HEARING OF THE HOUSE PERMANENT 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;

MR. CHARLES ALLEN, UNDERSECRETARY FOR INTELLIGENCE AND ANALYSIS, DEPARTMENT OF HOMELAND SECURITY;

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

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

CHAIRED BY: REPRESENTATIVE SILVESTRE REYES (D-TX)

LOCATION: 2218 RAYBURN HOUSE OFFICE BUILDING, WASHINGTON, D.C.

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REP. REYES: Good morning. I think we're ready to go. The -- I just want to take note that the buses are late coming back from the prayer breakfast. So as members come in, that's the reason why they'll be late this morning. I wanted to thank everybody for being here this morning. And at this point -- (strikes gavel) -- the committee will please come to order.

When I convened the 2007 annual threat assessment hearing, my first public hearing as the chairman of the House Permanent Select Committee on Intelligence, I noted the formidable threats and the challenges facing our great nation.

I am very proud of the work that our nation's intelligence services are doing to protect our country. Our country's intelligence professionals have made significant strides, but so much work yet remains to be done. And our committee's oversight will strengthen the work of U.S. intelligence, and it will ensure that this vital function of government is guided by integrity and our nation's values.

I'm also proud of the work that has been done by this committee. We have worked to address the national security challenges that are facing our nation today. We passed a comprehensive intelligence authorization bill for 2008. We developed a comprehensive solution to FISA, and we now look forward to a very productive second session.

We continue to face enemies and adversaries who know and recognize no boundaries in our world. Our brave men and women continue to face these enemies valiantly in Iraq and Afghanistan, with no end in sight. Our troops work diligently to train a capable Iraqi security force, but their successes

have been marginalized by political infighting and stalemates. And without political progress in Iraq, security improvements will be fleeting and may mean little.

Global terrorist networks continue to threaten the U.S. and its allies. Al Qaeda has strengthened its position in the Pakistani tribal areas, where it has entrenched itself in a safe haven that provides it freedom to recruit, freedom to train and also freedom to plot new attacks.

New threats constantly emerge as well, such as the expanding al Qaeda network in North Africa.

Our country's allies in counterterrorism efforts face their own internal challenges. We can look at the deteriorating situation in Pakistan, where President Musharraf increasingly -- his hold on power has weakened and has led to repeated political crisis, and where $10 billion of U.S. counterterrorism assistance and international efforts have fallen short of defeating the Taliban, al Qaeda or other extremists working in Pakistan.

I'm reminded that President Lyndon Johnson once said, "Our purpose is to prevent the success of aggression." Of course, he was speaking of Vietnam then, but today we are fighting a different form of aggression, and our collective purpose today is to ensure that this aggression against U.S. national security does not succeed. How will we do this? What tools and resources are needed to ensure this victory?

To help us answer these questions, today we have invited the director of National Intelligence, the Honorable Michael McConnell, as well as the leaders of our major intelligence organizations: General Michael Hayden, director of CIA; Lieutenant General Michael Maples, director of the Defense Intelligence Agency; the Honorable Robert Mueller, director of the Federal Bureau of Investigation; the Honorable Randall Fort, assistant secretary of State for Intelligence and Research; and Mr. Charlie Allen, chief intelligence officer for the Department of Homeland Security.

I want to welcome Director McConnell and every one of you and thank you all for the work that you are doing to keep this country safe. We appreciate that very much, and welcome this morning.

As I said, gentlemen -- and I want to take note that our ranking member is here, and presumably you have -- several of the other members are coming in now -- and welcome them as well.

As I said, gentlemen, together we have achieved many of the goals that we had for the first session. We work closely with our partners in the intelligence community to ensure that the needs that they identified were being met and that those men and women combatting terrorism and threats to our national security had exactly what was needed to be successful.

Today I am eager for our witnesses to share their views about prospects for progress in Iraq and Afghanistan on both the military and political fronts.

We must also understand the threats posed by state actors such as Iran and North Korea. As we all know, last year's National Intelligence Estimate on Iran -- on Iran's nuclear weapons and its intentions and activities contradicted much of what we had heard thus far.

We were previously led to believe that Iran was building a nuclear arsenal in defiance of the world community and the nuclear ambitions posed an imminent threat to the United States and to all our allies. The intelligence community has now concluded that their work on a nuclear weapon was halted in 2003. So the question is, does the intelligence community still believe that Iran is a critical, imminent threat to our country?

On the Korean Peninsula, there are also many questions. Through the six-party talks, we seemed to reach an agreement for the North to dismantle its nuclear program, but the implementation of this program appears to have stalled. Are we on track to rein in North Korea's nuclear program? And will the decision to engage North Korea, rather than to continue to isolate it, prove to be successful?

Russian president Vladimir Putin, now positioning himself to be the next prime minister, has embarked upon an aggressive foreign policy, financed, in part, by surging oil revenues in which Russia will undercut potential adversaries at home and abroad. Putin's assertiveness appears to be aimed at the United States and the European Union as well. We need to further our understanding of the implications of this recent development.

Of course, al Qaeda and its allies continue to challenge the United States and our way of life by engaging in an ever-expanding campaign of terror. Its network keeps on evolving and growing. So we must remain vigilant and persistent in countering this threat.

Does the intelligence community still gauge al Qaeda as the greatest threat to our homeland? What about the rise of Islamic extremism within our borders? Or, as we refer to them, homegrown terrorists? The committee wishes to know more about these threats and what we can do to stop them.

I also would like the intelligence community to remain focused on areas that have long been neglected. Latin America and Africa come to mind. We previously believed that the threats in these region to be less urgent, but they have the potential to seriously threaten core U.S. national security interests, and will continue to grow in scope and capability. The security of the United States is directly affected by events in these places.

Colombia's long-term efforts to bring terrorism and narco-trafficking under control have generated real dividends, yet Colombia continues to be the primary source of cocaine entering the United States. In Cuba and Venezuela, from Fidel Castro's leadership, for however much longer that period may be to growing global involvement of Hugo Chavez, whether harboring terrorists or partnering with terrorist states, are traditional examples of why we must continue to monitor this very critical and important region of our world. Corruption and uneven distribution of oil wealth crushes the aspirations of 135 million Nigerians to free themselves from poverty. But the violence it has generated also keeps this country's petroleum from reaching the market, thereby keep world oil prices high.

Corruption, cronyism, and failed democratization in Kenya, once viewed as one of the most stable countries in Africa will lead to instability in all of the countries of East Africa. But it will also reduce cooperation from a key regional partner on counterterrorism and regional security. These are all very important issues that potentially affect our national security.

These, and among others, I would like members here this morning to -- of the DNI staff to address.

There are many other issues that are also are important. The challenges we face from the ongoing conflicts in the Middle East; The increasing counterintelligence threat from China, Russia, and other countries, and what we may be doing to counter and mitigate this risk; the growing cyberthreat to critical infrastucture and the administration's recently announced plan to combat it; the status of the intelligence's ability to address the proliferation of weapons of mass destruction; the DNI's efforts to continue the intelligence community's effort to improve information sharing among federal, state and local agencies.

Finally, I want to remind our members and witnesses that we this morning are in an open session. If there is a doubt about the classification of a particular subject or statement, please reserve those issues for the closed session that will follow this open hearing. We have this room for two hours, until noon. So I look forward to a productive hearing and a productive session -- second session of Congress.

With that, I'd like to recognize our ranking member, Mr. Hoekstra, for any opening statement that he may wish to make.

REP. PETER HOEKSTRA (R-MI): Thank you, Mr. Chairman.

Director McConnell, welcome. To all your friends, welcome as well. The next time I'm going to ride with the director of the FBI back from the National Prayer Breakfast. He obviously has --

REP. REYES: Connections.

REP. HOEKSTRA: Yeah, he obviously has connections -- thank you, Mr. Chairman -- that get him back here a little quicker than the rest of us.

But no, thank you all for being here for this annual briefing. This is important for us and, I think, for the American people to get an understanding as to exactly what the threats are.

I'd also like to thank many of you who have been involved -- and Admiral McConnell, as you talk in your testimony about the need to make sure that our intelligence community has the appropriate tools to keep America safe. There are a lot of complex threats that are out there. Reauthorization on something more than a two-week basis of FISA would be a good thing to do. It's time to stop doing national security issues on a week-by-week or a month-by-month lease basis. These things need to be put in place on a permanent basis, and they need to be put on a permanent basis because it does give the community the tools that they have demonstrated they can use responsibly to keep America safe.

And what we have experienced, because of the excellent work that many of the people in the community have done, is that we have not had an attack -- successful attack against the homeland in over six years. We're into prevention in this area. This is not an area where we're going to let the terrorists attack us again. And hopefully, that at the end of that process we can successfully prosecute the terrorists. It's very difficult to prosecute a terrorist bomber or 19 individuals who decide that they're going

to take over four planes and fly them into locations in the United States. So thanks for the leadership that the community has provided on that issue.

