Center for Strategic and International Studies (CSIS)

“The Evolving Terrorist Threat and the Importance of Intelligence to Protect the Homeland”

Lunch: Evolving Threats to the Homeland And the Role of Intelligence

Moderator:
Dr. John Hamre, President and CEO, CSIS

Speaker:
General Michael Hayden (Ret.), Principal, Chertoff Group

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MS. : OK. Can I have your attention, please?

I hope you’re enjoying lunch. I’d like to thank CACI for hosting our lunch today. It was – it’s great to have the support of CACI for events like this, and it was great to have a wonderful lunch.

But it’s not over yet. I’d like to introduce our speakers today, General Michael Hayden and John Hamre, my co-host here today, for what will be a very enlightening and interactive discussion on homeland security and the role of intelligence.

I want to let you know that we will – at this point, we’ll have microphones available for those of you who have questions, so just raise your hand and someone will get to you right away with a microphone once that portion of the agenda begins. So – Dr. Hamre? (Thank you ?) so much.

JOHN HAMRE: Oh, thank you, thank you, thank you very much. And by the way, while this was billed as a two speeches, I ain’t going to speak. I mean, this is – you know, when you have the – you know, to have the head of the CIA who is with you talking about intelligence, I would be only diminishment if I were to do that. So I’ve converted this into an interview format that I hope you all don’t mind.

MR. : (Inaudible) – bait-and-switch.

MR. HAMRE: It is bait-and-switch – (laughter) – which means he’s going to have to do the bulk of (it ?). I wonder, by the way, if we could get anybody from the administration here to move this thing back because we got a whole group of people over here that can’t see anything, and it might be useful if we could just kind of pull (that ?) back out of the way so that they have – and I want them to see General Hayden. I apologize – you’ll have to look at me too, OK? That’s –

So I think what we would like to do is to make this more interactive. And partly my role is really to – oh, great, thank you, thanks very much, Jess (ph) – hello over there – part of this is to – for me to get the conversation going because I’m really counting on everyone here to bring quality to this discussion. General Hayden has a wealth of experience and knowledge, and we want to draw on that, but I also want to draw on your questions to make it the best use of our time together – all of us.

So let me start a little bit – and obviously it’s a – it’s – there are many multiple ways to begin a conversation with General Mike Hayden – but let me begin with this – and this is a – this is a man in his service to the country, when he was at the top of positions: was at the NSA – head of the National Security Agency – then went to become the deputy director of the DNI
operation, and then went to the CIA. This is a guy who’s really touched more disciplines in the intelligence community than most. And so I – let’s begin exploring that.

Mike, are you – we have seen remarkable success, really, in the global campaign against suicide terrorists. And it has required a way – a new way of thinking. Could you just share with us from the inside – you’re in the boiler room here – I mean, what did it take to pull together all of the – all of the disparate disciplines and expertises in this community into a cohesive hole? Why don’t you start with that?

GENERAL MICHAEL HAYDEN (RET.): Sure, OK. (Well ?), I think the first thought I’d share with you – and so – metaphor from baseball, I think, is, you’re never as bad as you look when you’re on a losing streak and you’re never as good as you look when on a winning streak. So you shouldn’t look upon this as two binary universes in which everything over here was unsuccessful and everything over here is successful. There is – there’s an arc, but it’s not split in the highway.

I think that a couple things changed, John. One is, George Tenet declared war on al-Qaida in 1999. There is a difference between George Tenet declaring war on al-Qaida and the United States of America declaring war on al-Qaida. So the most fundamental change was a change in national attitude, national focus and resource allocation to an intelligence community – and, I would add, as a subset, a corollary of that, was the decision that we would not play just defense, but we would play offense. And we play offense in terms of killing or capturing terrorists; we play offense in interrogating terrorists and build up our knowledge. So those are – those are really important changes.

Now, within the community, we benefited from additional resources. We benefited from focus. I mean, I knew George declared war in ’99 when I was director at NSA, but we had a lot of priorities. And terrorism got its share, but after 9/11, it got more than its share, almost to the point, now, where one has to begin to worry about the things to the left and to the right.

