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John C. Gannon

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Intelligence and Homeland Security After 9/11

John C. Gannon

March 22, 2004

Since March 2003, Dr. John C. Gannon has been staff director of the Select Committee on Homeland Security, U.S. House of Representatives, where he formed and manages staff for a fifty-member committee responsible for oversight of the new Department of Homeland Security (DHS). From August 2002 until January 2003 he headed the team in the DHS Transition Planning Office that stood up the Information Analysis and Infrastructure Protection Directorate. Previously he was vice chairman of the Intellibridge Corporation. Dr. Gannon has served in the most senior analytical positions at the Central Intelligence Agency (CIA) and in the intelligence community, including as deputy director for intelligence at the CIA (July 1995–July 1997), chairman of the National Intelligence Council (July 1997–June 2001), and assistant director of central intelligence for analysis and production (July 1998–June 2001). He began his government career as a political analyst on Latin America, had a tour in the Office of Economic Research, worked on the staff of the President's Daily Brief (PDB), and held various management positions in the Office of European Analysis before becoming deputy director of the office in May 1989 and then director in March 1992. He served as a naval officer in Southeast Asia on active duty and later in the Naval Reserve, retiring with the grade of captain in 1990. He has been awarded the CIA's Distinguished Intelligence Medal, Distinguished Career Intelligence Medal, and the Director's Medal, the Defense Intelligence Agency Director's Award (three citations), the National Imagery and Mapping Agency (NIMA) Medal, the National Security Agency (NSA) Distinguished Service Medal, and the State Department's Superior Honor Award. He earned his B.A. degree in psychology from Holy Cross College and his M.A. and Ph.D. in history from Washington University.

Oettinger: I will not give a protracted introduction to our guest today. You've all seen his amazingly diverse biography. He has agreed to give some opening remarks, but he is amenable to questions and conversation anywhere along the line. So saying, I turn it over to John. Welcome! We're delighted to have you with us.

Gannon: Thank you, Tony. I'm very glad to be here with all of you. I will say that I most enjoy these experiences when they are interactive, so I will try to make some general opening comments to stimulate discussion or provoke you in one way or another. I would very much like to get your questions and comments into the discussion as soon as we can.

I will also say that I don't know when I first ran into Tony, but it was a long time ago. You not only have a great professor here, but you also have one who I think has fought the battle with the intelligence community, trying to get it actually to use the kinds of technology that we all know are relevant in appropriate ways. So he has been a great friend of the intelligence community and of the Republic, really, in terms of the direction in which he has tried to take us.

What I thought I'd do is first of all make some general comments about my own background and why I'm here, talk a little bit about homeland security and intelligence (and I think they are very closely bound up in their general mission), and then discuss what we have done and where we need to go. I had a career at the CIA over about twenty-four years. I basically was an analyst or ran analytic programs, most of them in Europe. I actually started out in Latin America and the Caribbean, did some overseas work that brought me into Europe, and was there during the collapse of communism in Eastern Europe, German reunification, the Balkans crisis, and the implosion of the Soviet Union—a great period to be an analyst and to be managing analytic programs. I was director for Europe at that time.

In 1995, when John Deutch became the director of central intelligence [DCI], I became the deputy director for intelligence [DDI], which put me in charge of all the analysts in CIA. Under George Tenet I had two jobs. One was as chairman of the National Intelligence Council, which does estimates on issues deemed to be of particular sensitivity to U.S. national security. That involves substantive input from the entire intelligence community. We bring together all the analysts on an issue from across the intelligence community, and in the process of debate and setting terms of reference we establish where the consensus and the dissent are and capture it all in one document for the benefit of the president and the national security team, as opposed to having sixteen agencies competing for his time with their particular views.

I was also assistant director for analysis and production, which was a resource job. We looked at all the resource investments across the analytic community, or those programs that have analysis components. That meant everything from the field experience of the analysts to their general expertise levels to their language skills (which was always a very big issue) so we could at any given time answer the question: "What kind of expertise are we developing, training for, and bringing to bear in the intelligence community?" That job also had me ask, really for the first time in the intelligence community, "How are the resources being deployed, and against what priorities?"

I went from there briefly into the private sector. I was called back to work in the DHS. I would emphasize that I was called back because of my intelligence background. The White House recognized that in setting up the Information Analysis and Infrastructure Protection Directorate intelligence was really what it was all about, so I established the team that set up the directorate and stayed there until the DHS actually stood up. I was heading back to the private sector when I was called back to Congress by Chris Cox [Rep.-Calif.], who had been named the chairman of the new Select Committee on Homeland Security in Congress. The committee was established by House Speaker Denny Hastert [Rep.-Ill.], who argued that eighty-eight committees and subcommittees dealing with homeland security are too many, that the Congress has to get focused, and that this committee will do it.

Chris Cox still believes that the lifeblood of the DHS has got to be intelligence. It is all about getting threat-based information out to people who need it and can do something about it to protect our infrastructure. That is why he asked me. He certainly didn't ask me because I was an

expert on the way the Hill functions. So that's what I've been doing for the past year: working with the Congress. I have moved from the intelligence community to the White House to the Congress on homeland security issues.

Let me quickly say some things about what all this is about homeland security. Why do we have a department? Why is Congress grappling with these issues? In my experience as an intelligence officer, I think 9/11 was profound in many ways. First, this was not an operation that was particularly sophisticated in technology terms. We had nineteen hijackers seize four aircraft and essentially transform them into missiles. In my judgment it was kind of 1970s' terrorist technology, elevated to a slightly higher level.

What was significant about it was the sophistication of the planning, the training, and the implementation of this operation. We were confronted by terrorists who had been able to build a network that spanned a world all the way from the pre-modern world of Afghanistan to the post-modern world of Europe. These terrorists were literally training in Afghanistan and very comfortable in the "cave-ology" kind of environment there. At the same time as the operations were being planned, they were very comfortable in Europe and in the United States using Internet cafes, ATMs [automated teller machines], and all the sophisticated accesses that technology gives you in a postmodern society. So it was the network—the extent to which Al Qaeda was able to bring all that together in a very flat and very effective network that was far below the radar screens of our $40 billion worth of intelligence collection systems—that really was the major wake-up call for the intelligence community.

I would also say there was a message not only for the intelligence business, but also for our military, in terms of the way we were going to have to fight this kind of network. There was also a message for our diplomats. Here I might pause a moment, because I think it was a very significant message. You had terrorists who had been educated in their own societies and could have been very successful in them. They came and lived in our country or in Europe, and they maintained a perfervid hatred of the United States at a level where they could actually seize aircraft, look into the eyes of the people whom they would bring to their deaths, and still proceed right to the climax of this long-term planning and training. This was alarming to us: the degree of hatred that was exposed here and that we knew flowed from a significant portion of the world, particularly the Middle East, Central Asia, and South Asia.

It also dispelled a certain myth that many of us in the business had. As I served abroad, and as a lot of diplomats did, we often said to those who were critical of the United States, "We can understand why you're critical of our government, but you've got to come live in the United States. Then you'll understand the culture better, you'll appreciate it, and you will become more tolerant and respectful of it." Well, we had a group of terrorists, many of whom, in fact, did live here. Ayman Al Zawahiri, who we thought was being pursued in Pakistan, lived in Los Angeles. Osama bin Laden lived in the United Kingdom, and was a soccer fan. They did understand our culture. I have often said that sometimes the extreme ideological orientation of younger people is blunted when they get into relationships: when they marry and have children. A lot of these guys were soccer dads. They were married, they did have children, and they still maintained this hatred of the United States, which they viewed as representing a particular form of evil. The signal to us here was that diplomatically we are not paying enough attention to places in the world that are breeding grounds for this kind of hatred of the United States.

In technology terms, as I said, this was not a particularly sophisticated operation—the actual commandeering of the aircraft. But what it did demonstrate to us—and again, this is something we knew was coming, but it came a little faster than we thought—is that we are dealing in an information environment where the access of terrorists and bad actors in general to know-how about doing things such as building bombs was growing exponentially. The ability to move information and finance, which was one of the positive effects of globalization, in bad hands represented a greater threat than we had realized. What we worried about most, of course, and I think rightfully so, was the access to weapons of mass destruction [WMD]: that it would be increasingly easy for terrorist groups, non-state actors, or small state adversaries of the United States to get hold of information, technology, finance, and the weapons themselves so that they could inflict catastrophic damage on the United States.

