HEARING OF THE HOUSE PERMANENT SELECT COMMITTEE ON INTELLIGENCE

ANNUAL THREAT ASSESSMENT

WITNESS:

MR. DENNIS C. BLAIR, DIRECTOR OF NATIONAL INTELLIGENCE

CHAIRED BY: REPRESENTATIVE SILVESTRE REYES (D-TX)

LOCATION: 334 CANNON HOUSE OFFICE BUILDING, WASHINGTON, D.C.

TIME: 9:00 A.M. ET
DATE: WEDNESDAY, FEBRUARY 25, 2009

RELATED DOCUMENTS:

1) Statement for the Record

REPRESENTATIVE SILVESTRE REYES (D-TX): Good morning. The committee will please come to order. Today we convene the first public hearing of the House Permanent Select Committee on Intelligence for the 111th Congress.

Before I welcome our new members I want to remind everybody we're having this hearing today in what I call the home of Chairman Sonny Montgomery, someone that championed issues for America's veterans, someone that's highly regarded and revered, not just in Congress but by veterans everywhere. So we are very appreciative to Chairman Filner for allowing us to borrow this very historic hearing room here.

With that I would like to extend a warm welcome to the new members of the committee, Mr. Smith and Mr. Boren, Ms. Myrick, Mr. Miller, Mr. Kline and Mr. Conaway. And I'd also like to welcome back to our returning members from previous service with the committee, my vice chair, Mr. Hastings, welcome back, and Mr. Blunt as well.

Director Blair, welcome. This morning we're pleased that you are here, and happy to see you today. We also want to congratulate you on your recent confirmation and wish you well as you go forward under these difficult times that we're facing today as a nation.

As the nation's third Director of National Intelligence, you will be required to continue to refine the role of the DNI and advance the goals of the Intelligence Reform and Terrorism Prevention

Act of 2004, while at the same time never losing sight of the threats to our national security. I think we often make reference that this will be much like flying a plane and building it at the same time. So we are definitely prepared to stand with you and support your efforts.

Before we get started I also wanted to thank the director for meeting with members of the committee yesterday in an informal session. Feedback that I have gotten has been very positive, and we intend to do more of those meetings, being mindful and respectful of the challenges you face and the time limitations that you have. We deeply appreciate your willingness to do that.

There were a few things about our discussion yesterday that I personally found very encouraging. First, I am pleased, Mr. Director, that you are looking carefully at the situation in Mexico and are in the process of determining whether we need to redouble our efforts in helping President Calderon and the Mexican government deal with threats posed by the drug cartels. Second, I am encouraged that the administration is conducting a comprehensive review of our policy in Pakistan and Afghanistan. And, third, I was interested to hear your thoughts on dealing with the detainees at Guantanamo Bay.

When discussion turns to what our options might be with respect to closing Guantanamo Bay, I think it's important to remind everyone that the United States has been capable of detaining and holding terrorists on our soil for many, many years. By way of examples, today the U.S. prison system holds Ramzi Yousef, who is Khalid Sheikh Mohammed's nephew, and one of the planners of the first World Trade Center attack. He was captured in Pakistan, extradited to the United States, convicted, and he now sits in a U.S. jail.

The U.S. prison system also holds Omar Abdel-Rahman, better known as "the blind sheikh," a participant also in the first World Trade Center attacks, as well as Zacarius Moussaoui, convicted of participating in the September 11th attacks, also in a U.S. prison; Ali Saleh Kahlah al-Marri, who has been labeled an enemy combatant by the Bush administration, has been securely held in a Navy brig. Those are just some of the examples of terrorists that are being held in the United States.

Today I'm going to make a few general remarks and then address some specific areas of concern for our nation. This is the third annual threat assessment that I have presided over as chairman of this committee, and we are in a unique position this year. Although the new administration is just over a month old, we have seen some major changes to some of the most controversial issues which impact the intelligence community. President Obama's executive orders on detention and interrogation policies and on Guantanamo Bay represent a significant departure from the previous administration's policies.

I know that many of us have strong opinions on what should be done in these critical areas. My intention, though, is to give the president and his new appointees some space to work through these issues as they propose a way forward. However, I think we all recognize that we don't have an unlimited amount of time, so I hope that the executive branch will move quickly on these critical issues.

Director Blair, I am also hopeful that you and the new administration will bring about an improved interaction between the executive and legislative branches on intelligence matters. Too often in the past we've been left in the dark or simply told things too late, or told only part of the story. You heard some of those comments yesterday in the informal session. I am truly optimistic that you would bring positive change in this area as we see our way forward.

One thing that will not change in the new administration is the strong character and drive of the men and women of the intelligence community. I have traveled throughout the world, as we mentioned to you yesterday, and have met with our intelligence personnel and have consistently come away impressed by the level of their dedication, their skill, their commitment and their bravery. I know, in talking with you, you intend to spend some time traveling and meeting these same men and women around the world that are doing such critical work for our nation.

I hope that as you meet with them you will deliver to them our message of gratitude, support and encouragement. In the coming months we will also be asking you questions about funding and resource needs for the intelligence community. One of the principal functions of our committee is to ensure that the men and women working on the front lines have the tools that they need to combat terrorism and to protect our national security. We look to you for a frank assessment of what those needs may be.

With respect to the substance of the threats facing the United States, I'll outline four very basic principles on which I hope we can all agree, and we'll seek your comment on them. First, al Qaeda remains a significant threat. Second, American security policy will, for years, continue to be driven by Iraq and Afghanistan. Third, while we will continue to focus on the hot spots around the globe, we simply cannot forget about growing threats from China, Russia, Iran, and about longstanding problems in Latin America and Africa. And, fourth, our nation's cyber infrastructure remains vulnerable to attack. Our intelligence community must be deeply engaged as we respond to these threats.

On the subject of al Qaeda, I think it is beyond dispute that the last few years have seen expansion of the influence of al Qaeda and the Taliban in the federally administered tribal areas of Pakistan, a region known as FATA. This simply, in my opinion, cannot continue. With the freedom to recruit, train and plot new attacks on the FATA, new safe havens across the globe continue to grow and emerge. Of particular concern are the expanding al Qaeda networks in the Sal (ph) region of North Africa and the emerging and intensifying al Qaeda presence in Yemen. The fight against al Qaeda is not simply a matter of warfare. We've also go to make progress in countering the extremist ideology. This committee needs to know what has been done to counter the extremist message throughout the world. What threat do we face from radicalization in the homeland? What advances have our allies made in combating this threat? And, simply stated, what can we do better to address these threats worldwide?

With respect to the wars in Iraq and Afghanistan, our national interest will be tied to the outcome of these conflicts. Our children and grandchildren will pay the cost of these wars and will either reap the benefits or suffer the consequences of what we do here.

The past two years have seen some success in Iraq, and thanks to the heroic efforts of our military, intelligence and diplomatic personnel, we are very grateful for all of their efforts. At the same time, while significant progress has been made in Iraq, we are losing ground to the Taliban and insurgents in Afghanistan who are now virtually indistinguishable from al Qaeda. These terrorists who have long found sanctuary in the border area between Afghanistan and Pakistan not only directly threaten U.S. national security, they threaten our allies by insisting on spreading their violent and distorted interpretation of Islam. So as we balance forces from Iraq to Afghanistan, how will we protect the gains in Iraq while stopping the slide in Afghanistan?

As I noted at the outset, while we maintain focus on al Qaeda and on the wars in Iraq and Afghanistan, we've also got the rest of the world to worry about. We must continue to focus on the threats posed by state actors such as Iran and North Korea. As we have recently read in the open press, Iran placed its first domestically built satellite in orbit. But the same technology that can launch a satellite and put it in orbit is also useful for launching missiles. Coupled with the possibility of Iran's nuclear ambitions, what is the intelligence community's assessment of this threat? What is the community's assessment of Iran's openness to increase diplomacy and engagement with the United States? Similarly, what progress has been made in the efforts to disarm North Korea? And what more needs to be done in both these critical and vital areas of the world?

Russia continues to pose challenges to our country. It has engaged in an aggressive foreign policy designed to provide an alternative to the United States, and has positioned itself as a counter to U.S.-led international efforts. Through its military offensive in Georgia last summer, as well as its continuing intelligence efforts around the globe, Russia shows that it remains a threat to U.S. interests and our allies. Do we have, Director Blair, our intelligence resources adequately deployed to deal with this resurgence from Russia? In the last Congress I expressed my desire for the intelligence community to focus on areas that had long been neglected in favor of other high-priority issues. Latin America and Africa come to mind. We previously believed threats from these regions to be much less urgent, but they continue to have the potential to seriously threaten core U.S. national security interests and will continue to grow in scope and severity. The security of the United States is directly affected by events in these important places.

Like many people on the southwest border of the United States, I am specifically concerned about the increase in violence and drug trafficking coming from Mexico. How has President Calderon managed this issue, and how will it affect the security of the United States? Colombia's long-term efforts to bring terrorism and narco-trafficking under control have had great success, yet Colombia continues to be the primary source of cocaine entering the United States. How can we help the Colombian government move forward? Africa-based terrorist groups such as al Shabab and al Qaeda have grown in influence and capability. How will we address these threats, especially when our resources are stretched so thin elsewhere?

Finally, a word about cyber security. It is only in the past couple of years that we have really begun to appreciate the threat to our cyber infrastructure. This is a problem of enormous proportions, and I want you to know that we intend to work with you to address this vital and important national security asset from an intelligence perspective. There are a host of other

concerns that I could address, such as the ongoing conflict in Israel, the threat of WMD proliferation, and the security impact of the global economic crisis.

I will leave those subjects for the question period and conclude by reiterating my thanks to the brave men and women of our nation's intelligence community, and I want them to know that as chairman of this committee, I am reminded on a daily basis of their sacrifices as I look for our work here to be worthy of their commitment and their efforts. I trust and hope that you will consider us your partners in this effort.

So I look forward to a productive hearing this morning and a productive Congress, and now I'd like to recognize our ranking member, Mr. Hoekstra, for any opening statement that he may wish to make.

