The ongoing efforts of nation-states and terrorists to develop and acquire dangerous weapons, and the ability to deliver those weapons, constitute the second major threat to our safety. After conducting missile tests and its first nuclear detonation in 2006, North Korea returned to the negotiating table last year.

Pyongyang has reaffirmed its September 2000 commitment to full denuclearization. They've shut down the nuclear facilities in Yongbyon and they are in the process of disabling those facilities. But -- but -- North Korea missed the 31 December deadline for a full declaration of its nuclear programs. While Pyongyang denies a program for uranium enrichment, and they deny their proliferation activities, we believe North Korea continues to engage in both. We remain uncertain about Kim Jong-il's commitment to full denuclearization, as he promised in the six-party agreement.

I want to be very clear in addressing Iran's nuclear capability. First, there are three parts to an effective nuclear weapons capability.

First is the production of fissile material; second, effective means for weapons delivery, such as ballistic missile systems; and thirdly is the design and weaponization of the warhead itself. We assess in our recent National Intelligence Estimate that warhead design and weaponization work was halted, along with a covert military effort to produce fissile material. However, Iran's declared uranium enrichment efforts that will enable the production of fissile material continues.

Production of fissile material is the most difficult challenge in the nuclear weapons production cycle. Also, as in the past, Iran continues its effort to perfect ballistic missiles that can reach both North Africa and Europe. Therefore, we remain concerned about Iran as a potential nuclear weapons threat.

The earliest possible date Iran could technically be capable of producing enough fissile material for a weapon is late 2009, but we judge that to be unlikely. As our estimate makes clear, Tehran halted their nuclear weapons design-related activities in response to international pressure, but is keeping open the option to develop nuclear weapons. If Iran's nuclear weapons design program has already been reactivated or will be reactivated, it will be a closely guarded secret in an attempt to keep us

from being aware of its true status. The Iranians till this point have never admitted the secret nuclear weapons design program which was halted in 2003.

Iran also remains a threat to regional stability and to U.S. interests throughout the Middle East. This is because of its continued support for violent groups such as Hamas and Hezbollah and its efforts to undercut pro-Western actors such as those in Lebanon. Iran is pursuing a policy intending to raise the political, economic and human costs of any arrangement that would allow the United States to maintain presence and influence in that region.

Mr. Chairman, you mention a cyberthreat. I would just like us to make a few comments and then, as you noted, we'll have a hearing on that specific subject later. The U.S. information technology infrastructure, which includes telecommunications, computer networks and systems and the data that reside on those systems, is critical to virtually every aspect of our modern life. Threats to our IT infrastructure are an important focus for this community. We assess that nations, including Russia and China, have long had the technical capabilities to target U.S. information systems for intelligence collection. Think of that as passive. The worrisome part is today they also could target information infrastructure systems for degradation or destruction. At the president's direction, in May of this -- of last year, an interagency group was convened to review the threat to the United States and identify options. This tasking was fulfilled with the issuance of a presidential directive earlier this year. We will have more to say about that in our hearing later in the week, or questions, if you ask, later today.

Turning to Iraq, the security situation in Iraq continues to show signs of improvement. Security incidents country-wide have declined significantly, in fact to their lowest level since February 2006, which followed the Samarra Golden Mosque bombing. Monthly casualty fatalities nationwide have fallen by over half in the past year.

Despite these gains, however, a number of internal factors continue to undermine Iraq's security. Sectarian distrust is still strong throughout Iraqi society.

AQI remains capable of conducting destabilizing operations and spectacular attacks, as we have seen recently, despite the disruptions to their network. Intra-communal violence in southern Iraq has spread beyond mere clashes between rival militia factions. And while improving significantly over the past year, the ability of the Iraqi security force to conduct effective independent operations, independent of coalition forces, remains limited in the present time frame.

Bridging differences between competing communities and providing effective governance are critical to achieving a successful state. While slow, progress is being made, and we have seen some economic gains and some quality of life improvements for Iraqis. But improvements in security, governance and the economy are not ends in themselves. Rather, they are means for restoring Iraqi confidence in a central government that works and easing the sectarian distrust.

Afghanistan: In 2007 the number of attacks in Afghanistan's Taliban-dominated insurgency exceeded the previous year, in part because the coalition and Afghan forces undertook many more offensive operations,

stimulating that contact. Efforts to improve governance and extend development were hampered by the lack of security in some areas, and limitation of the Afghani government's capacity to do so.

Ultimately, defeating the insurgency will depend upon the government's ability to improve security, deliver effective governmental services and expand development for economic opportunity.

The drug trade is one of Afghanistan's greatest long-term challenges. The insidious effects of drug-related criminality continue to undercut the government's ability to assert its authority, develop a strong rule of law-based system, and to build the economy. The Taliban and other insurgent groups, which operate in the poppy-growing regions, gain, at least in part, some financial support for their ties to the local opium traffickers.

Turning to the Levant, around the Mediterranean, the regime in Damascus seeks to undermine Lebanon's security by using proxies, and harboring and supporting terrorists, to include Hezbollah. Syria also remains opposed to progress in the Middle East peace talks. Since the assassination in 2005 of Rafik Hariri, eight additional Lebanese leaders or officials have been killed in an effort to intimidate the 14 March coalition and alter the political balance in the Lebanese legislature. In the Palestinian territories, the schism between Abbas and Hamas escalated after Hamas seized control of the Gaza last summer. Although feeling increased pressure over weakening situation in the economy and an accelerating humanitarian crisis, Hamas remains in charge of the Gaza Strip.

In the West Bank we see signs of progress by Fatah, including renewed security and law enforcement cooperation with Israeli forces in taking more effect action against Hamas.

Turning now to Russia and Chinese military modernization. Increases in defense spending have enabled the Russian military to begin to reverse the deep deterioration in its capabilities that began before the collapse of the Soviet Union. The military still faces significant challenges, however, challenges such as demographic trends and health problems. In addition, conscription deferments erode available manpower, and Russia's defense industry suffers from loss of skilled personnel.

China's military modernization is shaped in part by the perception that a competent, modern military force is an essential element of great-power status. Improving Chinese theater-range ballistic missile capabilities and cruise missile capabilities will put U.S. forces at greater risk from conventional weapons.

In addition, Beijing seeks to modernize China's strategic nuclear forces to address concerns about the survivability of those systems. If present trends continue, the global development of counter-space capabilities continues, Russia and China will have an increasing ability to target U.S. military and intelligence satellites and command and control systems in the future.

Turning now to Venezuela and Cuba. The referendum on constitutional reform in Venezuela last December was a stunning setback for President Chavez, and it may slow his movement toward authoritarian rule. The referendum's outcome has given a psychological boost to Chavez's opponents.

However, high oil prices probably will enable Chavez to retain the support of his constituents, allow him to continue co-opting the economic elite and stave off the consequences of his financial mismanagement. Without question, the policies being pursued by President Chavez have Venezuela on a path to ruin their economy.

The determination of Cuban leadership to ignore outside pressure for reform is reinforced by the more than 1 billion net annual subsidy that Cuba receives from Venezuela. We assess the political situation in Cuba probably will remain stable during at least the initial months following Fidel Castro's death. Policy missteps or the mishandling of a crisis by the leadership could lead to political instability, raising the risk of mass migration.

Persistent insecurity in Nigeria's oil-producing region, the Niger Delta, threatens U.S. strategic interests in sub-Saharan Africa. The president of that country has pledged to resolve the crisis in the delta but faces many, many challenges that would make progress difficult.

Ongoing instability and conflict in other parts of Africa are significant threats to U.S. interests because of their high humanitarian and peacekeeping costs, the drag on democratic and economic development and their potential to get much, much worse.

Violence in Kenya after a close election marred by irregularities represent a major setback in one of Africa's most prosperous and democratic countries. The crisis in Sudan's Darfur region shows few signs of resolution, even if the planned U.N. peacekeeping force of 26,000 is fully deployed.

The Ethiopian-backed Transitional Federal Government in Somalia is facing serious attacks by opposition groups and extremists. It probably would flee Mogadishu or it would collapse if the Ethiopians were to withdraw. Tensions between the long-time enemies, Ethiopia and Eritrea, have also increased over the past year. Both sides are now preparing for war.

In conclusion, the issues that I've touched on, merely touched on, covered much -- and in my statement for the record, they're covered in much more detail.

They confront us on many, many fronts. The intelligence community is fully committed to arming policymakers, to include this body, our war fighters and our law enforcement officials with the best intelligence analytic insight that we can provide. This is necessary to help you all make the decisions and take the actions that will protect American lives and American interests both at home and abroad.

That completes my prepared statement, Mr. Chairman. I look forward to your questions.

SEN. ROCKEFELLER: Thank you, sir.

Director Hayden.

GEN. HAYDEN: Thank you very much, Mr. Chairman. I will accept your five-minute challenge that you laid out earlier.

Let me echo the words of Director McConnell in expressing our gratitude for your comments about the men and women of the American intelligence community. It's a message of thanks and respect that we can't say often enough, so thank you for mentioning that.

Admiral McConnell's laid out a fairly complete overview of the threats and opportunities facing the United States and the world in which we find ourselves. I know that my colleagues up here, Mike Maples and Director Mueller and Randy, will offer their views on these issues from the perspective of their departments. I, however, lead an analytic workforce that is non-departmental, orchestrated and architected that way by the Congress in the Intelligence Reform Act. So much of the work that has gone into creating Admiral McConnell's statement is the product of an intimate relationship between his national intelligence counsel and our analytic workforce, and so I guess my comment on the world view that Director McConnell has laid out is me too because it has been, again, crafted by the same workforce.

What I'd like to do, rather than repeat some of the highlights of the admiral's overview, is just take a few minutes to point out some of the ways we're attempting to respond to the world as he has outlined it here. Our core missions remain the same; the means by which we have to achieve those missions has changed radically. For example, in the primary threat that the director emphasized, the global terrorist movement, we face an enemy that is clearly ruthless, but it's also one that's very adaptive, one who shuns traditional hierarchical structures, who learns from mistakes and therefore demands that we be no less resilient and creative.

And so we at this agency and across the intelligence community are trying to achieve just that. We're promoting, for example, new methods of collecting intelligence. We're reshaping -- in addition to our unilateral capacities, we're reshaping our relationships and deepening our partnerships with foreign liaison. Steve Kappas, our deputy, and I have visited about 40 of our liaison partners over the last 15-month period to kind of underscore how important these relationships are.

We're also getting larger. The president has directed and with your support we are expanding the number of our core collectors and our analysts by 50 percent.

And we're also trying to develop technological innovations that will allow us to penetrate the hardest targets.

Now, in addition to doing better than which we do, we're also trying to get our components within CIA to reinvent the way they do their things. In other words, we're trying to create greater cooperation and collaboration, not just within the agency but between the agency and the other parts of the intelligence community.

Now, some of the steps in this regard are fairly mundane. We're just taking a little bit longer, in a common agency acculturation experience, before our officers move out into the DI or into the National Clandestine Service or the Directorate of Support or Science & Technology. We're also trying to make more routine assignments of our officers outside normal agency boundaries. And we are strong supporters of the admiral's program for joint duty wherein agency officers, if they want to be senior leaders in our

community, have to have time and service outside the walls and the organizational structure of the Central Intelligence Agency.

Now, the admiral emphasized the variety of threats that our nation faces, and pointed out that there is no threat more deadly than that of global terrorism. And I want to assure the committee that CIA is using all the tools available to it by law to fight that threat. And as the admiral suggested, we have some successes to report during the year we just completed.

In Southeast Asia, for example, working with liaison, we've been able to act upon leads we've provided them to capture or kill multiple terrorist group leaders. Our intelligence actually led directly to the foiling of a planned bombing in a crowded market in Southeast Asia last summer that would have led to mass casualties. Director McConnell's already pointed out the success we've enjoyed in Europe in 2007 -- German authorities arresting three Islamic Jihad Union operatives trained in Pakistan. The same day, Danish authorities detained individuals that were directly linked to al Qaeda and who were preparing explosives for use in a terrorist attack.

Our agency works vigorously with the American military in Iraq and Afghanistan to protect the lives of our soldiers, and again there are successes to report. Acting on our intelligence, U.S. forces killed a senior al Qaeda leader who was responsible for the movement of foreign fighters into Iraq. And, I believe the committee is well aware, a windfall of that operation was the capturing of documentary evidence that has given us our best insight, into the movement of foreign fighters into Iraq, that we've ever had.

More recently, in October, acting on CIA intelligence, U.S. military forces raided a home in Diyala province, north of Baghdad, and captured the largest number of improvised explosive devices that the American military has captured in any one cache to date.

That's success in our immediate requirements. That's winning what we refer to as the close battle. You've asked us -- you've demanded of us to be prepared for the future as well, to be able to operate against enemies in what I'll describe as the deep battle -- not the enemy coming in over the perimeter wire right now, but the one who'll be there directly. And what are the capabilities that we will have to have in order to defeat them?

We had a session in our bubble, which is our auditorium out at the agency that I know many of you have visited. We had it in early January. And I used two words with our workforce -- enhance our current capabilities, get better at what we're doing, and then sustain them, to have the legs to be able to do this for a long period of time.

I used a racing metaphor. In essence, I've said our community, but CIA in particular, has in essence been running a 440. And one of the worst things you can be told, running a 440, is to come out of that last turn and see a coach with a clipboard and a stopwatch saying, "Now it's time for the hundred-yard dash."