Then, of course, we had the debate coming out of 9/11 about the problems of information sharing. That began a concentration on what we need to do in the intelligence community to promote information sharing, and then it moved to the whole issue of homeland security. As many of you know, the Bush administration was reluctant at the outset to establish a DHS because of the bureaucratic implications. It did not want the legacy of this administration to be that it increased bureaucracy in the government unless there were very good reasons to do it.

As we moved to the drafting of the Homeland Security Act in Congress—and there was a lot of pressure on Congress to do it, to which the administration of course had to respond—the administration also came to the conclusion that to build new capabilities to make this country safer we did need to have a department that could be a focal point for the homeland security mission. We needed an entity that could bring together the twenty-two agencies that were actually incorporated into the department and also agencies outside of the department that have homeland security missions, and get them focused on the counterterrorism mission. A lot of the agencies, such as FEMA [Federal Emergency Management Agency] and the Coast Guard, which has basically done a lot of what we now regard as homeland security protection, were performing many very useful what are called “all hazard” kinds of missions, but they were not focused on terrorism as a mission. The argument that the administration made (I think correctly) was that getting them focused meant they needed different kinds of information—terrorism threat-based information—and different training, so that those agencies understand how to respond to, prevent, or protect against terrorism in ways that are uniquely different from the other hazards that they’ve faced.

There were two basic arguments that I think drove the creation of this department. The first was the intelligence argument. When we look at all these agencies upon which we’re going to have to rely against a terrorist attack, what are they missing? They are missing intelligence information. They are out there on the front lines but they don’t know what the threat is, where it is, what the capabilities of terrorist groups are, or where they’re likely to be as new technologies come on line. We need to develop a capability that will give them information about the threat so that they can respond to it.

Another critical part of this is infrastructure protection. What do you do with the information if you’re in state or local government or in the private sector—the new stakeholders in homeland security? They need threat-based information to prioritize what vulnerabilities to address first as they operationalize their missions. So the intelligence mission was critical.

The second critical driver was the recognition by the administration and the Congress that the agencies as they were arrayed and as they were performing their duties were not accessing technology to the degree they needed to find solutions to the challenges of homeland security. Not only were they not using technology to protect our borders, our ports, our airports, and our critical infrastructure—and, by the way, to protect our civil liberties in the process—but they also had no clue on the future technology side. So the two new capabilities that you wanted to build into this department as you brought it all together were the Information Analysis and Infrastructure Protection Directorate, which was the intelligence piece, and the Science and Technology Directorate, which was going to drive the technological thrust for the new department and get all those member agencies more focused on how technology can address the challenges of homeland security.

What has been done? I would say in the past two years we probably have done more things to protect our borders and enhance the security of our ports than ever before. You all know what's been done at airports, because it's so evident. More has been done to protect our infrastructure than at any time since World War II. We have also made changes in the intelligence community to enhance the sharing of information. We have the Terrorist Threat Integration Center [TTIC], which has a primary mission of fostering data fusion—integration of foreign and domestic analysis—and then getting that information out to people who need it. We also have the Terrorism Screening Center, which is intended (it's not quite there yet) to integrate terrorist watch lists in a way that we hope will eventually give us not only one-stop shopping for who is on a terrorist watch list but also a much more rapid way of getting people off lists. Again, this is the civil liberties part: we are not simply trying to protect ourselves against terrorism; we are also trying to protect our way of life and our democracy.

We can debate where we need to go or how far we have gone with legal reforms and the Patriot Act, but if you look at what has been done within our own country and abroad, laws have been changed to remove impediments so that intelligence services and law enforcement can work together more as they do their jobs and to make it easier for them to go after terrorist groups.

One example outside the United States: if you look at Germany and the Hamburg cell, which was a critical element in planning the 9/11 attacks, you can ask why the German intelligence service didn't know this planning was going on. This wasn't Afghanistan; this was Europe. We had a friendly intelligence service in Germany that was not watching what was happening there and therefore could not provide information to its government or to the United States. The simple answer is that there is a particularly wide gap between law enforcement and intelligence in Germany. That's the way we wanted it to be, because of the particular history of Germany. There was also legislation on the books in Germany that did not allow law enforcement or intelligence to pursue religious-based organizations, and a lot of what was being done to plan the 9/11 operation was done in a mosque. The laws have been changed and, again, we can and should argue in a democracy about how far we have gone. Clearly a lot of the impediments that were there before 9/11 are no longer there in the United States and among our allies.

I'll emphasize now that fighting terrorism is an international cooperative effort. There is absolutely no sustainable argument that the United States on its own, even as a global intelligence service, can deal with terrorism without serious, sustained cooperation from our allies abroad.

The DHS was established and then Congress made the effort to integrate the various jurisdictions across the eighty-eight committees. What needs to be done? I would say that if

there's any single thing that I would emphasize as being absolutely critical it is that we need better intelligence. If you look at the threat advisory system that the DHS has stood up, one of the basic problems—and one of the great frustrations—is that the intelligence that goes into it is not sufficiently specific either to regions or to sectors so that people who want to take that intelligence and do something can actually do something with it.

We also have some of the broad problems of the intelligence community (and we can talk about them if you wish) and the need for reform there. Clearly, we need intelligence that will focus more on motivations, intentions, and capabilities of terrorist groups. That has obviously been absent over the past few years. We need to have a department that really can help to build a strategy. This is also what has been absent if you look at all the activity that is homeland security-related. A lot of things are being done across government agencies within the DHS itself, but when you try to tie it to a resource-responsible strategy it is very difficult to do. There has to be a strong department that is a driver on that strategy: What are we doing, why are we doing it, and what kinds of resources do we need to achieve it?

The last thing I'll say is that the whole homeland security mission has an element of public–private partnership that really is unprecedented in the history of our efforts to deal with national security. I talked a lot about technology, which is a very important issue to me. The fact is that in homeland security, first of all bringing in the stakeholders—state and local governments, but largely the private sector—and dealing with issues such as the cyber threat is not simply a nice thing for the federal government to do. Believe me, speaking from inside the government, the government doesn't have the capability, the competence, or the expertise. It absolutely needs to have these partnerships and we are still struggling here. There's a distrust on the part of private sector organizations toward the government in terms of turning over information on their vulnerabilities, even though many of them have done a very good job in determining what those vulnerabilities are. They are concerned about competitiveness issues, liability issues, and simply the basic competence of the government to deal with the information they provide. So there's a huge challenge there that I think we need to address as a very high priority. Again, speaking from the government side, I simply do not believe that the government can go very far without a very robust relationship with the private sector.

So I'm going to stop there, as I should, and take it anywhere you want to go.

Student: You talked a lot about sharing information between different agencies within our government. What are some of the challenges of sharing information and intelligence with other governments? This morning it was reported that the Israelis assassinated the leader of Hamas, and that they acted on our information. Our government claims, and the Israelis claim, that we didn't know anything about that. However, there's a probability that all this intelligence sharing is going back and forth. That's one challenge I can think of: When you're sharing intelligence, are you tied to other countries' actions? I'd be interested if you agree with that and to hear what you think are some of the other challenges.

Gannon: That's a very good question. As a general principle, the United States is probably the last surviving global intelligence service in the world that has the capability, technological and otherwise, to bring information together and actually to have more sources in other countries than any other country does. To pursue terrorists or WMD, you absolutely need to have input from other countries about what's going on with regard to terrorists on their own soil, or with regard to

the movement of weapons across their territories. We can't do it without the cooperation of those intelligence services.

But there is a risk, and the risk always grows when you are dealing with an intelligence service that is involved in a conflict where we, as the United States, have a responsibility to show at least some kind of balance in the way we approach it. The relationship with the Israelis is a close one; there's no question about it, but there have been times when it's been difficult. If you go back to the 1967 war, we were right and the Israelis were wrong about what we said was going to happen. In the 1973 war the Israelis were dead wrong in their estimates of what was going on. We relied too heavily on them, and they were wrong.

You can move around countries. With the Indians and the Pakistanis, for example, whenever there is a conflict in which we are trying to deal with both sides, we run a heavy risk unless we run a very strong counterintelligence program against the information we're getting from those countries.

I would still tell you that the overall value of having these relationships outweighs the counterintelligence risk, or just the professional risk, of dealing with countries that want to tell you what they want you to hear, or are biased by their own involvement, particularly involvement in a conflict.