REPRESENTATIVE PETER HOEKSTRA (R-MI): Thank you, Mr. Chairman. Welcome, Director. It's good to have you here. This is always a very interesting hearing. It is really one of the few opportunities where the American people have the opportunity – they have the opportunity to see and to hear from you a description of the wide range of threats that we face as a nation and how we are organized to contain and defeat those threats. We recognize that much of the information that we potentially could talk about is of a sensitive nature, and that we will get into that in closed session.

I would like to really just address three specific areas that I would be interested in hearing you talk about how you will deal with these. One is what I perceive as a lack of accountability in the intelligence community. You know, I've been disappointed, sometimes appalled, by the attitude of certain people within the intelligence community who mistakenly believe that they are not accountable to anyone outside of the intelligence community. The shocking disdain for outside oversight was most recently displayed in one of the documents produced inside the intelligence community, the report that was produced by the inspector general and the CIA on the Peru counter-narcotics program.

According to this report, the CIA helped a foreign government shoot down an aircraft believed to be operated by drug smugglers. The report also found that the CIA did not follow proper procedures to protect innocent lives. The CIA's carelessness led to the death of Veronica Bowers and her infant daughter Charity, two American citizens who were my constituents. In fact, Veronica Bower's parents are also the constituents of one of our new committee members, Mr. Miller from Florida.

The inspector general also found that certain CIA employees misled and withheld information from the Justice Department, Congress and the White House regarding the repeated lack of proper procedures in this program. In short, CIA officers disregarded the rules. Their carelessness resulted in the death of innocent Americans, and they then tried to cover up their carelessness, including perhaps lying to Congress.

Congress hasn't been very well in following up on this, and I don't believe the community has been either. You know, we learned about the CIA inspector general's report in November. It's February. It's almost March now. This committee has not had one hearing or one briefing on

the IG report about the Bower shoot down, what happened after it. No investigations have been launched, no witnesses interviewed, no reports filed – nothing. Perhaps if those suspect flights in Peru involve banned steroids bound for professional baseball players, this Congress would have paid more attention. With all the attention generated by the steroids in baseball hearings, we finally see major league players being investigated and perhaps going to jail for lying to Congress. What more will it take for the same thing to happen to CIA employees who may have lied to Congress?

Director, I think it is important that we get to the bottom of this issue. I think many of us on this committee believe that over the years it has been too difficult to get information from the intelligence community on specific areas where they are involved. We call it the 20 questions, where, you know, unless we ask the specific right question, we're not going to get the information that we need to do our job. In this case, specifically the information appears to be very compelling. Again, it comes out of the CIA inspector general's report that the information about what happened in this situation was available, was in the community, was known to many people within the CIA and within the community, but yet was never shared with Congress, and the problem – not only this particular shoot down, but the pattern of what happened to this program and how it was run. And I hope that you aggressively go after this particular circumstance because it's still hanging out there. The trouble is, you know, it's five, six, seven years later and there is no accountability. You need to work on restoring the trust between the community, this committee, Congress and the American people, and by dealing with this case I think we can make a – we can make significant progress in that direction.

Secondly, with the administration's decision to close Guantanamo Bay, I'd like to hear when the administration is going to lay out a plan for addressing the threat from radical jihadists, in a comprehensive way. Tactical decisions are being made regarding the threat from radical jihadism, but I've yet to hear the administration outline its long-term strategy for containing and ultimately defeating the threat. How are you going to ensure that efforts to combat radical jihadists are properly resourced in light of planned budget cuts? In what direction do you see the administration leading America's fight against radical jihadism, and what would you recommend?

And finally, your own office, the director – what will the Office of the Director of National Intelligence look like? I'm concerned by what I perceive – and I think many others on this committee perceive – is a dramatic shift away from the Congress's vision of the size, composition and function of the Office of the Director of National Intelligence. When we passed the Intelligence Reform and Terrorist Prevention Act of 2004, we created a new position to help manage the community and break down barriers between agencies. We deliberately broke apart the functions of the old director of Central Intelligence and gave the CIA its own director. The DNI was to be a coordinator of the intelligence community, a community organizer of sorts. The DNI staff was intended to be small and efficient. It was supposed to stay away from operational management.

In four years, Mr. Director, we now have ODNI that we hardly recognize. The ODNI under your predecessors became entangled in management, grew enormous in size, and has amassed too many scarce intelligence resources for itself. Instead of a lean coordinating body, we got fat –

layer upon layer of bureaucracy in this community. We wanted this bill to transform the community, to coordinate the community – and I appreciated some of the words that you shared with us yesterday that – you know, you said, when I look at the community, it's working together more effectively than what it was the last time you saw it. And I feel – I give the legislation credit and the leadership of the community, for making that happen and integrating the various aspects of the community.

The other thing that we saw, though, that we wanted to have happen was that the ODNI would force key strategic decisions to be made, and in a number of areas we have seen that the ODNI has not forced these strategic decisions to be made and instead it has enmeshed itself in the tactical day-to-day operations of the community. And how we experience that is things that we used to get from the community relatively quickly by asking an agency, hey, we need this information, and getting it a few days later, we now find that we make the request to the community; a few days later we ask where is it, and they say, oh, we had to send it over to the DNI's office because before anything comes back to Capitol Hill, they've got to sign off on it, and instead of it being, you know, faster, more efficient, it's another layer of bureaucracy and controls, which has slowed the process.

So I hope that under your direction you can create the foundation and the long-term direction for the ODNI that says, this is the strategic arm of the community that integrates the community and makes sure that the tough and broad decisions get made, but we are not going to try to manage the community on a day-to-day basis because that will just slow the community down. We need a flexible and agile community that can respond quickly to the threats that are out there. The ODNI was intended to transform the community and create that type of a community, not to be another layer of bureaucracy.

So those are the three points that I would hope that we would hear from – that we would hope you would address a little bit today. And with that, Mr. Chairman, I'll yield back the balance of my time.

REP. REYES: Thank you, Mr. Hoekstra. And I want to remind our members and witnesses that we are in open session this morning. If there is doubt about the classification of a particular subject or statement, reserve those issues for the closed session that will follow after this open hearing this morning. Without objection, the written statement from our witness will be made part of the official record of this hearing.

This morning, Director Blair, you've heard from the ranking member and myself framing some of the issues. You come to this position very highly regarded, highly respected, with a tremendous management background. I, for one, want to give you the time and the flexibility to address these critical areas, as I said in my statement. You have a sense of the frustration from the members from our meeting yesterday, and also from the ranking member's statement this morning, that we're here to support you, we're here to make sure that as you go through this process in taking over from the previous administration, that you are measured and balanced and give us a clear accounting and your best judgment, and we're ready to work with you.

With that, you are recognized, Mr. Director, for your opening statement.

DIRECTOR DENNIS C. BLAIR: Do I have to do something? Oh, there we go. It seems that it's on now. But it seems that there are two sets of questions that you're concerned with this morning. My main preparation for the hearing was to give a sense of the threats, the opportunities, the strategic landscapes that the United States faces. There are also a series of questions about the capabilities and management of the community. I would propose that I first give the summary remarks that I prepared on the overall strategic landscape and then perhaps, after that, get into some of these specific issues, which will also be with us for a long time, and perhaps we'll have other times to pursue if we don't cover them. Is that satisfactory?

REP. REYES: That is satisfactory. You can proceed.

DIRECTOR BLAIR: All right then. Then, gentlemen, ladies, my assessment is based on the work of thousands of patriotic, hard-working, both collectors and assessors and the many other people in the 16 intelligence services. The report that I submitted, the remarks that I'm making involved a lot of work of all of them. And it's a report not just of threats, but also of opportunities for this country and a tour of the strategic landscape, which is dynamic and which is complex. Let me begin with the global economic crisis, because I believe it already looms as the most serious one in decades. Since September 2008, 10 nations have committed to new IMF programs, three European governments have fallen because of economic issues, Central and Eastern Europe are under tremendous strain, both in terms of their currency and their internal economies, and unlike the 1997 to 1998 Asian financial crisis, countries will not be able to export their way out of the crisis in one region of the world because it's so widespread.

And the stakes are high. Mexico, which the chairman mentioned, with its close trade links to the United States, is vulnerable to a prolonged American recession. Europe and the former Soviet Union bloc have experienced anti-state demonstrations. Much of Eurasia, Latin America and sub-Saharan Africa lack sufficient cash reserves and access to international aid. Our analysis indicates that economic crisis increase the risk of regime-threatening instability if they continue for a one or two-year period. Instability can loosen the fragile hold that many developing countries have on law and order.

There are some silver linings. With low oil prices, Venezuela will face financial constraints this year, Iran's President Ahmadenijad faces less-than-certain prospects for a re-election in July over his – in June, excuse me – because of his handling of his economy. However, the reverse of that is that a serious energy supply crunch may happen in the longer term if sustained low prices leads to cuts or major delays in new investments in energy sources in the short term.

The crisis presents challenges for the United States, since we are generally held responsible for it. The November G-20 summit elevated the influence of emerging-market nations – more than just the G-8 who, previously, were the main meetings – but the U.S. also has opportunities to demonstrate increased leadership. Our openness, developed skills, workforce mobility put us in a much better position to reinvent ourselves than other countries. Moreover, Washington will have the opportunity to fashion new global structures that benefit all in this crisis. The president certainly talked at length last night about the steps he's taking in the domestic economy, and there's much to do in the international economy as well.

Moving now to terrorism, we have seen progress in Muslim opinion turning against terrorist groups. Over the last 18 months, al Qaeda has faced public criticism from prominent religious leaders and even from some fellow extremists. In 2008, these terrorists did not achieve their goal of conducting another major attack on the United States, and no major country is at immediate risk of collapse from extremist terrorist groups. Replacing the loss of key leaders since 2008 in Pakistan's Federally Administered Tribal Areas has proved difficult for al Qaeda. Al Qaeda in Iraq has been squeezed. Saudi Arabia's aggressive counterterrorism efforts have rendered the kingdom a harsh operating environment for al Qaeda.