We have got to build some ability for longevity, for sustenance, for sustaining into our community. And from time to time that may mean difficult decisions to pull back just a little bit in current activity in order to build the capacity you need to have for, literally, the long run.

So in addition to strengthening core capabilities and integrating those capabilities better on campus and throughout the community, we want to expand those capabilities so that we can sustain those capabilities, so that you and the American people will have them to call on over the long term.

One of the things we're doing to boost capabilities -- and I have to be a bit indirect here but will be happy to go into it in more detail in closed session -- is a major initiative to extend our operational reach by supporting what I'll call creative deployments. They're not limited by traditional cover or operational constraints. We're also setting up forward-deployed analytic cells in key regional centers abroad that will allow our analysts to seek ground truth not inside the Washington Beltway but out there in the field. And I know that many of you in your trips have had a chance to visit these forward-deployed analytic cells, and we view them to be an unmitigated success.

We're pursuing (in a range of ?) initiatives across the community to be better integrated.

SEN. ROCKEFELLER: Director Hayden, I hope you'll wind up --

GEN. HAYDEN: I understand. I've just got the hook, Mr. Chairman.

We celebrated CIA's 60th anniversary last year. We reflected on that which has gotten us to where we are today. We've got a large new population out there. I think the committee knows 50 percent of our folks have been hired since 9/11.

We used the occasion of our 60th anniversary to try to move the values that have motivated this agency over such a long period of time into this new cohort of agency officers.

I think you'll find us to be innovative and collaborative, and I think you'll find us aggressively using all the lawful tools provided to us by you in the defense of the republic.

Thank you, Mr. Chairman.

SEN. ROCKEFELLER: Thank you, sir.

Secretary Fort.

MR. FORT: Chairman Rockefeller, Vice Chairman Bond, members of the committee, thank you for the opportunity to present the perspective of the State Department's Bureau of Intelligence and Research on the threats to U.S. national security. Let me start by concurring with and fully endorsing the joint statement for the record submitted by Director McConnell, which he summarized in his remarks and to which we had a chance to contribute.

Today I will focus my remarks on INR's efforts to provide intelligence support to the secretary of State and other department principals as they pursue diplomatic solutions to key U.S. foreign policy challenges.

At a recent speech to the World Economic Forum, Secretary Rice said that, quote, "America has no permanent enemies, because we harbor no

permanent hatreds," unquote. And she spoke of diplomacy as that which can, if properly conducted, quote, "make possible a world in which old enemies become, if not friends, then no longer adversaries," unquote.

It is because of our firm belief in the potential of diplomacy that we strive to achieve peace in the Middle East, that we can imagine a better relationship with a nuclear-free North Korea, that we envision stable democracies in Iraq and Afghanistan, and that we aid Pakistan in its struggles to root out extremism.

A key intelligence community imperative, especially so for INR, is to provide intelligence analysis that enables diplomacy to achieve policy solutions. Indeed, intelligence without policy is energy without movement. More than any other intelligence community agency, INR is charged with directly supporting diplomats and the conduct of diplomacy. Because of that mission, our analytic focus is nearly always strategic and focused on the secretary's unique needs for situational awareness and support that shrinks policymaker uncertainties and expands understanding of opportunities.

Successful diplomacy demands the best possible understanding of political attitudes, relationships and capacities in the countries where diplomacy is practiced. INR makes significant contributions to the U.S. government's collective understanding of complex and fast-changing political and security environments in our top diplomatic and intelligence priority areas.

In Afghanistan, for example, our analytic efforts focus less on tactical battlefield considerations and more on the national political, economic, social and demographic factors that influence the survivability of the Karzai government and on the influence of neighbors and other international actors.

In Pakistan we support the pursuit of stability and democracy while strengthening the U.S.-Pakistan partnership for combatting terrorism. Our work has facilitated the policy decisions of our secretary as she pursues our goals of democratization, reconciliation between Afghanistan and Pakistan, and a combined determination to find the -- to fight the cross-border terrorism that plagues both countries.

The president has pledged to do everything possible to help the Israelis and Palestinians achieve a peace agreement that will define a Palestinian state by the end of 2008. INR has worked intensively, especially since this past fall's run-up to the Annapolis conference, to provide the secretary and her senior Middle East staff with information and analysis on a number of critical issues.

INR's Iraq team works closely with policymakers in the department to provide analytic support for our efforts to promote reconciliation among Iraqis and to negotiate a long-term security agreement with Iraq. At the local level, INR public survey data often provides unique insights into opinions across and within regions of Iraq, data which is keenly appreciated by Provincial Reconstruction Teams working to build good governance from the ground-up.

On Iran. We have been an active contributor to intelligence community analysis on key Iranian issues and independently produced strategic analyses that offer the secretary insights into key policy challenges.

Our Korea team is an integrated group of all source analysts who cooperate closely with our intelligence community colleagues to provide comprehensive support for the six-party talks. This is an area where both political and technical expertise play important roles, and we work with our negotiators to ensure they have the best possible intelligence information available, both from INR and the intelligence community as a whole regarding a wide range of intelligence community activities.

INR's writ is particularly broad because it mirrors the secretary's global responsibilities. So we focus not only on headline topics, but also on nations and issues that may appear to lack urgency until a crisis or catastrophe places them front and center on the world stage. The U.S. has diplomatic relations with 189 countries and maintains 267 diplomatic missions globally. Therefore, we must maintain the capacity to respond with timely, informed and actionable intelligence to support that diplomatic footprint.

In addition to our all source analysis, INR provides tailored support to diplomacy through our outreach activities. The DNI has identified INR as the executive agent for outreach in the community in part because of our extensive polling and conference capabilities. Our polling results offer policymakers especially precise understanding of popular views that help define both the policy limits and possibilities in overseas political environments. And our conferences annually convene thousands of academic, think tank and other nongovernmental experts to provide insights and alternative views for our policymakers.

INR is in a unique position to represent both the community perspectives to policymakers and to help explain the requirements of policymakers to the intelligence community. This is a very busy two-way street. The community provides significant data to support policy, and in return the State Department diplomatic reporting channel provides copious grist for IC analysis.

In conclusion, let me say that I think INR, both as an integral and integrated member of the intelligence community and the Department of State's primary resource for intelligence analysis and coordination, remains critical to ensuring that policymakers understand both the enduring issues that affect our security as well as the emergence of sudden threats that demand swift action. INR also celebrated its 60th anniversary last year. As the senior civilian intelligence service and as the only direct institutional descendent of the Office of Strategic Services Research and Analysis branch, we will continue to work with our intelligence and policy colleagues to anticipate, confront and respond to these challenges.

Thank you very much.

SEN. ROCKEFELLER: Thank you, Secretary Fort.

Director Mueller.

MR. MUELLER: Chairman Rockefeller and Vice Chairman Bond and members of the committee, today I want to give you my brief view of the threats facing us today and generally outline the FBI's efforts to combat these threats.

As you are aware the FBI's top three priorities are counterterrorism, counterintelligence and cyber security, and these priorities are critical to our national security and the FBI's vital work as a committed member of the intelligence community. These areas will be the focus of my statement.

In the counterterrorism arena, I echo Director McConnell's assessments that al Qaeda continues to present a critical threat to the homeland, so too are self-directed groups not part of al Qaeda's formal structure but which have ties to terrorist organizations through either money or training. And finally, we face the challenges presented by a third group and is self-radicalized, homegrown extremists in the United States. While not formally affiliated with a foreign terrorist group, they are inspired by those groups' messages of violence, often through the Internet, and because they lack formal ties, they are often particularly difficult to detect. And here at home through our domestic joint terrorism task forces and abroad, with our legal attaches and international partners, and we endeavor to share real-time intelligence to fight these three levels of terrorist threats.

With regard to the counterintelligence threat, protecting our nation's most sensitive secrets from hostile intelligence services or others who would do us harm is at the core of the FBI mission. We reach out to businesses and universities, and we join forces with our intelligence community partners and we work closely with the military and others to help safeguard our country's secrets to protect our economic well-being and national security.

Cyberthreats to our national security and the intersection between cybercrime, terrorism and counterintelligence is becoming increasingly evident. Foreign adversaries and competitors can remotely observe, target, acquire and exploit our information to their advantage. Terrorists recruit, train and plan. They plan their attacks using the Internet. Spies sell intellectual property and state secrets to the highest bidders. Hackers who used to shut down servers around the world for bragging rights may now be linked to criminal or terrorist organization. Today, the FBI's cyberinvestigators focus on these threats, and we partner with the government and industry through our sponsorship of InfraGard, an alliance of nearly 21,000 individual and corporate members to help identify, investigate and ultimately prevent cyberattacks.

I am indeed mindful of this committee's abiding interest in the FBI's progress in building an intelligence program while combatting these threats. And the FBI's made any number of changes since September 11th to enhance our capabilities and to build a national security organization on par with our law enforcement capabilities. Among them, today's intelligence is woven throughout every FBI program and every operation. And we have successfully broken up terrorist plots across the country, whether it be in Portland; Lackawanna; Torrance, California; Chicago; to the more recent plots relating to Fort Dix and JFK.

We have increased and enhanced our working relationships with international partners, sharing critical intelligence to identify terrorist networks and disrupt planned attacks. We have doubled the number of intelligence analysts on board and tripled the number of linguists. We have tripled the number of joint terrorism task forces from 33 to over 100,

combining the resources and expertise of the FBI, the intelligence community, the military, and most importantly, state, local and tribal law enforcement.

In the cyberarena, the FBI will continue its work within the intelligence community to counter cyberintrusions by foreign actors. Additionally, the FBI's recently formed Cyber Fusion Center in Pittsburgh is an example of a collaborative public/private alliance linking software companies, Internet service providers, merchants and members of the financial sector to protect against security breaches.

We recognize that for the past 100 years of the FBI's history, our greatest asset has been our people. And we are building on that history with continued restructuring of our approach to intelligence training, for both our professional intelligence analyst cadre as well as new FBI agents at Quantico. And we have and will continue to streamline our recruiting and hiring processes to attract persons having the critical skills needed for continued success.

In closing, the FBI recognizes that it is a national security service, responsible not only for collecting, analyzing and disseminating intelligence, but for taking timely action to neutralize threats within the homeland to prevent another terrorist attack. And in doing so, we also recognize that we must properly balance civil liberties with public safety in our efforts, and will continually strive to do so.

Mr. Chairman, Mr. Vice Chairman, members of the committee, I appreciate the opportunity to be here today, and look forward to answering your questions.

SEN. ROCKEFELLER: Thank you, Director Mueller.

Director Maples.

GEN. MAPLES: Yes, sir.

Mr. Chairman, Vice Chairman Bond, members of the committee, I appreciate the opportunity to be here today and to represent the dedicated men and women of Defense Intelligence. And thank you for your comments about their service. My short remarks will focus on changes in military operations and capabilities.

There are several general global military trends that are of concern, including proliferation of the knowledge and technology required to produce weapons of mass destruction, longer-range ballistic missiles that are more mobile and accurate, improvised devices and suicide weapons as weapons of choice, and the continued development of counter space-and-cyber capabilities.

In Iraq, an improved security situation has resulted from coalition and Iraqi operations, tribal security initiatives, concerned local citizen groups and the Jaish al Mahdi freeze order. While encouraging, the trends are not yet irreversible. Al Qaeda in Iraq has been damaged but it still attempts to reignite sectarian violence, and remains able to conduct high-profile attacks.

We have seen a decline in the movement of foreign terrorists into Iraq. The Islamic Revolutionary Guards Corps, Qods Force, continues to

provide training and support, and DIA has not yet seen evidence that Iran has ended lethal aid. Iraqi security forces, while reliant on coalition combat service support, have improved their overall capabilities and are increasingly leading counterinsurgency cooperations.

In Afghanistan, ISAF's successes have inflicted losses on Taliban leadership and prevented the Taliban from conducting sustained conventional operations. Despite their losses, the Taliban maintains access to local Pashtun and some foreign fighters, and is using suicide bombings, improvised explosive devices and small arms to increase attack levels. While the insurgency remains concentrated in the Pashtun-dominated South and East, it has expanded to some western areas. The Afghan army has fielded 11 of 14 infantry brigades, and more than one-third of Afghanistan's combat arms battalions are assessed as capable of leading operations with coalition support.

We believe that al Qaeda has expanded its support to the Afghan insurgency and presents an increased threat to Pakistan, while it continues to plan, support and direct transnational attacks. Al Qaeda has extended its operational reach through partnerships with compatible regional terrorist groups, including a continued effort to expand into Africa. Al Qaeda maintains its desire to possess weapons of mass destruction.

Pakistani military operations in the Federally Administrated Tribal Areas have had limited effect on al Qaeda. However, Pakistan recognizes the threat and realizes the need to develop more effective counterinsurgency capabilities to complement their conventional military. At present, we have confidence in Pakistan's ability to safeguard its nuclear weapons.

Iran is acquiring advanced weapons systems and supporting terrorist proxies. New capabilities include missile patrol boats, anti-ship cruise missiles, surface-to-air missile systems and an extended range variant of the Shahab-3 ballistic missile. Iran is close to acquiring long-range SA-20 SAMs, and is developing a new Ashoura medium-range ballistic missile. Lebanese Hezbollah continues to receive weapons, training and resources from Iran.

North Korea maintains large forward-positioned land forces that are however lacking in training and equipment. Robust artillery and mobile ballistic missiles are being sustained. Development of the Taepodong-2 continues, as does work on an intermediate-range ballistic missile, a variant of which has reportedly been sold to Iran.