You know, also we're going to be very interested in hearing, you know, not only about what's going on in Afghanistan and in Iraq and those types of things, but your perspective on the global threat of radical jihadists. You know, we know what their objectives are. Their first objective is to defeat us in Afghanistan and Iraq. But then they also talk about destabilizing the moderate Islamic regimes in the region, which is the Middle East, Asia, Northern Africa. We know that their objectives are to eliminate the state of Israel, establish the caliphate and then impose Shari'a law. And underlying all of that is also their desire to attack the homeland again.

Director Mueller, I had the opportunity last week of meeting with your folks in Detroit and getting a great briefing. And as the chairman talked about, not only do we need the foreign intelligence community to do their work, but I was very encouraged because what I did see is that the agencies here in the United States are working and coordinating together. They have the information that I would have hoped that they would have had, that give us insights into the threats that we face here in the homeland, but also their ability to connect what is going on outside of our borders and having a relatively high degree of confidence that what was going on outside, that people inside -- that the right people in the United States would have access to that information.

So the stovepiping that we've talked about, you know, in 2001, 2002 and those types of things, those appear to be breaking down. So there's a tremendous amount of credit that goes to both the individuals that are working on intelligence overseas, but also the way that they are connecting with folks inside of the United States. And I think that process -- sure, there's more work that needs to be done, but progress is clearly being made.

Director McConnell, you know, I think we've had this discussion in closed session about the confusion that was caused by the NIE on Iran.

I think today that some of the statements that you will make today will provide some clarity as to where the intelligence community understands what the situation is with Iran. And so I look forward to having that testimony here and putting it on the record.

There's a lot of other issues out there; the chairman enumerated those, whether it's North Korea, whether it's China, whether it's Russia or those types of things. Obviously there are more hotspots than what we care to think about, but they are real and they're there. And either in open session or in closed session today I hope that we also have an opportunity to talk about, you know, these are the threats, how is the community positioned to respond to these threats, do you have the tools, do you have the resources, do you have the legal framework to be successful in combatting these threats, have we given you the tools and the resources to do the job that we have asked you to do.

So again, welcome. Appreciate you being here. Appreciate all the great work that you and your staff do. And you know, as we do much of this in secret, this is an opportunity to talk about it in open session to a certain degree. It may be the only -- the only other thing I'd ask is for you to perhaps provide us here or in closed session an update as to the kind

of progress that you're making in stopping leaks. Those things that we'd like to keep secret but that some way or another have found themselves into public discourse, and again, putting the country at risk but also putting your programs and some of your individuals at risk.

But again, thank you and welcome.

REP. REYES: Thank you, Mr. Hoekstra.

And Director McConnell has advised us that he will make a statement for about 15 minutes, and then we will go directly to questions. Again, I want to advise all the members that we are in open session and be mindful not to discuss classified issues.

With that, Director McConnell, welcome again. Thanks for your work, and you're recognized for your statement.

MR. MCCONNELL: Thank you, Mr. Chairman, Ranking Member Hoekstra, members of the committee. We're delighted to be here to provide this update today, and I'm very pleased to be joined by the community's brain trust that you introduced a little bit earlier. So we look forward to your questions. I would note that we've submitted a very long and detailed statement for the record both at the classified and unclassified level, and that's going to cover much more than I can --

REP. REYES: And I should say -- pardon the interruption -- that all the witnesses statements will be entered into the record without objection.

MR. MCCONNELL: Thank you, sir. I also look forward to our closed session and we can go into some of these details in a little more specificity.

Before I address specific threats, I just want to raise one issue that both you and the ranking member raised, and that's the issue of the media importance to our community with regard to our ability to provide warning and protection for the nation. And it involves what's referred to as FISA, the Foreign Intelligence Surveillance Act. The authorities that were granted under the amendment, Protect America Act, temporarily close gaps in our ability to conduct foreign surveillance, and those abilities are critical to our efforts to protect the nation from current threats.

You'll hear later in the testimony how we've been successful using those authorities to in fact disrupt planned attacks. And briefly what I want to mention here is just some of the benefits that have accrued as a result of the authorities that were granted last August.

First of all, better understanding of the international networks of al Qaeda, more broadly speaking -- just personalities and the network at large; second, individuals in the network, and let me get specific, down to the point of individual identity and, in some cases, planning for suicide bombing activity.

Now most importantly, since August until now, the greater insight into terrorist planning gained by these authorities have allowed us to disrupt attacks. And that's occurred over the last six months.

Now expiration of the act would lead to the loss of these important tools, and the community relies on them, and it would impact our ability to discover the plans of those who wish us harm. In fact, the group we're targeting have sworn to inflict mass casualties greater than 9/11 on our country.

Extending the act that was passed last August without addressing the retroactive liability protection for the private sector will have very far-reaching consequences for this community, not only in the context of what I'm talking now but more broadly. Lack of liability protection would make it much more difficult for us to obtain the future cooperation of the private sector, whose help is so vital to our success.

Now at the request of several members on the Hill, the AG and I have provided letters several -- and most recently, a day or so ago, to try to address any specific questions to try to get at this in a little more depth. But I would urge you, when you come to conference with the Senate, that you pass a long-term legislation effort to modernize the Foreign Intelligence Surveillance Act. And it must include retroactive liability protection for the private sector if we are going to be effective going forward -- be happy to discuss this in much greater detail in open or closed session, as you would like, in the course of the briefing or at another time.

Let me turn now to worldwide threat. And with regard to threats facing our country, let me say that the judgments that I will offer reflect some of those of the chairman and the ranking member. They're based on the efforts of thousands of patriotic, highly skilled professionals, many of whom served in harm's way. And members of the committee know this because you visited them where they serve in harm's way. My sincere hope is that not only the Congress but the American people will see these men and women as the skilled professionals that they are, with the highest respect for our laws and values, and dedicated to serving the nation, with the courage to seek and speak the truth to the very best of our abilities.

Let me start with terrorism and highlight a few of our counterterrorism successes over the past year. First of all, as was noted, there has been no major attack against the United States and, I would add, or against most of our European, Latin American or East Asian allies in all of 2007. But that was no accident. In concert with federal, state and local law enforcement, the intelligence community has helped disrupt cells plotting violent attacks.

For example, last summer we and our allies unraveled terrorist plots linked to al Qaeda and some associates in both Denmark and Germany. We were able -- successful because we were able to identify the key personalities in the planning and follow their activities. We work with our partners to monitor the plotters and disrupt the attack activities. One of those intended targets was a U.S. facility in Europe.

In addition, our partners throughout the Middle East and elsewhere continue to attack aggressively terrorist networks that were involved in recruiting, training, planning to strike American interests.

Al Qaeda in Iraq -- we refer to that most frequently as AQI, just if I slip into an acronym -- they suffered major setbacks this past year. Hundreds of AQI's leadership, operational, media, financial, logistics, weapons, and even their foreign fighter facilitators were neutralized over

the past year. In addition, the brutal attacks unleashed by AQI and the other al Qaeda affiliates against Muslim civilians have tarnished al Qaeda's self-styled image as the extremist vanguard.

Now the question becomes, "Are we reaching a tipping point to witness the decline of this radical behavior?" We don't know the answer to that yet, but we're watching it very closely to see if we are approaching that tipping point.

That said, nonetheless, al Qaeda remains the preeminent terrorist threat to the United States here at home and abroad.

Despite our successes over the years, the group, as was mentioned by the chairman, has been able to regenerate many of its key capabilities. And that includes the top leadership, operational lieutenants and most importantly a de facto safe haven in Pakistan's border area with Afghanistan, known as the FATA, or the Federally Administered Tribal Areas.

Our Pakistani authorities, who are our partners in this fight and have helped us more than any other nation in counterterrorism operations, increasingly are determined to strengthen their counterterrorism performance, even during a period of heightened domestic political tension, which of course was exacerbated by the assassination of Benazir Bhutto.

Last year, at least 865 Pakistani security forces and civilians were killed by suicide bombers. Almost 500, in addition to the 865 with suicide bombers, almost 500 security forces and civilians were killed in various armed clashes. That totals over 1,300 in 2007. Therefore in 2007, Pakistanis' losses exceeded the cumulative total of all the years between 2001 and 2006.

Al Qaeda affiliates also pose a significant threat. Al Qaeda in Iraq remains the central most capable affiliate, and we are increasingly concerned that even as the coalition forces have inflicted damage on al Qaeda inside Iraq, it's possible that they could redeploy some of those resources for attacks outside of Iraq. Al Qaeda's affiliate in North Africa, known as Al Qaeda in the Lands of Islamic Maghreb, is active in North Africa and is expanding its target set to include U.S. and Western interests. Recall the attacks on the United Nations that killed scores in December of last year. Other al Qaeda affiliates in the Levant, the Gulf, Africa and Southeast Asia maintained a lower profile in 2007 but are still capable of conducting attacks against U.S. interests.

As was mentioned, homegrown threats inspired by militant Islamic ideology continue and they continue without necessarily operational direction from al Qaeda. We see that as a continuingly evolving danger, both inside the United States and to our interests abroad. Disrupted plotting last year in the United States illustrates the nature of the threat inside the country, and our European allies continue to discover their version of the homegrown threat inside Europe.