And I guess a third point I’d make besides the focus and the national shift is, we became better at our trade. It’s hard to share information. It doesn’t require some sort of intellectual or moral ineptitude to make this a difficult problem. I don’t claim that we didn’t have occasional moral or intellectual ineptitude, but we didn’t need that to make it hard to share.

I mean, look at the – here’s the ultimate challenge. You need individual disciplines in order to create the information you then want to analyze and share. And so down here, you need specialists in order to have anything worthwhile to talk about. I mean, go back to the NSA job, all right? How difficult is it to be party to a communication for which you are not the intended recipient, listen to it in one if not multiple foreign languages, none of which are your own, between two communicants whose vision of reality and hope is different than your culture’s, and then turn that into actionable intelligence? That’s a specialist. That – now, you have to be very specialized to create that information. And then, when you get it here, you want them to turn on a dime and share it left and right as if that culture that created it is no longer important. Well, that’s the demand, and it’s correct, and that’s what we have to do. But what you have here are a clash of imperatives.
One final point: The American intelligence community, as you’ve – I’m sure you’ve seen today, is very large and very complex. All large complex organizations have to balance two virtues, and they’re both virtues: unity of effort for the whole and autonomy of action for the parts, OK?

It was decided, after 2001 – particularly in 2004 with the legislation – we didn’t have enough unity of effort, and we needed to kind of tighten the formation, right? But you overdo that, you then begin to eat in to the autonomy of action for the parts, and that carries its own cost. So –

Sorry, it’s a rambling answer –

MR. HAMRE: No, it’s –

GEN. HAYDEN: But there are – but there are a lot of factors bearing on this.

MR. HAMRE: But the – let me pull out a couple of things in that because I think (it’s ?) very interesting what you – what you said. I mean, and – part of it, it is culture. And obviously, culture is powerful, it’s dominating, it’s – it lasts so long, it’s very powerful.

But also, part of it is just structural. You know, we organized the government around certain ways periodically over time, added on to it. You know, these become these institution-shaped perceptions as well over time. And so government is really about the barriers that we have by the organizations and the bridges we try to create that cross over these barriers.

How well did we do with IRTPA in bridging across these structures? How do you feel? We’ve got birth defects in IRTPA. How do you feel about that?

GEN. HAYDEN: It’s a work in progress.

MR. HAMRE: A longer answer would be better. (Laughter.)

GEN. HAYDEN: Here’s the history – and I’ll try to be very efficient. IRTPA was based a bit on misdiagnosis.

MR. HAMRE: (Inaudible.)

GEN. HAYDEN: It goes back – it goes back to this – competing virtues: unity of effort, autonomy of action. And the judgment was made that we didn’t have enough unity of effort. The judgment was made that the DCI – George Tenet, at the time – didn’t have enough control over the community.

I actually think that that’s the misdiagnosis. I actually think George did. On a routine week at NSA, George called me eight to 10 times, right? So there is a fair amount of stick-and-rudder control coming from Langley for me out at – out at Fort Meade.
But George got his power not from that a couple-hundred-person DCI community management staff down the hall; George got his power because he was the director of the Central Intelligence Agency. And that first word meant what native English speakers think it means: It was central. And George would begin the conversation routinely, John – he would say, “Mike, my guys were just in here, and –” – and we’d carry on an operational chat. Never was the antecedent of “my guys” the community management staff. It was CIA.

MR. HAMRE: These guys – (inaudible).

GEN. HAYDEN: All right, so now, again, we got to tighten the formation, we got to strengthen the center; this DCI just isn’t strong enough, right?

And we pass legislation. And the one thing that made the DCI strong, we actually articulated in legislation that he – the DNI – could not be – the DNI could not be the head of CIA. It went to such an extreme that the DNI couldn’t have his office at CIA headquarters.

So now, you’ve – in an effort to strengthen it up, tighten the formation, you’ve actually removed the one thing that was being used at the center. Now, you’re really responsible for putting a lot of bricks in the backpack legislatively because you’ve just removed his informal powers to put bricks in the backpack legislatively to actually tighten the formation and, as you suggest, more than a brick (shovel of ?).

MR. HAMRE: Yep. Now, while you were at the agency, Mike McConnell was trying to correct some of these birth defects through a rewrite of 12333.