China is fielding sophisticated weapons systems and testing new doctrines that it believes will strengthen its ability to prevail in regional conflicts and counter traditional U.S. military advantages. Military modernization includes anti-ship cruise and ballistic missiles, submarines, a cruise-missile-capable bomber, and modern surface-to-air missile systems.

China's missile development includes the road mobile DF-31 Alpha ICBM. Future ICBMs could include the JL-2 submarine-launched ballistic missile and some ICBMs with multiple, independently targeted reentry vehicles. China successfully tested an anti-satellite missile in January 2007 and is developing counter-space jammers and directed energy weapons.

Russia is trying to reestablish a degree of military power that it believes is commensurate with its renewed economic strength and political confidence.

MORE Russia's widely publicized strategic missile launches, long-range aviation flights and carrier strike group deployment are designed to demonstrate global reach and relevance. Development, production and deployment of advanced strategic weapons continues, including the road-mobile SS-27 ICBM and the Bulava-30 submarine-launched ballistic missile. Russia is also making improvements in its high-readiness permanently ready conventional forces.

To our south, Colombia's counterinsurgency operations are achieving success against the FARC. Venezuela's neighbors express concern about its desire to buy submarines, transport aircraft and an air defense system in addition to the advanced fighters, attack helicopters and assault rifles it has already purchased.

This has been a brief summary highlighting the work of our Defense intelligence professionals. They are honored to serve our nation, and thank you for your interest and support.

SEN. ROCKEFELLER: Thank you very much, all of you.

I apologize for the relatively shorter time allotted to you, but I think, all in all, the questions will elicit a lot of what you otherwise would have liked to have also said.

I will start, Director McConnell, with you. What is the intelligence community's assessment at this point about the ability to achieve the kind of political reconciliation in Iraq over the coming year that will make less necessary some of the sectarian and other violence which plagues that nation now?

MR. MCCONNELL: Mr. Chairman, I think, as I mentioned in my remarks, it's slower than we would like, but progress is being made. One of the things that they wrestled with over the past year is the de-Ba'athification law.

And if I could expand just for a second, for those that were in the regime before -- security professionals, for example -- when the new government was established, they were left out. And they've made some very hard decisions to try to be inclusive, to -- while it's a Shi'a majority and Shi'a-dominated, to be inclusive, to bring the Sunnis in the country back in. And that law was passed just recently.

There are other laws that are working through the system, and as they get more experience with government -- remember, this is a nation that was ruled by a dictator for the recent memory of anyone in that current organization governmentally, and they're actually learning the political process -- how to negotiate, how to compromise, and so on. So progress is slow, but I think we're on a course to have success over the next year. I don't think it will be done over the next year, but with perseverance, it will be done in time.

SEN. ROCKEFELLER: That doesn't really answer the question. There will be success in the coming year and things will get better, but as we all

know, there's an amplitude of very serious problems that remain. You've mentioned a few of them.

The question is, what about the next year? To what extent do you think in the next year -- I understand the word "over time." I understand better the word "over the next year."

MR. MCCONNELL: The two issues they're focused on at the moment that I think will be significant progress if they can work it through their legislative process and get approval are provincial elections and revenue sharing -- hydrocarbon revenue sharing. Those are two very, very tough issues. It's the form of government going forward. Does it -- is it inclusive of the provinces, and can it get agreement on that?

So if they are successful in negotiating and closing on those two issues over the next number of months, then it would be significant progress. But I don't want to lead you, Mr. Chairman. Not -- it is not going to be over in a year. It's going to be a long time to bring it to closure. But the progress is being made. The fact that security has been improved and established -- we actually see things that return quality of life to the Iraqi citizens.

While there's a bill pending for how to share oil revenue, oil production's up another 500,000 barrels. It is being sold, and that revenue is being shared.

Electricity output is going up. The economy is growing. I think it's in a 7, 8 percent growth level. Inflation, which was very, very high this time a year ago, is down in the 4, 5 percent range.

So progress is being made. But I couldn't tell you that it's going to be over and done and completed in 12 months or 18 months. It's going in the right --

SEN. ROCKEFELLER: I understand.

Director Hayden, the House and Senate conference committee on authorization agreed to a term which I think you may not be in favor of, and that is that all interrogation in CIA facilities, wherever, must follow the Army Field Manual.

Now, that's controversial, and many changes have been made -- and I understand that -- within your approach. But I -- what I need you to do is to tell me how you turn to Director Mueller and Director Maples, who say that that will do the trick and that that kind of interrogation is enough to elicit what you need to get, and tell them that it may be, if the authorization is passed, that we will be, in your view, perhaps shortchanging our ability to do intelligence.

GEN. HAYDEN: Thank you, Mr. Chairman, for the question. The way I usually describe it is that there is a universe out there of lawful interrogation techniques that we should feel, as a nation, that we have a right to use against our enemies. And obviously there are a lot of subtexts and subplots to that against our enemies -- are they lawful combatants, unlawful combatants, are they terrorists, are they uniformed soldiers, and so on. But again, there's a universe out there of lawful techniques.

The Army Field Manual describes a subset of that universe. I've heard no one claim that the Army Field Manual exhausts all the tools that could or should be legitimately available to our republic to defend itself when it comes to questioning people who would intend our republic harm. What I would say is the Army Field Manual meets the needs of America's Army and, you know, give that to you in maybe three or four different senses.

It meets the needs of America's Army in terms of who's going to do it, which in the case of the Army Field Manual would be a relatively large population of relatively young men and women who've received good training but not exhaustive training in all potential situations. So the population of who's doing it is different than the population that would be working for me inside the CIA interrogation program.

The population of who they do it to would also be different. In the life of the CIA detention program we have held fewer than a hundred people. And only -- actually, fewer than a third of those people have had any techniques used against them -- enhanced techniques -- in the CIA program. America's Army literally today is holding over 20,000 detainees in Iraq alone. And so again there's a difference in terms of who's doing it, against whom you're doing it, and then finally in the circumstances under which you're doing the interrogation.

And I know there can be circumstances in military custody that are as protected and isolated and controlled as in our detention facilities, but in many instances that is not the case. These are interrogations against enemy soldiers, who almost always will be lawful combatants, in tactical situations, from whom you expect to get information of transient and tactical value. None of that applies to the detainees we hold, to the interrogators we have, or the information we are attempting to seek.

And so I would subscribe and support -- in fact, CIA had a chance to comment on the Army Field Manual during its development -- that the Army Field Manual does exactly what it does -- exactly what it needs to do for the United States Army. But on the face of it it would make no more sense to apply the Army's field manual to CIA -- the Army Field Manual on interrogations, then it would be to take the Army Field Manual on grooming and apply it to my agency, or the Army Field Manual on recruiting and apply it to my agency, or for that matter, take the Army Field Manual on sexual orientation and apply to my agency.

This was built to meet the needs of America's Army. We should not confine our universe of lawful interrogation to a subset of those techniques that were developed for one purpose.

SEN. ROCKEFELLER: I'm way over my time, I apologize to my colleagues.

And I call on the vice chairman.

SEN. BOND: Thank you very much, Mr. Chairman.

Following up on that, I'd like to ask Director Hayden for his comments because we've spoken about this issue and your belief that the CIA's program was essential.

Now the attorney general has publicly said that the CIA is no longer using waterboarding as one of its techniques.

I'd like your views on -- from your professional perspective on why you think enhanced techniques are so critical in collecting intelligence and what you would say to those who think the Army Field Manual will be just as effective, because that provision that was added in conference is out of scope and when the conference comes, when the bill comes to the Senate, I intend to attempt to strike that.

What arguments, Director Hayden? Excuse me. I'm going to say -- I'm sorry. General Hayden's had the shot. Let me direct that to Director McConnell. My apologies. I want to get another view in the game.

MR. MCCONNELL: Senator Bond, I would associate myself with the comments just made by Director Hayden with regard to lawful techniques that could be used to protect the country under -- in the appropriate circumstances. You mentioned waterboarding. That is not currently in the program that we use. The question that's always asked, is that a lawful technique, and I think as you saw the reports or participated in the hearing that the attorney general participated in last week, if there was a reason to use such a technique, you would have to make a judgment on the circumstances and the situation regarding the specifics of the event, and if such a desire was generated on the part of -- in the interests of protecting the nation, General Hayden would have to first of all have a discussion with me and we would have a dialogue about whether we should go forward and seek legal opinion. Once we agreed to that, assuming we did, we would go to the attorney general who'd making a ruling on the specifics of the situation. At that point it would be taken to the president for a decision. If a decision was taken, then the appropriate committees of the Congress would be so notified.

So in managing the process there is a universe of lawful techniques. They should be considered in defense of the nation and appropriately administered, given that we would have to use such a technique.

GEN. HAYDEN: Can I add to that, Mr. Vice Chairman?

SEN. BOND: Please.

GEN. HAYDEN: Just to put this into scale -- and I know this is -- look, this is a very difficult issue not just for the committee, but for the Senate, for the government, for my agency and for the people in my agency and for the nation at large. But let me just try to frame the discussion by pointing out a few facts.

I mentioned just a minute or two ago that in the life of the CIA detention program we've detained fewer than a hundred people. Of the people detained, fewer than a third have had any of what we call the enhanced interrogation techniques used against them. Let me make it very clear and to state so officially in front of this committee that waterboarding has been used on only three detainees. It was used on Khalid Sheikh Mohammed, it was used on Abu Zubaydah, and it was used on Nashiri. The CIA has not used waterboarding for almost five years. We used it against these three high-value detainees because of the circumstances of the time.

Very critical to those circumstances was the belief that additional catastrophic attacks against the homeland were imminent. In addition to

that, my agency and our community writ large had limited knowledge about al Qaeda and its workings.

Those two realities have changed. None of us up here are going to make the claim -- and I'm sure we'll get this question before we're done this morning -- "Is America safe?" And we will answer, "It is safer, but it is not yet safe." So this will never get to zero. But the circumstances under which we're operating, we believe, are, frankly, different than they were in late 2001 and early 2002.

We also have much more extensive knowledge of al Qaeda. And I've told this to the committee in other sessions. Our most powerful tool in questioning any detainee is our knowledge, that we are able to bring that knowledge to bear.

SEN. BOND: General, excuse me for interrupting. In the eight seconds I have left, I wanted to fire off a question to you and Director Mueller. We're debating retroactive immunity. People keep telling me it's wrong. I used to be a lawyer. I believe that the private parties did nothing wrong. The committee approved 13-to-2 supporting civil liability reform. How important is the support of the private parties to your agencies in getting the operational successes?

MR. MUELLER: Well, I would say, in protecting the homeland it's absolutely essential. In this -- it's absolutely essential we have the support, willing support of communication carriers. In this day and age, our ability to gain intelligence on the plans, the plots of those who wish to attack us is dependent upon us obtaining information relating to cell phones, the Internet, e-mail, wire transfers, all of these areas. My concern is that if we do not have this immunity, we will not have that willing support of the communication carriers.

I know there has been some discussion of having the government substituted as a party, but I do think that that includes -- if that were passed, it would be a disincentive still to the communication carriers to give us the support we need to do our jobs. It would entail depositions. It would entail public hearings. And there would be a substantial disincentive to corporations, communication carriers, to assist us willingly at a time when we need it more than ever. And consequently, I strongly support the provision for giving immunities to -- immunity to the communication carriers so that we do have the support of those carriers and remove the disincentives. GEN. HAYDEN: Mr. Vice Chairman, I'd support it in two jobs, the current one and one -- job once removed at NSA, strongly support what Director Mueller has just stated with regard to carriers. But there are other relationships that we have that enable American intelligence that I'm more familiar with in my current job at the CIA.

And let me reinforce one thing that Director Mueller pointed out.

These are very fragile relationships. We lost industrial cooperation, at CIA, with partners on the mere revelation of the SWIFT program in public discourse. Not because they were doing anything related to that program whatsoever but just the fear that the vulnerability they would have to their smooth functioning of their business had caused people, who are otherwise patriotic and committed, to back away from their totally lawful cooperation with our agency.

SEN. BOND: Thank you.

My apologies, Mr. Chairman, but I thought that was important to get that in.

SEN. ROCKEFELLER: You bet, it's very important. I appreciate it.

And going on the early bird rule, as we always do, Senator Feinstein.

SEN. DIANNE FEINSTEIN (D-CA): Thank you very much, Mr. Chairman.

General Hayden, I wasn't going to discuss this but since it was raised, it is true that you have briefed the Intelligence Committee on the interrogation techniques which are called enhanced, which I call coercive. And they have changed and they have been reduced in number.

I'd like to ask this question. Who carries out these techniques? Are they government employees or contractors?

GEN. HAYDEN: At our facilities during this, we have a mix of both government employees and contractors. Everything is done under, as we've talked before, ma'am, under my authority and the authority of the agency. But the people at the locations are frequently a mix of both. We call them bluebaggers and greenbaggers.

SEN. FEINSTEIN: And where do you use only contractors?

GEN. HAYDEN: I'm not aware of any facility in which there were only contractors.

And this came up, and I know --

SEN. FEINSTEIN: (Off mike) -- anywhere in the world? GEN.
HAYDEN: Oh, I mean, I'm talking about our detention facilities.