Turn now to weapons of mass destruction, proliferation. The ongoing efforts of nation-states and terrorists to develop and/or acquire dangerous weapons and delivery systems, in my view, constitute a second major threat to our country. After conducting missile tests and its first nuclear yield detonation in 2006, North Korea returned to the negotiating table last year.

Pyongyang has reaffirmed its September 2005 commitment to full denuclearization. They have shut down the nuclear facility at Yongbyon and they're currently in the process of disabling those facilities. But the North missed the 31 December deadline for a full declaration on its nuclear programs. And while Pyongyang denies a program for uranium enrichment and also denies its proliferation activities, we know North Korea continues to engage in both. We are uncertain about Kim Jong-il's commitment to the denuclearization pledges that were made as a part of the six-party framework.

As I was asked, I want to be very clear in addressing Iran's nuclear capability. There's been considerable confusion in how this has been reported in the press. First of all, there are three parts to any effective nuclear weapons. The first requirement is to produce fissile material. The second is a means of delivery of a weapon, given that you had a weapon; normally that would be ballistic missiles. The third part is the design and weaponization of the warhead itself. Now we assessed in our recent NIE or National Intelligence Estimate that the warhead design and the weaponization work is what was halted in 2003. The warhead design and weaponization work, also the military was engaged in a covert effort to produce fissile material. Those are the two things that were halted in 2003.

However, that said, the declared uranium enrichment effort that would enable the production of fissile material continues. So they're still going down a path to produce fissile material. In addition, production of fissile material is the most challenge -- most significant challenge in a nuclear weapons program. That continues. Also, as in the past, Iran continues to perfect ballistic missiles that can reach North Africa and into Europe.

The earliest possible date Iran could be technically capable of producing enough fissile material for a weapon is late 2009. We consider that unlikely, but 2009. That is unchanged from our assessment some years ago and most recently repeated in 2005. As the new estimate makes clear, Tehran halted their nuclear weapons design- related activity in response to international pressure, but they're keeping open the option to develop nuclear weapons. If Iran's nuclear weapons design portion of the program, one of the three parts that I mentioned, has either already been turned on or is re-activated, it would be a very closely guarded secret. The effort would be to keep us from being aware of the true status. Now one other point I would highlight, the Iranians have never admitted to this secret nuclear weapons design program, which was in fact halted in 2003.

Iran also remains a threat to regional stability and to U.S. interests in the least. 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 in Lebanon. Iran is pursuing a policy intended 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.

I'm going to turn now just briefly to the cyber threat. The United States information infrastructure, which includes telecommunications, computer networks and systems, and most importantly, the data that resides within those systems is critical to virtually every aspect of our modern life. Threats to our information technology infrastructure are an important focus for this community. We assess, as we have assessed for a long time, nations such as Russia and China long have had the technical capability to

target U.S. information infrastructure for intelligence collection, and what I want to emphasize here -- intelligence collection.

Today some countries and potentially terrorist groups could target our information infrastructure systems not for passive intelligence collection, but for degradation and destruction. That's a very significant vulnerability of the nation. At the president's direction last spring we were asked to form an interagency group to take a look at this issue, the cyber threat, and identify potential options. Now our tasking was fulfilled most recently with the issuance of a presidential planning directive which was signed earlier this year. We'll have more to say -- you're going to have a hearing, I think, next week, on Friday, about the details. When you talk about it more today or will be prepared to get into significant detail next Friday at the additional hearing.

Let me turn briefly to Iraq. The security situation in Iraq continues to show signs of improvement. Security incidents country- wide have declined significantly to the lowest point since February 2006 over two years ago. The monthly civilian casualties nationwide have fallen by more than half over the past year. I would note, however, despite these gains, a number of internal factors continue to undermine Iraq's security. Sectarian distrust is still strong throughout Iraqi society. AQI, al Qaeda in Iraq, remains capable of conducting destabilizing operations and spectacular attacks,as we've seen recently, despite disruptions to its networks.

In addition, intercommunal violence in southern Iraq has spread beyond clashes between rival militia factions. While improving significantly over the past year, the ability of the Iraqi security force to conduct effective, independent operations -- independent of coalition operations -- has improved, but it remains limited at present.

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

I turn now to Afghanistan. In 2007, the number of attacks in Afghanistan's Taliban-dominated insurgency, mostly in the south, exceeded that of the previous year. In part, that is because the coalition and Afghan forces undertook many more offensive operations over the past year. Efforts to improve governance and extend the economic development were hampered by a lack of security in some areas and sheer limitation in the government's capacity to do so. Ultimately, defeating the insurgency in Afghanistan will depend heavily on the government's ability to improve security, deliver effective governmental services and expand economic development opportunities.

The drug trade in Afghanistan is one of the greatest long-term challenges. The insidious effect 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 rebuild the economy. The Taliban, operating in the poppy-growing regions, at a minimum receive some level of financial support tied to these opium traffickers.

In the Levant, the regime in Damascus seeks to undermine Lebanon's security by using proxies and harboring a variety of terrorists, most specifically Hezbollah. Syria also remains opposed to progress in the Middle East peace talks. Since the assassination of Rafik Hariri in 2005, 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 Gaza last summer. Although feeling increased pressure over a weakening economic situation and an accelerating humanitarian crisis, Hamas remains in charge of the Gaza Strip. In the West Bank, we are beginning to see signs of progress by the Fatah, including renewed security and law enforcement cooperation with Israeli forces in taking more effective action against Hamas. Law and order have started to show signs of some level of improvement in the West Bank. We turn now to Russia and China.

Increases in defense spending have enabled the Russian military to begin to reverse the deep deterioration of its capabilities that actually began before the collapse of the Soviet Union. However, the Russian military still faces significant challenges. For example, demographic trends are not favorable and they still suffer from significant health problems.

In addition, conscription deferments erode available manpower, and Russia's defense industries are suffering from a loss of skilled personnel.

China's military modernization is shaped in part by its perception that a competent modern military force is essential for a great -- to achieve great power status. Improving Chinese theater- range missile capabilities will put U.S. forces, both naval and Air Force, at greater risk from conventional weapons. In addition, Beijing seeks to modernize China's strategic nuclear forces to address concerns about its survivability. If present trends continue, in the global development of counterspace capabilities, Russia and China will have increasing ability to target U.S. military intelligence and navigation satellite systems, also to include command and control, and the effort will be to inflict damage on our ability to conduct military operations, specifically the delivery of precision munitions.

Turn now to Venezuela and Cuba. The referendum on constitutional reform in Venezuela last December was a stunning setback for President Chavez, and it could slow his movement toward authoritarian rule. The referendum's outcome has given a psychological boost to his opponents. However, high oil prices will probably continue to enable Chavez to retain the support of his primary constituents, continue co-opting the economic elite and stave off the consequences of his financial mismanagement. Without question, however, policies being pursued by President Chavez have set Venezuela on a path to economic ruin.

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

Turn now to Africa. The persistent insecurity in Nicaragua's (sic; means Nigeria) oil-producing region, the Niger Delta, threatens U.S. strategic interests, as was mentioned by the chairman. The president of Nigeria has pledged to resolve the crisis in the delta but faces many, many obstacles. Ongoing instability and conflict in other parts of Africa are significant threats to U.S. interests in that region and in others, due to the high humanitarian and peacekeeping costs, the drag on economic reform, and the development of -- in those situations for the situation to worsen. Violence in Kenya after a close election which was marred by irregularities represents a major setback in one of Africa's most prosperous and democratic countries.

Turning to Sudan, the crisis in Darfur, in the region, shows few signs of resolution, even if the planned U.N. peacekeeping force, which is now planned to be 26,000 -- even if they arrive and fully deployed, as we hope.

The Ethiopian-backed transitional federal government in Somalia is facing serious attacks by opposition groups and extremists. It probably would flee Mogadishu or collapse if the Ethiopians withdrew.

In addition, tensions between the long-time enemies, Ethiopia and Eritrea, have increased over the past year, both sides of showing signs of preparing for war.

Mr. Chairman, ranking member, that was a very brief overview. I know we want to get to questions, so I'll just stop my remarks there and look forward to responding to your questions. It's a pleasure to be before you this morning to respond to your concerns.

REP. REYES: And I thank you for that overview.

I just have one question that I'd like each of you to answer, and it deals with primary language training and diversity. And the reason I ask it is because the intelligence community, I believe, continues to lack people who speak critical languages at an acceptable level of proficiency. We also have to recruit a diverse workforce that can penetrate some of these really hard targets like al Qaeda and other terrorist groups.

So the question I have is -- for each of you: How successful have you been in recruiting and training speakers of critical languages, and also, talk briefly about recruiting a diverse workforce.

MR. MCCONNELL: Mr. Chairman, let me start, and there's a level of questions that we'll probably need to take to the closed session on specificity. But let me just provide an overview by saying that a more diverse workforce, one that looks like America, to the extent possible, we've made a priority. We have a plan and just recently reviewed where we are in that plan, and if it hasn't arrived yet, there's a report coming up to you. Every one of the areas that we would measure -- women, minority groups and so on -- are all going in a positive direction. It's not as fast as we would like, but it's going in a positive direction.