GEN. HAYDEN: Yep.

MR. HAMRE: That’s – that effort seemed to me to get strong enough where it identified the problems but didn’t solve any of them.

GEN. HAYDEN: Yeah. There’s a – there’s a morality play inside the larger plotline, John. Yeah. When we – when we had the first meeting for 12333 – you all know what 12333 – Reagan-era executive order –

MR. HAMRE: This is one of the few audiences that does, so – (laughter) – don’t know how many can do that. All right.

GEN. HAYDEN: In the first draft tabled, it had a sentence really early, page two or three, that referred to section 1008 of the IRTPA. At the 11th hour – remember, I said it’s a brick shy of – more than a brick – (inaudible) – at the 11th hour, the armed services committees put language in the Intelligence Reform Act that essentially said, nothing in – whatever it is we’re giving to the DNI to do, none of it will be interpreted to infringe upon the authorities of cabinet-level officers in whose departments the intelligence organizations are located. We have 16 intelligence organizations; 15 of them are in somebody else’s cabinet department. And the only one that isn’t is CIA. So that created a dilemma.
In the first draft of 12333 that was tabled – when Mike was trying to get it revised, and it desperately needed revision – the reference to 1008 was that in carrying out his responsibilities under this executive order and under law, the DNI shall be presumed not – (with emphasis) – to be interfering with the authority of cabinet-level officials and so on.

The final version of 12333 – same point in the text, same sentence – in carrying out his duties under this executive order and under the law, the DNI will not impinge upon the authorities and responsibilities of cabinet-level departments.

So in essence, we’ve handicapped the DNI. Now, whether that’s a good idea or a bad idea, whether that’s wrong or right is a separate discussion. But for our purposes, it just is.

MR. HAMRE: Yeah, it is. We know how it happened, too.

GEN. HAYDEN: And if – and if you’re – and if you’re trying to – if your theory is, I want to strengthen the center, you’re really made this hard.

Now, I should add, I think this current system can work. I really do. And boy, I’ve been looking around here; I’m seeing a lot of intelligence veterans. I don’t think one of us would actually support a movement – why don’t we have Congress look under the hood again and – (laughter) – OK.

MR. HAMRE: OK, well, let’s just – let’s take that, though. I mean, let’s just assume that Congress disappeared momentarily – no applause, please, no applause – (laughter) – but let’s just assume that it disappeared and you got to redesign IRTPA. What would it do?

GEN. HAYDEN: You know, I kind of already set the groundwork to dodge the question because – (laughter) – because I don’t know whether it’s good or bad because – I mean, there’s a reason the secretary of defense is seriously concerned about whether or not the National Security Agency is going to be responsive to his needs.

Let me give you an additional fact. So you pass IRTPA, 2004, right? But it’s not in a vacuum, right? Look what’s going on more globally. Look at what we’re commemorating this week, right? This nation has been at war for 10 years, OK?

It – just take NSA; I’m most familiar with it. It has a dual personality. It’s not schizophrenic, but it has a dual personality. It is the National – (with emphasis) – Security Agency and it is a combat support agency. Well, John, what do you think – which of its two identities do you think is becoming more prominent, more marked, in the last ten years with a nation in conflict consistently over that 10-year period?

So you’ve got this legislative fix – I need the national – (with emphasis) – director to have more authority. And yet, in reality, the departmental roles of some of these agencies has become very, very dominant.
And so you’ve got this broad trend – which, by the way, is good – you would not want the National Security Agency doing anything but being obsessed with protecting young American men and women in Iraq, Afghanistan and elsewhere – but, ultimately, it makes it less a national agency. It makes it a more military or combat support agency.

The trick, right – you’re asking my wish list – the trick is, as we come out of constant combat, whenever that is, we do not assume that which has developed is normal, and that we allow it to swing back towards this national identity.

Let me give you a sense: I was named director of the National Security – I was confirmed as DIRNSA in March of 2000 and – I’m sorry, March of 1999. There, you all got that date? March of 1999. The first syllable I exchanged with a secretary of defense was in March of 2001 when I said “good morning” to Don Rumsfeld after he summoned me down to his office in the Pentagon, OK? That’s two years – two years where all of the direction I was taking was coming out of the DCI. Now, that probably not the healthiest circumstance either, but there –

MR. HAMRE: I was the deputy at the time; you were taking no direction from me, I know that. (Laughter.)