And I want to make something very clear because I don't think it was quite crystal clear in the discussion you had with Attorney General Mukasey. We are not outsourcing this. This is not where we would turn to Firm X, Y or Z and say, this is what we would like you to accomplish; go achieve that for us and come back when you're done. That is not what this is. This is a governmental activity under governmental direction and control, in which the participants may be both government employees and contractors, but it's not outsourced.

SEN. FEINSTEIN: I understand that.

GEN. HAYDEN: Okay, good.

SEN. FEINSTEIN: Is not the person that carries out the actual interrogation -- not the doctor or the psychologist or the supervisor or anybody else but the person that carries out the actual interrogation -- a contractor?

GEN. HAYDEN: Again there are times when the individuals involved are contractors, and there are times when the individuals involved have been government employees. It's been a mix, ma'am.

SEN. FEINSTEIN: Why would that be?

GEN. HAYDEN: We -- the best individual available at that moment for the task and, in many instances, the individual best suited for the task may be a contractor.

SEN. FEINSTEIN: Okay.

I'd like to ask Director Mueller this question. As an FBI special agent, George Piro, was on "60 Minutes" recently talking about how he conducted a lengthy interrogation with Saddam Hussein, and who Hussein came to divulge many, many things, I think, not clearly known to the world before, such as the fact that, yes, he did not have weapons of mass destruction. He let the world believe he had weapons of mass destruction, and the reason he did so was because he feared an attack not from the United States but from Iran.

What techniques did Mr. Piro use to get this information, Director Mueller?

MR. MUELLER: It was a technique that was utilized over a period of time, which was building a bond, a relationship, a structured relationship where Saddam Hussein believed that George Piro was the individual who controlled his everyday movements, his ability to have access to pen and paper, for instance, and developing a relationship over a period of time, which included a number of discussions in which a particular subject could be introduced and information elicited. SEN. FEINSTEIN: And clearly, it worked very well.

MR. MUELLER: We believe so.

SEN. FEINSTEIN: Does the FBI use the same techniques that the CIA has authorized?

MR. MUELLER: It has been our policy not to use coercive techniques.

SEN. FEINSTEIN: Do you follow any of the techniques -- or I should say protocols, the 18 that are put forward in the Army Field Manual?

MR. MUELLER: Our policy has been fairly clear from as long as, certainly, I've been there, and that is we do not use coercive techniques of any sort in the course of our interrogations, which we find in the course of our interrogations, given that they are conducted generally within the United States, often -- most-times U.S. citizens, to be sufficient and appropriate to the mission that we have to accomplish.

SEN. FEINSTEIN: General, is it fair to say that all members of the American armed -- of the military use the Army Field Manual?

GEN. MAPLES: Yes, ma'am, that's true.

SEN. FEINSTEIN: So then it's safe to say that the only organization of the American government that does not is the CIA. Is that correct?

GEN. MAPLES: I didn't hear Director Mueller say that they actually use the field manual. But within the armed --

SEN. FEINSTEIN: No --

GEN. HAYDEN: -- forces, we do use the Army Field Manual as our guide.

SEN. FEINSTEIN: So, Admiral McConnell, then the only organization of government that uses coercive interrogation techniques really is the CIA; is that not correct?

MR. MCCONNELL: The only one to my knowledge, yes, ma'am. SEN. FEINSTEIN: And I was reading a New Yorker article about your interview on the subject of waterboarding and coercive interrogation techniques, and I gather that you felt that for yourself, if used, waterboarding would, in fact, constitute torture. Is that correct?

MR. MCCONNELL: No, ma'am, that's not correct. The discussion was about something entirely different. It was a personal discussion about when I grew up and what I was doing as a youngster. And the discussion was framed around being a water safety instructor. Some people, and I'm one of them, have difficulty putting my head under water. If your head goes under water, I ingest water in my nose.

So what I was having the discussion with the journalist is about being a water safety instructor and teaching people to swim. He said, "Well, what about when water goes up your nose?" And I said, "That would be torture." I said it would be very painful for me.

Then it turned into a discussion of waterboarding. Ma'am, I made no statement or judgment regarding the legality of waterboarding. We've discussed it openly here, what it is. Waterboarding, taken to its extreme, could be death. You could drown someone.

SEN. FEINSTEIN: Then the quote that I'm reading directly from the article, "Whether it's torture by anyone else's definition, for me it would be torture," is not correct.

MR. MCCONNELL: I said in -- what I was talking about was water going into my nose given the context of swimming and teaching people to swim. So it's out of context.

Now, when the journalist was checking facts, he called me back and said, "Here's what I'm going to say." And I said, "That's not the subject of our discussion, and I ask you not to put that in the article." We argued for 90 minutes. I said, "That will be taken out of context. It is not what our discussion was all about." And he said, "Well, you said it. I've got -- it's in my article, it's out of my control."

So here we are. I said to him, "I will be sitting in front of a committee having this discussion, arguing about what I said that was totally out of context."

The question is, is waterboarding a legal technique? And everything I know, based on the appropriate authority to make that judgment, it is a legal technique used in a specific set of circumstances. You have to know the circumstances to be able to make the judgment.

SEN. FEINSTEIN: One last question.

MR. MCCONNELL: Yes, ma'am.

SEN. FEINSTEIN: Would you support having the Department of Justice opinions on this subject, which we have asked for numerous times, being made available to the committee?

MR. MCCONNELL: The committee has an oversight role that should entitle it to have access to the appropriate information. And I've said that to you and the chairman and the vice chairman on any number of occasions. So you know my position.

SEN. FEINSTEIN: Thank you.

Thank you very much, Mr. Chairman.

SEN. ROCKEFELLER: Senator Whitehouse.

SEN. SHELDON WHITEHOUSE (D-RI): Thank you. Thank you, Mr. Chairman.

Just to follow up a little bit on Senator Feinstein's questions, General Hayden, is it -- I just want to give you a chance to review your testimony here that those who conduct the interrogations are not 100 percent contract employees and are actually a mix of contract and CIA employees.

GEN. HAYDEN: In the history -- sorry. Senator, if you're looking for a specific example or specific place, I'd have to check the facts, but in the history of the program the interrogators that I'm aware of have been a mix of contract and government.

SEN. WHITEHOUSE: Does that apply -- how about if you narrow the program to waterboarding?

GEN. HAYDEN: I -- the real answer is, I don't know. I'd have to check, Senator. SEN. WHITEHOUSE: Okay. I think that helps clarify.

General Maples, hasn't the Army -- doesn't the Army often, or military in general, face life-or-death decisions depending on what information it can extract from prisoners?

GEN. MAPLES: Yes, sir, I'd say that's true. Yes.

SEN. WHITEHOUSE: It could be whether battleships with crews of thousands get torpedoed. It could be locations of V-2 missile sites that land on London. It could be all sorts of things. Correct?

GEN. MAPLES: All sorts of information that could be derived from an interrogation, yes, sir.

SEN. WHITEHOUSE: And could save thousands, tens of thousands, large numbers of lives.

GEN. MAPLES: It could, yes, sir.

SEN. WHITEHOUSE: And notwithstanding those stakes, the Army has adhered in its interrogation techniques always to the Army Field Manual.

GEN. MAPLES: Certainly, since the Army Field -- recent Army Field Manual was published and it became law, that we would adhere to that. That is what the armed forces of the United States train to, and that's what we practice.

SEN. WHITEHOUSE: Thank you.

Director McConnell, recently -- in fact, today -- a prominent acolyte of the Bush administration on foreign policy and intelligence matters has described your national intelligence estimates as politicized and policy-oriented. He describes them as of sufficient demerit that they put the intelligence community's credibility and impartiality on the line. He says that the NIE was distorted; that in order for it to be objective, it would have to be rewritten; that it involves sleight of hand and grossly mischaracterizes the subject at hand; and that is infected with policy bias as the result of the work of policy enthusiasts within the intelligence community.

Obviously, the entire discussion we've had today is of very little value or significance if the underlying intelligence estimate process is corrupted either by policy bias or distortion, or gross mischaracterization, or politicization.

Would you care to comment? Because it sort of had been my impression that we were in recovery from that and not in that state. But, I think it would be worth it to hear your views on where the integrity of the intelligence community stands at this point, and specifically with regard to this NIE.

MR. MCCONNELL: Sir, I'd start by saying that the integrity and the professionalism in this NIE is probably the highest in our history in terms of objectivity, and quality of the analysis, and challenging the assumptions, and conducting red teams on the process, conducting a counterintelligence assessment about were we being misled or so on.

So I would start by saying that the article you refer to is a gross misrepresentation of the professionalism of this community now. From there I would say, depending on one's political perspective, you can pick up what this NIE has to say from different points of view. And I can also report that both sides are angry with how we represented this NIE. Therefore we probably got it about right.

Here was the issue. In the history of NIEs, there have been very, very few -- I think I could number on one hand -- that have been made public, unclassified key judgments. We got into that mode because it was highly politicized and charged when we were doing NIEs on Iran, Iraq and the terrorism threat. There was an expectation.

Now, I made every attempt to establish a policy consistent with some of the views that were acknowledged earlier or stated earlier, about having our work be done in a confidential way and made available to those in the administration and in the Congress who need to do their work where we're dealing with classified information. And I worked that policy, I coordinated

it, I notified the committees this was going to be how we were going to go forward.

And then we had a dilemma. I promulgated my policy in October. We were working through this analysis -- had been working from the summer, come into closure in November. And the issue for us was that my predecessor, Ambassador Negroponte and me were on public record making a statement that was -- or statements about Iran that were different from our conclusion. So now my dilemma was I could not not make this unclassified.

Now, so we finished the debate and the dialogue on the 27th of November. We briefed the president on the 28th of November. And the issue was the position had changed somewhat. As I mentioned in my opening remarks, there are three parts to a nuclear program. The only thing that they've halted was nuclear weapons design, which is probably the least significant part of the program.

So then the question became, what goes in unclassified key judgments? Now, we had closed and I had signed on the 28th of November the classified key judgment. So my dilemma now is -- I can't make them different when I do unclassifieds. So now we're in a horse race. I've got to notify the committee. I've got to notify allies. I've got to get unclassified out the door. So if I'd had until now to think about it, I probably would have changed a thing or two. But let me make a point. I've anticipated your question. I want to go to the first key judgment and to make reference to the article that you referenced in your remarks. First one: "We judge with high confidence in the fall of 2003, Tehran halted its nuclear weapons program."

Footnote -- put it right here on the front page so everybody would see it. We don't want to make any mistakes. We don't want to mislead anybody. For the purposes of this estimate, nuclear weapons program, we mean Iran's nuclear weapons design and weaponization work and covert uranium conversion-related and uranium enrichment-related work.

Now, to someone who's familiar with weapons -- and this is the effort -- that's part of a program. Now the argument in our group was we can't just say that, we've got to attach it. So it's colon -- or pardon me -- semicolon. Same sentence, semicolon. We also raised -- assessed with moderate to high confidence that Tehran at a minimum is keeping open the option to develop nuclear weapons. We tried every way we could to put it all right in the beginning. It depends on your perspective of how you pick up the issue.

SEN. WHITEHOUSE: Thank you, Admiral. Thank you, Chairman.

SEN. ROCKEFELLER: Gentlemen, I regret to say that we have an inconsequential, thoroughly unsubstantive reflecting difficulties on the floor between two political parties' vote, and we have four minutes left. So I'm going to recess this for about six minutes, and I --

SEN. EVAN BAYH (D-IN): Can I go ahead with my question?

SEN. ROCKEFELLER: Yeah, if you can do it. I'll call on Senator Bayh if you can run --

SEN. BAYH: I'm going to go ahead with my question, and then run over for the vote, if that's okay, because I'd like to follow up on Senator Whitehouse's questioning.

Director, I don't agree with the aspersions that were cast upon the quality of the work of your people in the article that Senator Whitehouse referred to, but I do think there have been -- the work has been mischaracterized in the public domain, as you were pointing out. And it's had some unfortunate consequences. As a matter of fact, it may very well have made it more difficult to achieve the result that our nation was hoping for, which was to find a way to end the Iranian nuclear program without resorting to force. It's made diplomacy much more difficult because of the way this was received around the world, including by the Iranians, the Russians, the Chinese and others. You just mentioned that if you had to do it over again without the heat of the moment, some time to reflect, you would have changed a couple of things. What would you have changed?

MR. MCCONNELL: I think I would change the way that we describe nuclear program; I mean, put it up front, a little diagram, what are the component parts so that the reader could quickly grasp that a portion of it, I would argue, maybe even at least significant portion, was halted and there are other parts that continue.

SEN. BAYH: Well, just to clarify the record, and I'm referring only to the public NIE. And I've read it. My synopsis of it -- and I'd be interested if any of you would disagree with this -- was that they had an active -- all three components: fissile material creation, weaponization, delivery systems. All those were going forward. They decided a few years ago to suspend one component; as you characterize it, the least consequential of the three -- at least temporarily they decided to suspend it. They could recommence that at any point in time.

MR. MCCONNELL: They could.

SEN. BAYH: It would be very difficult for us, as I think you pointed out, to know when they have recommenced that, and ultimately, given their industrial and technological capabilities, they are likely to be successful. We don't know exactly when, but ultimately they're likely to be successful.

MR. MCCONNELL: Yes, sir.

SEN. BAYH: Is that a fair synopsis?

MR. MCCONNELL: That's exactly right. And that's what the unclassified -- if you read them all the way through, that's unclassified key judgment -- make that point, and then there's the full body of the 140 pages also, and (they did make that ?) point.