But despite these setbacks, al Qaeda does remain dangerous. Yemen is re-emerging as a jihadist battleground. The capabilities of terrorist groups in East Africa will increase next year. And we are concerned about the potential for homegrown American extremists, inspired by al Qaeda's militant ideology, to plan attacks inside the United States. There are many challenges in that region that stretches from the Middle East to South Asia, despite the progress that I mentioned in countering violent extremism. The United States has strong tools, from military forces to diplomacy, good relationships with the vast majority of states in the region, and we will need all of these tools to help forge a durable structure of peace and renewed prosperity in the region.

The revival of Iran as a regional power, the deepening of ethnic, sectarian, economic divisions across much of the region, the looming leadership successions among U.S. allies are all shaping the strategic landscape in that region. Hezbollah and Hamas, with support from Iran, champion armed resistance to Israel, a development that complicates efforts to resolve the Israeli-Palestinian dispute and undercuts legitimacy of moderate Arab states that support a negotiated settlement. Battle lines are increasingly drawn not just between Israel and Arab countries, but also between secular Arab nationalists and ascendant Islamic nationalist movements inside moderate states.

The Iranian regime views the United States as its enemy and as a threat. A more assertive regional Iranian foreign policy, coupled with dogged development of two of the major components of a nuclear weapons capability, alarms most of the governments from Riyadh to Tel Aviv. The Levant is a key focal point for these strategic shifts. Recent fighting between Israel and Hamas in the Gaza Strip has deepened Palestinian political divisions. It's also widened the rift between regional moderates, led by Egypt, Saudi Arabia and Jordan, and hardliners, including Iran, Hezbollah and Syria.

With Hamas controlling Gaza and Hezbollah growing stronger in Lebanon, progress on a Palestinian-Israeli accord is more difficult. With Iran pursuing uranium enrichment and Israel determined not to allow it to develop a nuclear weapons capability, there is potential for an Iran-Israeli confrontation or crisis. Moderate Arab states fear a nuclear-armed Iran, but without progress on a Palestinian settlement, they are harder put to defend their ties to the United States. Turning to Iraq, coalition and Iraqi operations and dwindling popular tolerance for violence have helped to sideline the extremists there.

Fewer Iraqis are dying at the hands of their countrymen than at any time in the past two years. Nevertheless, disputed internal boundaries, perceptions of government repression, or potential

increased foreign support to insurgent or militia groups could reverse political and security progress. Baghdad will also be coping with declining oil revenues. In Afghanistan, the Taliban-dominated insurgency forces have demonstrated greater aggressiveness recently. Improved governance and extended development were hampered in 2008 by lack of security. Afghan leaders must tackle endemic corruption and the extensive drug trade.

Progress has been made in expanding and fielding the Afghan national army, but many factors hamper efforts to make the units capable of independent action. The upcoming 2009 presidential election will present a greater security challenge than did that in 2004, and insurgents probably will make a concerted effort to disrupt it. No improvement in Afghanistan is possible without Pakistan taking control of its border areas and improving governance and creating economic and educational opportunities throughout the country. In 2008, Islamabad intensified counterinsurgency efforts, but its record in dealing with militants has been mixed as it balances conflicting internal and counterterrorist priorities.

The government is losing authority in the North and the West, and even in the more developed parts of the country, mounting economic hardships and frustration over poor governance have given rise to greater radicalization. The time when only a few states had access to the most dangerous technologies is, unfortunately, long over. Often dual-use, they circulate easily in our globalized economy, as does the scientific expertise to put them together into weapons. It is difficult for the United States and its partners to track them; components and production technologies are widely available.

Traditional deterrence and diplomacy may not prevent terrorist groups from using mass-effect weapons. One of the most important security challenges facing the United States is fashioning a more effective nonproliferation strategy with our partners. The assessments in our 2009 National Intelligence Estimate about Iran's nuclear weapons programs are generally still valid. Tehran, at a minimum, is keeping open the option to develop deliverable nuclear weapons. The halt, since 2003, in nuclear weapons design and weaponization was primarily in response to increasing international scrutiny and pressure, so it leads us to believe that some combination of threats of intensified internal scrutiny and pressures, along with opportunities for Iran to achieve its security goals, might prompt Tehran to extend the halt to some other nuclear weapons-related activities.

Turning to Asia, rapidly becoming the long-term focus of power in the world, Japan remains the second-largest global economy and a strong ally, but the global downturn is exacting a heavy toll on Japan's economy. To realize its aspirations to play a stronger regional and global role will require political leadership and difficult decisions there. The rising giants, China and India, are playing increasing regional roles, economically, politically and militarily. China tries to secure access to markets, commodities and energy supplies that it needs to sustain domestic economic growth. Chinese diplomacy seeks to maintain favorable relations with other powers, and especially the United States.

The global economic slowdown threatens China's domestic stability, and Chinese leaders are taking economic and security steps to deal with it. Taiwan, as an area of tension in U.S.-China relations, has substantially relaxed. Taiwan President Ma, inaugurated in May, has resumed

dialogue with Beijing, and leaders on both sides of the straits are cautiously optimistic about less confrontational relations. Preparations for a possible Taiwan conflict nonetheless drive the modernization goals of the People's Liberation Army, but at the same time, China's security interests are broadening.

A full civilian and military space capability, formidable capabilities in cyberspace, are rapidly developing. China will attempt to develop at least a limited naval power-projection capability, and we've already seen it deployed for peaceful purposes in an anti-piracy operation off the coast of Somalia. Like China, India's expanding economy will lead New Delhi to pursue new trade partners, gain access to vital energy markets and generate other resources to sustain economic growth. India's growth rate will slow this coming year, but ample foreign reserves and a sound banking system will help ensure relative stability there.

Determined efforts by Indian and Pakistani leaders to improve relations could unravel unless Islamabad, for its part, takes meaningful steps to cut support to anti-Indian militant groups and New Delhi, for its part, in turn, makes credible efforts to allay Pakistan's security concerns. The increase in violent attacks within India is a cause of great concern to its government, as is instability in neighboring countries in South Asia in addition to Pakistan.

On the global stage, Indian leaders will continue to follow an independent course. That we and India are both democracies does not guarantee congruence of interests. Nonetheless, good relations with the United States will be essential for India to realize its global ambitions. Although the Middle East and Asia have highest call on our attention, our concerns are broader. Russia is actively cultivating relations with regional powers, including China, Iran, Venezuela. Moscow also is trying to maintain control over energy networks that go to Western Europe and to East Asia.

Now, Russian leaders have recently spoken positively about the possibilities for change in the U.S.-Russian dynamic, but NATO enlargement, the conflict over Georgia's separatist regions, missile defense all pose difficulties in the relationship. In Latin America, populist, often autocratic, regimes pose challenges to the region's longer-term success. Basic law-and-order issues, including rising violent crime, powerful drug trafficking organizations confront key hemispheric nations, as do uneven governance and institution-building efforts, in confronting chronic corruption.

The corruptive influence and increasing violence of Mexican drug cartels impede Mexico City's ability to govern parts of its territory. Unless the United States is able to deliver market access on a permanent and meaningful basis, its traditionally privileged position in the region could erode with a concomitant decline in political influence. Africa has made substantial economic and political progress over the past decade, and the level of open warfare has declined significantly, especially in Liberia, Sierra Leone and the Ivory Coast.

The drop in commodity prices and global recessions, however, will test the durability of the region's recent positive growth trend. Even before the current crisis, the 6-percent GDP rate, which Africa was achieving, although impressive, could not bring about the necessary structural changes to reduce poverty there, and a number of intractable conflicts persist in the Democratic

Republic of the Congo, Nigeria, Sudan, Somalia. In Darfur, U.S. peace talks remain stymied and larger peacekeeping forces are slow to deploy.

Let me finish with the long-term challenges of environmental security and the threats to our information technology infrastructure. Adding more than a billion people to the world's population by 2025 will put pressure on clean energy sources and on water supplies. Most of the world's population will move from rural to urban areas, seeking economic opportunity, and many, particularly in Asia, will achieve advanced lifestyles with greater per capita consumption and generation of pollution.

According to the U.N.'s Intergovernmental Panel on Climate Change, physical effects of climate change will worsen in coming years. Multilateral policy-making on climate change is likely to be substantial, and a growing priority within traditional security affairs. The world sees the United States in a pivotal leadership role; as effects of climate change mount, the U.S. will come under increasing pressure to help the international community set goals for emission reductions and to help others through technological progress.

Finally, threats to our information technology infrastructure are an important intelligence community focus. Our information infrastructure is becoming both indispensable to the functioning of our society and vulnerable to catastrophic disruption in a way that the previous, analog, decentralized systems were not. Cyber-systems are being targeted for exploitation, and potentially for disruption or destruction, by a growing array of both non-state and state adversaries. Network defense technologies are widely available to mitigate threats, but have not been uniformly adopted.

A number of nations, including Russia and China, can disrupt elements of the U.S. information infrastructure. We must take protective measures to detect and prevent intrusions before they do significant damage. We must recognize that cyber-defense is not a one-time fix; it requires a continual investment of hardware, software and cyber-defenses. In conclusion, then, the international security environment the United States faces is complex. The global financial crisis has exacerbated what was already a growing set of political and economic uncertainties. We, nevertheless, are in a strong position to shape a world reflecting universal aspirations and the values that have motivated Americans since 1776: human rights, the rule of law, liberal market economics, social justice.

Whether we can succeed will depend on actions we take here at home: restoring strong economic growth, maintaining our scientific and technological edge and defending ourselves at reasonable cost while preserving our civil liberties. It will also depend on our actions abroad, not only how we deal with regions, regimes and crises, but also in developing new, multilateral systems, formal or informal, for effective international cooperation in areas such as trade and finance, in neutralizing extremist groups using terrorism, in controlling the proliferation of weapons of mass destruction, developing codes of conduct for cyberspace and space and in mitigating and slowing global climate change. Mr. Chairman, that concludes my remarks and I'm happy to turn to questions.

REP. REYES: Thank you, Mr. Director, and I will save my questions for later and yield my time to the vice chair of the committee.

REPRESENTATIVE ALCEE HASTINGS (D-FL): Thank you very much, Mr. Chairman. Mr. Chairman, let me congratulate you on holding this hearing and Mr. Director, Admiral, as others have welcomed you, so do I. I will not take a lot of time. I'd like to make a statement and then to give you something to get back to me on that I consider of critical importance to your mission.