Student: Do you think that would happen because you have different terrorist groups that maybe are at odds with each other's objectives? It's not that they wouldn't have worked together, but is there more incentive for them to work together when events like this happen?

Gannon: That is a fair argument. There's no question. One of the problems with seeing terrorism as a war is that the war metaphor suggests that if we keep going after these people the war will end, we will be the victors, and they will be defeated. Terrorism is a much more diffuse set of problems. We aren't dealing with constituted armies; we're dealing with elements that can come and go. They're connected or they're not connected, and while we're going after the leaders (we may get Al Zawahiri) in the process we may have created a lot more terrorists. That is a fair point, and we have to build that into our analysis.

That gets back to my point about diplomatic awareness. We had to face the sad fact in 2001 that we did not know as much as we needed to know about what was going on, particularly in Central Asia and South Asia. We did know something about the Middle East. It was partly because of our lack of investment not in intelligence, but in diplomacy: having people out there in the open source world talking to people in those countries about what was going on and how they felt about the United States: what the Saudis were doing with madrassas, for example. We played a lot of catch-up ball, but I think it was quite startling to us to learn what we learned.

Student: We talked with Admiral Murrett last week, the J-2 on the Joint Staff, about how our European allies fight terrorism by withholding rewards from state sponsors.[1] Typically, in my understanding, that characterizes their response, whereas ours has been simply to go after and punish terrorists. How do we avoid the appearance that terrorists can take advantage of a kind of

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[1]Robert B. Murrett, "Intelligence to Support Military Operations," in *Seminar on Intelligence, Command, and Control, Guest Presentations, Spring 2004*, I-04-1 (Cambridge, Mass.: Harvard University Program on Information Resources Policy, May 2004), [On-line]. URL: http://www.pirp.harvard.edu/publications/pdf-blurb.asp?id=600

lax attitude in Europe toward terrorism in the sense that the Europeans aren't actively out prosecuting terrorism as much as the United States is? How do we avoid the appearance that terrorists can take advantage of Europeans, as happened in the Spanish election?

Gannon: I think we misstate, and misunderstand, the European experience with terrorism. During the cold war period almost all the major countries in Europe faced significant problems with terrorism. In the United Kingdom Margaret Thatcher was almost assassinated in 1986. A member of the royal family, Louis Mountbatten, was assassinated by the Provisional IRA [Irish Republican Army] in 1979. They've had a pervasive domestic terrorism threat. You had the Baader-Meinhof gang in Germany. In Italy Aldo Moro, a very popular Social Democrat, was kidnapped and killed by the Red Brigades, and some of us remember that whole episode.

Let me focus on Spain, because I lived there and I had the responsibility of dealing with the Basques and Basque terrorism. I find the degree to which we are interpreting events in Spain the way we are disappointing. During the Franco period, when you had essentially a repressive dictatorship, there was no terrorism problem until the very end, when a prime minister was assassinated in 1973 by ETA [Euskadi Te Askatusuna]. That was just a couple of years before Franco died. Eight hundred military people, security officers, politicians, and jurists have been killed by ETA since the end of the Franco period. The Basque terrorists, no longer being repressed, were able to strike out against the effort to build a democracy in Spain. Consistently through the succession of Spanish governments there has been a steadfast commitment to building democracy: that is, a civil society and civil liberties that were not to be encroached upon in any way by the daily challenge they face from terrorism.

I had the experience of having lunch with a very liberal democratic general, and as I was out jogging a few weeks later he was assassinated by ETA as he was coming out of mass. So to say that Spaniards don't understand terrorism or how to deal with it I think shows an appalling lack of sensitivity on our part. They have been fighting this battle for thirty years. They have been extremely cooperative with the United States. In fact it was the Reagan administration, back in the early 1980s, that established a relationship on the intelligence and political levels with the government of Felipe Gonzalez to assist Spain with what was then a growing problem of ETA terrorism. That was also at a time when Spain was just emerging from a very strong military in the country that was also not favorable to democratic development. It was an unstable period. The Reagan administration came in full force to help the Spaniards, and if not in exchange then certainly as one of the results of that the Spanish, who had voted for Felipe Gonzalez on a "no accession to NATO [North Atlantic Treaty Organization]" platform, went 180 degrees and favored NATO accession. Spain became a member of NATO in 1986. So we have thirty years of a very close relationship with Spain. There's no question that they combat terrorism, or that they will continue to work very closely with us on terrorism. I'll also tell you that it's very important that we continue to have a relationship with the Spanish, because in their particular piece of geography, intersecting with the Middle East the way it does, Spain is very important to us and we need to have this relationship for our own protection.

There's another fact: that 90 percent of Spaniards opposed José Maria Aznar's policy on Iraq. The Spanish make a distinction between the war in Iraq and the war on global terrorism. What I find we are blurring in all the commentary about the Spanish opposition to Iraq—which we can argue about (and we're certainly entitled to)—is that they didn't see the Iraq operation as a part of the war on terrorism. When 90 percent of your electorate opposes a government on

something like that the government is in a vulnerable position. As soon as the Spanish became aware that the incident at the Atocha train station, where 200 Spaniards were killed (this is comparable to a major attack on Union Station in Washington or South Station in Boston), it had a tremendous impact in the days before the election. It did influence them. But I think it will not influence Spain's working with us against global terrorism. It may have an impact on Iraq, but the Spaniards won't make a decision on Iraq until June, and I'm not even sure that you will see the withdrawal that Zapatero has pledged.

I've lived in Europe, and the European experience with terrorism is something we should learn from. We should not be lecturing people who have dealt with terrorism, and I think dealt with it quite successfully in ways that have preserved democracy. So you touched a nerve there.

Student: Could you talk briefly about the rest of the Europeans too?

Gannon: The Germans had a domestic terrorist group. The Italians had. The Dutch had some related to the Indonesian groups.

Oettinger: The French had the Algerians.

Student: I was interested in your experience of mega-terrorism.

Gannon: All of them do recognize now that the experience of domestic terrorism they faced is quite different from the catastrophic effects that can result from international terrorism. They are working with us, and we have to work with them in a dialogue.

Again, I'm working for this Congress and this administration, but if you took something like our color-coded system and tried to put that on the Spaniards, who have been dealing with terrorism every day for the past thirty years, and who know that they could be walking down the street and get killed, they would not understand our reaction to 9/11. We have to work harder to engage them, but I don't think the Europeans are cowardly or shallow in their understanding of this problem. They don't understand our reaction. What we need is much closer engagement with them, because we need their help.

Student: I wasn't trying to imply that Spain was cowardly. I just wanted to hear your reaction.

Gannon: In every major newspaper in this country there's been an op-ed in the past few days that the Spanish have voted to enable terrorists. I just don't find that at all representative of the Spain that I know.

Student: I wanted to reaffirm what you had suggested earlier, especially in terms of Germany. Because of the history, their legal system bends over backwards to make it very difficult to trample on civil liberties in the course of these prosecutions. If one looks at the way the Baader-Meinhof gang or the Rote Armee Fraktion and so forth were prosecuted, to some extent it might seem like an extreme way of saying "Let's protect the defendants at the expense of the victims," but there are good reasons why that legal structure came about.

Gannon: For the most part the United States favored and helped to establish that the German intelligence service—the BND [Bundesnachrichtendienst]—was located in Munich, when for

most of the cold war period the government was located in Bonn and then moved openly to Berlin in the late 1990s. In our whole understanding of intelligence and its relationship to government, proximity is critical. We supported the idea that there would be distance there, and it was partly because of the experience of the relationship between law enforcement and intelligence in the Nazi period.

Student: German law, by the way, also allows the BND to sample transactions, such as utility transactions and others, to detect patterns of behavior.

You mentioned that the 9/11 hijackers operated under our radar screen, and their long planning cycle. You could even say that their planning cycle was so long that it may operate outside the warning attention span we've been used to for years. If you think hard about this, Al Qaeda is producing really discrete kinds of tactical warning signals, if it's producing anything. I wonder if you'd comment on this whole idea of balancing civil liberties and warning against an Al Qaeda attack, springboarding off this idea that Congress canceled DARPA's [Defense Advanced Projects Research Agency's] TIA—Terrorist Information Awareness—project, which was sampling transactions in the information space.[2] I admit that DARPA mismanaged that politically, but is there any way around ceding some civil liberties for warning in this case?