GEN. HAYDEN: And I couldn’t because the DCI was strong.

MR. HAMRE: Let’s just not go there. And, well, we’ve expended that line of inquiry.

GEN. HAYDEN: So you ask what I would do.

MR. HAMRE: Yep.

GEN. HAYDEN: It’s hard for the DNI to exercise authorities that are already in the law. And to first order, I would have them just go do some of that stuff. I mean, I – this is almost an apocryphal story, but it’s not. I’m the PDDNI; I’m John Negroponte’s deputy. I think I went in here one day and said, Mr. Secretary, you – or Ambassador – you got to move $20 million. Oh, OK, we got a problem? No, I just want you to move $20 million, OK? I want you to reach in to somebody’s program and grab $20 million and move it somewhere else. Now, he’s much more mature man than I, OK? (Laughter.) And he’d recognize that would do nothing but pick a fight.

But you get – you understand the meaning, that you (kind of?) – if you don’t exercise the muscles, then they’re not going to be there when you – when you want to rely on them. So I would – I would try to make that happen. But he will get pushback from the cabinet-level officials.

Let me – I – just to develop – again, I’ll be very brief, John. The current system can work if you get three things right, all right? Number one is the personality of the DNI; it’s really critical. He just can’t be good at his job; he’s got to be great because it’s an incredibly demanding job. He’s got to be really agile in all meanings of that word – that’s one.
Number two, he and the president have got to be like that. Everyone’s got to believe that he is the president’s senior intelligence adviser. It’s just not written in the law that when the president’s got a question, he says, get me the DNI.

And the third thing is that he and the DCIA have to be good friends, all right? They have got to have the transparency that some of you, all of you may have had between you and a putative subordinate who is almost your equal bureaucratically, but whom you know really well and trust implicitly – because it’s set up to be confrontational between the DCIA and the DNI.

I recall one incident with Mike McConnell; had to do with the – had to do with the issue that ultimately led to the demise of Denny (sp) Blair: Who gets to pick DNI reps in foreign capitals? And I think I actually said to Mike at one point, Admiral, I am going to fight you to the death on this one. And when I die, I expect you to do the right thing. (Laughter.)

MR. HAMRE: That’s not a bad general formula.

GEN. HAYDEN: You need – you need that kind of relationship between the two. If you get those three, this one here, this can work.

MR. HAMRE: Yeah. Yeah. It can work. It can work out.

Let me just take a little excursion, detour here, Mike, (because ?) you were DIRNSA. And, of course, we now have DIRNSA wearing another hat: cybersecurity. What has that done to NSA?

GEN. HAYDEN: NSA was already on a – by the way, everything but – (inaudible) – all right, I take personal ownership over. It didn’t begin with Keith; it began with me. I was – I was the first commander of joint functional component command net warfare, which is kind of the ancestor to today’s Cyber Command, so it’s all – I’m here.

First of all, with NSA’s military identity, a trend that began while I was director, we became infinitely more interested in metadata – which is fact of call, pattern of call, identity of instrument – and geolocation – metadata, who’s calling; geolocation, where is the instrument – which I’d suggest to you is a wonderful set of skills if your purpose in life is to kill the communicant; not so good if you just want to listen.

And so you see NSA shifting its weight to a battlefield value as opposed to the national intelligence value, which is that traditional “What’s the content of the communication? What are they saying?” – which kind of tends toward national intelligence priorities, not battlefield intelligence priorities. So that’s one – that’s a reality that’s already going on; that arc, that trajectory is already in the intel space.

Now you layer on it a Title 10 function – a combatant command function – and you reinforce that trend. So I am – Keith is going – as did I – is going to have to be very careful that he is not consumed by the attractiveness of the new mission, that he doesn’t abandon traditional signals pass that still – you know, and I was hopeful in 1999 I could get rid of HF collection and
— (laugher) — hmm, that’s not happening. (Chuckles.) Right? And that he stays on top of that and gives fair weight to the sort of pure intelligence mission as opposed to the new, exciting, I-can-affect-events mission.

