

**Interview of Mr. Mike McConnell  
Director of National Intelligence**

**With Jim Angle – Fox News**

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Transcript – As Aired**

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MR. BRET BAIER (FOX NEWS): Next on SPECIAL REPORT, with the government eavesdropping law about to expire, something the President says will make the country less safe, the blame game intensified today. In an exclusive interview, the Director of National Intelligence tells FOX what the law's expiration really means for the intelligence community. A key superdelegate for Hillary Clinton says he's switching to Barack Obama as both candidates sharpen their rhetoric on the campaign trail. And just what will the Democratic Party do about Florida and Michigan? All that plus Barnes, Kondracke and Krauthammer, right here, right now.

Welcome to Washington. I'm Bret Baier in for Brit Hume. The improvements to the law governing the interception of communications by suspected terrorists expired this weekend. And while senders voted overwhelmingly to renew the Protect America Act, House members skipped town after blocking what the President calls a key tour in the war on terror. Chief Washington correspondent Jim Angle has the story.

(BEGIN VIDEOTAPE)

MR. JIM ANGLE (FOX NEWS) – (voice-over): President Bush once again chided the House for not moving on a terrorist surveillance bill overwhelmingly passed by the Senate.

PRESIDENT BUSH: And by blocking this piece of legislation, our country is more in danger of an attack.

MR. ANGLE: The President noted the House left on a 12-day recess without taking up a bill passed in the Senate by a margin of 68-29, and that bill included retroactive immunity for telecommunications companies which help the government eavesdrop on terrorists after 9/11.

PRESIDENT BUSH: These are telephone companies that work collaboratively with us to protect the American people, are afraid they're going to get sued.

DIRECTOR McCONNELL: The companies are telling us if you can't protect us, the cooperation you need is not going to be there.

MR. ANGLE: Some 40 lawsuits are already pending. And in an exclusive television interview, Mike McConnell, the Director of National Intelligence, says the expiration of the law tomorrow, along with the resistance in the House to granting immunity, is creating uncertainty and making telecom providers nervous.

DIRECTOR McCONNELL: It's already biting (ph) us. It's biting (ph) us today because there is no retroactive liability protection for the private sector.

MR. ANGLE: But he said there is no longer a way to compel a company to help, which absolves them of liability. McConnell wouldn't say, but sources tell FOX one telecom provider has already told the government it will not cooperate after the law expires without individual court orders, which may be hard to come by if new terrorist threats emerge. McConnell did say the fears expressed by critics that intelligence agencies are engaged in illegal warrantless eavesdropping on innocent Americans is profoundly mistaken.

DIRECTOR McCONNELL: Warrantless is overseas. If it is a U.S. person in the United States and it's a target for foreign intelligence purposes, could be a sleeper cell, whatever, we must get a warrant.

MR. ANGLE: In fact, he says that would even include a known terrorist if he were inside the U.S., including someone like Mohammed Atta, one of the 9/11 hijackers.

DIRECTOR McCONNELL: If we identify terrorists in the United States, someone we suspect of terrorism and we want to tap their telephone, we have to get a warrant.

MR. ANGLE: In any case, House leaders argued today there is no danger resulting from the failure to pass a new law to replace the one about to expire.

REP. STENY HOYER: The President is saying something radical is going to happen tonight at midnight. It will not.

REP. SILVESTRE REYES: The Protect America Act orders are in effect for one year until at least August of 2008. These orders may cover every terrorist group without any limitations.

MR. ANGLE: Every terrorist group that is now identified, but intelligence sources say a group with no known identification would fall through the legal cracks. Senate Republican leader Mitch McConnell accuses Democrats of opposing immunity for telecom providers because they raised millions in campaign contributions from trial lawyers who were suing the phone companies.

SEN. MITCH McCONNELL: Clearly, the problem here is the majority of the Democrats in the House would rather see companies in court than they would terrorists in jail.

MR. ANGLE: The DNI says the law about to expire helps stop a potential suicide bomber and a cell planning attacks on U.S. interests.

DIRECTOR McCONNELL: The cell was identified, surrounded, and the cell was broken up and people were arrested. And that's been repeated a number of times.

(END VIDEOTAPE)

MR. ANGLE: House Democratic leaders say they're searching for a compromise with the Senate but Republicans argue there is only one solution that works, the bill that overwhelmingly passed the Senate, which would pass the House with Democratic supporter brought to a vote and which the President would sign. Whatever the resolution, it will take several weeks at a minimum to hammer it out -- Bret.

MR. BAIER: So Jim, what are the top Senate Democrats think about how the House has handled this?

MR. ANGLE: Well, you know the Senate voted 68-29, the fastest thing with immunity for the telecoms. Senator Jay Rockefeller, head of the Intelligence Committee, is the one who crafted that language and he said on the floor yesterday that if this didn't go through, the intelligence would definitely be degraded because the telecommunications companies will lose interest in cooperating and that appears to be exactly what is happening.

BAIER: Interesting. Jim, thanks.

(END)