Gannon: First of all, I agree with you about the DARPA problem. It was very bad public relations. I don't believe congressional behavior was particularly exemplary here either. I think you do have to look at different ways of doing things, but I don't argue that it's a zero-sum game between civil liberties and intelligence. I do think the message to our intelligence people—and I think it's a message they want—is that they are there to protect civil liberties. If we're going to give them greater capabilities, it's to protect us in a larger sense. In particular it's to have no impact on our way of life. We don't want to affect the number of people coming into our country; we want to have a greater idea of who they are and where they're staying, and we can improve those capabilities. But is that an attack on civil liberties?

The debate you're talking about needs to be engaged in a sensible way, and I think we have done things that arguably have helped the intelligence services. The message to the intelligence services has to be very clear: you are there to preserve our way of life. We can do what Franco did. We can take care of the security problem by closing our borders, but that's not what the challenge is. The challenge is to preserve our way of life and to find better ways of doing it. Also I think technology in many ways does provide answers that enhance our security in ways that do not affect the people side of things.

I take it case by case, and often I hear civil libertarians argue that you can't do anything. I've been on a number of boards where we have prominent civil libertarians and I've actually been impressed by the extent to which they have been willing to accept that you certainly have to do things differently, as long as the basic objective is that the intelligence services are here to protect our democracy and not to create something else.

Oettinger: One of the places where civil liberties and intelligence may come into conflict is in figuring out what's normal so that you can see the abnormal when it occurs. That may mean collecting stuff to get a background picture that may include a lot of innocents, and the way the

[2]The TIA was originally titled the Total Information Awareness project.

debate keeps getting framed there doesn't seem to be much tolerance for that. The notion—and this is not unjustified—is that if the government or somebody collects it sooner or later it will be misused or abused and so on, and so the only safe approach is not to collect in the first place. I'm puzzled as to why, historically or otherwise, the notion that you collect it and then nail people who misuse it seems so untenable to many folks.

Gannon: As someone who has spent a lot of time on the security side of the house, I think you do need to be careful about collecting information. Once you collect information and it's in the hands of the government, it's no longer private with regard to an individual. One of the problems we're encountering with programs such as U.S. Visit, for example, which has the very commendable objective of giving us greater assurance about who's coming into the country and how long they're going to stay, is that we don't know what happens to all the information that is collected on innocent people. We don't know where it's going to go and how it's going to be used. I happen to think it's perfectly appropriate for us to want to pressure the DHS until it can answer the questions.

There's also a foreign dimension to this, by the way. If you don't have foreign governments cooperating with you on their end the whole effort is somewhat weakened. With regard to collecting information from the private sector, if I'm representing the government I should be able to tell each corporation why I need that information, how I'm going to use it, and what's going to happen to it. I should not say "I want that information from you. Give it to us now, or we're going to regulate. We will just pass laws that will require you to do it." I don't think that's building the kind of trust and confidence in the relationship with the private sector that is essential in the new environment we're in.

I've encountered a lot of individual cases where innocent people do get caught up in this, and it's in the nature of a healthy, strong democracy that we're going to give that individual the benefit of the doubt and do the best we can to develop systems that will protect information and will protect individual liberties.

Student: On the topic of the DHS, if I heard you right, you said that the biggest argument in favor of the department is the need to get intelligence to the relevant agencies under the DHS umbrella. The CIA runs the TTIC, and inside the DO [Directorate of Operations] they have a Counterterrorism Center. Is there any reason why you need to build more intelligence bureaucracy, or could you just reform the dissemination process to get intelligence that has already been collected out to more customers?

Gannon: Are you suggesting that there may be some redundancy between the Counterterrorism Center and TTIC? Could I have some information on this individual, please?

Actually, in the conversation we had at lunch I made the same point that you did. There is some redundancy there, and I think one of the problems the intelligence community faces continuously is that when it is challenged with a functional problem it invariably comes up with a structural solution. There are a number of reasons for that, and one of them is Congress. If you have to keep reporting to Congress on your progress it's much harder to talk about how you're sharing information across full agencies than it is to say "TTIC." If sharing is going to take place you can get the director of TTIC to come up and *he* can talk. The problem that we discovered from the creation of the Counterterrorism Center back in 1986 is that the collaboration you're

able to achieve in the new structure or the new unit doesn't necessarily affect the behavior in the larger organization.

Student: As far as DHS's intelligence needs go, could they be satisfied by the current collection efforts? Can we just have a dissemination solution or do we need to build a new organization?

Gannon: It is my view, and it is the view of the chairman of the Select Committee on Homeland Security, that the DHS, which is 180,000+ people and twenty-two integrated agencies, must have its own independent intelligence capability. It has to be a capability that will enable it to do the threat analysis that the Homeland Security Act says it should do for chemical, biological, nuclear, and radiological attacks and cyber attacks, and also enable it to share critical threat-based information with the infrastructure protection side of the department and with state and local governments and the private sector.

Student: I understand all the sharing aspects of it, but as far as its organic intelligence analysis is concerned, what's it going to produce? How is this different from analysis that's currently coming out of other all-source analysis agencies?

Gannon: If you go across the intelligence community, how does the analysis of the State Department's Bureau of Intelligence and Research [INR] differ from that of some other agency? The differences tend to grow with who your boss is, whom you're serving, or what mission the organization is serving. If you're in naval intelligence, you're going to be dealing with the analysis of technical systems related to hardware for ships and so forth. The DHS has a responsibility to develop a bio threat capability, for example, dealing not just with the intelligence community, but with the Department of Health and Human Services [HHS], the academic world, the corporate world, and foreign governments. It had a freer hand under the Act in being able to leverage information. That is what we all thought was going to come out of it. We passed Bioshield legislation out of the House last year; it's just about to be passed out of the Senate. It gives the secretary of homeland security very significant authority to dispense with FDA [Food and Drug Administration] regulations on the certification of drugs and the distribution of those drugs in times of emergency. It's all based on the department's capability to certify the threat itself. If it doesn't have the capability to do that, who else is going to do it?

Student: Do you think they'll end up having a competitor for TTIC? Will there be more redundancy there?

Gannon: The Homeland Security Act, which set up the DHS, said that the Information Analysis and Infrastructure Protection Directorate in the DHS will fuse data across foreign and domestic collection systems, integrate foreign and domestic analysis, and then share that information with state and local governments—the new stakeholders. TTIC was set up, and it came flying out of nowhere in terms of the people working in the DHS. It does have the mission of data fusion—of integrating foreign and domestic analysis—but only for the federal government and the president. It does not have the relationship with the state and local governments and the corporate world. That is still with the DHS and, frankly, the DHS is still pushing a very heavy rock up a steep hill to get those capabilities.

Student: As an alternative, what about taking TTIC away from CIA and making it part of the DHS?

Gannon: That alternative is often discussed in the Congress. You can do a couple of things. One is that you could declare that TTIC was a brilliant transitional idea, and it should move into the DHS and be a fundamental capability of the department. Another is that you leave TTIC where it is, but you make the secretary of homeland security the overseer, not the DCI. Senator Lieberman in the Senate, and Chris Cox, who is my boss in the House—one Democrat and one Republican—have both been troubled by the extent to which the intentions of the Homeland Security Act have not been met in what has happened over the past year.

Oettinger: Why argue over the location of TTIC? As long as it is staffed by people from different agencies, the agencies will have the tendency to send second-raters there because it's not career friendly to be in a "joint-ish" kind of place.

Gannon: Within the Congress the concerns are multiple, but one is that if you are trying to develop a new capability that is going to fuse foreign and domestic intelligence, CIA is an inappropriate place for it to be. CIA is still a foreign collector. There's great sensitivity among members of Congress about having CIA move into the U.S. domestic arena. There's a sort of "been there, done that" sense, and they thought they had created a department to fulfill this mission. Then there are those who say "Wait a minute. I thought it was CIA and FBI [Federal Bureau of Investigation] who were not sharing information. That was the big problem that came out of the early 9/11 investigations. Now you're telling me that it's these organizations that are the wave of the future, as opposed to having a department that was supposed to set a new direction with regard to the threat to domestic institutions." At a minimum, there's a lot of confusion there, and that confusion is clearly expressed by members of my committee.

Student: Could you talk about the new under secretary of defense for intelligence and how you think his role with the DCI and the intelligence community is situated right now?

Gannon: I'll just make the prediction that the next administration, whether it's President Bush or President Kerry, will take up the issue of intelligence community reform. There are some significant dysfunctional relationships there that have to be dealt with.