And let me give you one additional thought, OK? Keith is now a four-star because he’s the commander of the U.S. Cyber Command. He’s also the director of NSA, which in its own right is a three-star position, right? I’ll offer you a hypothesis: Keith Alexander is the last intelligence officer to be the director of the National Security Agency. They will fill the position based upon the combatant command needs of the four-star CYBERCOM commander. And the DIRNSA position will be the additional duties as assigned. That — but that has long-term meaning.

MR. HAMRE: Yes it does, yeah. Yeah, and that is a concern I hear — I hear echoing around the community. And it’s one that’s probably not the voices on behalf of the traditional SIGINT mission community. It’s probably undervalued in this dynamic as we race our way towards cybersecurity.

Let me — Mike, let me just go back — you earlier talked about — you said maybe we’ve taken it a little too far down just one path in organizing ourselves on this threat. It’s typical — organizations focus on, you know, the last war and they structure themselves to prevent it again. We’ve done a fabulous job, in my view, in going after the perpetrators of this last one.

But it could also be a set of blinders on what we think is out there. What — if you were back now, what would you be telling your community, both — you know, all the positions you were in — what would you be telling your community on how to anticipate what we are not anticipating?

GEN. HAYDEN: This is more about self-discipline than it is about lecturing the community. When I was director, people would ask me — CIA director — people would say, what are your priorities? And I’d give them a Washington alphabet soup thing — CTCPROW — counterterrorism, counterproliferation, rest of the world. And that’s not an inaccurate description of what we’re doing.

The story I’m going to tell you now is apocryphal, OK? But it’s a really good story so I’m going to tell it anyway. So Russia invades Georgia in August 2008. We’re focused on this. I’m — start getting phone calls, and emails are coming in. I know Steve Hadley is going to call me. So I walk out of my office out into the outer office, and Mary Jane (ph) and Mary (ph) are there. And I said, get the Georgia analyst up here right away. That’s all true; that’s fact.

The apocryphal story is what I didn’t say out loud but I said to myself privately — we’ve got Georgian analysts, right? (Laughter.)

MR. HAMRE: Yes, we have them.

GEN. HAYDEN: I mean, you understand what I’m trying to articulate?

GEN. HAYDEN: And the fact is, we did and they were really good. And they filled my office in about 10 minutes, and they had maps and charts and order of battle and predicted intelligence; it was great. But, John, the director wasn’t looking at that and neither was the deputy director and the other parts of the senior leadership. I had to do this for me. I know Dave is going to have to do it for him.

Let me offer you an hypothesis here. The Central Intelligence Agency – which still is the nation’s premier intelligence service – the Central Intelligence Agency has never looked more like its direct ancestor OSS than it does this afternoon, today. And that’s a good thing. It’s made all of us much safer. But what I had to remind myself, and what I would suggest General Petraeus remind himself is, but you’re not OSS. You’re a global intelligence service and you’ve got to embrace that function as well.

MR. HAMRE: Let me – I was having a conversation with brother Pistole here, and of course he’s trying to introduce kind of version 2.0 for TSA and trying to get out of a brute-force, you know, muscle-based approach to aviation security to more of a brain-based approach, you know? But it seems to me that that depends on a very deep collaboration with the intelligence community. How good is that relationship now? Do we have what it takes to support John with what’s he trying to do?

GEN. HAYDEN: Well, it’s an imperfect world and you’re always chasing the next fact. And so, I mean, it is imperfect. And you’ll get some things right and you’ll get some things wrong; that’s the nature of the business. But frankly, I think that that’s the – that’s a wonderful approach. It’s going to be a little hard, not just in our intelligence culture, John; it’s going to be hard in our political culture.

MR. HAMRE: Oh, yes.

GEN. HAYDEN: OK. The – you know, we all kind of default to, OK, we’re all taking everything off so no one’s being discriminated against. And now you switch it over to judgment in the TSA line and that opens up to a whole variety of accusations that our political culture has almost hyper-sensitivity to. So that’s really going to rely on very good intelligence.