We have had some success in recruiting those who speak languages at the native level of the countries that we would have to target to be

successful. So let me let each of our representatives here talk about their specific programs as much as we can talk about them in the open.

GEN. HAYDEN: Mr. Chairman -- (inaudible) -- as Director McConnell described, getting better but probably not at the slope we would want them to have moving up. Very briefly some positive signs. Our requirement for language-qualified officers keeps moving, keeps increasing, and so the goal posts are moving down the field. That said, we are actually getting closer to the goal post. So even though each year our requirement is larger, we are fulfilling a larger percentage of the requirement, and this is particularly true in mission critical languages.

With the help of your committee we've revamped our language pay system. We've added an additional $10 million into language bonuses, and that started about two weeks ago. It means about 50 percent increase in pay for language proficiency for our officers. We think that ought to have a very positive effect in getting language- qualified officers into language-required jobs because that's where you link up with the bonus.

In terms of minorities, we're doing, as the admiral said, better in each of the categories with the exception -- and you and I have talked about this personally, Mr. Chairman -- with the exception of Hispanics. Unfortunately, an awful lot of our recruits come from zip codes in the states immediately around our headquarters. Again, as we've talked, our move to establish a footprint in Texas we think will help us with Hispanic recruitment.

I do have one positive figure to give you, though.

We average about 115,000 applications a year. And in the current year, okay, about one-third of our applicants are self-identifying as minorities. That's the highest it's ever been, and so a very positive sign.

GEN. MAPLES: Sir, the Defense Intelligence Agency is in a similar position as well, both with respect to diversity and to language capabilities, and I think we've made a lot of progress in this last year. And, in fact, I think most of us have a note in a personal performance agreement with Director McConnell that we are personally going to focus on this issue of diversity and language capabilities within our workforces, but we're making progress.

And particularly within my agency, the diversity statistic's much improved over where we were, and I'm very confident that we are on the right path in both recruiting and retaining the individuals that we need to be successful in the agency. We're not there yet, as Director Hayden mentioned, but we're on the right path right now.

I've seen some great successes in terms of our language program and likewise the number of individuals with the critical language skills that we need. We are recruiting and we are identifying their language skills in such a way that we are paying the bonuses to them for their language skills, which will retain them within our workforce.

In order for them to be effective, though, we've got to create some different parts to our program. And that includes how we assess, how we test their language skills. And then most importantly how do we sustain and improve their language skills over time? And we've made a great investment

in managing that program and providing the kinds of capabilities that will enable us to improve their language skills for the longer term.

MR. MUELLER: Mr. Chairman, with regard to the language skills, we are still not where we want to be. We've made strenuous efforts to improve and we have improved, particularly in Middle Eastern languages, Mandarin and the like. We have a Middle Eastern recruitment task force that is focused in particular on identifying and recruiting those that we need for the Arabic, Farsi, Urdu, the various languages that are important to us. And while we've made headway, we still have hurdles.

One of the aspects that I'm finding also is that as we hire, train and develop agents with particular language skills, those same agents are recruited by businesses, who increasingly are globalized and recognize that taking an FBI agent with a language skill, or may have worked in a legat for a number of years, has tremendous benefit to that particular corporation or financial institution. And consequently we are losing some of our better agents who have those particular skills.

With regard to minority hiring, I think we are doing a good job, although we were spotty in areas. The recent report of the ODNI, Admiral McConnell talked about, shows that we're doing well in certain categories, and there are other categories in which we need some improvement. It has, over the years since September 11th, been a substantial priority for us. And as I said, we've made headway, but there are still areas in which we could improve.

MR. ALLEN: Mr. Chairman, over at Homeland Security, I suffer from one handicap. I'm not an excepted service, so it makes my hiring, recruiting and getting the types of people I want very difficult. But we have hired a lot of new officers and we are encouraging them and giving them incentives to deal and learn uncommon languages.

On minorities, I think we're doing well, but on Hispanics we're doing poorly. And I need to do much better because of our responsibilities in working Secure Borders and Borders Out, which you're very familiar with.

We are recruiting on campus. I have sent money to Mr. Mueller here -- he probably doesn't know that -- to work with his training people to hire an intern -- some interns where will we share -- the bureau will help us work together to find interns from different cultures, different languages, bring them on, and we'll share these interns, working together. It's the type of thing that I just discussed with Mr. Pistole last week, and we're very happy that the bureau is supporting us in this endeavor.

MR. FORT: Mr. Chairman, at the State Department our commitment to diversity starts at the top. Secretary Rice has indicated that that is one of her highest priorities. And I think the composition of our Foreign Service -- entering Foreign Service officer classes would suggest that we are achieving some success in that as a department.

I&R, as you know, is very small. Our annual number of new employees is but a handful compared to some of my other agency colleagues. But that said, we do consider a wide array of diverse candidates. And in fact, in an effort to increase the size of the pool, we've undertaken an effort to create a special internship program with Howard University locally. In fact, next week I'll be attending a recruiting session at Howard University myself to

deliver a lecture and talk to students about opportunities for careers at the State Department and I&R.

With regard to languages, because of the deep expertise of a lot of our analysts, many of them already have language capability, but for those who don't, we encourage that. And I'm pleased to say the DNI has just recently made some resources, over $100,000, available to us to pursue some of the hard languages, such as Chinese, Urdu and so forth, that -- and Arabic -- that will be important for us going forward. So we do underscore the great importance of language proficiency as well.

REP. REYES: Well, thank you. I just want to make sure that in your respective efforts to diversify the workforce and look for people, that you keep in mind Hispanic-serving institutions, historically black colleagues and universities. There are a number of university professors that have come forward to indicate to me and to the staff that they're willing to work with particularly the intelligence community aggressively to provide information to minority and those students that have unique language capabilities.

I continue to track this monthly. The intelligence community is lagging behind the federal workforce, in some cases very seriously. So we need to continue to prioritize this issue because not only does it make sense, but it can make the difference. As many -- I know I've had many conversations with each of you about the fact that attracting minorities and people that speak these particularly targeted languages makes sense for us at this critical point in our nation's history.

So I will continue to work with each of you and monitor your progress to make some improvements here. With that --

MR. MCCONNELL: Mr. Chairman, could I just -- one follow-on, if I could.

REP. REYES: Yes.

MR. MCCONNELL: Years ago, when I was on active duty, what shocked me when I looked at the statistics was how underrepresented -- as a percentage of America at large, how underrepresented our community was with regard to Hispanics. And so as a result of that, we established some outreach programs to Hispanic colleges, and it's to my understanding those still go on.

I'll go back and check on the status of that and let you know just where that stands and do we need to do more.

REP. REYES: And I also wanted to make note that we've got those 10 centers of excellence.

MR. MCCONNELL: Yes.

REP. REYES: If we can expand to other parts of the country, I think that's another tool that we can use.

Mr. Hoekstra.

REP. HOEKSTRA: Thank you, Mr. Chairman.

I'd like to get back to talking a little bit about the threat from radical jihadists. And in their own words they say their number- one strategy or their number-one objective is to be successful in Iraq and drive us out of Iraq, and then use that as a basis to form the caliphate. There have been reports that -- and actual changes, you know, what happened with the Al Anbar Awakening, where the Sunni tribal leaders, you know, flipped from being supportive of al Qaeda to now working and working very effectively with our troops and the coalition and the Iraqi government -- and part of that was because al Qaeda lost their support because people looked or the Sunni tribal leaders looked at what al Qaeda was doing there and said, "We don't want any part of this."

And then there's also reports that in other parts of the Islamic world they're losing some of their support on the street because they're going out, and with their car bombs and other attacks, they're killing more Muslims than what they are, as they would describe us as, infidels. I mean, are you seeing and is there any evidence -- or what information do you have that talks about the level of public support that radical jihadists do or do not have as a result of not being as successful in Iraq and because of some of the tactics that they are using?

MR. MCCONNELL: Sir, probably the most dramatic manifestation of that is what you mentioned, where it started in Al Anbar province to the west in Iraq. I think that was probably enabled by the fact that the security situation had improved and there was some level of control, so once they started -- it's become known inside Iraq now as the awakening.

And there's been very significant activity to drive al Qaeda in Iraq from the locations where they're embedded, and that includes not only Anbar province, also the Baghdad areas and so on. So what's happened is al Qaeda in Iraq, for the most parts, moved up to the north. And so now those in the north are becoming energized about containing al Qaeda in Iraq.

So what I mentioned in my remarks -- we don't know if we've hit a tipping point yet. And that's something we're trying to -- focused on, trying to get a feel for it. But in Iraq the primary reason that the sectarian violence has decreased, in my view, is al Qaeda was able to do things to stimulate attacks on the Shi'a, so the Shi'a would respond by attacking the Sunnis. And probably the most significant was the Samarra bombing against the dome mosque in -- back in February 2006.

When they were successful in doing that, it generated a level of self- sustaining violence. So now that al Qaeda in Iraq has been attacked by U.S. coalition forces and the Iraqi people have turned on it, then the security situation has changed pretty dramatically. Now whether we miss -- reach that tipping point or not, we don't know yet.