I personally opposed the idea of an under secretary of intelligence, and I'll tell you why. The DCI, who controls a thing called the National Foreign Intelligence Program and its budget, did have a certain influence over the prioritization of the budget before the budget was actually passed. That budget, of course, affects the Department of Defense, as it does the FBI's counterterrorism division and INR at State. They all fit under this budget, which is controlled—nominally—by the DCI. The secretary of defense, of course, ends up owning 85 percent to 90 percent of all the systems into which this budget is being fed, so once the budget is passed it's the secretary of defense who has the control. But in my experience, even when you had a very close relationship between a secretary of defense and a DCI—as you did, for example, between Bill Perry and John Deutch when I was DDI—the secretary of defense doesn't have five minutes in a week to think about the intelligence budget. So, even though the secretary of defense controlled the systems, the DCI had influence over the prioritization of budget issues. It was not as much as he wanted, and not as much as a lot of people, including the Congress, say he needs to have to be

an effective manager of the intelligence community, but my view was that establishing this new position was creating somebody who *would* have the time. So I saw it as something that ultimately further weakened the position of the DCI.

What has happened in the year or so since Steve Cambone has had the job? First of all, Joan Dempsey will be able to talk with you more authoritatively about this, because the person in Joan's position—the deputy director of central intelligence for community management—would have the been the principal interlocutor with Steve, and that position has not been filled. Joan left that position about eight months ago.

Oettinger: There's an acting one: Larry Kindsvater.[3]

Gannon: Larry has been the executive director for intelligence community affairs in the office of the DCI.

I think that in a sense creating that position was also going to change the relationships in the sense that the DCI did deal with the secretary of defense, but now it was actually pushing the DCI down to where he's dealing with an under secretary. For those reasons, I was not comfortable with it. I think that Steve has developed relationships and is moving ahead slowly and cautiously. In the long term somebody would have to prove to me that it doesn't represent a further loss of influence for the DCI and his ability to manage the intelligence community.

Student: The Iraqi WMD question has focused attention recently on the relationship between an intelligence officer, in this case George Tenet, and his principal, George Bush. Going back to your days of running the PDB and as DDI, can you characterize that morning briefing session? Is it something that is really open to a frank exchange of views? Do you find Tenet to be the kind of guy who lays it right on the line in terms of the nuance and the spin with his boss?

Gannon: The PDB has been around in one form or another for most of the cold war period. It was R. Jack Smith, the former DDI, who is ninety-one years old, who actually named the PDB back in the early 1970s.

It has varied from president to president. If you go back, Bill Clinton was a voracious reader. You'd actually get things back from him where he would annotate intelligence products you had sent. I think his ability to absorb complex information was almost unexcelled. The first George Bush loved the briefings themselves. I have briefed George Bush senior a number of times. If you went up to Kennebunkport he'd go make toast. He just loved to have the briefings and he loved the back-and-forth dialogue. In my judgment, he was not particularly penetrating with regard to any of the issues. Reagan got it from his national security advisor. He operated at the 30,000-foot level. There were issues that he was pushing and pushed very well, but he didn't get immersed in the PDB. Stan Turner, who was Carter's briefer, will tell you (and Stan was a Rhodes Scholar from the Naval Academy and is a very smart technical guy) that he used to live in dread that he would give a briefing to Carter and six weeks later Carter would come up with a question that referred him back to the quantitative detail of a briefing he had given much earlier

[3] Larry C. Kindsvater was confirmed as deputy director of central intelligence for community management in July 2004.

and Stan wouldn't remember it. Lyndon Johnson didn't have much interest at all, but Dick Helms was a pretty smart guy and there was a good relationship there.

So the relationships have differed. I doubt if there's any case where a DCI frontally challenged a president of the United States. I'm glad to talk about the Iraq estimate, but that would take a long time, I suppose.

Student: Dana Priest of the *Washington Post* was up here a couple of weeks ago talking to the Nieman Fellows, and somebody asked her about some members of Congress who are backpedaling off their vote for the Iraq war and are now saying that they didn't understand all the nuances of the National Intelligence Estimate [NIE]. She said, "Any one of them could go to the secure facility on the Hill and read about the ambiguities and the interplay and the dissent and everything else in that NIE. It wasn't just a tightly wrapped package." Now that you're in Congress, how do you find members of Congress as consumers of intelligence? Are they lazy, are they too reliant on staffs, or are they savvy?

Gannon: I don't think members of Congress are lazy. They work very hard. It's a question of what they're working on at a given moment. Their days are filled. Members of Congress are always running for reelection, so they're raising money, and particularly those who live far from their districts have to avail themselves of every opportunity to get on television so they can be seen back in their districts.

My view of intelligence oversight in the past six or seven years is that it has become increasingly inattentive. If you can get on the Foreign Services Committee or the Armed Services Committee, where you're always on television, that's great. Intelligence puts you behind the scenes, and it's really hard. You start getting involved in something like a TTIC. It's much easier to run out and say: "We've got the solution: TTIC!" than it is to get involved in internal discussions with a very complex intelligence community that usually terrifies people by its complexity. In my view, members have neither the appetite—because there's no political payoff for getting heavily involved in intelligence issues—nor the competence to deal with the issues. I think that competence is decreasing over time.

What Dana Priest said is true, but I'd put it in a slightly different way. I managed the estimating process for four years. There are a lot of things I can say about the Iraq estimate, and one is that I can name a half dozen at least major issues where the intelligence community was wrong. Being wrong is nothing new, but this was unique in that the NIE does not seem to have made clear the quality of the information that was going into it.

If anyone has read the unclassified key judgments that are on the Web,[4] they basically begin with "There is a stockpile of chemical weapons. There is a stockpile of biological weapons. What we don't know, because the Iraqis have sophisticated D&D [denial and deception], is if they are reconstituting a nuclear capability." These are pretty strong assertions. But if instead of those assertions I had begun it with "Let me say that we have not had a source in Iraq since 1991. We have had no new information about Iraq's WMD—that is, reliable, useful information about the situation on the ground—since 1998, when the United Nations inspection regime left," in my

[4]Iraq's Weapons of Mass Destruction Programs (Washington, D.C.: Central Intelligence Agency, October 2002), [On-line]. URL: http://www.cia.gov/cia/reports/iraq_wmd/Iraq_Oct_2002.htm#01 or http://www.cia.gov/cia/reports/iraq_wmd/Iraq_Oct_2002.pdf (Both last accessed 19 December 2004.)

judgment that would have cast a perspective on anything else that I would have said thereafter. Why that wasn't made clear very early on—about the lack of collection on Iraq—is for somebody else to answer.

What I will say is that members of Congress, who have automatic clearances, could simply have asked "What's the quality of your information?" I certainly would have thought that members of the intelligence committees would have asked those questions, so that the content could have been adjusted as it came out to the president. In my judgment, the president was not well served by this estimate, and it all relates to quality of information.

Again, as far as an estimate being put forward that turns out to be wrong, how much time do you have? You can talk about the Soviet invasion of Afghanistan, or the Cuban missile crisis, when an estimate was completely wrong. As I said, we blew the 1967 and the 1973 Arab–Israeli wars. People who deal in the intelligence business recognize this is not a perfect science. You do make mistakes and sometimes they're pretty big mistakes.

Oettinger: A charitable view of this says that it's an analytic error, and it happens to a lot of people: stock market analysts, or anybody. The tendency to assume that what has been happening until now will continue in a sort of a straight-line projection is not unnatural or criminal. So, if you don't have any other information, that's what you fall back on. He's right: mentioning that you don't have any further information is a way of dealing with it, but then you have the pressure of "Don't bother me with your vapors; I'm paying you to predict the future."

Gannon: There's that, and I also think the intelligence community, going all the way back to Sherman Kent, who wrote his book on *Strategic Intelligence* in 1950,[5] has always been into tradecraft, methodology, how to test your assumptions, linear analysis and the problems it represents, and the model cage, where the assumptions actually become conventional wisdom and everyone believes them. By the way, I suspect that everyone who worked on that estimate across the board believed the weapons were there, so there was no question of willfully distorting. But on the collection side that's not the issue. We are investing billions of dollars trying to get the collection and we didn't have it. So one of the major problems that we faced in the intelligence community from the early 1990s until 2001 was why we couldn't get better collection on Iraq. That's a perfectly legitimate question for people to be asking, because we were spending a fortune trying to get it. This isn't just a "nature of the business" kind of thing. In a lot of the discussion you see on the Hill, particularly as you move into a political season, there are a lot of diversionary kinds of questions being asked instead of the basic one: "Why could we not have known?"