That leads me to something I should have mentioned earlier, and that’s the NCTC, which I think is an unqualified success – also created by the IRTPA. And you talked about how is the DNI thing going; let me add an additional thought. You don’t get the NCTC where it is today without the DNI. And I’m not talking about this tight chain of command which may or may not exist, depends on the personalities involved; I’m talking about the broad political culture.

The essence of the NCTC is the blending of foreign and domestic, the blending of intelligence-based and law enforcement-based information. And you get this mélange out of which John now gets the kind of tip-offs that he needs. Can you imagine our political culture allowing that organization – foreign, domestic, intel, law enforcement – to mix all that data if it
were under the direct supervision of the nation’s espionage chief? There is no why that that can happen.

So that – in one instance, separating the DCIA from the DNI has been a real opener of these kinds of possibilities. So I’m optimistic that the structure we now have – NCTC supported by the collection agencies – can actually provide John very useful information, as long as we all recognize, you know, it’s hard work. And you tend to get surprised every now and again.

MR. HAMRE: I had an earlier conversation this morning with Ambassador Prince Turki. And it reminded me, again, of how central the role of liaison arrangement with other intelligence services has been in this effort. Could you – could you describe what this was like, especially in your role, please?

GEN. HAYDEN: Sure, yeah – really important, really valuable, makes Americans safe. We’ve been – the press has been rolling out stories – kind of revelatory things with their view of cooperation between the CIA and the Libyan intelligence service, all right; another set of stories, only slightly different – CIA and the NYPD – (chuckles) – and what we’re doing in New York. We view – the senior leadership viewed that cooperation to be absolutely priceless.

Now, let me talk for a minute about that. Here’s the macro-deal, all right? CIA is rich, it’s global, it’s big and it’s got technology to beat everything. The local service is local, agile, culturally agile and linguistically agile, knows the local situation. You can enrich their local data by putting it into a broad, global context, and the reverse is equally true. And so we spend a lot of time – between the two of us, Steve Kappes and I visited about 55 countries in a 30-month period. And a number larger than that came to CIA headquarters to talk – to talk to us.

Now, the challenge, John, is even when you’re talking with good friends your interests, your view of the world, your legal structures are never like that with theirs. There is always difference. And I’ve been in conversations where it’s almost like that. But your professional and ethnical responsibility is to work in that space where you have common values, common interests, common dangers, and to profit both nations. We really did work very hard on this.

MR. HAMRE: I’m going to ask a dangerous question – I’m not sure the answer is dangerous, but the question is dangerous. And that is: When you – when you hear the concerns that other governments have with the way that – our ambivalence when Mubarak was under stress and the feeling that a long-standing ally was abandoned by the government – I’m just repeating what’s widely discussed – it sends out signals to other countries and dramatically complicates these liaison arrangements. Would you care to comment on that?

GEN. HAYDEN: Sure. The accusation’s been made, and I’m repeating whatever – it’s somewhat like –

MR. HAMRE: It’s just like my question.

GEN. HAYDEN: Right. The accusations been made is that the counterterrorism cooperation was so central to the relationship with these other services, so important to our
national security that we had a bit of blinders on either analytically or even in how aggressive we would collect outside of the CT partnership. And so that made us less aware of what might be going on inside some of these countries – that you didn’t want to jeopardize counterterrorism cooperation by being overly aggressive in some other aspects of collection. That’s a fair question. And I just put it out there as a question without any more comment.

But look, I’ve sat across the table from Moussa Koussa, the head of the Libyan service. And I did that thing there, you know: Ok, we got to put a little overlap, and we’re going to work in this space and we’re not going to talk about some things. And this is a man who heads a service who has American blood on his hands. And I just swallow hard and say, now here’s what we’re going to do about al-Qaida.

With the Egyptian service, we had broad, cooperative relationships. I don’t envy the national leadership going through those meetings. You’ve got the sweep of history, you’ve got things going on, you’ve had a long-term friendship. How do you balance both justice and our interests because they’re both in conflict – their value is in conflict both ways?

So I don’t know what the right answers are. I think a wrong answer is Mubarak on a – on a gurney in a cage on trial. And whatever we may agree or disagree about he had to move on, that’s a mistake. And we may owe it as a friend to both the old and new Egypt to kind of let our thoughts be known that that’s not a good thing.