REP. HOEKSTRA: Are you seeing any of those same indications -- sorry, General Hayden, but -- I was just -- any of those same characteristics outside of Iraq, that al Qaeda and radical jihadists may be losing some support because of their lack of success and because of their tactics in Iraq?

MR. MCCONNELL: There are a number of positive signs. The first one I would highlight is in Saudi Arabia. Now some would make the point that some of the -- the Wahabi, the primary religion of Saudi Arabia, and their

interpretation of the Muslim religion has some very harsh points and points of view in it. But recall when the Saudis were attacked internally, I think it was 2003, they reacted in a very forceful way. Well, what happens then is it starts to put pressure internally on an al Qaeda group. It also puts pressure on donations. There are some if you are of this point of view and you've got the resources to do so you would contribute to. So what we've noticed over the past year, 18 months is al Qaeda has had difficulty in raising funds and sustaining themselves.

So again, it's the key question you're asking, have we hit that point. We see positive signs, but it's not something we can tell you just yet. We're on the decline going the other way.

GEN. HAYDEN: I'd just add, Congressman, maybe to reinforce, and I think I understand the intent of your question.

This is hard to measure. It's hard to get metrics on it. But instinctively, I think in my travels in talking with our partners, particularly in the Muslim world, I see the same thing that you're reflecting. There seems to be a greater indication on the part of people within Islam to question the vision of al Qaeda and the future that they're holding out very starkly put out in Anbar, but I see it elsewhere as well.

And I would suggest to you that Zawahiri's kind of phone-it-in question website effort, where he's asked people to come in, might be a true reflection of al Qaeda's senior leadership seeing this threatening of their legitimacy as well to have people like bin Laden and Zawahiri -- who have simply kind of governed by fiat in terms of what true Islam is -- now being forced to enter into a, frankly, a rather open dialogue with the uma (sp), with the body of believers, I think, is a remarkable step and I don't think reflective of over confidence on the part of al Qaeda now.

MR. MCCONNELL: I would add one other thing just to sort of complete the picture of this. A group of Muslims that refer to themselves as Salafi, and the way to think about that is those who have -- who directly associated with Mohammed and then any interpretation or rule or anything that was outside of that group is not the strictest interpretation in which they would choose to follow. So that makes them pretty fundamental in -- fundamentalist in their outlook.

Well, recently we've noticed several Salafi groups are starting to condemn al Qaeda's activities, so that's another sign for us that it -- the billion Muslims which practice their faith as good citizens are not for al Qaeda, and it's the extremist fringe which continues to support them.

REP. HOEKSTRA: In an effort for them to potentially build back some public support, their second objective, again, as they say it, is to destabilize other moderate Islamic states.

What can you tell us? I mean, there have been press reports linking the assassination of former Prime Minister Bhutto to the Taliban, perhaps to al Qaeda, I think, even bin Laden's son perhaps being involved in this. Do we see this as -- what do we know about this, or what can you share with us in open session about this assassination?

MR. MCCONNELL: In open session, Osama bin Laden, last September, declared a fatwa against the Pakistani government and specifically President

Musharraf. As you may recall, he's been subjected to something on the order of 9 or 10 assassination attempts. So this was Osama bin Laden the spiritual leader declaring fatwa and saying that Musharraf should be killed and Pakistan should be overthrown.

Well, from that time till now, we have seen more and more of the militant groups in the FATA be energized by their dialogue with al Qaeda and then, as I mentioned in the casualty figures I provided in my opening remarks, 60 suicide bombings killing that many people. And the significance of that to me from the Pakistani point of view is they have now internalized, they realize, that they have a problem for Pakistani longevity and stability originating right there in their own country. So the dialogue we're engaged in now is, how do we help them help themselves?

REP. HOEKSTRA: Their third objective is elimination of the state of Israel. Are we seeing any evidence at all of them moving towards becoming more actively engaged in attacking the state of Israel, either with suicide bombers; you know, coordinating with Hezbollah, Hamas, coming out of the Gaza, coming out of the West Bank or whatever or out of Lebanon, to attack Israel, take credit for it, again with the hope and the expectation that they may, by taking those kinds of activities, rally some public support back to their effort?

MR. MCCONNELL: The primary support, for those radicals who are attacking into Israel, originates in Iran. Iranians are Shi'a, as you're aware. Hezbollah is Shi'a in Southern Lebanon, and that's a principles level of support with weapons and encouragement and so on. The Hamas group is Sunni, and now there's evidence that Iran is supporting Hamas with various attacks into Israel. There is an al Qaeda group in Lebanon, and part of their mission is to attack into Israel. But specifically al Qaeda focused on Israel -- I would say they are but as maybe a third or fourth priority. You've already outlined the primary priorities: Iraq, Afghanistan, then the governments of the Middle East, Saudi Arabia, number one, and the other, United Arab Emirates and Kuwait and so on. So I think more of their activities have been directed in those areas, and perhaps not so much specifically focused on Israel, but it's a matter of resources and time. They would certainly go there, given they were successful.

REP. HOEKSTRA: Or I guess the question is, if they're losing public support because of their lack of ability to be successful in Iraq, would it be, is it unreasonable to assume that they may ratchet up attacks on Israel, just to get back public support in the --

MR. MCCONNELL: I think they could. Let me ask General Hayden.

GEN. HAYDEN: I'd just add, Congressman, they have already ratcheted up the rhetoric against Israel.

REP. HOEKSTRA: Okay.

GEN. HAYDEN: If you look at the body of literature that al Qaeda's created, the body of propaganda, they've frankly come fairly late to the question of Palestine.

And I think you're absolutely right; they've come to it because it's a winning issue on the street for them, not because it's a core issue for what al Qaeda was originally set out to do.

REP. HOEKSTRA: Right. Good.

MR. MCCONNELL: Mr. Chairman, could I just make one other point, if I could? Just the way I think about this, there are extremist elements in virtually every society. That goes back over history. What al Qaeda's been successful in doing is uniting those extremist elements. And one of the ways they do that is modern technology. It's the Internet. They can -- if you are even thinking about this, you can sit down and find a website and start having dialogue and be recruited. And so we've seen the group that perseveres in the FATA reach from Morocco all the way across to Afghanistan, the -- Northern Africa, Levant and so on.

So modern technology has allowed them to unite an element of extremists. But it's my belief that at some point society will disenfranchise that extremist element, and we'll be able to see a tipping point going back in the other direction.

REP. HOEKSTRA: Good. Thank you.

Thank you, Mr. Chairman.

REP. REYES: Thank you, Mr. Hoekstra.

Ms. Eshoo.

REP. ANNA ESHOO (D-CA): Thank you for holding this hearing, Mr. Chairman.

Welcome to all of our witnesses. Thank you for your service to our country.

Mr. Chairman, how much time do we have for questions? Mr. Chairman, how much time do we have for questions?

REP. REYES: What -- five minutes.

REP. ESHOO: Okay. Let me start out -- I have a series of questions in different areas. The first one is, what other groups besides al Qaeda and its affiliates pose a threat to our country?

MR. MCCONNELL: First probably would be Hezbollah. Hezbollah's very sophisticated. They've conducted terrorist attacks on a global basis. So I would say Hezbollah would be the first I can think of. There are some others, but they're of smaller size and capability.

REP. ESHOO: So Hezbollah is a direct threat to the United States?

MR. MCCONNELL: It could be, yes.

REP. ESHOO: Could be. Mm-hmm.

I want to switch back to -- because you raised it, Director McConnell -- the issue of the Protect America Act. There have been several authorizations to conduct surveillance under the PAA, and what I want to put on the table and examine is, A, when do they expire? Will any of them expire before August of this year?

MR. MCCONNELL: The way the law was written is a current activity, given that it expires, would continue. The issue for us is new activities would be without the capability, and it sets up a --

REP. ESHOO: Would you still be able to conduct surveillance under the authorizations?

MR. MCCONNELL: For activity that was already authorized and covered under our current activity, yes. The issue is something new. And so this is a very dynamic situation.

Let me just give you an example. We had 20 terrorists show up in Spain that had been trained in Pakistan, that were going to be suicide bombers, fanning out over Europe. We didn't know very much about that at all, and so that's an example of what would be a pop-up target. It would be -- causes some issue if we didn't have the authorities.

REP. ESHOO: Now, has the PAA eliminated the backlog that you have -- that you were really concerned about when you testified before the committee last summer?

MR. MCCONNELL: I think we're caught up with where we need to be right now, yes.

REP. ESHOO: You think you are, or you know you are?

MR. MCCONNELL: I think we are. I mean, we -- now, let me just make a point. The level involvement, even with PAA, of the FISA Court in looking at our activities -- our process, our procedures, all the various activities -- is a very tedious, time-consuming --

REP. ESHOO: That's why I'm asking the question.

MR. MCCONNELL: You have to make very, very careful that you get this right. So it wasn't just a matter of saying the law passed; everything is free game. We had to build the procedures, take them in for approval, and that's been --

REP. ESHOO: That's why I asked about the backlog.