SEN. BAYH: Well, so my question to you is, you know, it's difficult when we just, you know, have one footnote that kinds of clarifies, as I say -- how can you and your people go about presenting this in a way that is more likely to have a balanced presentation of your beliefs, to avoid the kind of problem we've now got ourselves in going forward? And how can you think through the consequences of the report? Because it's had unintended consequences that in my own view are damaging to the national security interests of our country.

MR. MCCONNELL: Sir, it's a challenge. We tried, in the time we had left, to do just what you said. I thought at the moment, at that point in time, we had gotten good balance. In retrospect, I -- as I mentioned, I would do some things differently.

But let me make a couple of points. As you might imagine, I have focused very intently on Iran in the aftermath of this. And there's a debate in Iran now, and some are debating that this is not a good-news National Intelligence Estimate; it's a bad-news National Intelligence Estimate, because that means that international pressure and diplomacy efforts will be increased and sanctions will be enforced to hurt their economy. And in fact the permanent five plus one, Germany, have just -- they've just come to closure and agreement on new sanctions, and they're going to take it to the United Nations and have that --

SEN. BAYH: Are the Russians and the Chinese in accord with this?

MR. MCCONNELL: They are.

SEN. BAYH: They are.

MR. MCCONNELL: Perm 5.

SEN. BAYH: Well, I will be heartened and I will be pleasantly surprised if they do more than verbally express their support, but actually take the tough steps necessary. MR. MCCONNELL: U.K., France, the United States, Russia and China.

SEN. BAYH: How do you interpret the Russians -- almost immediately after the issuing of this NIE, they're beginning to supply nuclear material to the Iranians for their reactor.

MR. MCCONNELL: Sir, I think to help -- the background of that -- I think they're actually helping make the point. Here's the issue. First of all, they -- the Iranians are pursuing a fissile production capability.

The Russians, in negotiating with them, said to them: We will provide you what you need to run a peaceful reactor, but everything is absolutely under our control -- the material that's provided, the plutonium that's produced -- it has to go back to Russia and so on. Russia's also making the argument to the Iranians: The fact you're running an independent uranium enrichment program makes you suspect. You have no need for it.

SEN. BAYH: I agree with all that, and I've got a little bit of time left here. So I guess, since I'm the last person standing -- (laughter) -- I'll have to recess the hearing and run on over there -- but I agree with all that. But they had held up the delivery beforehand, I assume, to make the point to the Iranians: Look, you know, you've got to, you know, get your act together on some of these other things, because this is the pathway forward. And then they immediately took that pressure off. So --

MR. MCCONNELL: It's because the Iranians in fact agreed to these very strict controls. So I -- my view is, they were in this dialogue actually supporting the program that had been initiated on a diplomatic level to impose sanctions through the U.N.

SEN. BAYH: Well, good. Let's hope that that proves to be the case going forward.

My last question -- and General Hayden, it may be more for you --

MR. FORT: Senator, excuse me. If I might add, just in terms of the Russian and Chinese attitudes, there are existing U.N. sanctions against Iran as a result of their failure to abide by the will of the international community, to which China and Russia have been compliant. And we are now negotiating another round of sanctions against Iran.

So they have not withheld or they have not, I should say, the Russians have not just totally opened up the floodgates in the one instance that you indicated, but the U.N. sanctions still stand against Iran.

SEN. BAYH: Well, that's true, but the question is whether the sanctions will be effective. And some observers, you know, believe that a little more needs to be done there to try and finally get the Iranians in the place they need to be.

MR. FORT: That's why the secretary of State is continuing to pursue exactly that course of action, to impose yet additional sanctions.

SEN. BAYH: My last question, then I'll turn this over to my colleague.

General Hayden, it may be for you. It's about Pakistan and the tribal areas. You know, it's unfortunate but, you know, I was interested to hear about the fatalities that the Pakistanis have suffered, other casualties they've suffered.

Is it not possible that they may make a good-faith effort to try and stabilize that region, but it is just beyond their ability to accomplish, which will then present us with a real dilemma? We saw what happened in Afghanistan many years ago, when we allowed a lawless area to become essentially controlled by bad actors. We don't want a repetition of that.

At the same time, if we insert ourselves, there's a real risk of destabilizing and already fairly tenuous regime. How do we strike that balance? And when do we conclude that if the Pakistanis simply can't do it by themselves, that we have to do more and essentially say, look, if you can't do it, we're going to have to do more and, you know, we're going to do what we need to do here, because we can't afford to have a repetition of the Afghan situation?

How do we strike that balance? And when do we conclude that the balance of risks has tipped against us not acting, as opposed to acting?

GEN. HAYDEN: Yes, sir, and I can elaborate more in closed session but there's a lot that, I think, can be said in open.

As the admiral pointed out, these are good partners. We've worked very closely with the Pakistanis. To be fair, if you look at the history of our cooperation, we have been most successful in cooperating with our Pakistani partners in the settled areas of Pakistan in which, number one, obviously they have a more powerful presence but, number two, I think there's

more commonality of view between us and our partners that this is a threat to both of us.

In the tribal area, I think it's fair to say, over a fairly long period of time, the Pakistanis were concerned about it. But the threat emanating from the Federally Administered Tribal Areas, the FATA, they could say with some justification was more a threat outside of Pakistan than it was to Pakistan per se, right? That's changed.

SEN. BAYH: Can you continue with your explanation for my colleague?

GEN. HAYDEN: Absolutely.

SEN. BAYH: I look forward to reading it and I will return. Apparently they're holding the vote just for me, so far be it from me to bring the Senate to a standstill, but I appreciate your response.

If you would please conclude it --

GEN. HAYDEN: Sure. And I think --

SEN. BAYH: -- and I shall -- I will return.

GEN. HAYDEN: Yes, sir.

I think the new piece, analytically, is now that our partners in Pakistan understand that this is a Pakistani problem, and the threat coming out of the tribal area is now as much a threat to the health and well-being and identity of Pakistan --

SEN. BAYH: I'm glad they have that understanding.

GEN. HAYDEN: -- as it was to us.

SEN. BAYH: My question went more to capabilities. They may just not have the ability, even if they're well intended, and then what do we do?

GEN. HAYDEN: And if you meet with them, meet with the best of them and have candid discussions, that is absolutely the case.

SEN. BAYH: (Inaudible.)

GEN. HAYDEN: And therefore, we are in a period a period of time in which I think there is commonality of interest, commonality of intent. But Pakistan's capacity to do some of the things we both would like to see happen in the tribal area is limited.

And now we come into this period of time. What is it both of us do in this period in which they must build capacity and yet the threat currently exists? And we may be -- talk about that more in closed session --

SEN. BAYH: Look forward to it.

Chairmen Wyden.

SEN. WYDEN: Gentlemen, I think I can apologize for all of us that this is a particularly chaotic morning, and we appreciate your patience. And

I think I'd like to start with a different tack, for purposes of my questioning. As I look at where terrorists get their money, I increasingly find that the dial points to Saudi Arabia. There are press reports that 50 percent of Hamas's budget comes from Saudi Arabia, Saudi citizens providing the majority of financing for al Qaeda in Mesopotamia, and it all flows through the madrassas and the cultural centers and scores of charities led by Saudi nationals and organizations based in Saudi Arabia.

So I think my first question would be for you, Director McConnell, and you, General Hayden. Is it correct to say that private donors within Saudi Arabia continue to be a major source of funding for terrorist groups?

MR. MCCONNELL: Senator, I'd have to agree that a major source of terrorist funding would originate with private donors in that region of the world. When you look broadly across the globe, the majority would come out of the Middle East.

But now some -- just to be complete, some of the contributions to these terrorist efforts actually originate here in the United States. I mean, it's not out of the question that it would originate here.

So if you look at the region, the Middle East is the majority, and the Saudis have recognized this, particularly since they were attacked internally some years ago. And they have been very forceful in attempting to turn the tide to include engagement with the schools and the mosques and the religious establishment in Saudi to start to change this -- the situation. It's not completely turned around, but it is being addressed.

SEN. WYDEN: I liked the first part of your answer, General, and have questions about the second part.

Now, four years ago, the Saudi government announced that it would form a charities commission to oversee charitable donations and keep them from being used to fund terrorism. So there was this big, much-ballyhooed announcement four years ago.

But as of today, this commission still has not been established. So my sense is that this is concrete evidence that they still aren't particularly serious about stopping money from flowing to terrorists who are outside their country. Isn't that again a signal that while the rhetoric may sound like they want to be supportive, it's just not happening when you look at the concrete signals, like the foot-dragging on the charities commission?

MR. MCCONNELL: Sir, I'm not familiar with the specific charities commission that you're referring to. I'm sure -- maybe General Hayden, I'll turn that over to him. But let me be very clear about my point of view, having come back to government just one year ago. I focused on this issue, because it was a personal interest and because it's important. And what I have observed are major steps on the part of the Saudis to be more serious and more engaged on this topic. And the one I'm familiar with is here in the United States.

What I was concerned about as a private citizen is support coming from Saudi for schools here in the United States contained language that we should not tolerate. And that process has been addressed and it's been

cleaned up and so on. And so is it 100 percent complete and effective? No. But it is -- concrete steps are being taken.

SEN. WYDEN: I want to let the general answer, but Admiral, take a look at the foot-dragging on the charities commission. I think it is a powerful signal that the follow-through still isn't there.

General, do you want to add to that?

GEN. HAYDEN: Yes, very briefly, Senator. Thank you.

I think you're right. The last time I checked, that was my understanding of where the charities commission was, but I haven't looked at it for a period of time. So I don't challenge your conclusion there.

That said, Saudi -- (inaudible) -- under Prince Mohammed bin Nawwaf, has actually moved their game into this region for the first time. As the admiral suggested, they got real serious about threats in the kingdom. They have done very, very well in taking care of al Qaeda there.

The last piece, and the one that we've urged greater energy on them, has been with regard to funding. And as the admiral points out, this is a difficult one for this good partner, because it's wrapped in amongst alms-giving and religious education and charity and so on. And so there are some cultural challenges for our partners to take this on as thoroughly as we might want.

But I've talked to Mohammed bin Nawwaf, our counterpart there for the internal service. These have been very candid discussions. And I think -- and we should probably get you a paper on this, Senator -- there have been very concrete steps taken by the Saudis against donors, admittedly, with this commission not yet up and running.

SEN. WYDEN: Let me see if I can get one other question in on the interrogation issue, because I know while I was out, there was a fair amount of discussion about that.

I think the concern has always been -- certainly the concern of an American in a dangerous time is is it going to be possible to get information from these ticking time bombs -- people who have information who represent a very serious and immediate threat to the well-being of the country? And my question on that point is for you, Director Mueller, and that is do the FBI -- and perhaps we can bring the military folks in on this as well -- use non-coercive techniques on individuals who have this time-sensitive threat information?

MR. MUELLER: Yes. As I indicated before, our policy states we will not use coercive techniques in the course of questioning suspects, subjects of our investigations. And there is no time frame given.

SEN. WYDEN: And is it fair to say -- this is an open session, I've touched on this in the past in open sessions as well, with some of your people -- that these non-coercive techniques that are being used by the Department now can be effective in dealing with these time-sensitive, ticking time-bomb situations that the American people are so concerned about?

MR. MUELLER: The general answer is yes. But again, it depends on a circumstance, yes. And as I expressed before, our techniques, I believe, are appropriate to the success of our mission.

SEN. WYDEN: I'm going to ask you some more about this in closed session.

But Mr. Chairman, thank you. And I got a little bit of extra time, I gather, since everybody is running back and forth, and I appreciate it.

SEN. ROCKEFELLER: All right, thank you very much, Senator Wyden.

Senator Warner is next, but he's not back yet, so I'm going to take advantage of the regular order and ask you, Director Mueller, to discuss something which you brought up which has had almost no discussion in this country at all. There's occasional discussion when it comes to, you know, is Baltimore safe as a port, et cetera, et cetera, et cetera. But rail lines, and -- but there's been no kind of comprehensive discussion of it.

I would like to have you talk, if you can, for a full five minutes about what you said, and that is the threat of terrorism within the United States of America.

MR. MUELLER: I think -- I refer to it in three levels. The first is al Qaeda itself -- bin Laden, the core, which, as has been described here previously on the Fatah, and the second level is individuals who are not necessarily directed from the outset and the planning is not accomplished by core al Qaeda but have some ties to al Qaeda, whether it be financial or recruiting or otherwise. And the third level is self-radicalized without any ties whatsoever to al Qaeda.

The threat here in the United States is principally at this juncture, we believe, self-radicalized groups with no ties to al Qaeda. Two of those instances we rolled up last year. One related to the plot against JFK. The other related to the plot against soldiers at Fort Dix.

However, there are individuals in the United States who are philosophically, ideologically associated with al Qaeda who recruit, finance, and would have the capability of providing a support mechanism to somebody, should they come in the country, much in the way there was unwitting support for the 19 hijackers as they came into the United States before September 11th.

And our great concern is that there will be operatives that come to the United States, whether it be from Europe or elsewhere, that will come in with the goal of undertaking a terrorist attack.

If you look at what has happened, transpired recently in the UK, in 2005 -- the July 7th, July 21st attacks -- if you look at the recent -- one was a successful attack; the other was aborted, or not aborted -- was not successful. If you look at the recent detentions in Barcelona, Spain, these were individuals who had association with al Qaeda, had traveled to Pakistan, gained perhaps some financial backing, but certainly the training that they brought back, and had a cadre of individuals that were available to undertake attacks.