MR. HAMRE: Friends – I’ll tell you, General Hayden has to be in New York late afternoon, and so I don’t know if your BlackBerry said you had to be at the airport or the train station –

GEN. HAYDEN: Train.

MR. HAMRE: You have to go to the train. So we’re going to get him out of here in literally in 10 minutes, which means I’m not going to give you a long time ask to questions – and I apologize for asking too much. But let me open up the floor. Do we have microphones that are ready to go around?

So we – question right down here, this table. Yep, stand up – stand up so he can see you and know where to bring the mic. And keep questions short, please, so we can – we’ll try to get a few in.

Q: Cusper Haney (ph), independent consultant. We have a challenge and opportunity. We have a unsustainable debt; we have to reduce budgets across government; we have a jobs – an unemployment problem. But we have an opportunity – there’s $2 trillion of investment income on the sidelines. Let’s say 10 percent of that is useful to the intelligence community – remote – commercial remote sensing, cyberdefense, things like that. If the government pursues a lead-system integrator approach to a government-owned-and-operated capability or system, then industry is looking for 100-percent investment.
However, if the government can’t afford that and if they can go public-private partnership with industry for commercial remote sensing, commercial cyberdefense – good for both – you might be able to draw $200 billion out of industry, which will help the intel community, help jobs and all that. Appreciate your comment on that.

GEN. HAYDEN: Sure, and I’ll be brief and I’ll quickly get beyond my personal ability to discuss this, being just kind of new to the business world. Let me just talk about blue and green – let me just talk about blue badgers and green badgers and how that worked in the IC. I have always been of the belief that the contractors who worked for us were part of the CIA workforce.

I put contractor stars on the wall when I was director of CIA. I’d be briefing Congress on some particularly good thing and a question I would get is, was that done by a U.S. government employee or a contractor? And I would respond consistently, I have no idea. I do know it’s the best American available at that point to do that job. And so I would be personally inclined to move in the direction that you’ve suggested.

I had two experiences at NSA; one was Groundbreaker, which was turning over our IT system to a private contractor – check, check, check – rough going; hard to do; got into a war; made it tougher than it should have been – but it worked. Trailblazer – different thing – went out to a contractor. Spent about a billion dollars, got this big stack of view graphs, really – that’s about it, OK. Not so much – (chuckles) – as a success. So there’s a mixed history. But I am more inclined than I see the community today being inclined to go outside for solutions rather than manpower or hours.

MR. HAMRE: Other questions of colleagues? Yes, right down here, please. Microphone’s coming, just please wait a second.

Q: Gordon Middleton, Patrick Henry College. General Hayden, you made the remark earlier that you felt one of the – or at least I interpreted your comments that one of the key strategy decisions we made was to also go on the offense in the counterterrorism war. Could you comment – have we made that same decision in the cyberwar that’s ongoing, and to what extent do you see cultural and/or legal issues to us doing so?

GEN. HAYDEN: Yeah. We’ve made that decision clearly in the war on terror with, I think, very good results. We have not made that decision in the cyberworld. We have capabilities that lie fallow for want of policy guidance, and left- and right-hand policy boundaries for how we want to use our cybercapabilities.

I’ve been in meetings downtown in which we had a cyberchallenge or cyberopportunity – the technology that will respond to that. We meet for about an hour and we’d firmly decide that we needed to meet again next week at the same time. And we kind of drifted forward because we just – and this sounds very critical, and in a sense it is, but this is really hard. This is really new stuff.

MR. HAMRE: That’s a hard thing, yeah. Right.
GEN. HAYDEN: And we don’t understand a lot of the kind of the – let me give you one, all right? OK, so I got my briefcase here; somebody stops me going out of here, saying, I want to look in your briefcase – probably respond with a two-word, monosyllabic phrase that translates roughly into definitely not, OK? (Laughter.) I go to National and go through John’s line, and he says open your briefcase – you bet, sir.

We have established rules in physical space as to what constitutes a reasonable expectation of privacy. I defy any of you to define for me the national consensus on what comprises a reasonable expectation of privacy on the Internet. And absent that we’re still back on the starting blocks in many ways.