There is a lot of discussion regarding Guantanamo, and there will continue to be a lot of discussion regarding Guantanamo. Admiral, when I was president of the parliamentary assembly of the Organization for Security and Cooperation in Europe – and I'm fond of seeing if you can say that, you ought to be the president of the organization – (chuckles) – but there are 56 countries that are represented by parliamentarians in that organization.

After Abu Ghraib, what I found was a continuing harangue, specifically directed at Guantanamo more than anything. And then, with the considerable information that appeared in the public realm regarding renditions, Guantanamo continued to loom large. A delegation for France and Belgium came to me as president and said that they wanted to go to Guantanamo. It took me a year, but I appointed a taskforce within the organization led by the then-President of the Belgian senate, a woman named Anne-Marie Lizin.

I contacted the Defense Department and Secretary Rice and they assisted in allowing Ms. Lizin and her entourage visit Guantanamo. They did so on two occasions – came back, reported to Secretary Rice and then to the organization – and it ameliorated some of the concern that members in the organization had – the mere fact that they had an opportunity to see it. Now, we have persons at Guantanamo that are going to raise genuine concern among the American citizenry as to where they're placed.

That said, I'm of a mind that we need to rethink Guantanamo and allow, among other things, as I said to you yesterday, that it be made manifestly clear why certain individuals are required to be held somewhere, no matter whether it's Guantanamo or a prison in the United States or in places where our allies or others may take them. But as long as our allies know these things and as long as the nongovernmental organizations know these things – if Amnesty International and the Red Cross are permitted to see the actual circumstances, then I believe that Guantanamo, different than most, can stay open with a greater understanding in the world as to why the individuals are being held there.

At least it's a different thought concerning how we go forward and contain individuals that simply cannot be released to the general public and cannot be released in many places, in many instances, in countries where they are likely to cause harm to U.S. interests and our allies. That said, you and I – I returned to this committee after a considerable amount of service, having taken myself off for a year, returning now for what will be a final two years. So you and I are three-and-a-half weeks on the job, and it's a steep learning curve.

And I don't expect that you have had an opportunity to do everything that I believe, knowing your background, that you are going to be able to do and accomplish in this job. However, I do

wish that in your examination, that you pay specific attention to something that many members on this committee, and many members past on this committee, have continuously brought to the attention of the intelligence community, and that is diversity – diversity writ large – diversity as it pertains to the number of women in the intelligence community, diversity as it pertains to the number of blacks, Latinos, Asians, Native Americans and every category, writ large, again, dealing with the subject of languages, specifically.

And the great need that we have, now, to examine the clearance mechanism and methodology that we employ so that we can find the necessary persons to match up with the circumstances of the day. That also includes – thank you, Mr. Chairman – that also includes cyberspace. I hired a young man, 23 years old, at an entry-level salary that could run circles around many persons that are in the intelligence community dealing with cyber-technology. We need to be able to pay these kids and bring them in and give them long-term retention, because there is going to be a problem.

I hope I have said something. I don't need an immediate response. But this is something you will continue to hear from me. If I continue to see nothing but white people come in here and nothing but men come in here, then you are going to see a continuing harangue from me, you and everybody in the intelligence community. Thank you, Admiral.

REP. REYES: Thank you, Mr. Hastings. Mr. Hoekstra?

REP. HOEKSTRA: Thank you, Mr. Chairman. Mr. Director, I didn't hear you address some of the questions that I had brought up about – you talked about the worldwide threats that are out there but you didn't talk about how the community was going to be organized to confront these threats, to get the information, provide this committee and Congress and the administration that they might need to structure, your visions for the ODNI and how you're going to repair and rebuild the trust between the community and Congress – could you address those couple of points?

DIRECTOR BLAIR: Yes, sir. Let me turn to some of these organizational issues and management issues. First, on diversity, raised by Congressman Hastings, in my first week on the job, I met with Pat Taylor, who is our director of qualifications (ph) and diversity. She showed me the figures in terms of minority and gender representation in the intelligence community. They're not bad, but they're not as good as they ought to be when you compare them to the federal workforce, the workforce at large and the population at large.

I also share the point that you and Chairman Reyes have made that diversity, for the intelligence community, is not simply a matter of something nice to have; it's something essential to have because of the diversity of environments in which we have to operate in which people that look like me are very conspicuous and people who only speak Russian and English, like I do, are not that useful. So we're very much on that, and we have good programs, including connections with learning institutions that can provide the sorts of skills that we need and we included in our management evaluations of our managers in the community from the executive lever right down. So I look forward to continuing to talk to you on that – to all of you on that – because it's something that's important to me and I think it's the right thing to do.

On the question of accountability, Congressman Hoekstra, every time a new administration comes into a job, it inherits a number of cases from the past. In my case, just to cite a couple, there's the Algerian chief-of-station who is being prosecuted by the Justice Department right now for actions that he took. You mentioned the Peruvian investigation. There are several others that are going on. Of course, there are questions about the interrogations that were done by the CIA in the previous regime, and I think we have to deal with those in a prompt and fair manner and I pledge to you that we will.

Ninety-nine percent of the people in the intelligence community want to do the right thing for the right reason, but in an organization of the tens of thousands that we have, I'm not naïve enough to believe that somebody out there somewhere isn't screwing up. And I think what's more important is how you handle these, the example you set, and therefore, the culture that you build into the community over time. And I will tell you that my background has to do with accountability. I intend to exercise it; I intend to exercise it through the leaders of the organization in the community.

I don't dive down into an organization and pull a case up to my level if it's being handled correctly where it should be, which is by the directors of these 16 agencies. But I pledge to you that we will have a culture of accountability in the organization. And I know I've heard many individual concerns, all of which I will look into. On the size of the DNI staff, I have – I'm getting a feeling for it right now. I'm getting a feeling for the magnitude of the challenges. I will tell you that coordination can happen with ex cathedra pronouncements and with simply giving out orders, but integration is often harder and takes staff, in order to understand what the carrots and sticks are at the working level where it counts and how you build the right structures to get integration across the community.

Things like common security systems, common personnel standards, don't just happen by me signing an intelligence community directive; they have to be checked on and they have to be followed up. So there is a staff requirement for all of these integrative functions, which were in the IRTPA Act of 2004. And I'm getting a feeling, now, for whether we have the right amount of staff to do that, whether we can do it through just getting reports from the organizations themselves, rather than checking on them. I do feel strongly that we should not, from the DNI level, be involved in operations, and I think we're not.

The only operations that I think we should be involved in are directing collection, for example, when we have to make decisions among competing priorities across INTs and across targets, and somebody's got to make a call that you put the satellites on this, you put the human intelligence on this, and that's my job. And I need some staff to do that, so it's a complicated situation. But as we've talked previously, I don't think that many layers of bureaucracy and fat organizations are successful; I think they should be as lean as they need to be to do the job and I look forward to talking with you about that.

On Guantanamo Bay, we had a lively discussion yesterday, and I certainly gained more perspectives on it than I had when I walked in the door. But I do need to emphasize that the intelligence community is playing a role in this issue of Guantanamo; it is not running the show.

The show is run by the three executive orders that the president signed a couple of weeks ago that assigns most of the responsibility to the Department of Justice, with major chunks of it with the Department of Defense and major chunks of it to me.

I also would point out, in the executive order, that enabling legislation will be taken in consultation with the Congress, so there will be plenty of opportunity for both ends of Pennsylvania Avenue to decide these tough questions, and they are tough questions. The more I read about it, the more I realize how few easy answers there are. And we're going to have to make some calls – they are calls of the entire executive branch and, of course, they need support from this body as well.

REP. HOEKSTRA: Thank you, Mr. Director. Thank you, Mr. Chairman.

REP. REYES: Thank you, Mr. Hoekstra. Mr. Tierney? Mr. Tierney is not here? Then, Mr. Thompson.

REPRESENTATIVE MIKE THOMPSON (D-CA): Thank you, Mr. Chairman. Director, thank you very much for being here. I had a couple of comments and a couple of questions. I want to reiterate the chairman's comments regarding gang activities south of our border and would like to hear from you a commitment to work in a coordinated effort with all of the pertinent intelligence community – relevant intelligence community – folks.

We've got a tremendous problem, not only with gangs, as the chairman brought up, but also with illicit drug trafficking and the fact that we have cartels now growing marijuana in this country using the money to purchase guns, ammunition, bringing it back across the border to continue with their cartel wars that also have a spillover effect into this country. And my sense is that we can do a lot more in regard to a coordinated effort to get ahead of this and would like to make sure that we move in that direction.

You had mentioned in your statement – or maybe it was the ranking member – said that we wanted to create a lean and coordinated body when we developed your office. And there has been a number of people – you heard about it yesterday in our briefing and you heard it again today. Many of us feel that we've really strayed from that assignment. And I want to add onto that list. I think that we have in fact created duplications that hamper our ability to do some of the things that we need to do.

And I would like to hear from you a very honest assessment of how we break down some of that duplication, some of those barriers, and how we could maybe redesign or re-coordinate our efforts to put those bodies in the field and make sure that we are able to meet our intelligence mission and not get bound up in bureaucracies that duplicate efforts and stop us from being able to do our oversight work, which – and I just want to remind you our oversight function is something that we work in partnership with the intelligence community. We're not here in an adversarial role. The work that we do helps you do a better job and make sure that our country is safe and our interests are in fact safe.

And then lastly, I just want to touch on the GAO report. And I don't know that everything that is brought up and the answers that we need can be discussed in this open hearing. But I want to lay them out. If you can in fact respond, I'd appreciate it. If not, you have between now and when we move into the closed session to at least think about it. But the GAO report was pretty critical on our policies in Pakistan. And it stated, and I'll quote, "the U.S. government has not met its national security goals to destroy terrorist threats and close the safe haven in the FATA and has not developed a comprehensive plan reflecting the integration of multiple U.S. government agency efforts."