MR. MCCONNELL: Well, that's -- we've worked that off, and I think we're caught up to all of it now.

REP. ESHOO: Now, with respect to FISA, you've said that retroactive immunity is critical to securing the cooperation of telecommunications companies. FISA in the House bill provides immunity for any future cooperation they provide, correct?

MR. MCCONNELL: Right.

REP. ESHOO: All right. Now, if they decide to be uncooperative, can't we also compel them to cooperate under existing statutes by obtaining a court order?

MR. MCCONNELL: No. They could take us to court and say no. The thing you have to appreciate, ma'am, is this is a partnership, and it has to be done willingly. So if you put it --

REP. ESHOO: I understand, but I'm just probing about this -- I think this open-ended immunity that you and the administration are pushing for. Existing U.S. law offers telecommunications companies immunity against lawsuits for lawful assistance they provide to the government. Now, if -- the administration's description of the president's program suggests that certifications were issued. Now, if in fact certifications were issued, why do we need additional laws to bail out the companies? Were there certifications issued?

MR. MCCONNELL: Yes, there were.

REP. ESHOO: There were. So why do we need additional laws to --

MR. MCCONNELL: Because they're being sued, ma'am. That -- it is the fact of the matter they're being sued. So now --

REP. ESHOO: But give -- wait a minute. Let me draw a nexus between the certifications and the suits. If in fact there is a nexus and that exists, the certifications, why is it that you're asking for something that essentially they already have, they're protected by?

MR. MCCONNELL: It's quite simple. They're being sued. Think about this for a second. If you are a provider of services and you're being sued, alleged to have --

REP. ESHOO: But don't they qualify for immunity under the existing law with certification?

MR. MCCONNELL: Can I answer the first question? May I answer the first question?

REP. ESHOO: Sure.

MR. MCCONNELL: You ask why -- if they're being sued, think about the allegations of being sued and what it would do to damage your professional reputation, your brand. If competitors could say things about you that weren't even truthful but alleged, it could harm you in some way. So therefore, if --

REP. ESHOO: There are ways, Mr. Director, to handle classified information in our court system.

MR. MCCONNELL: I wasn't talking about classified information. I was talking about being sued for allegations of wrongdoing. And so that -- if you are a member of the board of directors, under laws passed by this Congress, you have a fiduciary responsibility. So if you're harming that company in some way, responsibility to stockholders, you would not be willing, likely, to cooperate with this community.

REP. ESHOO: I just want to -- I think -- I can't see --

REP. REYES: Yeah.

REP. ESHOO: Yeah, the red light is on. If I could just offer just one observation, Mr. Chairman, the laws that we have offer immunity from lawsuit if the assistance was provided pursuant to these certifications. Now, you're saying that we did -- that the administration did certify, but that the certification really doesn't offer anything. So I think there is still a question mark that hangs over this. But I'm glad to pursue this with you. And thank you, Mr. Chairman, for having the hearing. I think that we can follow up with more in the closed session -- (off mike) -- thank you. Thank you.

MR. MCCONNELL: I need to follow up one thing I didn't quite finish my answer on. If it expired --

REP. ESHOO: I didn't get -- quite finish all my questions, either.

(Chuckles.) So --

MR. MCCONNELL: If the Protect America Act expired, we would lose our ability to compel assistance from the private sector. That's one of the major things we're worried about.

REP. ESHOO: No, that's not correct. That's not correct, Mr. Director. That's -- I mean there are lots of us here that will -- (off mike) -- but maybe other members will --

MR. MCCONNELL: We'll be happy to sit down and look at the law and talk to you about it.

REP. REYES: Let's go on to Ms. Wilson.

REP. HEATHER WILSON (R-NM): Thank you, Mr. Chairman, and thank you all for being here today. I appreciate it very much.

Mr. Director, in your following up on this issue of the Protect America Act and the need to make sure that our laws are up to date, in your testimony there's a -- you made the comment that greater -- one of the things that the Protect America Act has allowed us to do is to gain greater insight into future terrorist plans that have allowed us to disrupt attacks.

Is it possible for you to elaborate on that statement in an open session?

MR. MCCONNELL: Not in open session, Ma'am. I'd have to -- if we're going to have a closed session later today -- and I could give you specifics. But at the -- what I could say I said in the statement, but I can give you details in a separate session.

REP. WILSON: But it is your belief that these authorities have assisted you in disrupting attacks.

MR. MCCONNELL: There is no question, Ma'am. What it allows us to do is -- remember, what is it we're talking about? We're talking about conducting surveillance against a foreigner in a foreign country. It just so happens that we may have access to that under the old law here in this country. It causes us to stop and have to get a warrant to do that -- foreigner in a foreign country. But the issue was the place of intercept. It was an artifact of a law written before we had global coms and Internet.

So all we were attempting to do is to be flexible and agile in a foreign country, and so now that we have that flexibility under the existing law we've enjoyed a higher level of success and we can move with greater speed and alacrity.

REP. WILSON: You mentioned in your testimony the threat of cyber attacks on the United States and how disruptive that would be to the our economy and so forth. In order to protect against those cyber threats, does that require the cooperation of the same telecommunications --

MR. MCCONNELL: Yes, ma'am, it does.

REP. WILSON: -- (off mike) -- currently under suit.

MR. MCCONNELL: It requires -- not only requires cooperation. It's absolutely essential. What I'd highlight is about somewhere between 96 and 98 percent of all of this infrastructure is owned and operated by the private sector. Now the government depends on that, as do our citizens, so if we're going to be able to protect it, it's going to have -- require some level of dialogue and cooperation between the government and the private sector.

REP. WILSON: Would it be fair to say that if these companies continue to get sued for cooperating with the government, that relationship would be rather chilly?

MR. MCCONNELL: Yes, ma'am, we already know that to be the case.

REP. WILSON: Has your level of cooperation with private entities then impacted negatively by these suits against these companies?

MR. MCCONNELL: Yes, ma'am, it has pretty significantly.

REP. WILSON: May I ask you to shift to the question of Iran and your testimony about warhead designs and their enrichment efforts. I understand from your testimony and from other testimony in front of this committee that the long pole in the tents making a nuclear weapon is the enrichment activities. How long would it take Iran if it chose to restart its warhead design activities to come up with a workable design for the weaponization of enriched material?

MR. MCCONNELL: There are two answers to that question. If the intent was to do nothing but have a nuclear yield, just a yield, something that you could haul around on a truck or bury in the ground, they could do that in six months to 12 months.

If the effort is to have a warhead that could be weaponized to be placed on something that -- like a ballistic missile, it would take two to three years to actually finish the design and do the necessary testing.

REP. WILSON: And your estimate on the enrichment effort is, at the earliest, 2009, 2010 time frame?

MR. MCCONNELL: Yeah. They could -- theoretically, they could do it, given their current effort, by 2009. We don't think they're moving quite that fast, but we don't have perfect insight and understanding. So our estimate is could be 2009. More likely our range is five years, 2010 to 2015. And then the community's taken various positions of whether that would

be 2011 or 2012 or whatever. And it's just differences of opinion among various analysts.

REP. WILSON: In respect to North Korea, does the intelligence community assess that they are operating a uranium enrichment program currently?

MR. MCCONNELL: Yes, ma'am. Our assessment is at the medium confidence level. We had high confidence previously. But lacking more updating information, we're currently at a medium confidence level that they have and they continue to operate a uranium enrichment program.

REP. WILSON: Do you believe that the North Koreans would sell that material or the technology and knowledge of any weapons design to other governments or terrorist organizations if they could get money for it?

MR. MCCONNELL: That's one of our greatest concerns. They have demonstrated behavior of selling things that concern us, like ballistic missiles and so on. So our worry is that they, in fact, would do that.

REP. WILSON: I wanted to thank all of you for your service to the country. I believe very strongly that intelligence is the first line of defense in the war on terrorism, and the greatest accomplishment of the last six years has been what has not happened. We have not had another terrorist attack on our soil. And so I appreciate very much the work that you do.

Thank you, Mr. Chairman. REP. REYES: Thank you, Ms. Wilson.

Ms. Schakowsky, you're up.

REP. JANICE SCHAKOWSKY (D-IL): Thank you, Mr. Chairman.

At the risk of sounding harsh, I want to say that -- to you gentlemen that to me it's not any wonder that the American people view the intelligence community with a great deal of skepticism. We're in a five-year war in Iraq now, with no end in sight, based on faulty intelligence.

It's now a breeding ground for al Qaeda, as we hear. Iraq is as far from political reconciliation as it's ever been -- nearly 4,000 of our best dead, $10 billion a month, $13 million every hour. Al Qaeda's gaining strength, according to yesterday's testimony in the Senate and here today, along the Afghan border. And Afghanistan itself is in an -- has seen an uptick in violence and a decreased support from allies.

The intelligence community wants more authority to spy on Americans, has too few spies that speak the language to spy on our real enemies. The president has admitted to secret interrogation sites. The U.S. is rendering prisoners to countries known to engage in torture. General Gates defends the use of torture.