Oettinger: Let me use that as a vehicle to get you back to your concluding statement, which had to do with the importance in homeland security of the relationships with the private sector. You particularly mentioned that it's mostly private sector assets that need to be protected, so the private sector has a major responsibility there. But there's also a major responsibility, or at least a different one from the more traditional military threat (whether conventional, nuclear, or whatever), in figuring out what the threats are. What do you see as the relative roles of the more-or-less traditional intelligence community versus the private sector as its own intelligence agency? After all, they know better than anyone else who's coming after them, or they should.

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[5]Sherman Kent, *Strategic Intelligence for American World Policy* (Hamden, Conn: Archeon Books, 1965).

What's the nature of your thinking on the shape that partnership might take? That to me is sort of a big fat blank at the moment.

Gannon: One of the things you will hear, going back to the Commission on Critical Infrastructure in the mid-1990s, is the assertion that the private sector owns 85 percent of the critical infrastructure in the country and therefore the private sector should step up to the responsibility of doing something about it. My response is that if anything happens to that critical infrastructure it's a lot of people who get killed, and if our adversaries hit certain intersections of that critical infrastructure there's major damage to the U.S. economy. Those are responsibilities of the U.S. government. I don't think you can ever get away from the fact that it is a fundamental responsibility of a government to protect the security of its people.

By the way, a lot of us did think the DHS was going to be kind of the clearinghouse here, because it's working with the state and local governments and the private sector. DHS would be able to take sensitive information and develop the modalities, protocols, processes, and the art form, really, for getting that critical information out to the people who need it. But there are procedural and legal issues and we have to confront them. That's where I thought a department would be leading the charge. It is imperative for us to get information to the private sector and develop the relationship that you and I are both talking about.

Oettinger: But since these folks are going to have to work with the federal government, can you go a bit deeper into what you think the issues are that need to be worked on?

Gannon: Sure. There are impediments to what an intelligence community can share, first of all with other agencies of the government, certainly with foreign governments, and with the unclassified realm at all. There are also FOIA [Freedom of Information Act] issues that I'm sure you know a lot about. We are trying to address those, and to remove some of the FOIA provisions on information sharing so that a corporation that does provide vulnerability information doesn't end up having its information exposed and shared with its competitors or with others who can do it economic damage, let alone harm its security.

There has to be an agenda developed and again I think DHS is the ideal place to do this, because it would be the principal interface of the federal government with the private sector—not the only one, but a principal one—for these kinds of issues. There should be a legal agenda; there should be a process agenda. The DHS Information Analysis Directorate should have the capability for taking sensitive information and figuring out how to get it out to state and local governments. I use the example that if there's a truck with nuclear materials coming out of Mexico and going through Texas and into Oklahoma, arguably there's no law enforcement agency anywhere along that route, or any corporation if it's a corporate issue in terms of where the stuff is going, that's going to be able to deal with this challenge. It's going to need some help. This is again where I think the DHS has to figure out ways of getting information to those people. State and local governments don't care about the sources and methods we talk about. They don't care where we got the information or by what technical means it was collected. They just need to know we've got the information so that they can do something with it.

From my own experience in the intelligence community, I know there are ways that you can get information to people. You can declassify information. Getting security clearances for people in state and local governments and in the private sector has been a molasses-slow effort. We're

making a little more progress on it this year than we did last year. This is where I believe the president was right: you've got to have a department that's going to drive these things. It's not going to happen in the traditional intelligence community area. That's kind of an unsatisfying answer, because we're in an unsatisfying situation there. I think there's a lot of frustration in the private sector with the government.

Student: I'm taking a class called "Post Cold War Security" taught by Randy Beers, who served on the National Security Council in all the administrations from Reagan through George W. Bush, and Richard Clarke. Did you see Richard Clarke's *60 Minutes* segment last night? I wondered what you thought of his comment that President Bush was doing an "absolutely terrible job" on the war against terrorism. Is this just a political ploy or is there validity to his comments?

Gannon: I'm coming to that class on April 14. Let me say that when you come out of the intelligence business it's the same as when you come out of the military. What I learned over the past twenty-eight years (and my Navy career was even longer than that) is that I serve whomever the people elect. I'm not a party person, not that I have anything against parties. They serve a useful purpose. To me the watershed was September 11; it wasn't January 20. You didn't have a new president coming in on January 20, 2001, who said, "We're going to have a revolutionary change, and I see terrorism in it." He didn't have a reason to. There was no message for the intelligence community that should have been different. It was 9/11 that changed the whole approach of that administration.

I would say that if it had been President Clinton who was in power on 9/11 he would also have reacted very differently, so I think it's unfair to go back and say that what was done in the Clinton administration was inadequate. It was a very different time and I was partly responsible for the threat environment that we were presenting to that administration. I guess I tend to be a little more forgiving of the people I work for, and recognize the huge problems they face. I'm willing to give them credit for what they do. I also have tremendous respect for Dick.

Student: The reason I ask the question is that you've been talking about all this tremendous progress that's being made. To me, that's not a terrible job on terrorism. I don't know if Richard Clarke is going to be in class on Wednesday.

Gannon: I did a program with Randy (I've known him for years) at the Council on Foreign Relations, where he represented his side and I represented the Congress and the administration. I'm having a hard time remembering what we said that was different when we actually got down into the granular stuff that we had to deal with on a day-to-day basis. I didn't hear Dick's interview, and I haven't read his book, but from what I heard on television this morning I would probably be a little more sympathetic to the administration.

Student: *60 Minutes* came into our class and we didn't know what was going on. They probably cut out a lot of what he said and maybe it was taken out of context, but what they showed was really harsh.

Gannon: Dick was remarkable in his ability to mobilize the bureaucracy. He's an extremely forceful, committed, dedicated leader.

Oettinger: When Greg Rattray comes here, you'll have another chance to probe into that. He worked for Dick.

Student: It's interesting that when you talked about parties, Senators Biden and Lieberman came out in defense of the president this morning. They made the exact same comments you made: that you can't judge the president on this one because it's a little too harsh. You've got to be more forgiving. They both said it's outside of politics to talk about this.

Gannon: I spend most of my days with Republicans, and I defended the Clinton administration against some of the excessive criticism made.

Student: I know you guys aren't generally political and he has every right to be political now that he's left that field. It just surprised me, because the way it came out was very political: "I wasn't at the cabinet level anymore." He just sounded disgruntled in the interview. That's my opinion.

Gannon: Again, I worked for President Clinton, and I was in the private sector with Tony Lake, who was his national security advisor. This White House brought me in to do the transitional planning and then Republican members of Congress brought me in to do my current job. Any of you coming out of the military, who have worked for our government and our country in ways that are not related to political parties, are always on guard against the extreme in an argument. I cannot accept it if I hear a Republican member of Congress get up and present in a distorted way what I know was the reality in the intelligence community over the past ten years, and I also can't accept the other extreme. So we have been trained to be true to the evidence of our eyes and ears, I guess, and I like that. I probably won't be running for political office any time soon. The basic answer to your question is that I think I would be fairer to the administration.

Student: They can't be too bad if they hired an expert like you, right?

Student: When Senator Rudman was here a couple of years ago, he talked about the Hart–Rudman Commission and said that their findings had completely surprised them, because the last thing they had expected when they started their study was to conclude that the biggest threat was going to be an act of terrorism on our soil.[6] One of the things he mentioned was that absolutely no attention was paid at the time they announced their findings. The reaction by the press was "This is simply another government study. It's well intentioned but it's just going to be gathering dust on everyone's shelf." He also said that when he gave it to Condoleeza Rice he didn't assume that she would simply rush off and hand it to President Bush and say, "Here, read this!" Of course, on September 12 all of a sudden people said, "Oh, my goodness, here was this prophetic report and no one paid attention to it!"