MR. HAMRE: Yeah. We just – we don’t have an agreement on what’s need-to-know versus right-to-know. We have no agreement on what the private sector can ask of private information, what the government is allowed to ask. It’s uncharted territory, and that’s one of the reasons – it is a hard problem – a really hard problem.

Do you have a question down here? Yes, please.

Q: Craig Parisot with Invertix. You commented on the concern that you have about one individual wearing both the CYBERCOM hat and the DIRNSA hat. Can you just comment briefly on the possibility of separating those two roles?

GEN. HAYDEN: Yeah. Actually, being out of government I can just say stuff and don’t have to solve them, all right? (Laughter.) But I wouldn’t change it. I mean, it’s a natural – given where we are now. Ten years from now, 20 years from now, things might be different – it’s OK. But we don’t have the wherewithal to recreate – and I’m going to use the word “firepower” here, but kind of in metaphorical sense – we don’t have the wherewithal to recreate the cyberfirepower that’s at Fort Meade under NSA in a separate place and put it under a separate commander.

So it makes great sense to combine them. So I’m not arguing against it; I’m just telling you there are byproducts to that, and we’re now beginning to understand the byproducts. And so I wouldn’t change the course of action, just like I wouldn’t change the geolocation and metadata which I enthusiastically kickstarted when I was DIRNSA. But there are byproducts. And you need to know that and kind of push back to at least ameliorate the secondary and tertiary effects.

MR. HAMRE: OK, we’re going to try to get two more questions in. I’ve got one right here.

Q: Randy Pherson with Pherson Associates. General Hayden, we’ve gone on the offensive and done it fairly successfully in dealing with the international terrorist threat. The question is, do we have the capability as a nation to deal with the domestic, lethal, extremist threat?
GEN. HAYDEN: Yeah. Very briefly, John asked about integration, all right? So you got those big three-letter national agencies actually doing a pretty good job left to right, OK, or east to west. The problem you just described, which is the flavor of the month when it comes to terrorist threat – lone wolfs; self-radicalized; less complex attacks – the sharing there – the predominate need is not just east-west; it’s north-south. And that’s between the federal, state, local, tribal, territorial.

That’s harder for – as hard as this was to do, this is much harder. We are a federal system, remember? And there are boundaries between different parts of government that are – that are part of our DNA. And – but I fear now, and the next challenge is – I mean, you keep doing this, but now you’ve got to master this. That’s the shift in weight we need to meet the new kind of threat. That actually is, I think, ultimately going to be harder to do than it was to do what we’ve done in the last 10 years.

MR. HAMRE: Yeah. No, I think that’s right. No, I think that’s absolutely right. We’ve got one last question, and I’m sorry, I’m going to let the general out, so –

Q: Anders Romarheim, Norwegian Institute for Defense Studies. At the opening you said – you spoke quite a lot about the importance of close relationships at the top for the system you – that’s now in place to work. But if you relate that to the Iraq War and George Tenet and the presidents he worked for, there is a narrative out there that it was too close and that he wasn’t able to push back when he should have. Can you comment on that, please?

GEN. HAYDEN: Sure. Occupational hazard – that’s the nature – that’s the nature of the job. I’ve got this long thing I give in some public speeches is that you’re the fat guy talking to the vision guy. You’re the “world as it is” guy talking as – to the “world as we want it to be” guy. You are inherently inductive; he is inherently deductive. And the trick you have to master – and it’s you that has to master it – is not break the tether to what I just described – the fat guy, the inductive guy, the “world as it is” guy – not break the tether but get into the mental space of the deductive, vision, “world as we want it to be” guy and have him happy that you are there. That’s the art form.

MR. HAMRE: Let me just say, I think of the great benefits of this country is that even though someone leaves public life they still do public service. Mike Hayden is doing public service every day. Let’s thank him with our applause today. Thank you very much. (Applause.)

And let him get out – he’s got to get to the train station, so –

MS. : (Inaudible) – reconvene at 1:30 –

MR. HAMRE: Oh, we’re going to be reconvening at 1:30 back at the auditorium, so wander on over there when you’re done with dessert.

(END)