And I'd like to know what it is that we're not doing, why it is we haven't been able to develop this comprehensive plan, what you see as the stumbling points in us getting there, and would be interested in knowing what you need in order for us to get there. And then lastly, again on the GAO report and the recent news out of Pakistan, open-source reporting on the Taliban in the Swat Valley and the recent cease-fire that's been established. And my read on that is it's going to give the Taliban some breathing room. And I would like to know what your assessment is on that and if in fact it will allow the Taliban to come back and be even stronger. And if so, what does that mean for our future in Afghanistan, especially with reports that we're moving more U.S. troops in there now and how that plays in regard to this cease-fire. And we seem to be acquiescing to a group that clearly is not in our best interest – does not have our best interest in mind.

REP. REYES: Mr. Director, if you will take a couple of his points and then answer the rest for the record so that we have enough time for members to –

DIRECTOR BLAIR: Very – I'll just go quickly. An integrated Pakistan strategy is what we are working on right now in the administration. We are part of it in the intelligence community. I agree with you. We need to eliminate duplication. And as I said to Ranking Member Hoekstra, we'll be in dialogue with the committee about that. And I couldn't agree with you more that helping Mexico work against the drug gangs is high on our list of priorities. And we will be putting additional emphasis on it.

REP REYES: Thank you. Mr. Thornberry.

REPRESENTATIVE MAC THORNBERRY (R-TX): Thank you, Chairman. Director, in your statement, you say that sustained pressure against al Qaeda in the FATA has the potential to further degrade its organizational cohesion and diminish the threat it poses. So what happens if there is not sustained pressure, if it is relaxed in some way?

DIRECTOR BLAIR: They get stronger.

REP. THORNBERRY: And does the threat that it poses to us grow?

DIRECTOR BLAIR: Yes.

REP. THORNBERRY: You say a few pages later in the statement that al Qaeda leaders use this tribal area as a base from which to avoid capture, produce propaganda, provide training, and the

rest of things. So is there any doubt in your mind that this tribal area of Pakistan is the focus of al Qaeda leadership; it's where they are and where they run their operation from?

DIRECTOR BLAIR: Right now, that is where their headquarters is, Mr. Thornberry. And they've operated from other places in the past. In Africa, there are al Qaeda affiliates, in the Maghreb, in northern Africa, in Yemen, in Iraq. And so, the most convenient and hospitable place for them right now is the place that you described. But we are concerned about their ability to move around. It's kind of like toothpaste in a tube.

REP. THORNBERRY: But based on your previous answer, my impression is that you believe it's important to keep that pressure on in this area, understanding that if we put enough pressure, they may squirt out some place else.

DIRECTOR BLAIR: And that would be better for us. When they're moving, they're more vulnerable.

REP. THORNBERRY: Okay, that'd be better. Let me switch briefly to Iraq. The president said last night – he talked about ending the war, withdrawing troops. The press reports today say that by August 2010, all combat troops will be out of Iraq. Or that's the decision that the president has made. My question is, is there any – I understand that 19 months was talked about in the campaign – my question is, is there any intelligence basis to say August 2010, that's the date that we can have all our combat troops leave and the Iraqis can handle their security on their own?

DIRECTOR BLAIR: There's an intelligence basis for the decisions that the administration is in the process of making and hasn't quite announced yet. And I'd be happy to talk about those a little later on in closed session, sir.

REP. THORNBERRY: Okay, well, just thinking back, my perception is that in the course of Iraq, situations have changed on the ground and we were slow to recognize it and even slower to change our strategy to deal with it. I guess my concern is that if we get locked into some sort of campaign promise, somebody has got to be willing, if facts warrant, to walk into the Oval Office and say, Mr. President, this would be a disaster if we hold on this arbitrary timetable. And it seems to me the only – one of the few people who can do that is you. Are you and do you think the intelligence community is willing to take into account the facts on the ground and give that unvarnished truth, if indeed facts do change?

DIRECTOR BLAIR: Sir, I think the intelligence community has two roles in this policy process. Number one is where we are with a lot of policies with this new administration: When you make them, the intelligence community is to be in there telling what the situation is on the ground, what are the likely consequences of policies. And your intelligence community has been playing very strongly in that position now.

Once the decision is made and the policy is announced, you know what your objectives are. You know what the timescale is. Then, the job of the intelligence community is to monitor the situation on the ground and say, is that policy working? Is it achieving the things on the ground that it said it was going to? And I can assure you, I will have no difficulty in being able to bring

those judgments forward. And I would say the primary reason for that is that this president welcomes it. He doesn't want to walk into boxed canyons without somebody pointing them out to him.

REP. THORNBERRY: Well, I'd just say we all welcome it. And we all need that – the best judgments that our community can provide. Thank you, Mr. Chairman. I yield back.

REP. REYES: Thank you, Mr. Thornberry. Mr. Boren.

REPRESENTATIVE DAN BOREN (D-OK): Thank you, Mr. Chairman. I want to congratulate you, Director Blair, on your new position. I know you'll do a fabulous job. I have a few points and then a couple questions. You talked a little bit about energy in your opening statement. After this hearing, I'm going to the Resources Committee. And I'm going to be visiting with some of our energy executives in the United States, one being based in Oklahoma, that is drilling some offshore wells.

It seems to me that some of the rhetoric that's come out of the administration could be detrimental to our national security in exploring all the natural resources that we have in the United States, especially natural gas, which is a big component, I think, protecting us in using as a transportation fuel. And as you mentioned, the prices have gone down and that's good right now. But at some point, demand is going to pick back up and we're going to be in the same position that we were when we had $147-a-barrel oil. So that's one point.

Second point, Guantanamo. I've visited Guantanamo with then-Chairman Duncan Hunter of the Armed Services Committee. Yes, maybe there were some problems. Yes, I understand that there was a public relations issue. But my concern is by closing that facility and not really having a plan to do something with these individuals, we are setting ourselves up for failure. And so those are my two points. Don't need an answer on those.

The questions I have, I'm really focused on Africa. And a new member of the committee, that's where I'm going to be turning my attention and AFRICOM. Two questions, one, the intelligence community has a shallow bench of experts on sub-Saharan Africa. How will the establishment of AFRICOM enhance the intelligence community's ability to understand and analyze developments in the region? That's the number-one question.. And the second question is about Zimbabwe. What do you think is happening on the ground there? And what are we doing to prevent any disaster if there's a real breakdown there? And what kind of humanitarian efforts can we do to stop that?

DIRECTOR BLAIR: Sir, on the first question, any time that there is a executive branch action body like out of the Department of Defense or the Department of State, it's a good thing for us in the intelligence world because it gives us somebody who is asking the questions. It really helps us focus our intelligence assets. So AFRICOM, I think, will be good because they're out there doing things to protect American interests. They will be asking hard questions of the intelligence community. And that helps us more than just sort of a general appreciation, which you need but which doesn't really take you too far.

On Zimbabwe, I'd like to get back to you in more detail, since I don't have a personal deep knowledge of that country. And I would like to reply a little bit later, if I might.

REP. BOREN: Okay, I look forward to working with you in the future. And I yield back, Mr. Chairman.

REP. REYES: Thank you, Mr. Boren. Mr. Miller?

REPRESENTATIVE JEFF MILLER (R-FL): Thank you very much, Mr. Chairman. I too will be working with my colleague, Mr. Boren, in focusing on the continent of Africa as well and the new command that's been stood up there. But I'd like to go back, if we could, to Guantanamo. Can you tell me any operational reason that Guantanamo needs to be closed?

DIRECTOR BLAIR: I can tell you, as an intelligence assessment, that the damage it has done to the international American reputation makes it difficult for us to achieve objectives in other areas.

REP. MILLER: That's a political reason but not an operational reason.

DIRECTOR BLAIR: I mean, it's a realistic reason. Countries won't deal with us. Our popularity is down. We don't have blue chips to trade for other things we want in other areas.

REP. MILLER: Thirty days ago, the president did sign the executive order to close Guantanamo. What consultation was done with the intelligence community prior to the signing of that?

DIRECTOR BLAIR: Full consultation, meetings with the officials at the CIA, representatives in the drafting committees that draft the executive orders. There was good consultation.

REP. MILLER: In looking at your opening statement, I didn't see anywhere in the statement – and if I missed it, I apologize – that you talk about a potential or the potential for a threat by bringing detainees from Guantanamo to the United States. And I – hopefully, you're not asserting that there is no threat, or have you given any thought to the consequences of bringing them here? And not necessarily the people from the inside breaking out but the possibility of people on the outside wanting to come into the communities and disrupt things at the facilities.

DIRECTOR BLAIR: You mentioned that yesterday, Congressman Miller. And I've been giving some thought to it. The primary objective of al Qaeda in the United States now is another spectacular, large, people-killing attack. That's what they seem to be thinking about. I will have to go back and see if the – where the idea that you mentioned of a trying to break in, rescue one of their colleagues, kill a lot of people, is something that is worthwhile. But thank you for bringing that to my attention.

REP. MILLER: Thank you, sir. And moving to Pakistan, the Zardari government, does he have the full support of the Pakistani army right now?

DIRECTOR BLAIR: President Zardari? The Pakistani army?

REP. MILLER: Of the army.

DIRECTOR BLAIR: I talked with General Kayani about two days ago. And he supports his president, so that much is sure. And that much is important.

REP. MILLER: What is the intelligence community's assessment of the stability right now in Pakistan that you can give in an unclassified setting?

DIRECTOR BLAIR: I'd rather give details in a closed session, if I might, Congressman Miller. But it is one of the countries that we feel is dealing with a larger number of problems than most. It's a very important country, as you know. So there is a cause for quite a bit of concern when you have that combination of importance and pressures – economic pressures, governance pressures. We talked about the terrorist pressures in a rough part of the world. So it is a country that we need to watch closely.

REP. MILLER: You know, one of the – I think, one of the biggest disappointments that I've had in watching what's happened in Afghanistan in particular is our feeble, at best, attempt to eradicate the poppy crop. We have spent hundreds of millions of dollars. And now, it appears that opium and the level of poppy production has reached all-time levels. Can you give me an idea as to why we cannot get a handle on that issue?