And yes, waterboarding is something that we've criticized other countries for using, and the rest of the civilized world and many Americans view as torture. I think right now the blood, the treasure and the soul of our country is at risk, and it's no wonder to me that Americans are clamoring for change.

I want to ask about interrogations. In your testimony earlier this week, General Gates, you testified that, for the first time, that the CIA waterboarded three al Qaeda detainees because of a belief at the time that additional attacks were imminent. Why have you finally admitted publicly that the CIA used interrogation techniques? Why do you do so now?

GEN. HAYDEN: I think the new news was that we used this particular technique on these particular individuals in the time frame in which it was done. It was a very difficult decision. It is not something that we are comfortable making public, because this entire program, although briefed fully to the committee, is not -- it's a covert action.

But the decision was made, and I frankly supported the decision, that the question of waterboarding had become so much of the public discourse about the activities of the American intelligence community, and that the public debate, and we exist in a political context and are not immune to this broader political discussion, is quite appropriate.

And at the end of that political discussion, whatever guidance we get from the American political process, in law or other means, guides the performance of this community, guides the performance of CIA. Given that, it was our strong belief that the political discussion that was going on was misshaped and misformed, and that those people who were taking part in the public debate were creating realities that may have supported their arguments but did not reflect the realities that reflected Central Intelligence.

REP. SCHAKOWSKY: So are you saying, you know, you had harsh interrogation techniques that are often justified by this ticking- time-bomb scenario that, you know attacks are imminent? But why has the CIA employed harsh interrogation techniques, even once those immediate, imminent threats have passed?

GEN. HAYDEN: Well, all the techniques that we've used have been deemed to be lawful. We used waterboarding on three individuals under what were fairly unique historic circumstances: number one, a belief across the community that further catastrophic attacks were imminent; number two, an admittedly weak understanding of the workings of al Qaeda. No, those two situations do not pertain at the current time. The third leg of the stool, on which we stood at that point in time, was the inherent lawfulness of the activity.

Now, all three of those things have changed. We have far more knowledge of al Qaeda. And although the threat continues, the imminence of the attack is not apparent to us.

REP. SCHAKOWSKY: Okay, my time is ticking away.

GEN. HAYDEN: And finally I'm free to admit that the legal landscape has also changed, with the Military Commissions Act, the Detainee Treatment Act, the Hamdan decision and the president's own executive order.

REP. SCHAKOWSKY: Are contractors involved in CIA detention interrogation programs?

GEN. HAYDEN: Absolutely.

REP. SCHAKOWSKY: Were contractors involved in the waterboarding of al Qaeda detainees?

GEN. HAYDEN: I'm not sure of the specifics. I'll give you a tentative answer: I believe so. And I can give you a more detailed answer --

REP. SCHAKOWSKY: And are they bound by the same rules enforced for other government personnel?

GEN. HAYDEN: They are bound by the same rules enforced for the Office of the Central Intelligence Agency.

REP. SCHAKOWSKY: Thank you.

REP. REYES: Let's -- where -- we've got four votes that are going to be called between 11:30 and 11:40, so I'm going to try to get through as many members, because when votes are called we'll get through as many members as we can, and then we will proceed to the closed session up in 405.

So with that, Mr. McHugh, you're up.

REP. JOHN MCHUGH (R-NY): Thank you, Mr. Chairman.

General Hayden, just to kind of fill out the record, based on what you said yesterday, how long has it been since your agency or any agency within the U.S. used waterboarding as an interrogation technique?

GEN. HAYDEN: Just a few weeks short of five years.

REP. MCHUGH: And it is your understanding and your method of operation right now that that is a prohibited technique.

GEN. HAYDEN: It's not a technique that I've asked for. It is not included in the current program, and in my own view, the view of my lawyers and the Department of Justice, it is not certain that that technique would be considered to be lawful under current statute.

REP. MCHUGH: Thank you.

Let's go back to Pakistan. The general impression had been that particularly what's now being called neo-Taliban activities -- although very, very worrisome in terms of the stability of Afghanistan, obviously a threat to Pakistan in terms of its regional stability -- was not really an ultimate threat to the national stability of Pakistan.

I note that former deputy director of Mi6, Nigel Inkster, has now labeled that neo-Taliban movement headed up by Baitullah Mehsud as probably the number one state -- non-state actor and threat to both stability within Pakistan on a national level. And in the open press he made comments that in fact the Massoud forces had dispatched terror cells to Great Britain and Spain. Are you prepared to discuss the stability of Pakistan vis-a-vis the activities in the FATA and within SWAT and other areas? And also are you aware of any ability they have shown to export terrorist cells abroad?

GEN. HAYDEN: We could say something about that in open session.

REP. MCHUGH: Open session, yeah.

GEN. HAYDEN: I think our analysis -- and I think that's a plural, across the board here, and our Pakistani allies are fairly convergent here. And here's what's new.

You've had al Qaeda in the FATA since they left Afghanistan 2001-2002. The Pakistanis have generally viewed that to be -- although they've been very good partners, they viewed that probably fairly to be more a threat externally to us, for example, than it is to them. They no longer see that. What we have here is a nexus of al Qaeda and Pashtu separatism and extremism and probably always there in latency, but now there actively. And the Pakistani government now recognizes this is a threat to the identity and the stability of the Pakistani state, and that's new.

And you're right. Baitullah Mehsud is there at the center of that nexus. Right now that bridge between al Qaeda and you said Taliban, I'll use simply Pashtu extremism and separatism.

REP. MCHUGH: Well, the press accounts were neo-Taliban movement -- and whatever everybody's comfortable with.

Let's talk a bit about Iran's nuclear program. Mr. Director, you talked about three components of any nuclear program -- the fissile material development, the delivery system design and weaponization. And with Ms. Wilson's comment, you talked about probably the less problematic of those three. Of those three, which is the easiest to conceal? Forgetting the testing part -- obviously that's a little hard to do -- but is the design system pretty easy to go clandestine in time?

MR. MCCONNELL: Of the three, that would probably be the easiest to conceal, although they did have a concealed uranium enrichment program, but it also halted.

REP. MCHUGH: Yeah, but no longer. I mean, that's pretty obvious now. And with respect to the design and weaponization, that's probably the easiest to procure illicitly, say from a North Korea. Would it not be?

MR. MCCONNELL: You could get design information, given that another country would provide it. And it could be from any number of countries, yes.

REP. MCHUGH: So your estimate of development -- 2010 to 2015 -- is, I presume, predicated upon the fact or upon the assumption that they would develop that internally without any kind of external input?

MR. MCCONNELL: The 2010, 20125 is primarily driven by fissile material. So at some point, they could turn back on the design part, given the fissile material gets to a critical state, and then they could be capable as early as 2010.

REP. MCHUGH: Maybe when we get to closed session, you could talk a bit about recent press reports about Israeli estimates that are significantly different than ours. I appreciate it.

Thank you, Mr. Chairman.

REP. REYES: Thank you, Mr. McHugh.

I think we've got time for Mr. Holt and Mr. Thornberry, and then we'll recess and reconvene in closed session.

Mr. Holt. REP. RUSH HOLT (D-NJ): Thank you, Mr. Chairman.

And please understood that we do appreciate your efforts to protect the American people.

General Hayden, just to follow on Ms. Schakowsky's questions, remind us why the extreme interrogation methods were deemed necessary and why they are -- it's -- the option of using them is -- must be retained?

GEN. HAYDEN: We've had about -- actually, just fewer than a hundred detainees in the CIA program. In the overwhelming majority of cases, any enhanced tactics are not deemed necessary, that most --

REP. HOLT: Are not ever --

GEN. HAYDEN: No, never.

REP. HOLT: So you foreswear all enhanced techniques from now on.

GEN. HAYDEN: No.

REP. HOLT: Oh, okay. So why do you not in those cases where you would not foreswear them?

GEN. HAYDEN: We've had fewer than a hundred people in the program.

REP. HOLT: Yeah.

GEN. HAYDEN: In about two-thirds of the cases, the detainee -- we did not have any need to use any enhanced interrogation techniques on the detainee --

REP. HOLT: When you do --

GEN. HAYDEN -- in order to get them into a zone of cooperation.

REP. HOLT: Yeah.

GEN. HAYDEN: In almost all cases, our most powerful tool is not enhanced interrogation techniques. It's our knowledge.

REP. HOLT: My question, General, is when you must use them --

GEN. HAYDEN: But if you recall, at the beginning of the program, we had limited knowledge.

REP. HOLT: Yeah, my question is when you must use them and why you must retain them. What is the justification? When? What circumstances or why? GEN. HAYDEN: That an unlawful combatant is possessing information that would help us prevent catastrophic loss of life of Americans or their allies.

REP. HOLT: Right.

Now, Director Mueller and General Maples, if these harsh interrogation techniques are necessary for the CIA to retain, why have your agencies disavowed them? Do you never interrogate people who have critical information that would present -- that, through obtaining it, we could prevent loss of life? Director, and then General.

MR. MUELLER: From the perspective of the FBI, our protocol is not to use coercive techniques. That is our protocol, we have lived by it, and it is sufficient and appropriate for our mission here in the United States under the circumstances that --

REP. HOLT: And you are able to elicit the life-saving information that you must elicit in your interrogations?