Our great concern is that, while it is happening in Europe, it is one plane ticket away from occurring in the United States. And consequently, it's that middle level that may be self-radicalized at the outset but then, because of the close association, familial associations with Pakistan, gets training in Pakistan, gets support in Pakistan, and comes back, utilizes the network to undertake an attack, would be not satisfied with undertaking an attack in Europe but undertake an attack in the United States. SEN.

ROCKEFELLER: And I understand that. What I'd like to get you to focus on for a minute or so is that which is carried on by people who have become disaffected, either through unemployment, which now presumably will grow, through the example of a cause, the attraction to a cause, and it may not be that they actually go to al Qaeda or they get their training in Afghanistan, but they simply decide to create malevolent actions within the United States for purposes which can either be twisted or which reflect their fundamental unhappiness within the American society as it's held before them in many ways.

MR. MUELLER: I think that is a possible explanation for certain actors who would take the dissatisfaction, the disenfranchisement in the United States, and couple it with the radical Islamic ideology, and the two would reinforce each other.

What you also see in a number of these instances around the globe, well-educated, relatively well-off individuals who also have subscribed to this ideology, who undertake such attacks. The most recent one that comes to mind is the doctors in the UK who, not last summer -- I think it was the summer before -- attempted to bomb a nightclub in London. That did not work, but then drove a car into the airport at Glasgow.

These were doctors. These were not persons who were unemployed. They are not persons who lack skills. And consequently, while you can look at some individuals who may have motivation, given their current financial circumstances, you cannot rule out others who would undertake attacks for other reasons but do not suffer from the same disadvantages.

SEN. ROCKEFELLER: In 30 seconds if you can, do you see the trend within the United States -- let me say this. Are we not paying enough attention to this, not referring to the FBI, but referring to the American people, to the American news media, to the discussion? The discussion is always attracted, you know, to fire bombs and destruction overseas and loss of life.

And yet the Robert Reid situation indicated that things can happen in other ways also. And I think there are -- and that was very early, therefore maybe not less relevant. But people become attracted to a cause. People have to have some meaning in their life. They're disenfranchised economically or in their own minds, and they want a cause to give their life meaning, even though it's malevolent meaning. It's a very powerful factor.

And I would think that America is no less immune to that than, let's say, parts of Africa, although it may not be as developed. And I want to hear you talk about that, unless you find my question inappropriate.

MR. MUELLER: No, I would agree with the premise of the question in terms of persons who fall prey to that malevolent ideology as being something that we are tremendously concerned about. There can be any number of causes. Do we pay enough attention to that?

My concern is that we're several years away from September 11th, and inevitably there is a complacency that begins to take hold when there is nothing immediately happening. And I do worry about complacency. I do worry about early intervention, early identification of individuals who fall prey to the ideology.

I can tell you, we, our counterparts, DHS and state and local law enforcement through our joint terrorism task forces, are alert to this. But it also takes representatives of the communities in which this can occur to be alert to it and not turn a blind eye towards it and to alert us when there are the signs that somebody is becoming radicalized and getting to the point where it is beyond the discussion stage and to the point where they take an overt act pursuant of a particular plot or conspiracy.

SEN. ROCKEFELLER: So to sum up, then, you do not have to be Russian, Chinese or somebody else in order to do cyber terrorism. You can do that as an individual, untrained in Afghanistan or Pakistan, from within the United States if you're angry enough about something that you think that by doing that you will bring meaning to your life simply because you feel disenfranchised.

MR. MUELLER: Yes, meaning to your life. You know, even if you were not disenfranchised, it brings additional meaning to your life. You can be a college student in Atlanta or elsewhere.

SEN. ROCKEFELLER: Correct -- or a doctor. You're correct.

MR. MUELLER: And we've had instances along those lines.

SEN. ROCKEFELLER: I thank you, sir. And I apologize to Senator Warner, whose turn it now is.

SEN. WARNER: Thank you, Mr. Chairman.

And I want to say to Director McConnell and each of his associates here today, the Americans have got to take great pride in what you and your respective organizations are doing to preserve freedom, as we so cherish it here in this country.

You represent now, under the new law, having brought together and integrated our intelligence, the finest professional group of men and women to be found anywhere in the world who devote themselves solely to the preservation of the freedoms of this country. And I want to commend each of you.

I want to go back to our distinguished chairman and ranking member and their comments about the current FISA debate in the Senate and once again look at your paragraph, Director McConnell, where you say, "Expiration of the act would lead to the loss of important tools the intelligence community relies on to discover the plans of our enemies."

And you particularly re-emphasized that this committee, having voted 13-2 to give retroactive liability protection to the private sector which have stepped up to work with this community.

And I just wanted to emphasize that the motivation of private companies to come forward and participate in this program, there may be some reimbursement for cost, but it's purely for patriotic reasons. Am I not correct in that?

ADM. MCCONNELL: Yes, sir, that's correct.

SEN. WARNER: General Hayden?

GEN. HAYDEN: Yes, sir, absolutely correct.

SEN. WARNER: Director Mueller?

MR. MUELLER: Correct.

SEN. WARNER: You know, I, on the floor, working with my colleague here on a colloquy one day, I likened the activities of these corporations in America to the all-volunteer force. Each of the men and women in our armed forces today have raised their hand and have volunteered to step forward and proudly wear the uniforms of our country and to assume the risks and their families to share in those burdens.

So I look upon these companies as part of the all-volunteer force in the general matrix of people in this country trying to ensure our freedoms and safety.

So I'm going to fight ever so strongly with my two colleagues on my right here to get this done.

Let's turn now to your comments on Iraq, Director McConnell.

You say the security situation in Iraq continues to show signs of improvement. And in response to questions from the chairman and the ranking member, you amplified that about the provincial elections coming up, how pivotal they are and the hydrocarbon law.

But I want to step back. And I look at this in the context of another responsibility that I have here in the Senate in the Armed Services Committee and our urgent need to reduce the time of tours of duty from 15 months down to a more realistic, and hopefully less, to 12 months and then perhaps even a shorter tour. Because I have to tell you, I visited with the Army officials here in the last day or two -- and we're going to have hearings in the Armed Services Committee -- this conflict is taking its impact on our all-volunteer force. We're asking an awful lot of these men and women who have repeated tours over there and the burden on their families and their ability as Reserve and Guardists to reintegrate into civilian life.

So I'm going to ask you this question: What is your level of confidence that there will be continued signs of improvement in the coming year? Hopefully, that'll translate in our ability to shorten the tours. Is it a high confidence that we're continuing to see signs of improvements, medium confidence, or low confidence?

MR. MCCONNELL: Sir, I would say medium confidence on my part. And hopefully, that would improve in time. As I mentioned, the Iraqis -- the leadership in Iraq -- they're learning how to govern and how to compromise and how to do this business. A few key pieces of legislation, but as this

goes forward, having an Iraqi security force that's professional -- so that's a training component for us. So I see a path that gets us to what you suggested. In addition to shortened tours, to also having a role more in over watch where we're training and assisting and equipping, as opposed to actually engaging in the security applications.

SEN. WARNER: You list here very carefully all of the things that are taking place over there that are of concern. We still have just an extraordinary amount of Shi'a insurgency by various groups. The fragility of the Sunnis, who have tried to cooperate and are now beginning to -- certainly in Al Anbar -- keep things quieter, but if you had to list the two greatest risks to reversing this trend of continued improvement, what would they be?

MR. MCCONNELL: First would be Iran and Iran's role and how they play and equip and support and cause issues. And the second would be the Shi'a-on-Shi'a dialogue. There's one large group referred to as Jaish al-Mahdi, which is -- Muqtada Sadr is responsible for. And then there's the group ISCI -- we refer to it as a shorthand -- which is a political party. And if those two can learn to work together and compromise, the Kurds also have a role in having participation in compromise -- and the Sunnis will come into that group for dialogue and constructive engagement -- then they're going to be successful.

But it's going to -- the single most thing in the short term would be Shi'a-on-Shi'a, in my view.

SEN. WARNER: Do you share, Director Hayden, with the Director McConnell's assertion that it's a medium confidence?

MR. HAYDEN: Yes, sir. I do, Senator.

SEN. WARNER: Is that the level that you have?

MR. HAYDEN: I do and I agree with how he racked up the different factors.

I would add one additional thought -- I know you're aware of this, but I need to make it explicit -- the enemy gets a vote or the enemy gets the appearance of a vote. So there is the possibility that al Qaeda in Iraq, for example -- which I think is the one most capable of doing this -- could create the appearance of lack of progress by extra exertion, you know, as we talked last year when we had this discussion, you know, kind of visiting hell on the civilian population.

And so I just caution for all of us to be careful about the underlying realities that are happening, because there can be these violent spikes that are engineered by the enemy and that's what I meant by his getting a vote in this.

SEN. WARNER: The key word is "spike", though. That indicates what goes up comes down --

MR. HAYDEN: Yes, sir. That's correct.

SEN. WARNER: -- over a short period of time.

MR. HAYDEN: That's right.

SEN. WARNER: But the general sort of plan that it's continuing to ratchet down -- not as fast as we would hope, but it is in that direction -- you have a medium confidence that will continue? MR. HAYDEN: Yes, sir. I think that's right.

SEN. WARNER: All right.

General Maples?

GEN. MAPLES: Sir, I would agree with that also -- that assessment -- the moderate level.

I think there are a lot of variables that are at play that have caused the reduction in violence that we have seen in Iraq. And I think that clearly, the Shi'a restraint is one of the key variables here. The freeze that has been imposed by Jaish al-Mahdi, Shi'a-on-Shi'a ceasefire that has been agreed to, I think, is key to being able to maintain this.

And on the other side, the local initiatives that have taken place -- which al Qaeda in Iraq is doing its best right now to try to undo -- they have to be sustained.

SEN. WARNER: I thank you.

Let me proceed to Afghanistan.

Director McConnell, looking at page 18 -- I'll just read it to you: "The Taliban and other insurgent groups operating in the poppy-growing regions gain at least some financial support as a result of their ties to the local opium traffickers."

This situation with regard to the drugs is just, in my judgment, almost out of control. And to date, neither NATO, nor the United States working with our partners, have been able to come up with what I believe is a strategy that's going to begin to ratchet down the increasing levels of poppy and opium traffic.

And as you say here -- I think you put it a little too mildly for me -- that the Taliban may be getting financial support. I think a lot of financial support is flowing to the Taliban, which enables them to buy weapons and then fire those weapons right at U.S. troops and to the NATO troops. And I think that's just unacceptable. Do you have any views as to what could be done to strengthen -- of course, this is a policy question --

MR. MCCONNELL: Yes, sir.

SEN. WARNER: -- the cessation of this source of cash -- ready cash -- to the Taliban?

MR. MCCONNELL: Sir, I would say there are two major issues and you've touched on one -- that is, a serious program that not only eradicates, but provides an alternative to the Iraqi farmers -- or the Afghani farmers that need a way to make a living and so on. So that's the challenge. How can you effectively do that? And so far, we haven't come up with the right combination. Second part: It is also in Pakistan, with regard to the

federally administered travel area, where not only al Qaeda has some de facto level of sanctuary, but some Taliban members have de facto sanctuary for training and equipping and rest and recuperation and so on.

So if we find a way of addressing those two issues, and then we take offensive operations with regard to the Taliban insurgents, I think progress would be a little more forthcoming.

SEN. WARNER: But that drug trade is the cash flow that's keeping the Taliban alive.

MR. MCCONNELL: Yes, sir.

SEN. WARNER: General Hayden?

MR. HAYDEN: Yes, sir, Senator. I'd agree.

If you look at the circumstances in Iraq and Afghanistan, they're very different. But I would suggest to you, the single biggest difference between the two countries in trying to -- for us to translate tactical success into strategic success -- the single biggest difference are the drugs in Afghanistan.

SEN. WARNER: The drugs.

General Maples.

GEN. MAPLES: Sir, I agree.

SEN. WARNER: Thank you, Mr. Chairman.

SEN. ROCKEFELLER: Thank you, Senator Warner.

Senator Hatch.

SEN. ORRIN HATCH (R-UT): Well, thank you, Mr. Chairman.

SEN. ROCKEFELLER: Followed by Senator Feingold.

SEN. HATCH: Thank you, Mr. Chairman.

And I want to thank all of you for the service you're giving to our country. It really means a lot to all of us up here and certainly to me.

But having mentioned Pakistan, two of our most important allies in the global war on terrorism are two of our most problematic ones and that includes Pakistan, and of course, Saudi Arabia. Now, I think what I'm going to do is ask a couple of questions about Pakistan. Last year in the widely reported declassified key judgments of the NIE on the threat to homeland security, they recognized that al Qaeda is secure in Pakistan's federally administered tribal areas or FATA. From this part of the world, where Pakistan asserts sovereignty, al Qaeda plots against the West and it's allies in the Taliban support -- supported area and the counterinsurgency, also, that seeks to topple the government of ally in neighboring Afghanistan.

Further, the militancy emanating from the tribal areas has grown so strong that it has spread to the settled areas of Pakistan in the North-

West Frontier province, but also reaching into the heart of Pakistan's cities, including Islamabad. The most egregious example of this, of course, is Benazir Bhutto.