DIRECTOR BLAIR: I've watched various campaigns over the years against both opium crops and against cocaine problems. And it seems that they are – they have to be multi-pronged. There is no silver bullet. They have to be prolonged. And trying to find that right combination is difficult and you fail more times than you succeed. So I would basically say it's a hard problem. When the profits are so high, the alternatives are so few and so many people are on the take because of the money involved. So I think it's a hard problem that we haven't found the right key to yet.

REP. MILLER: Thank you, sir. Thank you, Mr. Chairman.

REP. REYES: Thank you, Mr. Miller. Mr. Schiff?

REPRESENTATIVE ADAM SCHIFF (D-CA): Thank you, Mr. Chairman. Mr. Director, thank you for being with us. I wanted to follow up a bit on our conversation yesterday on the detainee issue and also on Somalia. I will be sharing with you and your staff, as we discussed, some legislation that I intend to introduce later this week or next week. But I wanted to just amplify a little bit more on it. I think that the people detained at Guantanamo should be given another status review, not use the same military commissions and tribunals that were established under the last administration, but by expanding the jurisdiction of the military courts martial to do status reviews. I think it's a natural venue to do that.

I also think that those who are determined to be unlawful combatants and are therefore subject may be prosecuted on top of their combatant status. Those prosecutions could by and large go

forward in the military courts martial. Some may be appropriate to be tried in federal district courts. I would think the body would be better suited for trial in the military courts martial.

But there will nonetheless be both detainees at Guantanamo who will be determined to be unlawful enemy combatants and therefore can be legally detained without charges based on their status for the duration of the conflict or until they're no longer a threat. And the question becomes, where should they be detained? And what I would like to throw out – and this is one of the options that my legislation would allow, among many others – is to establish a NATO-run detention facility in Afghanistan, to internationalize the detention of unlawful enemy combatants. It is a coalition effort in Afghanistan.

There is no reason the United States should be solely responsible for the detaining of unlawful combatants. I think it would address a lot of the international issues that you alluded to, in answer to Mr. Miller's questions, if, because of the black eye of Guantanamo, we can't get cooperation from allies in intelligence operations. That's not a theoretical or political impact; that's a very real impact in our ability in the war on terror.

I think the idea of establishing a NATO detention facility also has the advantage that we're not just dealing with Guantanamo detainees; we're also going to be dealing with prospective detainees. And while all the focus right now is on what do we do with the hundreds of people at Guantanamo, the reality is, both in Iraq and Afghanistan and down the road, probably elsewhere, we're going to have people being detained as unlawful combatants who won't be brought to Guantanamo anymore, and if they are detained, for example, in Afghanistan, who should be detaining them?

Now, it may be that some, we will want to detain; it may be others, we would want to detain in an international setting. So I would throw out that as a possibility. There are many of our NATO allies who are not able, politically or otherwise, to subject their troops to combat operations. This could be a valuable service they could provide. It wouldn't be easy, being in charge of detaining very dangerous people, but it would be a very valuable service that they could provide.

So I throw that out there. I also wanted to touch on, I think, your thoughts both on that, as well as this – wanted to follow up on Somalia, which, as I mentioned to your colleague at CIA yesterday, is something I've been concerned about for a number of years as – if I had to choose the next best alternative or the next, you know, greatest candidate for the next Afghanistan, it would be Somalia. I think our intelligence efforts to ascertain who in Somalia we can work with and who, truly, is affiliated with al Qaeda are going to be very important – not lumping all of the Islamic parties there together. But I'd love to get your thoughts on both those issues.

DIRECTOR BLAIR: Yes, sir. As you know, one of the three executive orders is directed to exactly the question that you raised: What do we do going forward, that is with new detainees that we may capture or with the ones who are, after some fashion, it's determined that they should not be released? The Justice Department heads that, we participate in it and we will ensure that the imaginative ideas that you described are in the mix. And I've heard some other

excellent ideas from other members of Congress and I really appreciate the thinking that's gone on here as well as in the taskforces, and we'll make sure that's in.

On Somalia, I think you're making the exact point that Congressman Thornberry made, which I very much agree with, that you can't just look at one place here when you have all of these other potential spots, and frankly, Somalia has been a no-man's land here for what, 10, 15 years. The Ethiopians came in; it was a tough row for them and they're just completing their withdrawal. It's a patchwork of a country now with some law and order in the North and none in the South.

So I think that it's part of our – yes, it's against al Qaeda, but in general, bad things happen in these ungoverned areas of the world and we have to look at the Somalias, the Yemens, as well as the FATA areas and have a comprehensive approach to improving conditions in them so that they aren't breeding grounds for, not only al Qaeda, but for human misery and potential starvation – the sorts of things that drew us into Somalia 20 years ago. So it's something that is on the radar screen; it needs to be part of the strategy and I thank you for bringing attention to it.

REP. SCHIFF: Thank you, Mr. Chairman.

REP. REYES: Thank you, Mr. Schiff. Mr. Conaway?

REPRESENTATIVE K. MICHAEL CONAWAY (R-TX): Thank you, Mr. Chairman. Admiral, welcome aboard. I just got here as well, so looking forward to this service. You mentioned a phrase a while ago – al Qaeda in America – is that – did you mean, like, al Qaeda in Iraq? Is there actually a formalized organization of al Qaeda in America here or were you just saying it?

DIRECTOR BLAIR: I must have either said it wrong or –

REP. CONAWAY: You said the intent of al Qaeda in America is to –

DIRECTOR BLAIR: Oh, oh, I'm sorry. The intent of al Qaeda in America as a target –

REP. CONAWAY: Okay, thank you.

DIRECTOR BLAIR: But there are, in fact, al Qaeda sympathizers in this country who would be involved in such an attack. So no, we haven't formed a phrase like that but it is a real problem.

REP. CONAWAY: All right. America-bashing is a very popular sport – always will be – I mean, envy is something that I think it's involved. You know, currently Guantanamo Bay is kind of a lightning rod for any excuse to not do something that somebody would really want to do anyway. But we do away with Gitmo, which I disagree with, but let's do away with that. There will be other things that we do in our own best interest that our allies and many of our enemies will be able to point to and say, well, but for that, we would do what you want us to do.

We would take over the prison in Afghanistan, but for whatever. Should we make it a practice of constantly deferring to, quote, unquote, "world opinion," to do things that aren't in our best interests?

DIRECTOR BLAIR: I'm going to step out of my intelligence role for just a second, because I've been sort of in the operational role, and say there's going to be a certain amount of America-bashing going on because we are the most powerful country. I think, though, that you shouldn't make yourself an easy target for things that you can fix – that when you do act unilaterally, it ought to be for a really good reason. And you'll find, in many cases, that other countries will rally around strong leadership properly directed towards common goals, so no, we should not be run by international opinion polls, but we should be protecting our country's interests.

REP. CONAWAY: Okay. And I understand there's a tension there, but as long as we can't use that as our own excuse to do something that's not in our own best interest, simply because somebody else somewhere doesn't like us. The president mentioned last night he's intending to dismantle the Cold War weapons systems to pay for everything else that's going to get done under what he's doing. Anything in the IC community or the intelligence community that is Cold War weapons system-like that he's intending to dismantle or to take a dividend out of?

DIRECTOR BLAIR: Unfortunately, many of those Cold War systems are aging out, like satellites and things like that, and need to be replaced. And we're in the midst of some tough decisions, on electro-optical satellites in particular, that we have to make. I can assure you that as we make those decisions, we're looking to the future and not to the past, in terms of – and for intelligence, there's a fundamental difference – in the Cold War, the enemy was hard to find and easy to kill; in the new situation, it's hard to – I mean, it was easy to find and hard to kill – (laughter) – al Qaeda in America, those guys.

But in the old war, we knew where the enemy was, we just had to bring a lot of firepower to bear. Now, the burden on intelligence is very much higher because of the smaller, individual nature of the targets – their ability to hide and move across borders, so it takes a different kind of intelligence system to do that.

REP. CONAWAY: In that regard, and again, you've only been there a very short period of time, are there gaps that you would feel comfortable talking about in this forum where additional resources are, in fact, needed to protect this country so that that intent of al Qaeda in – al Qaeda's intent in America is not fulfilled?

DIRECTOR BLAIR: Yes, sir, there are gaps. I'd rather talk about them in closed session, if I might.

REP. CONAWAY: All right. Admiral Blair, I'm looking forward to working with you. Thank you for it, and I yield back.

REP. REYES: Thank you, Mr. Conaway. Mr. Langevin?

REPRESENTATIVE JIM LANGEVIN (D-RI): Thank you, Mr. Chairman. Director, thank you for being here and for your service. I want to turn my attention to the issue of cyber-security. We had a brief conversation about it yesterday, but for the committee and for the public, I want

to get your thoughts again on this issue. I have paid a lot of attention to it. I appreciate the fact that you raised it in your opening statement here this morning.

As I mentioned to you yesterday, I've spent the last two years both chairing a homeland security subcommittee on emerging threats in cyber-security and then, was one of the four co-chairs of this year's SAIS report on cyber-security for the 44th presidency, and I'm pleased with the finding of that report and hoping that the administration is going to adopt many of the recommendations that are contained in the report. I know that right now, the administration is doing a 60-day review of its cyber-security strategy, and I applaud the appointment of Melissa Hathaway and the director in the NSC for cyberspace.

It's my hope that that position will actually be elevated and will be a special assistant to the president. But can you give us at least a preliminary overview of how you believe the cyber-security strategy will be structured, and in particular, where will it be housed? The previous administration put a lot of the focus and responsibility for securing us in cyberspace in the Department of Homeland Security. While I have great respect for the men and women that work in the department, it is clearly a department that is struggling to stand itself up and, in my opinion, was not the proper place to house the major responsibility for cyber-security.

I personally think it needs to be coordinated out of the White House with both policy and budgetary authority across a range of responsibilities in government. But can you share with us, at least on a preliminary basis, your vision for how our cyber-security strategy will be conducted – what it will look like – and also talk to us about what you see as where the greatest threats would come from?