Gannon: There are at least a dozen commission reports relative to the intelligence community, such as the Commission on the National Reconnaissance Office and the Commission on NIMA,

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[6]Warren G. Rudman, "Perspectives on National Security in the Twenty-First Century," in *Seminar on Intelligence, Command, and Control, Guest Presentations, Spring 2002* (Cambridge, Mass.: Harvard University Program on Information Resources Policy, I-02-1, June 2002), [On-line]. URL: http://www.pirp.harvard.edu/publications/pdf-blurb.asp?id=585

that pointed out deficiencies in the performance of the intelligence community. If you read them all, you'd say, "My God, this is a dysfunctional community that needs a lot of work." To get a commission report really to be actionable somebody's got to own it. One of the problems I find with a lot of them is that they point out things that in some cases are self-evidently true and they make recommendations for reform, but they don't tell anybody who's actually working the problem how you get there from here. You've got to have some direction from the executive branch or from Congress. Somebody has to pick up your report.

The National Intelligence Council did a study called *Global Trends 2015*.[7] We got some help from the Congressional Research Office staff to do some work on terrorism, because we were looking at that as an issue. We certainly did point out the challenge of terrorism over the next fifteen years. Actually that report, which was later leaked (Congress released it) and didn't have to be, because it was unclassified, said that Al Qaeda could use aircraft as missiles to attack the Pentagon and CIA, and it mentioned other buildings. My boss, Chris Cox, thinks that's incredible and he just keeps embarrassing me with it. The problem is that it was pointed out as an option: as something that could be done. It was not a prediction.

When I go back to pre-9/11, I remember going with the DCI to the Congress and talking about the threats we face as a country. We were telling the White House "You've got to worry about ballistic missile programs, because China's program is growing, Russia's residual program continues to be a threat, and you've got growing programs in Iran, Iraq, and North Korea. On terrorism it isn't just conventional attacks; you've really got to worry about biological attacks." When I left I was most worried about the biological threat, because I didn't think the counterintelligence community knew anything about it. We could do fifteen-point slides, and when I added it all up I didn't feel there was much information there, and that worried me a lot. I had given any number of speeches and addresses where I talked about the growing access of terrorist groups to these capabilities and how we all have to worry about them, because it's a new day dawning.

We also talked about humanitarian disasters. We were moving away from state-to-state conflicts, but the United States, in cooperation with the international community, would have to decide if we were going to intervene in internal conflicts, like those we had seen in Africa and in Bosnia. How we were going to intervene, with what forces, and with what exit strategy were going to be growing problems for us. We talked about environmental disasters. We listed an array of challenges for the United States over the next fifteen years that was staggering.

So what's the administration or the Congress supposed to do about it? Nobody could prioritize it. If there had been a biological attack, we would now have centers for biological study within the intelligence community. If there had been a major humanitarian disaster, the argument would have been made that the intelligence community should be dealing more with those kinds of issues, because the spillover has major political consequences for the United States.

Congress is an extremely reactive institution. My view, which I hold very strongly, is that any administration in power before 2001 was dealing with a complicated threat environment and no particular issue. When I left in 2001, the two issues I was being pinged on by Congress were

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[7]National Intelligence Council, *Global Trends 2015: A Dialogue About the Future with Nongovernment Experts*, NIC 2000-02 (Washington, D.C.: National Intelligence Council, December 2002), [On-line]. URL: http://www.cia.gov/cia/reports/globaltrends2015/ (Last accessed on 19 December 2004.)

China—that we were understating and underappreciating the long-term threat that China's military modernization program posed to us, and national missile defense—that we were completely bowing to European and other challenges to us on those systems. The missile systems in the hands of the wrong people were the major threat we had to worry about.

Sometimes it just gets too big and too hard for us to deal with in a sensible way, but I find the tendency in Congress (and in the political parties too), particularly in a political season, is to say "Let's find a real problem that people can understand and blame it on somebody." That's what's happening now, I think.

Student: You say that before 2001 there were a number of possible threats. There was a list, but you didn't know which ones were going to become priorities and which ones weren't. Is there any evidence that the rest of those threats are no longer a priority?

Gannon: No.

Student: So, by focusing so much on terrorism, are we now ignoring a lot of other things that could explode on the front page tomorrow?

Gannon: Actually, I can prove my case here, because when we did the 2015 study and got it out there was a lot media coverage. We were trying to create a model for the intelligence community in dealing with outside expertise and telling them "You haven't got it inside, so if you're faced with any new challenge, the first question you have to ask is 'Who's got the expertise to deal with it, and how do we as a community avail ourselves of it and build partnerships where we can get the information we need?'" Ted Koppel on *Nightline* actually did a two-night sequence of programs on this. What we said is all on film. There's no question that we emphasized the continuing and sometimes growing threat of terrorism, but we were also emphasizing all the other things: population, illegal immigration, and the impacts of globalization. We talked about the perception in the Middle East, Central Asia, and South Asia of globalization as something that's driven by the United States and is creating gaps—not just economic gaps, but educational and health care gaps—that are disadvantaging their parts of the world so that they can never catch up and are going to cause them to dislike the United States even more. They have a sense of unfairness that's being imposed on them by a movement driven by the United States. It's oversimplified, but real in the minds of people who now have access to weapons to do something about it. It's a very serious challenge. Again, I think, we had the complexity and the inability to prioritize what the threats were, and why would we be able to prioritize?

Student: What sort of role or power does the president have in dictating the agenda for the DHS, or how much of the overall grand strategy is being dictated by the president?

Gannon: The president is the head of the executive branch of the government. He can pretty much do what he wants.

Student: Is he taking an active role in specifics or delegating it to Tom Ridge?

Gannon: I would say he is not taking a very active role in the actual management of the department.

Oettinger: I'd like to follow up a little on the tenor of this: who's responsible? In many areas, there are special interest groups. (I hate to use the phrase, because that sounds like influence peddling.) You have environmental groups who worry about the environment, whether it's on the political agenda or not. Why wouldn't one try to stimulate health providers to be interested in spotting strange diseases cropping up? There's such a variety of expertise and interest in the private sector: in professional societies and so on. Why is it so hard to use them as spotters, if you will, in areas that are out of favor?

Some years ago, when I worked in Washington for a while, my office was next door to the Mayflower Hotel. My bus would dump me there a bit early, so I'd have a cup of coffee in the coffee shop and watch the bulletin board as to who was meeting there. There were organizations for the oddest specialties of one sort or another. Hundreds of people would fill up the Mayflower ballroom for something I'd never heard of. Is it quixotic to think of mobilizing folks like that? That's their constituency: the part of the world they normally operate in. A shoe salesman or manufacturer knows a lot about where shoes are manufactured, whether it's in China, Nicaragua, or Stoughton, Massachusetts, that no intelligence agency would ever master.

Gannon: The answer is that it does make sense. The question is how you do it. This is purely a personal view that comes out of my own experience, but I think in the intelligence business we would be better off if we got intelligence focused on collection and analysis, for example of terrorists' motivations, intentions, capabilities, and issues that relate to the biological threat. If terrorists have the intention to use this capability, you want CIA involved. But there has been a stretching of resources in the community, because we've had the community developing expertise in areas where others already have it and the community can never hope to compete with them.

I also think there is the problem—and again, I come out of a business I love—that the basic orientation of the intelligence community is going to be analysis and support of its own collection systems. When we have $40 billion worth of collection systems, we're not going to care as much about what's going on at HHS with regard to the biological threat or elsewhere with regard to cyber. Having something other than the intelligence community be the focal point for the development of this expertise is a resource-responsible way to go about it. Again, I did think there was an opportunity to have a DHS do this, and that opportunity is more or less being missed.

But you're right. In the period during which I was in the intelligence community, I saw us evolve from a position where you could do a paper on the Soviet Union, say, back in the 1970s, and probably 80 percent of that was going to come out of clandestine sources. They weren't all right, but it was a clandestine product. Today most of the expertise you need on almost any issue is going to be outside the intelligence community. If you write a paper on Russia today and go back and actually track sources of information and where it came from, a very small percentage is going to come out of clandestine collection systems. What does come out can be very valuable, but the pie that I see has a decreasing slice that is clandestine collection and an increasing slice that is open source. Some of it hard to get, but that is the information environment we're in. I think that the intelligence community overall has not been successful in migrating to that new environment and being able to avail itself of other sources of information that bear on issues, including terrorism.

Student: If you don't mind putting on your CIA analyst's hat again, Dean Joseph Nye of the Kennedy School talks about America having hard and soft power. I'm sure you've heard these

terms before. When you read about the Middle East in the 1950s, the United States was considered a very friendly, vibrant power in the Middle East, particularly in 1956, after we interceded in the British and French attempts to take over the Suez Canal. It seemed that a lot of the people in the Middle East aspired to come over to America or to copy American-style democracy. In your estimation, what is it going to take to get back to that point where there's not this pervasive paranoia of the people there? Other than our support for Israel, what has changed that dynamic to the point where there are pervasive paranoiac feelings about the United States?