But open press reporting last year gave too little coverage to the story of the escape of Rashid Rauf, whose escape from Pakistani custody seems too incredible to believe, as he seems to have been allowed to walk out of the door of a mosque that he was allowed to visit. Rauf, I will remind everyone here, was considered the mastermind of the 2006 airline plot out of Britain, which was to blow up as many as 10 airlines (sic) over the Atlantic.

Yesterday's Washington Post had a piece on Abu Laith al-Libi, whose demise last week none of us will bemoan, but who, according to the Post, freely traveled around Pakistan, not just in the tribal areas, met with foreign diplomats and visited wounded Taliban warriors recuperating in Pakistani hospitals. And these Taliban, it must be noted, were wounded fighting Afghans and coalition forces, including the U.S. military, in Afghanistan.

In short, under the current Pakistani government, the terror threat to West has grown, the insurgent threat to Afghanistan has grown, and -- this was entirely predictable -- the militant threat to the people of Pakistan has grown. Now, at what point do you believe it would be better to pronounce the current Pakistani government a complete failure in advancing security for us or even their own people? And what Pakistani institutions could successfully stand against these threats? What could the United States do to support these institutions? And what is the significance of the creation last December of the Tariki Taliban, the Taliban movement of Pakistan?

Those are a lot of questions. I guess we'll start with you, Admiral.

MR. MCCONNELL: Thank you, sir.

I think the most significant thing in the recent situation is the threat has moved into Pakistan proper to threaten the very existence of the -
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SEN. HATCH: It's been there for quite a while. MR. MCCONNELL: Yes, sir. But in the last year, the number of terrorist attacks and deaths were greater than the past six years combined. So what's happened is Pakistan has now recognized that this is an existential threat to their very survival. And the leadership there is taking steps and conducting actions and starting a process to be more aggressive in getting control of the situation with regard to not only al Qaeda, but also the militants in the Fattah area.

The only institution that has the strength to do what you just described is the Pakistani army. Need to think about the Pakistani army and how it was constructed and how it's been maintained for 60 years. It was designed as a force-on-force, primarily facing a threat from India, and is not a counterinsurgency force the way we have evolved with our special operations forces. So that discussion is taking place in Pakistan now, and there will be changes in time to be more aggressive in addressing this threat.

With regard to the government itself, a very critical time. They're in a transition to democracy, and it is a key point in Pakistani history. For the first time in their history, their legislature finished a term and the elections are happening later this month on the 18th. This is a critical time to get them through this process, to get themselves through this process, so they have democratic institutions that can start to address the issues you've outlined.

SEN. HATCH: General Hayden, do you have any comments about all that?

GEN. HAYDEN: Well, Senator, I'd agree with your macro description of what's gone on there over the past several years, with very few exceptions.

I've spoken to my counterparts in Pakistan and, actually, General Kiyani's chief of the army staff. I think they would agree in broad outline with your analysis. But now the question is capacity. What is it they can do about this with the capacity they have as a government? General Kiyani, as the admiral suggests, as chief of army staff, has inherited an incredibly artillery-heavy army, and now he's faced with an insurgency between and among tribal groups in the tribal region.

He's got a plan using the resources he has available plus transitioning to the kind of army that he will need to meet this problem. I think it's a realistic appreciation of the situation, but right now, it's a question of capacity.

SEN. HATCH: Thank you.

Mr. Chairman, may I ask just one other question? (No audible response.) Thank you, sir. I wish to commend both you, Admiral McConnell -- well, all five of you, but in particular, listening to you, you, Admiral McConnell and General Hayden, for your candor. And your precision of your remarks on the questions of enhanced interrogation techniques.

And I want to thank you, General Maples, for reiterating the Pentagon's adherence to the Army Field Manual. These couple of questions I'm going to direct to you, General Maples. In following up on Senator Whitehouse's question earlier, let me ask you these two questions.

Can the Army Field Manual be rewritten?

GEN. MAPLES: Certainly it could, yes, sir.

SEN. HATCH: How?

GEN. MAPLES: Well, one of the areas that we've looked at and we have talked about is what type of behavioral techniques are most beneficial to educe information from others? And --

SEN. HATCH: That could be changed at any time.

GEN. MAPLES: Yes, sir --

SEN. HATCH: Okay, then let me ask you this. (Pause.) I think -- would it be fair to say that the Army Field Manual was written for 18- to 20-year-olds, primarily, to help them to know how to act and what to do?

GEN. MAPLES: I would go somewhat beyond that, but generally it is a younger population, yes, sir.

(Cross talk.)

SEN. HATCH: (Inaudible) -- 24-year-olds or -- (inaudible). I don't care.

GEN. MAPLES: Yes, sir.

SEN. HATCH: But written for younger people who may not be involved in the intelligence gathering that the CIA does or that others in the intelligence community have to do for us. (Is that right?)

GEN. MAPLES: Certainly written for a different group with a different purpose, yes, sir.

SEN. HATCH: That's right. Now, one last question. If the application of an enhanced interrogation technique on an al Qaeda operative could have given us intelligence to have prevented the attack on the U.S.S. Cole, would that have been worthwhile? GEN. MAPLES: Sir, it certainly would have been to the armed forces and to those sailors --

SEN. HATCH: We lost how many young sailors at that time? There was about 17, if I --

GEN. MAPLES: Seventeen, sir.

SEN. HATCH: So that's the -- seems to me that you guys have a really tough job to be so second-guessed up here by people who don't have to be on the front lines on these things.

And one last thought in this line. Right now we're in a big battle up here on the FISA bill. And Admiral McConnell, you know, as an attorney, understanding how general counsels work, if we had -- if we do not grant retroactive immunity to these companies that acted patriotically at the request of the United States, and those civil suits continue, based upon, by the way, Mr. Klein and a few other people who really haven't -- didn't know anything about what was going on.

With all the depositions, discoveries, interrogatories and so forth that would disclose all kinds of sensitive information, wouldn't we be at a tremendous disadvantage -- because general counsels of those companies, if they're going to be second-guessed and their people are going to be sued, and their employees subjected to terrorism all over the world, just to mention a few little aspects of this, what general counsel would allow that type of cooperation without litigation, which would then delay us getting the intelligence we need to protect America from even weapons of mass destruction? Admiral McConnell?

MR. MCCONNELL: You've described it exactly right, Senator. If -- without liability, retroactive liability protection, those general counsels,

as an obligation to those companies, would tell them not to cooperate with us and to litigate, if --

SEN. HATCH: And we would not get the intelligence we'd have to have on a short-time basis so that we could protect America, is that right?

MR. MCCONNELL: The tragedy is it would slow our efforts; it would make us less effective. And I would make one other point.

American industry, in this -- particularly in this field, leads the world. And so not only is it what they've alleged to have been -- to help us in the aftermath of 9/11, but since they lead the world, their insight and abilities and know-how and understanding of technology is what we depend on to be effective on a global scale.

SEN. HATCH: Some have said up here that we should substitute the United States as the defendant in these cases. Would that solve the problem?

MR. MCCONNELL: No, sir, because --

SEN. HATCH: You'd still have discovery, depositions, interrogatories, all kinds of disclosures of the highest classified information, that could just wreck what we're trying to do to protect America. Is that correct?

MR. MCCONNELL: Yes, sir. That's correct.

SEN. HATCH: Do you agree with that, General Hayden?

GEN. HAYDEN: Yes, sir --

SEN. HATCH: How about you, Mr. Mueller, as the great leader of the --

MR. MUELLER: Yes. I agree with that.

SEN. HATCH: Any others? General Maples?

GEN. MAPLES: Yes, sir.

SEN. HATCH: Or -- thank you for letting me ask those questions.

SEN. ROCKEFELLER: Thank you, Senator Hatch.

Senator Feingold.

SEN. FEINGOLD: Thank you, Mr. Chairman. First, let me ask that my opening statement just be put in the record.

SEN. ROCKEFELLER: It is so ordered.

SEN. FEINGOLD: Second, let me also thank each of you for your tremendous service to the country.

And Director McConnell and General Hayden, the New York Times reported in December that the CIA tapes that were destroyed, quote "documented a program so closely guarded that President Bush himself had

agreed with the advice of Intelligence officials that he not be told the locations of the secret CIA prisons," unquote.

Is that true?

GEN. HAYDEN: I'm not at liberty to discuss any personal conversations I've had with the president, Senator.

SEN. FEINGOLD: Did the president know?

GEN. HAYDEN: I'm not at liberty to discuss that.

SEN. FEINGOLD: That's not asking about the conversation, but does he -- did he know?

GEN. HAYDEN: For me to comment on that would imply other activity, previous conversations. And, one, I won't do it; and number two, I don't know.

SEN. FEINGOLD: Director McConnell, do you have a comment?

MR. MCCONNELL: I don't know.

SEN. FEINGOLD: Okay. Well, wouldn't this raise serious concerns about whether the president is capable of, or even interested in, making fundamental decisions relating to fighting al-Qaeda? I mean, shouldn't -- shouldn't the president have this knowledge if he's going to make the kind of judgment and analysis that's needed here? GEN. HAYDEN: My judgment is that the president knew all that he felt sufficient for him to issue the guidance he felt he should issue us.

SEN. FEINGOLD: Do you think the president needs to know this information?

GEN. HAYDEN: Me?

SEN. FEINGOLD: Do you think the president ought to know that information in order to make his best judgment?

GEN. HAYDEN: If I thought the president needed to know something, I would tell the president something.

SEN. FEINGOLD: Has the vice president known the locations of facilities, General Hayden?

GEN. HAYDEN: I don't know. And, again, I wouldn't venture to comment on any conversations I've had with the vice president.

SEN. FEINGOLD: Director McConnell?

MR. MCCONNELL: I don't know.

SEN. FEINGOLD: How about the secretary of State or the attorney general -- either of them known?

GEN. HAYDEN: I don't -- I'm not aware that they do.

MR. MCCONNELL: I don't know.

SEN. FEINGOLD: All right.

Director McConnell, you were quoted in the New Yorker as saying that whether an interrogation technique is torture is, quote, "pretty simple, it is excruciatingly painful to the point of forcing someone to say something because of the pain." Well, pain is pain, right? It doesn't depend on the circumstances under which it's inflicted, right?

MR. MCCONNELL: Is that a question?

SEN. FEINGOLD: Yeah, it's a question. Is pain -- I mean, -- (inaudible) --

MR. MCCONNELL: Pain --

SEN. FEINGOLD: -- pain is pain. It doesn't really depend on the circumstances under which it's inflicted.

MR. MCCONNELL: My remarks that you're referring to, I was talking about excruciating pain. SEN. FEINGOLD: General Hayden, do you -- do you agree with the Director's definition? Do you agree that torture is defined by the level of pain that is inflicted, and not by the circumstances?

GEN. HAYDEN: The statute points out, the requirement for something to be defined as torture -- and I've forgotten the adjectives, Senator, but there are a series of adjectives in front of the word pain. That's correct.

SEN. FEINGOLD: And does this have to do with the level of pain, or the circumstances?

GEN. HAYDEN: I think it has to do with both the level and duration, and the lasting effects of the pain, to the best of my memory of the statute.

SEN. FEINGOLD: Let's switch to Pakistan and Afghanistan. The State Department's counterterrorism chief, Lieutenant General Dell Dailey, has expressed publicly his concerns that there are significant gaps in what we know about threats in the Afghan-Pakistan border tribal areas. He said, quote, "We don't have enough information about what's going on there -- not on al-Qaeda, not on foreign fighters, not on the Taliban," unquote.

Director McConnell, do you agree? And if so, how serious is this problem?

MR. MCCONNELL: Our information is never complete enough. And if we had the locating information, particularly of the leadership, we would be able to carry out actions to neutralize the leadership. So that specific information we seek; we do not have.

SEN. FEINGOLD: So you would agree with his assessment?

MR. MCCONNELL: I would agree, in broad terms, with the need for better information.

SEN. FEINGOLD: Director McConnell, your testimony points out that al-Qaeda, in the lands of the Islamic Maghreb has expanded its targets to

include the United States, and the U.N., and has increased the lethality of its attacks, and --

MR. MCCONNELL: U.S. interests is what I've said, yes, sir.

SEN. FEINGOLD: What's that?

MR. MCCONNELL: U.S. interest is what I've said. U.S. interests -- U.S. company is what was attacked.

SEN. FEINGOLD: Fair enough. I'm concerned, however, that your testimony seems to lump the group -- which has a long history in Algeria, with AQI, which didn't even exist prior to the war in Iraq. These are very different situations. MR. MCCONNELL: No, I linked it with AQ, meaning al-Qaeda. Not, specifically, AQI, means al-Qaeda in Iraq. We use the terms just so we can have conversations to place, geographically, the group we're talking about.

SEN. FEINGOLD: Do you agree that the terrorist threat in North Africa has become worse? And second, how do we confront this threat directly with strategies geared toward the unique history and political environment in that region?

MR. MCCONNELL: I think it's become worse in Algeria, in that area. I don't think it's gotten worse, necessarily yet, in Libya or in Egypt.

SEN. FEINGOLD: You don't see a general trend in that region?

MR. MCCONNELL: A trend, meaning that al-Qaeda who resides in the Federally Administered Tribal Area in Pakistan, having a reach -- with internet and a method to communicate, has been successful in establishing links, and having a broad message that's been embraced by radical elements. In that sense, I see a trend.

SEN. FEINGOLD: If the threat from Pakistan-Afghanistan region is getting worse, and the threat in North Africa is getting worse, is it accurate to say that any tactical successes against al-Qaeda in Iraq are, at best, unrelated to the global threat from al-Qaeda and its affiliates?