I have been stung by the amount of penetration across federal networks in cyberspace, U.S. assets, as well as the amount of data that has been ex-filtrated from our own government networks. It is absolutely stunning and an issue that had been ignored for many years at our own peril. We're finally paying proper attention to it, but I'd like you to share your thoughts on some of those issue. Thank you.

DIRECTOR BLAIR: Thank you very much. I think there's one key aspect of this future cyber strategy which this committee and your counterpart in the other body can really help us with, and that is the role of the National Security Agency outside of the intelligence, its intelligence functions. I agree with you; the Department of Homeland Security is finding its footing in this area. The National Security Agency has the greatest repository of cyber talent. With due respect to Congressman Hastings' 24-year-old new hire, there are some wizards out there at Fort Meade who can do stuff.

I think that capability should be harnessed and built on as we're trying to protect more than just our intelligence networks or our military networks as we expand to our federal networks and to our critical infrastructure networks. And the reason is that because of the offensive mission that they have, they're the ones who know best about what's coming back at us and it's defenses against those sorts of things that we need to be able to build into wider and wider circles.

I think there is a great deal of distrust of the National Security Agency and the intelligence community in general playing a role outside of the very narrowly circumscribed role because of some of the history of the FISA issue in years past, a general distrust of having – I mean, the NSA is both intelligence and military: You know, two strikes out in terms of the way some Americans think about a body that ought to be protecting their privacy and civil liberties.

I think you all know that the fact of the matter is that the NSA – in fact, the entire intelligence community operates under very strict rules. Sometimes people don't follow them, but we find them and we hold them to account. So I would like the help of people like you who have studied this closely and served on commissions, the leadership of the committee and finding a way that the American people will have confidence in the supervision, in the oversight of the role of NSA so that it can help protect these wider bodies.

So, to me, that's one of the keys things that we have to work on here in the next few months.

REP. LANGEVIN: And I know my time was expired, but I just want to say that I agree with your assessment about the NSA. I think that a great disservice was done to the hard-working men and women at the NSA and in the intelligence community because of the FISA issue and it was more the issues that took place at the very top and at levels in our government and not the hard-working men and women who work there. They do have great capabilities and great professionalism and they do have a very strong role to play, need to have a very strong role to play in securing us in cyberspace.

So I look forward to our continued discussion and work on this issue. Thank you.

REP. REYES: Thank you, Mr. Langevin. Before I go to Mr. Kline, I just want to remind members, we'll probably be voting between 11:00 and 11:30. We should be able to complete the open hearing before then and then we'll reconvene for the closed session at the Capitol and lunch will be available for members. Mr. Kline.

REPRESENTATIVE JOHN KLINE (R-MN): Thank you, Mr. Chairman. Good morning, director, welcome. I want to pick up, if I can, with the discussion we had yesterday to the extent that we are comfortable talking about it in this open forum.

And this is the issue of interrogation techniques. Much public relations discussion about those for the last few years, arguably some uncertainty about what those techniques should be. I think most Americans thought that the president of the United States, President Obama, had cleared that up and announced that everybody was going to use the Army Field Manual, everybody in the intelligence community, everybody in the military was going to use the Army Field Manual for determining what those interrogation techniques could be.

Could you talk about whether or not that perception is correct and what the status is of dealing with the question of interrogation techniques?

DIRECTOR BLAIR: Yes, sir. I would like to clear that up. The executive order specifies that the Army Field Manual will be the basis for interrogation techniques used across the

government, that is, by the intelligence community as well as by military interrogators. But it also specifies that that manual will be reviewed so that it meets the unique requirements both of intelligence. So that's the –

REP. KLINE: Thank you. I just wanted to kind of get that on the record because I believe what your answer is, is that we do not know right now what the interrogation techniques are. And the intelligence community is not bound by the strict interpretation of the Army Field Manual, which was the widely held public perception.

And so there is an evaluation process that's ongoing. Is that correct: to modify or expand –

DIRECTOR BLAIR: To review.

REP. KLINE: To review. But right now, pending that review, the Army Field Manual techniques do apply to the intelligence community. So you're correct in that, right now, today, tomorrow, it is the portions of the Army Field Manual which, as you know, is a human intelligence manual, of which interrogation is a part, not the whole, but those procedures govern intelligence community interrogations that will be adjusted pending the results of the review, pending adjustment. Okay, thank you very much.

Let me move to domestic intelligence, if I could, sort of picking up on Mr. Hoekstra's comments and others that the Congress is viewed – and I think the 9/11 Commission Report called on – your office to be a coordinating office to break up the stovepipes that so hampered us on 9/11, where we had rules that forbade the FBI from talking to the CIA and so forth.

And, now, I'm from Minnesota and we're very much aware that a refugee from Somalia left Minnesota and went overseas and blew himself and others up. And so there is a question about the radicalization of some in this country. Minnesota happens to have a very large Somali population. Certainly not all those Somalis are radical, by any stretch of the imagination, but clearly there is concern. We see about it constantly in the papers back in Minnesota. That story is prominently displayed. There are some fears in Minnesota. And I think that we should all be alert to that.

But that raises the question of, what do we do about that? That's an issue here in the United States, but we have now a number of organizations: Department of Homeland Security, FBI, CIA and others. How is your organization now equipped? How do you feel like it's doing? I know you just got there, but in that ability to cross those lines so that we are not caught with our feet sort of nailed to the floor.

DIRECTOR BLAIR: I am – that's a high-priority problem and I've looked into it in some depth in my first few weeks on the job because of the importance. And I'd like to provide details in closed session, but I think you would be pleased as to the flow of information between the FBI intelligence agents, who have the authority to operate in this country, and the rest of the intelligence community, which gathers intelligence and takes action overseas.

The vehicle for that exchange – at the cap of it is the National Counterterrorism Center. And I urge you to come out for a visit when you can because you will find that the exact domestic international connection that you are questioning, you'll see how it's done physically with the role of FBI analysts interspersed with roles of analysts from other communities. And individuals are tracked very closely. So I – the structure is very much there in place and, in addition, there are other ways to communicate down to state and local levels. You will hear different stories from people who operate at state and local levels. The old joke, we're from Washington and we're here to help you, is alive and well in many – but I think if you poke at it, you see a steady improving trend.

I would say it's one of those things that I feel sort of good about, but you just don't feel really good about it because of the possibility that you're missing something and the memory that we all have of what happened in 2001. But we can talk about that more, but I think it's basically a good-news story, sir.

REP. KLINE: Thank you. And I'm looking forward to that visit. Again, welcome aboard. I yield back.

REP. REYES: Thank you, Mr. Kline. Ms. Schakowsky?

REPRESENTATIVE JAN SCHAKOWSKY (D-IL): Mr. Chairman and ranking member. First let me thank you so much for having this open hearing. I think it is incredibly useful for the American people to hear what I think, Director, has been a very constructive dialogue that we've been able to raise a lot of concerns. You've been able to respond to a lot of them. And even when you can't, I think the fact that we've outlined and somewhat demystified what the intelligence community is doing, that the American people get a chance to see you and understand much better your functions and who you are as a person.

And I want to encourage you, Mr. Chairman, to consider this kind of format going forward more extensively than we've used it in the past. And I wanted to suggest, Director, that we also look at the issue of classification more carefully. There have been times when we've been presented with documents and information where we've kind of – members have kind of shaken their heads and wondered why is this classified information?

I think the more that these issues are aired where we can, the better off we are as a nation. And I know that the president has made transparency a hallmark of his administration. And I think that does require looking at classification.

I wanted to ask a number of questions. Maybe you could answer them here and maybe not. One is about the issue of the prison at Bagram in Afghanistan. I know that there's been a ruling about that, that those who are incarcerated cannot challenge their incarceration. I'm concerned that there are, in fact, some innocent people in Bagram and I just wonder what the future is there for those who are detained by the United States.

And, secondly, you outlined as the primary near-term security concern of the United States the global economic crisis and its geopolitical implications. I know that the president has

emphasized the need for the United States to act to prevent humanitarian crises, which I think may – we may see growing now around the world, the idea of economic refugees and all kinds of instability that may be created, humanitarian crises that go beyond that like the one that we see in Sudan.

What I'm wondering is, how can intelligence capabilities provide early warning of humanitarian crises so that U.S. policy-makers, the intelligence community, can devise strategies to prevent or respond to such crises.

DIRECTOR BLAIR: Ma'am, on Bagram, I think the exact same sort of issues are there as – not the exact same – but many of the same issues there as are being sorted out in relation to Guantanamo. And I think those principles will have to be applied to those who are detained there. So that will have to follow in due course: the issues of process, the issues of long-term detention for those who need to be held.

On the humanitarian situations, we have an actual unit within the intelligence community whose job it is to monitor the world for disasters that rise to that level. A great deal of that information is available from other organizations that are not involving secret intelligence, but there are some things that we can do with our collection mechanisms. That's put together and we provide routine warnings of that so that we're not caught unawares.

REP. SCHAKOWSKY: Thank you.

REP. REYES: Thank you, Ms. Schakowsky. Mr. Ruppersberger.

REPRESENTATIVE DUTCH RUPPERSBERGER (D-MD): Yeah, I'd like to get back into the area of cyber-security. Mr. Langevin brought up the issue. It's something extremely important to our national security, to our business community, to our privacy generally.

There was a comment that people do not really trust some of the things that happened at the NSA. And it's unfortunate. I have been – NSA happens to be in my district and I chair the subcommittee that oversees them. And they are some of the finest, hardest-working people. And if they could talk and let the public know what internal mechanisms they have to protect Americans and to follow the Constitution, we'd be a lot better off. But they couldn't even defend themselves when all of the FISA issues were going on.

And I've been there for a period of time. I go there a lot and I've never seen anything that violates the Constitution. With that said, one of the biggest issues we do have to deal with is the public and educate the public what cyber is about. And I think, in order to do that, we have to tell some of the stories that have happened with cyber attacks, how Russia literally closed down Estonia's banking system because there was a battle about the statue that Estonia was taking down; when they went and attacked Georgia how they cyber-attacked and got into their communications systems and banking systems again.