Gannon: It's more than paranoia: it's actual antagonism toward the United States now. In terms of what's changing, at the end of the cold war, when the Soviet Union was no longer a major actor, it was inevitable that the United States, because of our increased power as a global actor, was going to generate resentment, particularly among those countries, such as the Middle East and Central and South Asia, that perceive themselves to be losers in a globalization movement.

In looking ahead over the next fifteen or twenty years, I think it's inevitable that you're going to see China become more powerful. We're sitting around kidding ourselves about this: China is becoming more powerful, and we've got to deal with it. India has a billion people now; it will have 1.2 billion or 1.3 billion in the next fifteen years. There are pockets, such as Chennai, Mumbai, and New Delhi, that are leading the world in the evolution of information technology, and that's going to drive the economy, even though there are tremendous disparities in that country. India is going to be a regional power and a more powerful actor. Japan will be less so, perhaps, than it was.

In our own hemisphere Brazil and Mexico will have relatively more influence. The European Union—there's simply no question about it—is not only going to be a major economic power, but also will become increasingly more significant in political and security terms. Powerful as we may be (and I think we will continue to be a preponderant power), we will have to learn to deal with a different set of actors in a more collaborative way than we have.

What do you do about the current situation in the Middle East? There are reasons for the current situation. One of the problems the administration had in the past week is that when they go after John Kerry for saying that there are foreign leaders who would prefer that he be elected, it's kind of a stupid debate. But by not thinking through what they were doing they started up all the polls around the world that show that President Bush is the least popular president in the history of the country. The negative ratings go all the way from 57 percent of the British to about 95 percent of Jordanians. The reason is not the war on terrorism; it's the perception of what was done in Iraq. We've got to worry about that and in my judgment we've got to do something about changing that perception to something closer to ours: that Iraq is in fact a part of the global war on terrorism. That is not the general perception. You have to realize that in the Arab world you have a couple of hundred years of history of trying to drive out occupiers, and they now perceive us to be an occupier. That's a reality we have to deal with.

In terms of the overall image of the United States in the world, I think we are still generally respected for the model we represent of democracy, civil liberties, and the economic prosperity that we've brought to our people. We have some particular problems we have to get through, and I think we should do it by dealing with those countries we need to work with and not just have everything play to a U.S. domestic audience. I think we can do it. I am a part of the group that will say "We've got problems over there and we've got to deal with them." I'm not part of the group that says "It is all lost. Our image is destroyed." It isn't, and I think it's recoverable, but it

will never be what it was during the cold war. We have to recognize that we are going to have to deal with these different poles around the world. From my own experience, I believe that no matter how powerful we are, to get our way in the world we have to be collaborative. We have to build partnerships and coalitions to get anything done.

Oettinger: There's a curious irony that hadn't occurred to me until you talked about it: the resentment of globalization as a U.S. tool for subjugating others when there's the growing perception in this country that globalization is exporting jobs, et cetera. So we seem to be in a fit of masochism here. On the one hand, globalization is lousing up our relationships because we're net gainers; on the other hand, it is lousing things up because we're net losers. It just dawned on me that we're lapsing into schizophrenia on that score. Do you have any thoughts on that?

Gannon: The outsourcing problem has only come up in this past year. It is an issue, but you can't stop globalization, which is basically associated with the technological revolution that does move people and capital and information. Why would we want to stop it? We do benefit from it, but a lot of other places in the world, including in the Third World, also benefit from it. It's a question of managing some of the rougher edges and also dealing with some of the complete misperceptions in some parts of the world. We have some information technology policy people here: tell me that you could really do something about stopping globalization.

Student: One area where I would be concerned about globalization is that we rely on the technology infrastructure to keep this country running. Imagine if we were to export our electricity infrastructure and our plumbing infrastructure and it was all run from India and Pakistan. That would concern a lot of people. A large amount of the software code for these systems may be being exported.

Gannon: You're absolutely right. There are security issues. You can modify policies within a globalization model, but you can't stop the whole diffusion of information technology.

Student: Some things you can't stop, but the government may actually want to stop some of it where it concerns our critical infrastructure. You can't stop the job losses. You've got to be selective about what gets transferred.

Oettinger: Let me put that back to John, because it's now been twenty or twenty-five years since the worry focused on natural resources: metals, minerals, and so forth. We were stockpiling stuff. You could substitute for exporting jobs and outsourcing IT our worry about being dependent on South Africa for uranium and on Cuba or Jamaica for bauxite, et cetera. Nobody worries about that, or there's not much hand-wringing over it any more. Is it because it's gone out of fashion, or because it no longer matters? Is that a model for this outsourcing question or is that sticking one's head in the sand?

Gannon: It certainly matters less. I don't think we fully understand the implications in the broader global economy of the outsourcing phenomenon. Call me naïve, but I think there are benefits coming in at the other end to other parts of the world. However, it also means that any labor force has to be more competitive. If I were in upstate New York now I wouldn't be saying these things. It's politically a painful phenomenon but I don't know what we can do about it except as regards security, as was mentioned earlier. You are inheriting this mantle.

Student: It's interesting that back in the 1980s there used to be those big "Made in the USA" labels, and there was differentiation between products made in the United States and products that were not. In studying security, I see that it's very hard to differentiate products based on security; there's no real way of measuring it. If right now there are a lot of incentives to export things overseas, your broker to whom you trust your finances may be exporting all of his development work overseas. The one thing that can change that are disclosure laws about where the development work and the technology are coming from when you buy a technology, sign up for a financial service, or sign up for a credit card to make phone calls. You may be giving up personal information. Is that going to someone in the United States or someone in India? Disclosure is the one thing that can affect that, because companies are concerned about what their customers think about the choices they make. It's still going to happen.

Gannon: We know that a lot of income tax returns are being processed by companies in India now, and the result is lower cost and greater efficiency in the way the data is being processed.

Oettinger: Is that H&R Block or the Internal Revenue Service?

Gannon: It's private companies that do it. So how do we interpret this? Is it a bad thing? Can we manage this or not? Is this some kind of security threat?

Student: It's hard to know, but the question is whether it should be disclosed to the consumer who is buying the service.

Gannon: I agree with that, but I'm not so sure you can make it work. A lot of people would disagree with me on that.

Oettinger: I don't think we're going to solve all of these questions today, but you sure have done a great job of raising them.

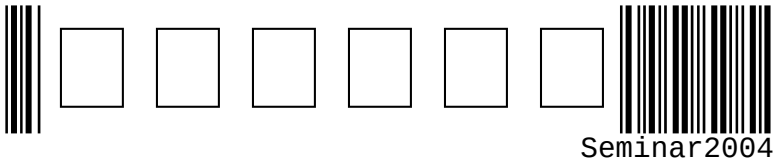
Gannon: It's a great class!

Oettinger: I want to end this by giving you a small token of our very large appreciation for coming here.

Gannon: Can I get on the plane with that? Thank you; that's great!

Acronyms

BND	Bundesnachrichtendienst (German intelligence service)
CIA	Central Intelligence Agency
DARPA	Defense Advanced Projects Research Agency
DCI	director of central intelligence
DDI	deputy director for intelligence (CIA)
DHS	Department of Homeland Security
ETA	Euskadi Te Askatusuna (Basque separatist organization)
FBI	Federal Bureau of Investigation
FOIA	Freedom of Information Act
INR	Bureau of Intelligence and Research (Department of State)
PDB	President's Daily Brief
NATO	North Atlantic Treaty Organization
NIE	National Intelligence Estimate
NIMA	National Imagery and Mapping Agency (now National Geospatial-Intelligence Agency)
NSA	National Security Agency
TIA	Terrorist Information Awareness (formerly Total Information Awareness)
TTIC	Terrorist Threat Integration Center
WMD	weapons of mass destruction



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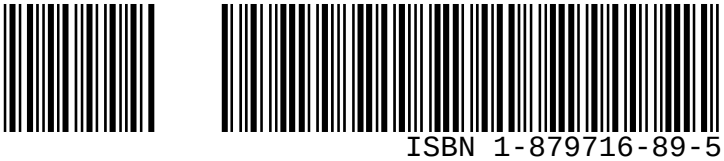

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