MR. MCCONNELL: No, I wouldn't agree with that at all. I would describe a trend -- a trend is something that people are attracted to, and ideology is something they will fall -- follow. And if you look at throughout history, there have been a variety of things that people would follow. Communism is the one we dealt with in the last generation.

So my view of what's happened, there's an ideology; it has a way of communicating; and these things are linked. It's a broad inspirational level. So there is a group in Iraq that's associated with al-Qaeda, and they take direction and guidance from al-Qaeda that's still residing -- the leadership, in Pakistan.

SEN. FEINGOLD: Thank you, Mr. Chairman.

SEN. ROCKEFELLER: Thank you, Senator Feingold.

Senator Bond.

SEN. BOND: Thank you, Mr. Chairman.

Director McConnell, I -- there's a little bit of lack of clarity in some of the discussions earlier on. I think General Hayden said that there are a group of lawful techniques which can be used in interrogation. Some of them are in the Army Field Manual, and some of them are the techniques that would be used by the CIA.

In response to a question, you said that we do not use coercive -- we do use coercive techniques. But my understanding is you only use techniques if they are coercive to lead a detainee to give information. And I would imagine if the Army Field Manual techniques did not have some coercion, they wouldn't be used.

Can you clarify for me -- you are not implying, are you, that what the techniques the CIA uses are coercive, whereas the Army Field Manual techniques are not coercive?

MR. MCCONNELL: No, sir. That wasn't the -- what I implied. I did not use the word "coercive," or at least I don't recall using it. I was describing it as "enhanced." Now, you may say I'm splitting hairs here.

SEN. BOND: I wrote it down that you said "coercive."

And I just wanted to make sure that we were clear that -- is it your view that the techniques used by the CIA under its program, are different from, but no more painful or violative of, the standards which are applied to the Army Field Manual; that they would comply, should the Army Field Manual tomorrow pick up your, the CIA techniques -- of course they'd be published, and they wouldn't be effective on high-value detainees, but they could be picked up by Army Field Manual -- is that correct?

MR. MCCONNELL: Yes, sir. I would say "enhanced" --

(Cross talk)

MR. MCCONNELL: -- the techniques are enhanced. They are effective; they are not coercive, and they're lawful. And now the expert on this subject, of course, is General Hayden. So let him -- let me offer him a chance to follow up my remarks.

SEN. BOND: Always be proud to hear from General Hayden.

GEN. HAYDEN: Thank you, Senator.

Just to reinforce, in some -- if you don't mind, maybe draw together a couple of points that were kind of scattered about in some earlier conversations. We have a body of techniques that we believe to be lawful, the attorney general has said are lawful, and that we've briefed to the committee and staff.

They are beyond those authorized by the Army Field Manual that, I think, Senator Hatch pointed out. The Army Field Manual can be a transitory document. It can change. The current Army Field Manual, for example, I think most people would judge to be less robust than the Army Field Manual that it replaced. And so, you know, there are changes that can take place there. I've said that the techniques -- that I have briefed the committee,

inside the CIA program are appropriate, lawful certainly, otherwise we wouldn't have the conversation, but appropriate and adequate to the needs of the CIA program -- as are, I believe, the Army Field Manual, to what DOD has to do, and the processes contained in the various regulations of the FBI for what they have to do.

But ours is different, all right. It was brought up earlier, the interrogation of Saddam Hussein -- which revealed some very interesting and very valuable information, but I'd only point out that was done over a period of months.

SEN. BOND: And before he was about to be hanged.

GEN. HAYDEN: Yes, sir, in an environment --

SEN. BOND: Talk about an enhanced interrogation technique. (Laughter.) That ought to -- I think Johnson said there's nothing that clarifies the mind like the prospect of a hanging in a fortnight --

GEN. HAYDEN: And it was done --

SEN. BOND: -- from old English lit.

GEN. HAYDEN: Yes, sir. It was done as a retrospective. It was done as forensics on events past; again, very valuable, but different than what we need.

Let me say something very clearly, Senator. I really need to put this on the record. We will do -- we will play to the edges of the box that the American political process gives us. In the creation of that box, if we're asked a view, we'll give a view. But the lines drawn by that box are the product of the American political process. Once you've drawn the box, once that process creates a box, we have a duty to play to the edge of it. Otherwise we're not protecting America, we may be protecting ourselves.

If the American political process draws the box and makes it equal to the Army Field Manual, we will play inside the box labeled "Army Field Manual" or the Miranda process. One should not expect this director or a subsequent director -- that's not really very interesting; let's talk about the officers of the Central Intelligence Agency. One should not expect them to play outside the box because we've entered a new period of threat or danger to the nation. So there's no wink and nod here.

If you create the box, we will play inside the box without exception. If it is the judgment of the American political process that the Army Field Manual and the processes of the FBI are adequate to the defense of the republic in all conditions of threat, in all periods in the future, that's what we will do.

My view is that would substantially increase the danger to America and that my agency should be allowed to continue the use of techniques which have been judged lawful by the attorney general and briefed to this committee. SEN. BOND: And I believe you have said that the less than one-third of the less than 100 who were subjected to enhanced techniques would not give information using less than the enhanced techniques that you used. And thus the literally thousands of intelligence reports that you gained from that small subset would not be available.

GEN. HAYDEN: That's correct, Senator.

SEN. BOND: Well, my thanks to all of you. My apologies to the chairman.

GEN. MAPLES: Sir, could I make just one follow-on?

SEN. BOND: Oh, please do. Yes, General.

GEN. MAPLES: The Army Field Manual has been mentioned several times. And the fact that it could be rewritten -- to my knowledge, right now, within the Department of Defense and within the Army, there's no intention to rewrite that field manual, and that the manual does give us the kinds of techniques that we believe we need to have in order to be successful.

SEN. BOND: Well, when Mr. Pirot (sp) questioned Saddam Hussein, he claimed he was an envoy of the president of the United States. Is that within the tactics in the Army Field Manual?

GEN. MAPLES: It is, yes, sir, because --

SEN. BOND: You can say you're an envoy of --

GEN. MAPLES: And Mr. Pirot (sp) was also all-knowing. He used a number of the techniques that could be considered as a part of the manual.

GEN. HAYDEN: I believe -- Mike, correct me if I'm wrong -- that's called false flag, and it's a limited technique. And I believe the field manual confines that to unlawful combatants --

GEN. MAPLES: Yes.

GEN. HAYDEN: -- not to the normal lawful combatants.

SEN. BOND: Most interesting. I will follow up at our subsequent open hearing on the powers that the intelligence reform bill should have given to the community, and also ask you about budgeting problems. But I appreciate the forbearance of the chairman and your willingness to join us for this lengthy session. And if we do not get called on the floor to play in the FISA sandbox this afternoon, we will look forward to further discussions.

SEN. ROCKEFELLER: Thank you, Mr. Vice Chairman. Please don't collect your papers yet. I have two more questions.

We will be meeting in less than two hours, hopefully. No, actually, hopefully we'll be doing FISA on the floor before that, but I don't think that's going to happen.

Two questions. One, I want to go back to the subject that you and I were discussing, Director Mueller, about the American -- the threat to America from within America. First, I want to go to China and Taiwan, a juxtaposition. The Chinese have basically made peace with all of the countries that they border, some 14, and others in Southeast Asia and have made a remarkable kind of effort to do that, providing aid, all kinds of

things. They've made none whatsoever, of course, with Japan and Taiwan. And then there is always us. So those three stand out.

There are many who think that communism, except for the party apparatus and the big meeting places, doesn't really exist any longer in China, that it's been changed irrevocably because of economic forces, and that the Chinese leaders, who throughout history, including all imperial history, obviously have never been elected, and therefore the two present leaders, neither of whom have any sort of military connections, are then also lacking that, which has been a stronghold of other previous leaders, and that, therefore, when a Tiananmen Square comes along or there's mercury in a stream or factories are closed down and tens of thousands of workers -- and this becomes almost a daily routine somewhere in that very vast country -- are demonstrating that Chinese leaders overreact because they are fundamentally afraid of their own people.

They have authority over their own people, but throughout Chinese history, going back to the Boxer Rebellion, the May 4th movement, way before that, the people have been free to revolt and to change their leadership. Those lessons are never lost on the Chinese, because they never forget in their 5,000 years.

So that's one scenario, that they are afraid of their people and of disruption within their own country, and with good reason, with the hundreds of millions of people who have not yet landed anywhere, migrating from east to west and not having found a place.

And so what they do then is they turn to nationalism, because nationalism is a button that really works in china, and that they do that either towards Japan and the Yasukuni shrine visit by a prime minister, not to Taiwan, for obvious reasons, even though there's tens of billions of dollars of commerce and I think air service, at least in one direction, between those two entities.

And so one asks the question, is the Taiwan-Mainland China, is that for eternity? Deng Xiaoping used to say, "Wait 50 years and things will solve themselves. Don't always feel you have to take action. Problems work out." He was a wise man. I'm putting the question to you this, that the probable next president of Taiwan is not in favor of stirring up independence in Taiwan. It would seem to me that the economic future and the personal interrelationship of Taiwan and the mainland could very well signal more peace and a growing willingness to deal with each other and jaw at each other from time to time, but actually not do anything about, in spite of all the missiles that are aimed at Taiwan and in spite of all the energy that Taiwan prepares to prepare itself.

So I'm interested in your response to how long you think this is going to last, if you think that Deng Xiaoping -- maybe you have to add on an extra 25 or 30 years -- will be proven right, number one. And secondly, Director Mueller -- and I would ask Director McConnell to also comment on this -- this country has changed enormously in recent years.

The whole problem of income disparity, the problem of joblessness, the problem of the degradation of our culture -- primarily through television and sexually explicit violence, which is I think a shame upon our nation and a shame upon Hollywood -- this nation has changed.

And when I mentioned disaffected youth or people -- whether they're doctors or whether they're young people -- it strikes me that the climate for people doing things that they did -- they never would have considered doing before, simply out of frustration. And because new tools are available to them -- and you Director Mueller, discussed extensively the Internet, the whole question of cyber security and all the rest of it -- that you don't have to go to Pakistan to train. You can just go on the Internet to find out how to do a suitcase bomb. You don't have to climb poles and jump over trenches.

So I really worry that the American people don't worry. I really worry that because there's been no attack since 9/11 that the American people have let down their guard. I really worry that the Department of Homeland Security is treated as a stepchild in government and is funded often as a stepchild in government. And that all of this bodes for our not being able to protect ourselves and to have the sort of day-to-day vigilance which is required psychologically and actually to be on a strong state of alert -- as we are in other parts of the world.

Now, those are two questions and I'm already way over my time. But I'd like to have answers.

MR. MCCONNELL: Could I start, sir? Would that be all right?

SEN. CONRAD: Please.

MR. MCCONNELL: Let me go to China -- Taiwan.

I would agree with Deng Xiaoping: In time, it will heal itself. The greatest risk now is miscalculation. China is -- as you said, the United States is a very different place than it was 50 years ago. China is a very different place than just a few years ago.

Their biggest challenge is stability. The focus of the party in power is to first of all, keep the party in power. And so the argument is, how do you maintain a society of 1.3 billion people -- half of which have not yet had the fruits of this economic prosperity and growth rain down on them -- and move them in a way that it remains stable, they get access to raw materials and they have markets for which they can sell their goods?

So my view is, it will become more democratic over time and the Taiwan-China situation will solve. But the greatest risk for us is miscalculation or an event that gets out of control. You mentioned that leadership could overreact -- and that's my worry. If it's left to this normal trend, I think it will evolve to be a different place.

With regard to your question on extremists in this country, I would highlight we've always had extremists in this country -- always. The difference, in my view, are the tools that they have access to can have disproportionate harm or damage in relation to one or two or three, because of things like the Internet, because of things like explosives or flying airplanes into buildings -- all the things that one could dream up could have a broadly disproportionate impact on our society, because of the tools and the technology available to them.

SEN. CONRAD: And your reason for the fact that we don't seem to be that worried about it, because we keep saying there's never been anything that's hurt our country since 9/11?

MR. MCCONNELL: I think that is shaped by political debate and leadership. The country will respond to the right kind of leadership, I believe. And so it's making the argument and having the debate, because it would be a very vigorous debate.

Some of the things that you alluded to you about Hollywood and the kinds of material they produce and so on -- there are going to be many people who are going to disagree with you in the interest of freedom of speech and not controlling anything and so on. So there's going to be a tremendous debate.

Either we're going to have an event that causes us to be shocked and to be awakened and then we'll start to move down that path, or the leadership and the dialogue will take us in a different direction.

SEN. CONRAD: Thank you, sir.

Director Mueller.

MR. MUELLER: Yeah, I agree with the admiral.

We've always had extremists, disaffected. McVeigh being an example -- responsible for the Oklahoma City bombing. But those who are disaffected now have a greater access to information, greater access to instruction on how to manufacture devices, greater capabilities of intersection with others through the Internet or through other communications. And the damage is disproportionate, given the capabilities that one has today. As to complacency, yes. I mentioned it before. If we become complacent over a period of time -- and we have to resist that complacency. Understand that there are people out there who wish to do us harm in our communities, and continue to work with state and local law enforcement ourselves, but also work with other members of the community to identify those who seek to do us harm before they can undertake such attacks.

SEN. ROCKEFELLER: All right.

We recess and we meet again not far from here at 2:30. And I thank you all very, very much.