MR. MUELLER: We believe that the appropriateness of our techniques to our mission here in the United States, under the construct in which we operate in the United States as well, and the fact that in almost all cases we are looking to question American citizens within the borders of the United States, that our protocol is appropriate.

REP. HOLT: General Maples?

GEN. MAPLES: Sir, likewise, the Army Field Manual guides our efforts and the efforts of the armed forces.

REP. HOLT: And that's satisfactory for all of your interrogations?

GEN. MAPLES: Yes, sir. We believe that the approaches that are in the Army field Manual give us the tools that are necessary for the purpose under which we are conducting interrogation.

GEN. HAYDEN: And Congressman, if I could add. If you would be comfortable --

REP. HOLT: Thank you. In the limited time -- (inaudible).

GEN. HAYDEN: If you would be comfortable that all the tools that America had available to defend itself are those that the bureau views to be adequate for its purposes and what DOD views to be adequate for its purposes, you have it within your authority to create that circumstance for my agency; and I guarantee you we will live within those confines of any statute of that nature. But you have to understand there would be no exceptions. And so what you're saying is, for all conditions of threat, for all circumstances in the future, you're comfortable with the safety of the republic on the Miranda process and what America's Army is comfortable having large numbers of young soldiers do with lawful combatants.

REP. HOLT: Thank you.

Director McConnell, the Indian press has reported that General Musharraf has partially lifted the terms of A.Q. Khan's -- the nuclear proliferator extraordinaire -- has lifted the terms of house arrest to allow him more freedoms. Is this true? And more generally, why has the government of Pakistan denied our access, your access to A.Q. Khan? And what have we done about that denial of access?

MR. MCCONNELL: I'm not aware of any change in A.Q. Khan's status. If it's a press report, it's something I haven't seen yet, so I'll look into it and see. And I don't know the answer to your follow-on question, so I'll look into it and give you a response.

REP. HOLT: Okay. Thank you.

Let me just say I am concerned about a shift in our posture in Pakistan, with the emphasis on counterterrorism, shifting our attention away from counterproliferation.

I think there's a great deal more that we should be doing in counterproliferation intelligence, and we shouldn't let our counterterrorism efforts deter us in that.

Thank you, Mr. Chairman.

REP. REYES: Thank you, Mr. Holt.

Mr. Rogers.

REP. MIKE ROGERS (R-MI): (Off mike) -- who have committed themselves to the work not only law enforcement but intelligence collection that I do believe are on the front line of protecting the United States of America against foreign attack. So thank you to them for the work that they do.

And I will compliment you all on the forward integration. I have never seen it as good as it is today. And that ought to scare the bad guys greatly that, that far forward, we are that integrated with all the agencies sitting here at this table. That has been a phenomenal transformation that doesn't get enough credit, and I think that is a testament to the men and women who are in the field.

That said, Mr. Director, do you believe that al Qaeda is a threat to the United States today -- al Qaeda and its network?

MR. MCCONNELL: Al Qaeda is a threat to the United States? Is that his question? Yes, certainly.

REP. ROGERS: Certainly.

The al Qaeda in the Maghreb after their basic merger with al Qaeda has a Pakistani connection. And after that merger we've seen more increased activity, more lethal activity. Is that correct?

MR. MCCONNELL: Right.

REP. ROGERS: The German cells, the Danish cells, the Lodi, California, cells, the British bombings, the Spanish case of which you referenced all had a Pakistani connection. Is that correct? (No audible response.)

Musharraf said recently that he was not hunting Osama bin Laden or al Qaeda leadership, that wasn't in his interests, but his -- the Taliban was something that was in his interest to pursue. Is that correct?

MR. MCCONNELL: I don't know that he made the statement about Osama bin Laden, but they've been more focused on Taliban. However, that's changing. They're now becoming more focused on the internal threat to the Pashtun -- the militants in the FATA.

REP. ROGERS: So there's really two different places in Pakistan; the settled area, of which they've been very successful against even al Qaeda targets, as well as other terrorist group targets, and the tribal areas.

MR. MCCONNELL: Much more successful in the settled areas.

REP. ROGERS: So when we talk about Pakistan, we ought to be talking about two different things, really.

MR. MCCONNELL: I do, yes.

REP. ROGERS: Okay. That's important. I don't think, at least in public, we make that distinction.

MR. MCCONNELL: We refer to the area that -- the settled areas is where the cities and where the constitution rules and so on. The Federally Administered Tribal Area is exempt in the constitution. That's always been the issue, exerting governmental control over a region that protects its autonomy.

REP. ROGERS: Given the threat that emanates -- in your words, al Qaeda is still a threat -- you believe that senior leadership and network activities happen within the safe haven area? I mean, it's probably too strong, but they certainly find comfort in the tribal areas.

MR. MCCONNELL: At minimum, de facto safe haven, yes.

REP. ROGERS: Is U.S. policy, at your level, for the folks sitting at this table -- match what you think it ought to be to aggressively pursue the threat of al Qaeda in the tribal areas of Pakistan?

MR. MCCONNELL: I would like to see us have much more aggressive activity, but what that connotes is a potential to invade a sovereign country. So that becomes a very problematic issue.

REP. ROGERS: So the only other aggressive activity you're saying, Director, is an invasion of Pakistan? Did I just hear you correctly?

MR. MCCONNELL: That's one extreme. There are a series of things going on to increase and improve the capabilities to be successful against al Qaeda and the Taliban.

REP. ROGERS: There is a current policy -- and I don't mean to be rude, but our time is short. There's currently policy debate from DOD, the agency, the other intelligence agencies about policy matching, what things may or may not be able to happen. Are you engaged in that policy debate?

MR. MCCONNELL: I support it through the intelligence analysis, yes.

REP. ROGERS: But are you engaged in the policy debate?

MR. MCCONNELL: No, I'm not a policymaker.

REP. ROGERS: But it's policy that -- (inaudible) -- through the agency, so --

MR. MCCONNELL: That receives support from this community. That's our job is to inform policy, so we do that, and to be able to know what the questions are and so on, we sit at the policy table.

REP. ROGERS: Has there been a policy change since the recent political activity, including the assassination of Bhutto, on behalf of the United States intelligence community and --

MR. MCCONNELL: I'd be happy to take that off-line with you or in the closed session.

REP. ROGERS: Are you -- you're not engaged in the actual determination of that policy. I'm just trying to understand that.

MR. MCCONNELL: I don't --

REP. ROGERS: As director -- as the ODNI you are not engaged --

MR. MCCONNELL: If it's policy, no. I'm responsible for running a professional community. It's very much like the military. The military is a professional community that's going to respond to the policy decisionmakers of the government.

REP. ROGERS: So if there is confusion between the agencies, who mediates that policy difference?

MR. MCCONNELL: There wouldn't be a policy difference. There may be a different point of view on analytical things or how we spend our money -- (off mike).

REP. ROGERS: So who would be the final determinant of that policy?

MR. MCCONNELL: That's not a policy question. Policy in what sense? You mean policy for how we conduct --

REP. ROGERS: What is the posture, how things are pursued -- those kind of things -- when it comes to --

MR. MCCONNELL: For this community?

REP. ROGERS: For this community.

MR. MCCONNELL: Then I would be the person that would make that decision.

REP. ROGERS: So you are involved in the policy decision of the intelligence community when it comes to --

MR. MCCONNELL: Well you're framing it a different way. You're talking about administering a community of professionals or contributing to the policy debate of the nation's course of action with regard to a specific area of the world. I would inform that policy, the professionals of this

group, through our collection and analysis would inform it, but we would not participate in the policy decision to increase or decrease a given activity.

REP. ROGERS: Well, hopefully we'll explore that off-line. There is confusion in the community. I think it's your responsibility to mediate it. Hopefully we can talk about this afterward.

One last question before I go, Mr. Chairman.

REP. REYES: We've got one-minute left in the vote.

REP. ROGERS: Do we train or have we trained U.S. airmen when they go through a SERE-type training, don't they receive waterboarding as a part of that training? So waterboarding has been used on U.S. citizens as a part of training if in fact that they're captured, is that correct? Do I understand that correct?

GEN. HAYDEN: Thousands of U.S. airmen in both the Air Force and the Navy and Marine Corps and Special Operations Forces, that's part of their training, having waterboarding. REP. ROGERS: So if I understand it -- as part of the training there's been more U.S. citizens done in waterboarding as a part of training than there have been used -- do I understand that correctly?

GEN. HAYDEN: Correct.

REP. ROGERS: Thank you.

REP. REYES: Thank you, Mr. Rogers.

There's a big difference between training and actually interrogating.

Let me -- as I recess this open portion of the hearing, let me again thank all of you for the work you do to keep us safe in this country, and also please convey the appreciation of the -- both the committee and the American people to your workforce. We are safe today because of the dedicated efforts of all the men and women that work in your respective agency, so please convey that.

And with that, we'll recess the open portion, and we'll reconvene in closed session about 12:30 p.m. Thank you. (Sounds gavel.)