There are a lot of classified issues, but I can say there have been many newspaper articles about attacks in our Pentagon, about NASA, about how possibly China, Russia, if they have been able

to attack NASA that they have been able to save billions of dollars in research that we have done, our business community and business secrets. And if you have a server, say, in a bank in North Dakota, a rural area, and that bank does one transaction with Bank of America, the bad guys could get in through that server and literally shut down a lot of Bank of America.

These are stories that the public needs to know because the public doesn't have a clue, in my opinion, how serious this cyber attack is. The good news is that President Obama has been briefed now since he's been running. He gets it, he understands it. You have people – I know Mr. Schiff and I have been at the NSA being briefed on this issue. Mr. Langevin has a lot of expertise in this area.

So we plan to really, from the technical point of view, look at some of the issues that are there. But in your job – and where I really want to ask the question – do you feel the mechanism in place, and I believe it's a good move to bring Melissa Hathaway who probably has much knowledge on cyber and also General Alexander, who is as good from a technical point of view as anybody in this country. With those two people working with us and the president and the administration, I think we can come a long way.

But where do you feel, in your role as DNI, that we need to go to deal with this cyber issue? And including with that is billions of dollars of money that are going to have to be put out there and partnerships between the Verizons and the Microsofts, the AT&Ts. And I'd like to hear your opinion, what you can do in an unclassified, where we need to go: Is the threat real and what are your recommendations?

DIRECTOR BLAIR: I agree with you that we need to have open descriptions of some of the damage that has been caused by recent attacks. And I'm sure, having seen the inside story, you know that that's a fairly complicated process to sort all of that out, particularly attribution. And I think it's important to write these stories more on the fact of what happened than who the individual perpetrator was for that one because there can be many, as you know.

REP. RUPPERSBERGER: It could be al Qaeda; it could be other countries. One thing I'm going to point out, though, that I think is important since this is a public hearing, we don't own the Internet. So it's not as if we're controlling the Internet; we just have to protect ourselves from these invasions.

DIRECTOR BLAIR: I think you have that right. Yes, sir. We play a big role in the Internet. As you know, it's an international body that governs it. I think, on the second point you make, is also absolutely vital, is that this has to be a public-private ownership.

REP. RUPPERSBERGER: Partnership.

DIRECTOR BLAIR: Partnership to move forward because the owners of most of the servers and fiberoptic cables and all are private companies. On that front, I think there is also – there is also good news because through some of the initiatives that General Alexander, whom you know, started, we have good relations with the big IT software developers and vendors in a body

that's actually organized, that we in the intelligence community and others play a role in to tackle these problems together.

And I think both common solutions – and also, frankly, I'd like to bring in some business executives into government to take jobs on the inside, to help us with their knowledge on the outside. So I think all of those are essential to solving this problem.

REP. RUPPERSBERGER: Well, there's a lot of work to do and I look forward to working with you.

DIRECTOR BLAIR: Sure.

REP. REYES: Thank you, Mr. Ruppersberger. Votes have just been called and I would remind members that the new policy is they'll go two minutes beyond the 15 minutes. At least that's what we've been told. We've got Mr. Holt and then Ms. Eshoo.

REPRESENTATIVE RUSH D. HOLT (D-NJ): Thank you, Mr. Chairman. And, Mr. Director, again, congratulations. You have a lot of the skill and background necessary to do a good job in this position. And we wish you well, want to work with you.

Since this is an overview today, I'd like to ask an overview question about the relationship between the intelligence community and Congress. The 9/11 Commission recommended strongly that Congress show more oversight of intelligence activities. So let me ask several questions. I'll ask them all at once and then you can – I mean, do you think that vigorous congressional oversight benefits the efficient functioning of the intelligence community or could you operate better without congressional questioning about the workings and the activities of the IC?

I think of that as a softball question, but it's important to answer, I think. And do you and the DNI staff think that in recent years Congress – and by that I really mean the duly sworn members with responsibility for intelligence – that Congress has received all of the information and cooperation it needs to conduct full and appropriate oversight? More specifically, was it appropriate not to brief members about President Bush's domestic electronic surveillance? Was it appropriate not to brief all members about certain covert activities in the Middle East and Latin America? Was it appropriate not to seek advice in these areas?

Would you do anything different?

DIRECTOR BLAIR: For those questions, I'm reminded of that song, "Some kind of help is the kind of help that help is all about and some kind of help is the kind of help we all can do without." And I think vigorous effective oversight of the right kind is nothing but good for our community. And we – I think we're working it out. We're a new administration. There are some new members of the committee. There are some veterans here and, I think, as a background, the thing I should say is, my pledge is to make it as good a partnership as possible. And I think if you talk to those who serve on your counterpart committees who have dealt with the Armed Forces, you'll find that my reputation is one who probably says more rather than less

to members of Congress because I understand who pays the bills and who has the oversight responsibilities.

REP. HOLT: So, more specifically, was it appropriate in those circumstances that I mentioned? I think you know what I'm talking about.

DIRECTOR BLAIR: Right. And on that question of fully and currently informing the committees, I follow the law, Congressman Holt. It says that this committee will be fully and currently informed of intelligence activities.

REP. HOLT: So you would do it differently. In other words, it was inappropriate, you're saying, not to brief Congress about that surveillance program? It was not appropriate not to brief all members about these covert activities that I think you and I know what we're talking about.

DIRECTOR BLAIR: I'd really rather talk about going forward rather than looking back because that's what I can affect, sir. And I will be leaning forward. I'll be leaning on the side of consulting more rather than less. But there is a category of sensitive covert actions which, as you know, is covered by a separate article of the statute which I am also aware of and which I feel has to be observed. And judgment is required always.

REP. HOLT: Yeah, which – what I'm talking about, I just want to set some benchmarks here because what I'm talking about, you know, we were not briefed at all: no one, not a committee member, not a committee chair, no one. Was that appropriate?

DIRECTOR BLAIR: There is no case that I know of in which no one should be briefed about an intelligence activity in this Congress.

REP. HOLT: That helps. How am I doing on time, Mr. Chairman?

REP. REYES: Less than a minute.

REP. HOLT: Less than a minute. Well, let me ask for the record, then, you've listed a number of specifics. If you were to look at all of the risks, threats, events that might affect Americans and multiplied the likelihood of these events occurring times the number of Americans affected, what would you rank as number one, two and three? And is the allocation of resources within the intelligence community – how does that match for those three?

So whether we're talking about climate change or theft of nuclear weapons from Russia or Pakistan and the use of those weapons or a series of al Qaeda terrorist attacks on the U.S. –

REP. REYES: If you can hit just a couple of those because I want to leave time for Ms. Eshoo so we finish up the open session.

DIRECTOR BLAIR: I'll just say quickly that the greatest threats I think do lay in that convergence between non-state actors and weapons of mass destruction. And, you know, what would be the factors on likelihood and casualties? I think we probably ought to talk about it in

closed session, but it's people who are not deterrable getting hold of weapons that can cause a lot of deaths.

REP. HOLT: So if you could look at the top three later and tell us how you think the match of resources, the allocation of resources matches?

DIRECTOR BLAIR: Yes, sir.

REP. REYES: Ms. Eshoo.

REPRESENTATIVE ANNA ESHOO (D-CA): Thank you, Mr. Chairman. Good morning, Mr. Director. The last question really segues very well into mine: I think the ultimate nightmare and intelligence community challenge is nuclear weapons and materials falling into the hands of those that want to destroy us, which leads me to Pakistan.

I think that Pakistan poses an enormous challenge to us, along with Afghanistan. And I think that they are tied together in many ways. So I have two quick questions about it. And I think we can follow up on this in other forums, probably classified as well. But A, AQ Khan was released by the Pakistani government from house arrest earlier this month. I was shocked and appalled when that was announced. So my question to you is, does he still pose a proliferation threat in the eyes of the intelligence community? Do we know about any restrictions that may still be in place relative to this man that a colleague of mine dubbed the Johnny Appleseed of nuclear materials and information? And do we know what level of access he still has? So that I'd like to ask you.

And my second question, which you can answer maybe for the record later on is – and you touched on it earlier, I believe, who is on climate change. There are many of us that have worked very hard on this issue and to the credit of your predecessor, he agreed to – for the intelligence community to produce an NIA. I'd like to know what your plans are for the ongoing effort within the intelligence community and what the resources are that you're going to commit to this, because there isn't any question in my mind and many experts' minds that the destabilization that is brought about as the result of climate change has a nexus to the intelligence community and vice-versa.

DIRECTOR BLAIR: On those two questions, ma'am, on AQ Khan, I'd rather answer in closed session in more detail. But it deserves an answer in open forum, which is that there are restrictions on him imposed by the government and that they primarily involve insuring that he is not connected to the network that he used before for the proliferation activities that you referred to and I can tell you in detail. But he's not a head of a laboratory, which is in the business that he was in before.

On climate change, I think that the way the intelligence community is approaching it now is correct. That is, we are not funding scientific research on the important questions involved in it. We are looking at, with the range of predictions that are being made by science, what would be the national security effects of this on –

REP. ESHOO: But there's a whole pool of expertise that has existed within the intelligence community. And so I think maybe we need to follow up on that on how you're going to capture that and keep it moving. I don't think it's – it just rests under a statement of recognition that this poses a threat. That's not good enough. And we have tremendous resources. So we can follow up on that. Thank you, Mr. Chairman.

REP. REYES: Thank you, Ms. Eshoo. And there is less than four minutes left but 400 members yet to show up to vote. So we will at this point conclude and adjourn the open hearing.

REP. HOLT: Mr. Chairman, since there seems to be a moment, may I follow up on –

REP. REYES: Very briefly.

REP. HOLT: Very briefly. There is precedent for making the intelligence community resources available for climate change studies, the so-called "Medea Project" (sp). To what extent is that approach being revived? To what extent should it be revived? Making available the various resources of the intelligence community?

DIRECTOR BLAIR: That's a good question. Let me look into that and get back to you and Congressman Eshoo, please, since I don't have that on the tip of my fingers.

REP. HOLT: Thank you.

REP. REYES: Thank you, Mr. Holt. And thank you, Director Blair. And with that, the open hearing is adjourned. And we will reconvene after votes for the closed session at the Capitol.

(END)

Transcript by Federal News Service – www.fednews.com